

CONFIDENTIAL - NOT TO BE REPRODUCED OR DISTRIBUTED
PRIVATE PLACEMENT MEMORANDUM

BLUE MOUNTAIN CREDIT ALTERNATIVES FUND [REDACTED].

A DELAWARE LIMITED PARTNERSHIP

PURSUANT TO AN EXEMPTION FROM CERTAIN REQUIREMENTS OF THE U.S. COMMODITY EXCHANGE ACT IN CONNECTION WITH POOLS WHOSE PARTICIPANTS ARE LIMITED TO QUALIFIED ELIGIBLE PERSONS, AN OFFERING MEMORANDUM FOR THIS POOL IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMODITY FUTURES TRADING COMMISSION ("CFTC"). THE CFTC DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A POOL OR UPON THE ADEQUACY OR ACCURACY OF AN OFFERING MEMORANDUM. CONSEQUENTLY, THE CFTC HAS NOT REVIEWED OR APPROVED THIS OFFERING OR ANY OFFERING MEMORANDUM FOR THIS POOL.

September 2012

NAME OF OFFEREE _____ MEMORANDUM NO. _____

NOTICES

THIS PRIVATE PLACEMENT MEMORANDUM (THE "MEMORANDUM") IS INTENDED SOLELY FOR THE PERSON TO WHOM IT HAS BEEN DELIVERED FOR THE PURPOSE OF ENABLING THE RECIPIENT TO EVALUATE AN INVESTMENT IN THE LIMITED PARTNERSHIP INTERESTS (THE "INTERESTS") DESCRIBED HEREIN. IT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSONS (EXCEPT TO A PROSPECTIVE INVESTOR'S PROFESSIONAL ADVISORS).

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX OR FINANCIAL ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN PROFESSIONAL ADVISORS AS TO THE LEGAL, TAX, FINANCIAL OR OTHER MATTERS WHICH MAY BE RELEVANT TO THE SUITABILITY AND PROPRIETY OF AN INVESTMENT IN BLUE MOUNTAIN CREDIT ALTERNATIVES FUND [REDACTED] (THE "PARTNERSHIP") FOR SUCH INVESTOR.

NO PERSON IS AUTHORIZED TO MAKE ANY REPRESENTATION CONCERNING THE PARTNERSHIP OR THE INTERESTS WHICH IS INCONSISTENT WITH THOSE CONTAINED IN THIS MEMORANDUM.

THIS MEMORANDUM SHALL NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE INTERESTS IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

THE INTERESTS ARE BEING OFFERED UNDER EXEMPTIONS FROM REGISTRATION UNDER SECTION 4(2) OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), UNDER SECTION 3(c)(7) OF THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT"), AND APPLICABLE STATE SECURITIES LAWS.

PURSUANT TO RECENT RULEMAKING ACTIONS BY THE COMMODITY FUTURES TRADING COMMISSION ("CFTC"), THE INVESTMENT MANAGER (AS DEFINED BELOW) ANTICIPATES REGISTERING AS A COMMODITY POOL OPERATOR ("CPO") AND/OR A COMMODITY TRADING ADVISOR ("CTA"), EFFECTIVE AS OF JANUARY 1, 2013. IN CONNECTION WITH THE OFFERING MADE PURSUANT TO THE TERMS AND CONDITIONS SET FORTH HEREIN, THE INVESTMENT MANAGER ANTICIPATES THAT IT WILL AVAIL ITSELF OF AN EXEMPTION FROM CERTAIN HEIGHTENED DISCLOSURE AND RECORDKEEPING REQUIREMENTS WITH RESPECT TO THE PARTNERSHIP PROVIDED BY REGULATION 4.7 (THE "4.7 EXEMPTION") OF THE U.S. COMMODITY EXCHANGE ACT (THE "CEA"). THE 4.7 EXEMPTION RELIEVES A CPO AND/OR A CTA FROM THOSE HEIGHTENED DISCLOSURE AND RECORDKEEPING REQUIREMENTS, PROVIDED THAT THE INVESTORS IN ANY FUND FOR WHICH THE CPO AND/OR THE CTA IS CLAIMING THE 4.7 EXEMPTION ARE CONSIDERED QUALIFIED ELIGIBLE PERSONS. UNTIL THE EFFECTIVE DATE OF SUCH REGISTRATION,

PURSUANT TO AN EXEMPTION FROM REGISTRATION AS A CPO SET FORTH IN CFTC REGULATION §4.13(A)(4) AND AN EXEMPTION FROM REGISTRATION AS A CTA SET FORTH IN CFTC REGULATION §4.14(A)(8), THE GENERAL PARTNER (AS DEFINED BELOW) AND THE INVESTMENT MANAGER ARE NOT REQUIRED TO REGISTER, AND WILL NOT BE REGISTERED, AS A CPO OR A CTA, RESPECTIVELY, UNDER THE CEA. PURSUANT TO AN EXEMPTION FOR POOLS WHOSE PARTICIPANTS ARE LIMITED TO QUALIFIED ELIGIBLE PERSONS, THIS MEMORANDUM IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE CFTC. THE CFTC DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A POOL OR UPON THE ADEQUACY OR ACCURACY OF AN OFFERING MEMORANDUM. CONSEQUENTLY, THE CFTC HAS NOT REVIEWED OR APPROVED THIS OFFERING OF INTERESTS OR ANY OFFERING MEMORANDUM FOR THIS POOL.

THE INTERESTS ARE SUITABLE FOR SOPHISTICATED INVESTORS WHO ARE (I) QUALIFIED PURCHASERS FOR PURPOSES OF SECTION 3(c)(7) OF THE 1940 ACT, AND WHO ARE THEREFORE ALSO QUALIFIED ELIGIBLE PERSONS FOR PURPOSES OF REGULATION 4.7 OF THE CEA; AND (II) ACCREDITED INVESTORS FOR PURPOSES OF REGULATION D UNDER THE SECURITIES ACT, WHO DO NOT REQUIRE IMMEDIATE LIQUIDITY FOR THEIR INVESTMENTS, FOR WHOM AN INVESTMENT IN THE PARTNERSHIP DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM AND WHO FULLY UNDERSTAND AND ARE WILLING TO ASSUME THE RISKS INVOLVED IN THE PARTNERSHIP'S INVESTMENT PROGRAM. SUBSCRIBERS FOR INTERESTS MUST REPRESENT THAT THEY ARE ACQUIRING THE INTERESTS FOR INVESTMENT. THE TRANSFER OF INTERESTS IS SUBJECT TO LIMITATIONS IMPOSED BY THE PARTNERSHIP'S FIFTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP, IN COMPLIANCE WITH THE PROVISIONS OF APPLICABLE LAWS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

BLUE MOUNTAIN CREDIT ALTERNATIVES MASTER FUND [REDACTED] (THE "MASTER FUND") FALLS WITHIN THE DEFINITION OF A "MUTUAL FUND" AND A "MASTER FUND", IN EACH CASE, UNDER THE MUTUAL FUNDS LAW (2009 REVISION) OF THE CAYMAN ISLANDS; THEREFORE, THE MASTER FUND IS REGULATED PURSUANT TO THAT LAW. THE MASTER FUND IS NOT HEREBY OFFERING ANY SECURITIES AND ACCORDINGLY THIS MEMORANDUM IS NOT TO BE REGARDED AS HAVING BEEN AUTHORIZED OR ISSUED BY THE MASTER FUND. THE MASTER FUND DOES NOT HAVE AN OFFERING DOCUMENT OR EQUIVALENT DOCUMENT.

THE INTERESTS OFFERED HEREBY HAVE NOT BEEN FILED WITH OR APPROVED OR DISAPPROVED BY ANY REGULATORY AUTHORITY OF ANY COUNTRY OR JURISDICTION, NOR HAS ANY SUCH REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE INFORMATION OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY OR ON BEHALF OF THE PARTNERSHIP, AND SHOULD NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE.

AN INVESTMENT IN THE PARTNERSHIP IS SPECULATIVE AND INVOLVES CERTAIN RISKS AND CONFLICTS OF INTEREST DESCRIBED IN THIS MEMORANDUM. IT SHOULD BE REMEMBERED THAT THE VALUE OF INTERESTS MAY GO DOWN AS WELL AS UP, AND THAT INVESTORS MAY NOT RECEIVE, UPON WITHDRAWAL, THE AMOUNT THEY INVESTED.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PARTNERSHIP AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

CERTAIN INFORMATION CONTAINED IN THIS MEMORANDUM CONSTITUTES "FORWARD-LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "ANTICIPATE," "PROJECT," "ESTIMATE," "INTEND," OR "BELIEVE" OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. DUE TO VARIOUS RISKS AND UNCERTAINTIES, INCLUDING THOSE DESCRIBED IN THE "RISK FACTORS" SECTION HEREIN, ACTUAL EVENTS OR RESULTS OR THE ACTUAL PERFORMANCE OF THE PARTNERSHIP MAY DIFFER MATERIALLY FROM THOSE REFLECTED OR CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS.

EACH PROSPECTIVE INVESTOR AND ITS REPRESENTATIVES ARE INVITED TO QUESTION THE GENERAL PARTNER CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND TO REQUEST ADDITIONAL INFORMATION CONCERNING THIS OFFERING, THE INVESTMENT STRATEGY, PERFORMANCE OR PROSPECTS OF THE PARTNERSHIP OR TO VERIFY THE ACCURACY OF INFORMATION CONTAINED IN THIS MEMORANDUM. SUCH INFORMATION WILL BE PROVIDED TO THE EXTENT THE GENERAL PARTNER HAS IT OR CAN OBTAIN IT WITHOUT UNREASONABLE EXPENSE OR EFFORT. SUBJECT TO THE FOREGOING, ANY REPRESENTATION OR INFORMATION NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE PARTNERSHIP OR THE GENERAL PARTNER SINCE NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY SUCH REPRESENTATIONS OR TO PROVIDE ANY SUCH INFORMATION. THE DELIVERY OF THIS MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE ON THE COVER HEREOF.

All references to "\$" in this Memorandum, unless stated otherwise, are to U.S. Dollars.

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EXHIBIT A: FORM ADV PART 2

BLUE MOUNTAIN CREDIT ALTERNATIVES FUND ■■■.

INTRODUCTION

Blue Mountain Credit Alternatives Fund ■■■, a Delaware limited partnership (the “Partnership”), invests in a wide range of credit market instruments and other asset classes in connection with credit trading strategies. The Partnership invests the net proceeds from the sale of its interests (“Interests”), after payment of Partnership expenses, in Blue Mountain Credit Alternatives Master Fund ■■■, a Cayman Islands exempted limited partnership (the “Master Fund”). The Partnership’s investment objective is to provide consistent long-term appreciation of assets through active leveraged trading and investment, primarily in the North American, European and Asian credit markets.

The general partner of the Partnership is Blue Mountain Credit GP, LLC (the “General Partner”), a limited liability company formed under the laws of the State of Delaware. The General Partner has ultimate management authority over all investment decisions, asset acquisitions and dispositions, distributions and Partnership affairs generally. The General Partner has delegated to BlueMountain Capital Management, LLC, a Delaware limited liability company (the “Investment Manager,” or “BlueMountain”), the responsibility for managing the Partnership’s investment portfolio. The Investment Manager manages the Master Fund’s investment portfolio using the same investment objectives as the Partnership.

Blue Mountain Credit Alternatives Fund Ltd. (the “Offshore Fund”) invests, and other investment vehicles structured to meet the needs of certain U.S. and non-U.S. investors (together with the Partnership and the Offshore Fund, the “Feeder Funds”) may invest, in debt and equity securities of the Master Fund; each Feeder Fund bears a proportionate share of the Master Fund’s expenses. These other Feeder Funds may differ from the Partnership in terms of eligible investors, tax structure, applicable management fees, redemption features and other terms. The Master Fund was created for the purpose of facilitating the joint implementation of the investment strategies of the Partnership and any other Feeder Fund, while at the same time enabling each Feeder Fund to offer terms suitable to the particular needs of various types of investors.

In seeking to achieve its objective, the Master Fund has maximum flexibility to invest in a wide range of credit market instruments and other asset classes in connection with credit trading strategies. The Investment Manager’s investment process for the Master Fund consists of identifying relative value trading strategies within and across asset classes by combining (i) rigorous quantitative analysis of price relationships across credit market segments and between the credit markets and other markets, (ii) fundamental credit research, (iii) an understanding of the technical dynamics in the various credit markets and (iv) macro-economic views.

SUMMARY OF TERMS

The following is a summary and is qualified in its entirety by information appearing elsewhere in this Memorandum and in the Partnership's Fifth Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement").

THE PARTNERSHIP

The Partnership is a Delaware limited partnership organized on August 18, 2003. The Partnership invests in a wide range of credit market instruments and other asset classes in connection with credit trading strategies by investing the net proceeds from the sale of Interests, after payment of Partnership expenses, in Blue Mountain Credit Alternatives Master Fund [REDACTED], a Cayman Islands exempted limited partnership (the "Master Fund").

GENERAL PARTNER

The general partner of the Partnership is Blue Mountain Credit GP, LLC (the "General Partner"), a limited liability company organized under the laws of the State of Delaware on January 31, 2005. The General Partner has ultimate management authority over all investment decisions, asset acquisitions and dispositions, distributions and Partnership affairs generally. The General Partner has delegated to the Investment Manager the responsibility for managing the Partnership's investment portfolio. The General Partner is a wholly-owned subsidiary of BlueMountain GP Holdings, LLC.

INVESTMENT MANAGER

BlueMountain Capital Management, LLC is the investment manager (the "Investment Manager") of the Partnership and the Master Fund and manages their investment program. The Investment Manager is a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended. The Investment Manager anticipates registering as a Commodity Pool Operator ("CPO") and/or a Commodity Trading Advisor ("CTA"), effective January 1, 2013, but plans to operate the Partnership after such date pursuant to Regulation 4.7 (the "4.7 Exemption") of the U.S. Commodity Exchange Act (the "CEA"). Pursuant to an agreement with the Partnership (the "Investment Management Agreement"), the Investment Manager has full discretion to invest the assets of the Partnership and the Master Fund in a manner consistent with the investment objective and investment strategies described in this Memorandum.

Blue Mountain Capital Partners (London) LLP, a limited liability partnership formed under the laws of the United Kingdom and a wholly owned subsidiary of the Investment Manager ("BlueMountain London"), will serve as adviser to the Investment Manager with respect to issuers based in Europe. The Investment Manager has entered into a sub-advisory agreement

with BlueMountain London, pursuant to which BlueMountain London is compensated for providing investment advisory services, trade execution, and general infrastructure support to the Investment Manager. BlueMountain London is registered with the Financial Services Authority. BlueMountain London also expects to (i) register with the U.S. Commodity Futures Trading Commission as a commodity trading advisor and (ii) become a member of the National Futures Association, effective January 1, 2013 in connection with advisory services provided to the Investment Manager.

INVESTMENT OBJECTIVE

The Partnership's investment objective is to provide consistent long-term appreciation of assets through active leveraged trading and investment, primarily in the North American, European and Asian credit markets.

INVESTMENT STRATEGIES

In seeking to achieve its objective, the Partnership, through its investment in the Master Fund, has maximum flexibility to invest in a wide range of credit market instruments and other asset classes in connection with credit trading strategies. Without limiting the foregoing, the Master Fund may take long or short positions in credit derivatives, equity derivatives, corporate and convertible bonds, loans (including private non-recourse loans supported by publicly traded collateral or project financings), equities, collateralized debt obligations and other asset-backed securities. Credit and equity derivatives may relate to individual reference entities or to baskets or portfolios of reference entities (including levered or de-levered tranches of such portfolios or baskets).

The Master Fund invests primarily in strategies where the underlying exposures are to investment grade and non-investment grade credit issuers but may take or hold positions where the underlying exposures are to distressed credits. The Master Fund uses interest rate derivatives and government securities to hedge interest rate risk, and spot and forward foreign currency contracts to hedge currency exposures. In carrying out its investment objective, the Investment Manager may not place more than 25% of the Master Fund's assets (measured as of investment) in positions quoted by fewer than three dealers.

The Investment Manager's investment process for the Master Fund consists of identifying relative value trading strategies within and across asset classes by combining (i) rigorous quantitative analysis of price relationships across credit market segments and between the credit markets and other markets, (ii) fundamental credit research, (iii) an understanding of the

technical dynamics in the various credit markets and (iv) macro-economic views. The Investment Manager's trading strategies for the Master Fund can be broadly grouped into three categories:

Fundamental Credit

- *Long/Short Trading*: relative value positions (long and short) between or among different issuers, groups of issuers, sectors, or indices. These positions frequently occur in derivative form (i.e., CDS).
- *Capital Structure Trading*: long and short positions in instruments with differing levels of seniority within the capital structure of one issuer. These transactions may include secured loan versus unsecured bond, senior bond versus subordinated bond, etc.
- *Loan Relative Value*: relative value positions (long and short) between or amongst credits, groups of credits, sectors, or indices, in which at least one leg of the trade involves secured debt (loans). These positions include loans, bonds, LCDS, and CDS (e.g., loan versus loan, loan versus CDS).
- *Curve Trading*: long and short position across the term structure curve of single name credits or indices (curve steepeners and flatteners).
- *Special Situations*: investments in credit instruments including tranches of CLOs, structured credit, or private financings and club-style deals.

Structured Credit

- *Structured Corporate Credit*: positions that generally involve baskets or portfolios of credits pooled together and then tranching into classes with varying priorities and risk/return profiles. The credits underlying these transactions may be derivative or cash instruments and the investments themselves may be in derivative or cash form. The Master Fund may take long or short positions in these transactions.
- *ABS / RMBS Instruments*: long and short positions in ABX index tranches, as well as directional trades in individual ABS security tranches.

Credit Arbitrage

- *Index Arbitrage:* positions include index versus constituent trades, as well as index versus index trades where a large degree of overlap between underlying constituent names exists.
- *Bond Basis:* long and short positions involving cash bonds and CDS of the same issuer.

MASTER-FEEDER STRUCTURE

The Partnership pursues its investment objective by investing all of its investable assets in the Master Fund, which is managed by the Investment Manager and shares the same investment objective as the Partnership. The general partner of the Master Fund is BlueMountain CA Master Fund GP, Ltd. (the “Master Fund GP”).

Blue Mountain Credit Alternatives Fund Ltd. (the “Offshore Fund”) invests, and other investment vehicles structured to meet the needs of certain U.S. and non-U.S. investors (together with the Partnership and the Offshore Fund, the “Feeder Funds”) may invest, in debt and equity securities of the Master Fund; each Feeder Fund bears a proportionate share of the Master Fund’s expenses. These other Feeder Funds may differ from the Partnership in terms of eligible investors, tax structure, applicable management fees, redemption features and other terms. The Master Fund was created for the purpose of facilitating the joint implementation of the investment strategies of the Partnership and any other Feeder Fund, while at the same time enabling each Feeder Fund to offer terms suitable to the particular needs of various types of investors.

The Master Fund maintains a separate account (an “Investment Account”) for each Feeder Fund, and within each such Investment Account maintains a separate sub-account (a “Sub-Investment Account”) for each investment made by each investor in such Feeder Fund on any given date.

AFFILIATED TRADING ENTITIES; AFFILIATED FUND INVESTMENTS

From time to time, the Master Fund may share a trading strategy with another fund or account managed by the Investment Manager (an “Affiliated Fund”). In that event, the Investment Manager may form a pooled investment vehicle (a “Trading Entity”) to facilitate the joint implementation of such trading strategy. The Master Fund may also invest directly in an Affiliated Fund. In either event, the Master Fund will not be subject to additional management fees, incentive fees or incentive

allocations in connection with its investment in any such Trading Entity or Affiliated Fund.

**INTEREST CLASSES;
CURRENT OFFERING**

The Partnership is offering Class S Interests to all existing and prospective investors, which Interests shall have the rights and restrictions set out in this Memorandum and in the Partnership Agreement; the Offshore Fund is offering corresponding shares ("Shares") in the Offshore Fund, denominated as Class S Shares, with similar rights and restrictions. Class S Interests (and Class S Shares) are subject to (i) a 2.0% Management Fee (as defined below), and (ii) a 20% Performance Distribution (as defined below).

In addition to the Class S Interests being offered pursuant to this Memorandum, there are currently outstanding (i) Class Q1 Interests, Class A1 Interests and Class A2 Interests, none of which are currently being offered, and (ii) Class Q2 Interests and Class Q3 Interests, which are being offered to existing holders of such Interests with the rights and restrictions set out in the Partnership's Confidential Private Placement Memorandum dated May 19, 2009 (the "2009 Memorandum") and the Partnership Agreement. The rights and restrictions applicable to these other classes of Interests differ from the Class S Interests in several ways, including with respect to management fees, performance distributions, tax distributions (and corresponding clawback obligations), lock-ups and withdrawal rights, all of which are detailed in the 2009 Memorandum, the Partnership Agreement and the Fifth Amended and Restated Agreement of Limited Partnership of the Master Fund (the "Master Fund Agreement"). The General Partner may in the future issue additional classes of Interests in accordance with the Partnership Agreement.

CAPITAL CONTRIBUTIONS

The minimum investment amount is \$1,000,000, subject to change or waiver in the sole discretion of the General Partner. New investors are admitted to the Partnership as limited partners (the "Limited Partners") as of the first day of each month. In addition, existing holders of Class Q2 Interests and Class Q3 Interests may, with the consent of the General Partner, make additional capital contributions to the Partnership in respect of such Class Q2 Interests or Class Q3 Interests, as the case may be, as of the first day of each month or at such other times as the General Partner in its sole discretion may allow.

Each Limited Partner will have a capital account (a "Capital Account") established on the books and records of the Partnership, which is subdivided into as many sub-capital accounts (each a "Sub-Capital Account") as is necessary such that

there is a separate Sub-Capital Account with respect to each capital contribution made by such Limited Partner on any given date. For ease of administration, each Sub-Investment Account of the Master Fund corresponds to one Sub-Capital Account of a Limited Partner. The General Partner may but is not required to make capital contributions to the Partnership.

SUITABILITY

Interests may be purchased by a prospective investor who (i) is a qualified purchaser for purposes of Section 3(c)(7) of the 1940 Act, and who is therefore also a qualified eligible person for purposes of Regulation 4.7 of the CEA; and (ii) is an accredited investor for purposes of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”).

TERM

The term of the Partnership will expire on December 31, 2050, subject to the discretion of the General Partner to wind up the Partnership on an earlier date or extend to a later one.

WITHDRAWALS

WITHDRAWALS GENERALLY

Each holder of Class S Interests may withdraw all or any portion of its Interests as of the last day of March, June, September and December (each, a “Withdrawal Date”); provided that the Partnership’s obligation to meet any withdrawal of Class S Interests shall be subject to the applicable Investor Level Limit (as defined below) and provided, further, that any Limited Partner that withdraws any Class S Interests prior to the 12-month anniversary of the purchase of such Interests will be charged a fee (a “Withdrawal Fee”) payable to the Master Fund equal to 3% of the Net Asset Value of the Interests being withdrawn (a “Soft Lock”). Withdrawal requests for any Withdrawal Date must be made no later than the last business day of the most recently preceding December, March, June or September (as the case may be) or such earlier date as may be agreed with a particular Limited Partner.

“Investor Level Limit” means, with respect to any Class S Interests issued on the same subscription date (a “Series” of Interests) held by a Limited Partner on any Withdrawal Date, (x) the Net Asset Value of all of such Limited Partner’s Interests of such Series, multiplied by (y) 25%; provided that if such Limited Partner submits withdrawal requests in an amount equal to or exceeding its Investor Level Limit with respect to such Series for consecutive Withdrawal Dates, the multiplier in clause (y) shall be increased to equal (i) with respect to the second consecutive Withdrawal Date, 33-1/3%; (ii) with respect to the third consecutive Withdrawal Date, 50%; and (iii) with respect to

the fourth consecutive Withdrawal Date, 100%; provided, further, that for purposes of the foregoing calculation, at the calendar year end following the conclusion of the Soft Lock with respect to Class S Interests held by such Limited Partner, the Partnership may convert such Series into any other Series of Class S Interests not subject to a Soft Lock held by such Limited Partner.

Withdrawals will be considered to be made first from the Sub-Capital Account (and corresponding Sub-Investment Account) attributable to the earliest eligible capital contribution on a first-in first-out basis. Partial withdrawals are not permitted if after giving effect to such withdrawal the remaining balance in a Limited Partner's Capital Account is less than the minimum initial investment requirement of the Partnership. In the case of a withdrawal from any Sub-Investment Account, the amount withdrawn and the amount remaining in the Sub-Investment Account will be treated as if they were separate Sub-Investment Accounts.

All costs and expenses associated with any Limited Partner's withdrawal (including costs incurred in connection with liquidating assets of the Master Fund to meet such withdrawals) are allocated to, and debited against the Sub-Capital Account(s) of, the withdrawing Limited Partner.

The Partnership may, in its sole discretion, pay withdrawal proceeds in cash, in securities or partly in cash and partly in securities. In addition, withdrawals may be satisfied by liquidating a pool of the Master Fund's assets and distributing the cash proceeds of such liquidation (net of any Performance Distribution and Withdrawal Fee), which may be greater than or less than the Net Asset Value of the withdrawn Interests as of such Withdrawal Date, through the Partnership to the withdrawing holders of such Interests. Each such pool shall consist of assets that are broadly representative of all the assets held by the Master Fund, as determined by the Investment Manager in its reasonable discretion. In connection with the liquidation of each such pool, the Master Fund shall have the right to purchase any asset in such pool; provided that the price paid for such asset represents (i) the best price actually received from a third party, (ii) fair market value, as determined by an independent valuation agent or (iii) such value as may be agreed between the Master Fund and a majority-in-interest of the holders of the Sub-Investment Accounts being liquidated.

SUSPENSION Notwithstanding any provision contained herein, the General Partner may suspend the right of withdrawal or postpone the date

of payment for any period during which the Master Fund is not permitting withdrawals by Feeder Funds, and the Master Fund may suspend withdrawals, in whole or in part, or postpone the date of payment for any period during which (i) any stock exchange or over-the-counter market on which a substantial part of the investments owned by the Master Fund are traded is closed or trading on any such exchange or market is restricted or suspended, (ii) there exists a state of affairs that constitutes a state of emergency as a result of which disposal of the investments owned by the Master Fund is not reasonably practicable or it is not reasonably practicable to determine fairly the value of its assets, (iii) a breakdown occurs in any of the means normally employed in ascertaining the value of a substantial part of the assets of the Master Fund or when for any other reason the value of such assets cannot reasonably be ascertained or (iv) there exist such other extraordinary circumstances, as determined in good faith by the Master Fund GP, that cause withdrawals or such payments to be impracticable under existing economic or market conditions or conditions relating to the Master Fund.

In addition, the General Partner, by written notice to any Limited Partner, may suspend the withdrawal rights of such Limited Partner if the General Partner in good faith deems it necessary to do so to comply with anti-money laundering laws and regulations applicable to the Partnership, the Master Fund, the Investment Manager, or any of the Partnership's service providers.

MANDATORY WITHDRAWAL The General Partner may, in its sole discretion, require any Limited Partner to withdraw all or any portion of its Capital Account balance upon at least 30 days' prior written notice.

PAYMENT GENERALLY A Limited Partner withdrawing less than 80% of its Sub-Capital Account generally will be paid in full within 30 days after the Withdrawal Date. To the extent a withdrawal is satisfied through the liquidation of a representative pool of the Master Fund's positions, the proceeds of such liquidation will generally be paid in full within 30 days following the completion of the liquidation of such pool.

HOLDBACK PENDING AUDIT In connection with any withdrawal by a Limited Partner of more than 80% of its Interests, the Partnership will holdback up to 10% of the withdrawal proceeds that would otherwise be paid to such Limited Partner, pending completion of the audit for the year in which such withdrawal occurs. The amount of such holdback, as may be adjusted in connection with such audit, shall be paid to the withdrawing Limited Partner within 30 days following

delivery to the Partnership of the audit for the year in which such withdrawal occurs.

NET ASSET VALUE

The net asset value ("Net Asset Value") of the Master Fund is determined by aggregating the value of all securities and other assets of the Master Fund and subtracting all of the Master Fund's liabilities. The Net Asset Value of the Partnership is determined by aggregating the value of all securities and other assets of the Partnership, meaning in large part the Partnership's interest in the Master Fund, and subtracting all of the Partnership's liabilities. Net Asset Value per class of Interests is equal to the amount of the Partnership's Net Asset Value allocable to such class of Interests. Net Asset Value of a Limited Partner's Interest with respect to a particular class is equal to such Limited Partner's *pro rata* share of such class of Interests.

MANAGEMENT FEE

Pursuant to the Investment Management Agreement, the Master Fund pays the Investment Manager a monthly management fee on behalf of the Partnership (the "Management Fee") equal to 1/12 of 2.0% (2.0% per annum) of the Master Fund's Net Asset Value pertaining to each Class S Interest as of the last calendar day of each month (prior to the accrual of any Performance Distribution amounts). The Investment Management Agreement also provides for the payment of Management Fees in respect of the other outstanding classes of Interests. The Investment Manager may waive some or all of its Management Fee with respect to any Limited Partner, including principals and employees of the Investment Manager, the General Partner and their affiliates.

**PROFIT AND LOSS
ALLOCATIONS**

Net profits of the Partnership (including realized and unrealized gains) with respect to each Sub-Investment Account of the Master Fund are allocated among the corresponding Sub-Capital Accounts for each Fiscal Period (as defined below) in the proportion that each Sub-Capital Account balance bears to the aggregate Sub-Capital Account balances of all Partners with respect to such Master Fund investment. Net losses are generally allocated to the Partners in proportion to and to the extent of their respective Sub-Capital Account balances in the same manner, and thereafter to the General Partner.

Net profits of the Master Fund (including realized and unrealized gains) are allocated to each Sub-Investment Account for each Fiscal Period in the proportion that each Sub-Investment Account balance bears to the aggregate Sub-Investment Account balances of the Master Fund. Net losses are generally allocated among Sub-Investment Accounts in proportion to and to the extent of Sub-Investment Account balances, and thereafter to the Master

Fund GP. Such allocated profits and losses shall be further adjusted by reallocations to the Master Fund GP related to Performance Distributions.

A “Fiscal Period” ends, among other times, on the last day of a calendar month, on the day prior to the effective date of a contribution of capital to the Master Fund, on the effective date of a withdrawal from a Sub-Investment Account, on a distribution by the Master Fund other than *pro rata* in accordance with the Sub-Investment Account balances, and on the date when the Master Fund is wound up.

**PERFORMANCE
DISTRIBUTION TO
MASTER FUND GP**

At the end of each calendar year (or as of any Withdrawal Date with respect to the withdrawn portion of the Class S Interests) the Master Fund shall make a distribution on behalf of the Partnership (a “Performance Distribution”) to the Master Fund GP from the Sub-Investment Account pertaining to each Class S Interest equal to 20% of the amount by which the Net Asset Value of such Class S Interest (prior to accrual of any Performance Distribution amounts or the payment of any Withdrawal Fee in connection with a withdrawal as of such date) exceeds its High Water Mark.

The “High Water Mark” with respect to each Class S Interest shall initially be the Net Asset Value of such Interest upon issuance, and thereafter shall be adjusted in connection with any Performance Distribution made with respect to such Class S Interest to equal such Class S Interest’s Net Asset Value immediately following such distribution; provided that with respect to any Class S Interest issued in exchange for a pre-existing Interest of another class, its initial High Water Mark shall be the high water mark of such pre-existing Interest.

EXPENSES

It is generally expected that the Master Fund shall bear its and each Feeder Fund’s organizational, operating and other expenses, including without limitation, legal and accounting services and investment related expenses (such as research, subscriptions, quotation services and data feeds). These expenses include, but are not limited to, expenses incurred by the General Partner or its affiliates in connection with the initial and continuous offering of Interests (other than placement fees), personnel costs of persons that perform certain back- and middle-office services for the Investment Manager, and other expenses associated with the operation of the Feeder Funds and the Master Fund. The Master Fund or the respective Feeder Fund, as the case may be, shall reimburse the General Partner and its affiliates for such expenses.

To the extent that such expenses are treated as expense items of the Master Fund, they shall be shared by the Feeder Funds *pro rata* based on the balance in their respective Investment Accounts as of the last day of each calendar month (and accordingly are allocated *pro rata* among each Sub-Investment Account at such time); provided that any such expenses specific to any Feeder Fund are specially allocated to such Feeder Fund.

**WAIVER OR MODIFICATION
OF TERMS**

The General Partner shall have the absolute discretion to agree with a Limited Partner to waive or modify the application of any terms set forth in this Memorandum with respect to such Limited Partner (including those relating to Management Fees, Performance Distributions, withdrawals and reporting) without obtaining the consent of any other Limited Partner.

PLACEMENT AGENTS

The General Partner may, but is not required to, appoint affiliated and unaffiliated persons or entities to solicit investors and act as placement agents for the Partnership. Each placement agent will comply with the legal requirements of the jurisdictions within which it offers and sells Interests. There will be no sales charges for the benefit of the Partnership, the General Partner, the Investment Manager or any of their respective affiliates in connection with the offering of Interests. Placement fees may be charged by placement agents, but such fees will not affect the subscription amount and will not be collected by or from the Partnership.

RISK FACTORS

An investment in the Partnership involves a high degree of risk. There can be no assurance that the Partnership's investment objective will be achieved, and investment results may vary substantially from year to year. See "Risk Factors."

**POTENTIAL CONFLICTS OF
INTEREST**

The Partnership is subject to various conflicts of interest arising out of its relationship to the General Partner, the Investment Manager and their principals and affiliates. Principals of the Investment Manager control the General Partner and the Master Fund GP. Neither the Investment Manager nor its principals are required to manage the Partnership as their sole and exclusive function and each may engage in other business ventures and other activities, including directly or indirectly purchasing, selling, holding or otherwise dealing with any securities for the account of other investment funds, for their own accounts or for the accounts of any of their family or other clients. The Investment Manager provides investment management services to other pooled investment vehicles that employ similar strategies to the strategies employed by the Partnership. See "Conflicts of Interest."

ERISA CONSIDERATIONS

Investment in the Partnership is not generally open to “employee benefit plans” as defined in ERISA (as defined below) (“ERISA Plans”) and certain other tax-exempt entities. See “Certain Tax and ERISA Considerations.” ERISA Plans and other tax-exempt entities may invest in the Offshore Fund.

ADMINISTRATOR

GlobeOp Financial Services LLC and GlobeOp Financial Services (Cayman) Limited (together, the “Administrator”) serve as the administrator of the Partnership and the Master Fund, but the Partnership and the Master Fund are entitled to appoint a substitute administrator. The Administrator is responsible for providing administrative services to the Partnership and the Master Fund, including calculating the Partnership’s Net Asset Value, the Management Fee and Performance Distributions and performing certain accounting functions. The Administrator also provides administrative and support services to the Investment Manager in connection with the execution of the trading strategies of the Master Fund.

PRIME BROKERS AND CUSTODIANS

The Master Fund maintains prime brokerage and custodial relationships with a number of entities (each, a “Prime Broker”): (i) The Bank of New York Mellon serves as cash prime broker; (ii) [REDACTED]. Morgan Securities LLC serves as prime broker for futures and listed options; (iii) [REDACTED]. Morgan Clearing Corp. serves as prime broker for equities and fixed income securities; (iv) [REDACTED]. Morgan Chase Bank, [REDACTED], serves as prime broker for credit derivatives; (v) [REDACTED]. Morgan Securities Limited serves as prime broker for futures and listed options; (vi) Deutsche Bank AG serves as prime broker for equities, futures, listed options and credit derivatives; (vii) Morgan Stanley and Co. LLC serves as prime broker for credit derivatives; (viii) BNP Paribas serves as prime broker for equities, equity variance swaps, futures and listed options; and (ix) UBS AG serves as prime broker for foreign exchange transactions. The Prime Brokers act as custodians of certain of the Master Fund’s assets, may clear and settle the Master Fund’s transactions in securities and other interests, and also may provide financing of transactions.

The Prime Brokers are permitted to rely absolutely on the directions of the Investment Manager as to the disposition of Master Fund assets. None of the Prime Brokers is a sponsor of the Master Fund and none supervises the Investment Manager or takes part in the management or investment decisions of the Master Fund. None of the Prime Brokers is responsible for

monitoring the compliance of the Investment Manager with its duties to the Master Fund.

REPORTS TO LIMITED PARTNERS

The General Partner provides the Limited Partners with the following periodic reports: (i) a weekly estimate of the Partnership's Net Asset Value, generally within two (2) days of the end of each week; (ii) a monthly estimate of the Partnership's Net Asset Value, generally within five (5) business days of the end of each month; (iii) a final monthly Net Asset Value, generally within fifteen (15) business days of the end of each month; and (iv) a monthly risk report with respect to the Partnership, generally within fifteen (15) business days of the end of each month.

In addition, the Partnership seeks to deliver to the Limited Partners generally within ninety (90) days of the end of each Fiscal Year (but in any event within one hundred twenty (120) days of the end of each Fiscal Year) an annual report containing audited financial statements.

BOOKS AND RECORDS

Limited Partners generally are not permitted to review the Partnership's books and records.

CONFIDENTIALITY

The Limited Partners must keep confidential all matters relating to the Partnership and its affairs, except as otherwise required by law.

LEGAL COUNSEL

Purrington Moody Weil LLP ("PMW") acts as legal counsel to the Partnership, the General Partner and the Investment Manager and U.S. legal counsel to the Master Fund. PMW does not act as legal counsel to the Limited Partners in connection with this offering.

INDEPENDENT AUDITORS

PricewaterhouseCoopers serves as auditors to the Partnership.

THE OFFERING

Limited Partnership Interests

The Partnership is offering Class S Interests to all existing and prospective investors, which Interests shall have the rights and restrictions set out in this Memorandum and in the Partnership Agreement; the Offshore Fund is offering corresponding shares in the Offshore Fund, denominated as Class S Shares, with similar rights and restrictions. Class S Interests (and Class S Shares) are subject to (i) a 2.0% Management Fee, and (ii) a 20% Performance Distribution. The minimum subscription for Class S Interests is \$1,000,000, subject to reduction in the sole discretion of the General Partner. The General Partner reserves the right, in its sole discretion, to reject in whole or in part any proposed subscription.

Investors in Class S Interests will generally be admitted as Limited Partners as of the first day of each month, although the General Partner may admit Limited Partners at other times in its sole discretion.

In addition to the Class S Interests being offered pursuant to this Memorandum, there are currently outstanding (i) Class Q1 Interests, Class A1 Interests and Class A2 Interests, none of which are currently being offered and (ii) Class Q2 Interests and Class Q3 Interests, which are being offered to existing holders of such Interests with the rights and restrictions set out in the 2009 Memorandum and the Partnership Agreement. The rights and restrictions applicable to these other classes of Interests differ from the Class S Interests in several ways, including with respect to management fees, performance distributions, tax distributions (and corresponding clawback obligations), lock-ups and withdrawal rights, all of which are detailed in the 2009 Memorandum, the Partnership Agreement and the Master Fund Agreement. The General Partner may in the future issue additional classes of Interests in accordance with the Partnership Agreement.

The Interests are not registered under the Securities Act.

Use of Proceeds

The net proceeds derived from the sale of Interests, after payment of Partnership expenses, are invested in the Master Fund, as described below under “Business of the Partnership.”

BUSINESS OF THE PARTNERSHIP

Investment Objective

The Partnership’s investment objective is to provide consistent long-term appreciation of assets through active leveraged trading and investment, primarily in the North American, European and Asian credit markets.

Investment Strategies

In seeking to achieve its objective, the Partnership, through its investment in the Master Fund, has maximum flexibility to invest in a wide range of credit market instruments and other asset classes in connection with credit trading strategies. Without limiting the foregoing, the Master Fund may take long or short positions in credit derivatives, equity derivatives, corporate and convertible bonds, loans (including private non-recourse loans supported by publicly traded collateral or project financings), equities, collateralized debt obligations and other asset-backed securities. Credit and equity derivatives may relate to individual reference entities or to baskets or portfolios of reference entities (including levered or de-levered tranches of such portfolios or baskets). The Master Fund invests primarily in strategies where the underlying exposures are to investment grade and non-investment grade credit issuers but may take or hold positions where the underlying exposures are to distressed credits. The Master Fund uses interest rate derivatives and government securities to hedge interest rate risk, and spot and forward foreign currency contracts to hedge currency exposures.

In connection with certain transactions involving convertible bonds and capital structure and other credit-driven strategies, the Master Fund may buy or sell individual equities or derivatives thereon. The Master Fund may buy or sell equity index contracts as macro hedges. Derivatives contracts may be exchange-traded or over-the-counter. The Master Fund does not currently engage in futures transactions but may do so in the future. The Master Fund may engage in short sales. The Master Fund may also retain amounts in cash or cash equivalents, pending reinvestment, if this is considered appropriate to the investment objective. The Investment Manager may place up to 25% of the Master Fund's capital in instruments quoted by fewer than three dealers. The foregoing limitation is applicable and is calculated as of the time each investment is made.

The Investment Manager's investment process for the Master Fund consists of identifying relative value trading strategies within and across asset classes by combining (i) rigorous quantitative analysis of price relationships across credit market segments and between the credit markets and other markets, (ii) fundamental credit research, (iii) an understanding of the technical dynamics in the various credit markets and (iv) macro-economic views. The Investment Manager's trading strategies for the Master Fund can be broadly grouped into three categories:

Fundamental Credit

- *Long/Short Trading*: relative value positions (long and short) between or among different issuers, groups of issuers, sectors, or indices. These positions frequently occur in derivative form (i.e., CDS).
- *Capital Structure Trading*: long and short positions in instruments with differing levels of seniority within the capital structure of one issuer. These transactions may include secured loan versus unsecured bond, senior bond versus subordinated bond, etc.
- *Loan Relative Value*: relative value positions (long and short) between or amongst credits, groups of credits, sectors, or indices, in which at least one leg of the trade

involves secured debt (loans). These positions include loans, bonds, LCDS, and CDS (e.g., loan versus loan, loan versus CDS).

- *Curve Trading*: long and short position across the term structure curve of single name credits or *indices* (curve steepeners and flatteners).
- *Special Situations*: investments in credit instruments including tranches of CLOs, structured credit, or private financings and club-style deals.

Structured Credit

- *Structured Corporate Credit*: positions that generally involve baskets or portfolios of credits pooled together and then tranching into classes with varying priorities and risk/return profiles. The credits underlying these transactions may be derivative or cash instruments and the investments themselves may be in derivative or cash form. The Master Fund may take long or short positions in these transactions.
- *ABS / RMBS Instruments*: long and short positions in ABX index tranches, as well as directional trades in individual ABS security tranches.

Credit Arbitrage

- *Index Arbitrage*: positions include index versus constituent trades, as well as index versus index trades where a large degree of overlap between underlying constituent names exists.
- *Bond Basis*: long and short positions involving cash bonds and CDS of the same issuer.

Risk Management

Accurate identification and hedging of risk is central to the investment process. The Investment Manager employs robust risk management practices in managing the Master Fund's investment activities, which may from time to time include value at risk analyses, single name targets, stress testing, leverage factors, minimum liquidity targets, capital allocation rules and stop loss targets. The Investment Manager implements and monitors these constraints using both third-party and internally developed risk management analytics and tools.

There can be no assurance that the Partnership's investment objective will be achieved or that its risk management techniques will protect against loss.

MANAGEMENT OF THE PARTNERSHIP

The General Partner

The General Partner is a limited liability company formed under the laws of the State of Delaware that is controlled by the Investment Manager's principals. The General Partner has ultimate management authority over all investment decisions, asset acquisitions and dispositions,

distributions and Partnership affairs generally. The General Partner has delegated to the Investment Manager the responsibility for managing the Partnership's investment portfolio through the Master Fund.

The General Partner (and/or its members, employees and affiliates) may subscribe directly or indirectly for Interests. The level of such investments may fluctuate over time.

The Investment Manager

The Investment Manager manages the investment program of the Partnership and the Master Fund. The Investment Manager is a registered investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Investment Manager anticipates registering as a CPO and/or a CTA, effective January 1, 2013, but plans to operate the Partnership after such date pursuant to the 4.7 Exemption. Pursuant to the Investment Management Agreement, the Investment Manager has full discretion to invest the assets of the Partnership and the Master Fund in a manner consistent with the investment objective and investment strategies described in this Memorandum.

Blue Mountain Capital Partners (London) LLP, a limited liability partnership formed under the laws of the United Kingdom and a wholly owned subsidiary of the Investment Manager ("BlueMountain London"), will serve as adviser to the Investment Manager with respect to issuers based in Europe. The Investment Manager has entered into a sub-advisory agreement with BlueMountain London, pursuant to which BlueMountain London is compensated for providing investment advisory services, trade execution, and general infrastructure support to the Investment Manager. BlueMountain London is registered with the Financial Services Authority. BlueMountain London also expects to (i) register with the U.S. Commodity Futures Trading Commission as a commodity trading advisor and (ii) become a member of the National Futures Association, effective January 1, 2013 in connection with advisory services provided to the Investment Manager.

To the maximum extent permitted by law, the Investment Manager, its affiliates and each of their respective partners, officers, agents and employees (each, an "Indemnitee") will be indemnified and held harmless by the Partnership and the Master Fund, to the extent of the Partnership's and the Master Fund's assets, from and against any and all losses, claims, damages, liabilities (joint or several), expenses, judgments, fines, settlements and other amounts arising from any and all claims (including legal fees and expenses, as such fees and expenses are incurred), demands, actions, suits, or proceedings (civil, criminal, administrative or investigative), in which they may be involved, as a party or otherwise, by reason of their management, directly or indirectly, of the affairs of the Partnership or the Master Fund or rendering of advice or consultation with respect thereto, or that relate, directly or indirectly, to the Partnership or the Master Fund, its business or its affairs, whether or not they continue to be such at the time any such liability or expense is paid or incurred, provided that such actions or failures to act are not finally adjudicated by a court of competent jurisdiction to have constituted willful misconduct, gross negligence or a willful violation of law by such Indemnitee. The termination of any action, suit or proceeding by judgment, order or settlement, or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that any person acted with gross negligence. In addition, the Partnership or the Master Fund will pay the expenses of

the Indemnitee in defending a civil or criminal action relating to the Partnership or the Master Fund, their business or their affairs in advance of the final disposition of such action, provided the Indemnitee agrees to undertake to repay such expenses if he is adjudicated not to be entitled to indemnification.

Principal Biographies

Andrew Feldstein – Co-Founder, Chief Executive Officer and Chief Investment Officer

Andrew Feldstein is a co-founder of BlueMountain and its CEO and Chief Investment Officer. As CEO/CIO, Mr. Feldstein has grown BlueMountain into a leading asset manager focused on the credit markets and equity derivatives markets. Since founding BlueMountain, Mr. Feldstein has been a leader in the development of credit markets, including participating in CRMPG II and CRMPG III as well as serving on the board of ISDA.

Mr. Feldstein is also a co-founder of The Darfur Project, an organization dedicated to providing effective, direct and immediate relief to the people affected by the conflict in Sudan through the support and funding of the financial community. Mr. Feldstein is a board member of the Upper West Success Academy, a Success Charter Network charter school.

Prior to co-founding BlueMountain in 2003, Mr. Feldstein was a Managing Director at JP Morgan, where he served in a senior capacity across a variety of derivatives and credit businesses, including Head of Structured Credit, Head of Global Credit Portfolio Management, and Head of High Yield Sales, Trading and Research. Mr. Feldstein holds a [REDACTED] cum laude from Harvard Law School and a B.A. magna cum laude in Economics from Georgetown University.

Stephen Siderow – Co-Founder and President

Stephen Siderow is a co-founder and the President of BlueMountain, overseeing BlueMountain's business development and strategic growth initiatives. Mr. Siderow is also a member of BlueMountain's Management Committee. Prior to co-founding BlueMountain in 2003, Mr. Siderow was a Senior Consultant with McKinsey & Company's New York Office, where he focused on the financial services industry, serving senior management executives and CEOs on a variety of issues in business strategy, organization and operations. Prior to that, Mr. Siderow was a corporate attorney with Cleary, Gottlieb in New York. Mr. Siderow serves on the Board of Directors of The Civilians, an investigative theater organization supporting the development and production of new theater initiatives, and is also a member of the Board of Directors of Ars Nova, which provides training and development programs to young performing artists. In addition, Mr. Siderow is a member of the Board of the New York City Council of Taglit-Birthright Israel. Mr. Siderow holds a [REDACTED] cum laude from Harvard Law School and B.A. magna cum laude in Philosophy from Amherst College. Mr. Siderow was also a Fulbright and Sheldon Scholar in Israel.

Alan Gerstein – Managing Principal and Senior Portfolio Manager

Alan Gerstein is a Managing Principal and Senior Portfolio Manager at BlueMountain, overseeing BlueMountain's credit arbitrage and equity derivatives strategies. Mr. Gerstein is also a member of BlueMountain's Investment, Management and Risk Committees. Prior to

joining BlueMountain in 2004, Mr. Gerstein was a Vice President and Head of U.S. Investment Grade Credit Derivatives Trading at Goldman Sachs. Over a 10 year career at Goldman, Mr. Gerstein held several other senior positions including Head of U.S. Agency Bond Trading and in Interest Rate Derivatives Marketing. Prior to that, Mr. Gerstein was a Vice President of Interest Rate Derivatives Marketing at JP Morgan, where he worked with Mr. Feldstein. Mr. Gerstein holds an [REDACTED] from the MIT Sloan School of Management and B.A. in Economics from the Massachusetts Institute of Technology.

Bryce Markus – Managing Principal and Senior Portfolio Manager

Bryce Markus is a Managing Principal and Senior Portfolio Manager at BlueMountain, overseeing BlueMountain's structured credit strategies. Mr. Markus is also a member of BlueMountain's Investment and Management Committees and serves as the Chairman of the Risk Committee. Prior to joining BlueMountain in 2005, Mr. Markus was a Vice President in the Fixed Income Currency and Commodities Division at Goldman Sachs, trading corporate debt and credit derivatives, including trading single name credit default swaps, credit indices, credit swaptions, convertible asset swaps, synthetic CDO tranches, and corporate warrants. Mr. Markus holds an [REDACTED] and B.S. in Economics from the Wharton School at the University of Pennsylvania.

Derek Smith – Managing Principal and Senior Portfolio Manager

Derek Smith is a Managing Principal and Senior Portfolio Manager at BlueMountain, overseeing BlueMountain's fundamental strategies. Mr. Smith is also a member of BlueMountain's Investment, Management and Risk Committees. Prior to joining BlueMountain in 2008, Mr. Smith worked at Deutsche Bank where he was a Managing Director of Global Credit Trading, managing investment grade and high-yield credit cash and derivatives desks for U.S. and Europe. Prior to that, Mr. Smith spent nearly 15 years working in various aspects of the fixed income, derivatives and credit markets at Goldman Sachs, managing the U.S. government options desk as well as the investment grade credit cash and derivative desks. While at Goldman Sachs, he worked directly with Alan Gerstein and Bryce Markus. In 2005, Mr. Smith served as Chairman of ISDA's Credit Derivatives Market Practice Committee. Mr. Smith holds a B.S. in Electrical Engineering from Princeton University.

Michael Liberman – Managing Principal, Chief Operating Officer and Chief Risk Officer

Mike Liberman is a Managing Principal and Chief Operating Officer at BlueMountain, overseeing BlueMountain's Risk Management, Analytics and Technology and Operations teams. Mr. Liberman is also member of BlueMountain's Management and Risk Committees. Prior to joining BlueMountain in 2004, Mr. Liberman was a Managing Director and Head of Global Interest Rate Product Strategies at Goldman Sachs, with responsibility for risk analytics and systems, quantitative research and market strategies. Prior to that, he spent six years at JP Morgan where he worked with Mr. Feldstein, held a number of senior derivatives technology positions including Head of Global Rates Derivatives Technology and was a lead developer of derivatives risk management systems. Earlier in his career, Mr. Liberman developed analytics for the loan portfolio management group at Citibank and spent time developing database and telecommunication software in Silicon Valley. Mr. Liberman holds a B.A. with the highest

honors in Mathematics and an [REDACTED] in Mathematics from Brandeis University. Mr. Liberman also continued his graduate studies in Mathematics at the University of California, Berkeley.

David Rubenstein – Managing Principal, Chief Financial Officer and General Counsel, CEO of BlueMountain London

David Rubenstein is the Chief Financial Officer and General Counsel at BlueMountain and CEO of BlueMountain London. Mr. Rubenstein is a member of BlueMountain's Management Committee. Prior to joining BlueMountain in 2006, Mr. Rubenstein co-founded Renaissance Integrated Solutions, a municipal infrastructure solutions company, where he was the SVP of Corporate Development and General Counsel for more than 4 years. Prior to that, he was a colleague of Mr. Siderow at McKinsey & Company, working as a management consultant, focusing on developing strategic and operational effectiveness opportunities for global financial institutions and media companies. Mr. Rubenstein began his career as a corporate lawyer for Cravath, Swaine & Moore working as underwriter's counsel for high-yield acquisition-related debt offerings as well as borrower's counsel for project financings and leveraged lease transactions. Mr. Rubenstein is a member of the Founders' Council of the Managed Funds Association and serves as the Chair of the OTC Advisory Group to its U.S. Legislative Policy Committee. Mr. Rubenstein holds a [REDACTED] cum laude from Harvard Law School, a Masters in Philosophy from Oxford University and a B.A. summa cum laude in Philosophy from Tufts University, where he was elected to Phi Beta Kappa.

Peter Greatrex – Head of Research

Peter Greatrex is the Head of Research at BlueMountain, overseeing BlueMountain's fundamental research team. Mr. Greatrex is a member of BlueMountain's Management Committee. Prior to his role as Head of Research, Mr. Greatrex was a fundamental credit portfolio manager at BlueMountain, and from 2008-2010 was the head portfolio manager in BlueMountain's London office. Prior to joining BlueMountain in 2007, Mr. Greatrex spent 10 years at JP Morgan where he was an Executive Director, spending time both as a portfolio manager for the investment bank credit portfolio and a credit research analyst. As a portfolio manager, he was responsible for \$25 billion+ of loans, CDS and derivatives credit risk. He holds an [REDACTED] from the Wharton School of Business and a B.A. in History from Middlebury College.

Placement Agent

The General Partner may, but is not required to, appoint affiliated and unaffiliated persons or entities to solicit investors and act as placement agents for the Partnership. Each placement agent must comply with the legal requirements of the jurisdictions within which it offers and sells Interests. There are no sales charges for the benefit of the Partnership, the General Partner, the Investment Manager or any of their respective affiliates in connection with the offering of Interests. Placement fees may be charged by placement agents, but such fees do not affect the subscription amount and are not collected by or from the Partnership.

The Administrator

The Partnership and the Master Fund have entered into an agreement (the “Services Agreement”) with GlobeOp Financial Services LLC and GlobeOp Financial Services (Cayman) Limited (together, the “Administrator”) pursuant to which each of the Partnership and the Master Fund has engaged the Administrator to perform certain day-to-day administrative services on its behalf.

The Administrator, or an affiliate thereof, will also perform certain middle-office and/or back-office support activities pursuant to a separate agreement. The Partnership and the Master Fund will indemnify and hold harmless the Administrator, its affiliates and any of their respective officers, directors, members, shareholders, employees, and agents, or any of their successors or assigns (each, an “Administrator Indemnified Party”), from and against any and all losses, judgments, liabilities, expenses (including, without limitation, attorney’s fees) and amounts paid in settlement of any claims arising out of, or in connection with, any action taken or omitted by any of the foregoing Administrator Indemnified Parties, unless such action or omission is found by a final determination of an arbitrator, mediator, or court of competent jurisdiction to have resulted from the fraud or willful misconduct by such Administrator Indemnified Party in connection with the performance of its duties and obligations under the Services Agreement.

The Administrator will receive customary monthly fees pursuant to the Services Agreement. Certain other out-of-pocket expenses of the Administrator, as well as applicable data, communication and technology-related charges may also be charged in accordance with the Services Agreement.

The Services Agreement may generally be terminated at any time without penalty by the Partnership or the Master Fund on 90 days’ notice or by the Administrator on 180 days’ notice, except that it may be terminated upon less notice in certain instances.

The Administrator may have relationships with providers of technology, data or other services to the Partnership and the Master Fund and may receive economic and/or other benefits in connection therewith. The Administrator may subcontract with agents, selected by the Administrator in good faith, for administrative and certain other services.

The Administrator does not act as a guarantor of the Interests. Moreover, the Administrator is not responsible for any of the trading or investment decisions of the Partnership or the Master Fund (all of which are made by the Investment Manager), or the effect of such trading decisions on the performance of the Partnership or the Master Fund.

Each of the Partnership and the Master Fund reserves the right to change the administration arrangements described above by agreement with the Administrator and, in its sole discretion, to appoint an alternative administrator.

The Prime Brokers and Custodians

The Master Fund maintains prime brokerage and custodial relationships with a number of entities (each, a “Prime Broker”): (i) The Bank of New York Mellon serves as cash prime

broker; (ii) [REDACTED]. Morgan Securities LLC serves as prime broker for futures and listed options; (iii) [REDACTED]. Morgan Clearing Corp. serves as prime broker for equities and fixed income securities; (iv) [REDACTED]. Morgan Chase Bank, [REDACTED], serves as prime broker for credit derivatives; (v) [REDACTED]. Morgan Securities Limited serves as prime broker for futures and listed options; (vi) Deutsche Bank AG serves as prime broker for equities, futures, listed options and credit derivatives; (vii) Morgan Stanley and Co. LLC serves as prime broker for credit derivatives; (viii) BNP Paribas serves as prime broker for equities, equity variance swaps, futures and listed options; and (ix) UBS AG serves as prime broker for foreign exchange transactions. The Prime Brokers act as custodians of certain of the Master Fund's assets, may clear and settle the Master Fund's transactions in securities and other interests, and also may provide financing of transactions.

The Prime Brokers are permitted to rely absolutely on the directions of the Investment Manager as to the disposition of Master Fund assets. None of the Prime Brokers is a sponsor of the Master Fund and none supervises the Investment Manager or takes part in the management or investment decisions of the Master Fund. None of the Prime Brokers is responsible for monitoring the compliance of the Investment Manager with its duties to the Master Fund.

The Investment Manager reserves the right to change the prime brokerage and custodial arrangements described above by agreement with the respective Prime Brokers and, in its sole discretion, to appoint additional or alternative prime brokers or custodians.

ALLOCATION OF PROFITS AND LOSSES

Net profits of the Partnership (including realized and unrealized gains) with respect to each Sub-Investment Account of the Master Fund are allocated among the corresponding Sub-Capital Accounts for each Fiscal Period (as defined below) in the proportion that each Sub-Capital Account balance bears to the aggregate Sub-Capital Account balances of all Partners with respect to such Master Fund investment. Net losses are generally allocated to the Partners in proportion to and to the extent of their respective Sub-Capital Account balances in the same manner, and thereafter to the General Partner.

Net profits of the Master Fund (including realized and unrealized gains) are allocated to each Sub-Investment Account for each Fiscal Period in the proportion that each Sub-Investment Account balance bears to the aggregate Sub-Investment Account balances of the Master Fund. Net losses are generally allocated among Sub-Investment Accounts in proportion to and to the extent of Sub-Investment Account balances, and thereafter to the Master Fund GP. Such allocated profits and losses shall be further adjusted by reallocations to the Master Fund GP related to Performance Distributions.

A "Fiscal Period" ends, among other times, on the last day of a calendar month, on the day prior to the effective date of a contribution of capital to the Master Fund, on the effective date of a withdrawal from a Sub-Investment Account, on a distribution by the Master Fund other than *pro rata* in accordance with the Sub-Investment Account balances, and on the date when the Master Fund is wound up.

Net profit and net loss of the Master Fund are calculated after accrual of the Management Fee. Net losses allocated to a Limited Partner may not exceed the credit balance in such Limited Partner's Capital Account.

FEES AND EXPENSES

Partnership Expenses

It is generally expected that the Master Fund shall bear its and each Feeder Fund's organizational, operating and other expenses including, without limitation, legal and accounting services and investment related expenses (such as research, subscriptions, quotation services and data feeds). These expenses include, but are not limited to, expenses incurred by the General Partner or its affiliates in connection with the initial and continuous offering of Interests (other than placement fees), personnel costs of persons that perform certain back- and middle-office services for the Investment Manager, and other expenses associated with the operation of the Feeder Funds and the Master Fund. The Master Fund or the respective Feeder Fund, as the case may be, shall reimburse the General Partner and its affiliates for such expenses.

To the extent that such expenses are treated as expense items of the Master Fund, they shall be shared by the Feeder Funds *pro rata* based on the balance in their respective Investment Accounts as of the last day of each calendar month (and accordingly are allocated *pro rata* among each Sub-Investment Account at such time); provided that any such expenses specific to any Feeder Fund are specially allocated to such Feeder Fund.

The General Partner, the Investment Manager and their affiliates pay their own administrative and operating expenses.

Management Fee

Pursuant to the Investment Management Agreement, the Master Fund pays the Investment Manager a monthly Management Fee on behalf of the Partnership equal to 1/12 of 2.0% (2.0% per annum) of the Master Fund's Net Asset Value pertaining to each Class S Interest as of the last calendar day of each month (prior to accrual of any Performance Distribution amounts). The Investment Management Agreement also provides for the payment of Management Fees in respect of the other outstanding classes of Interests.

The Investment Manager may waive some or all of the Management Fee payable by the Master Fund and allocable to any Limited Partner, including principals and employees of the General Partner, Investment Manager and their affiliates.

BROKERAGE

In the course of its investment activities the Master Fund may incur substantial transaction expenses, often in the form of brokerage commissions or bid-ask spreads. The Investment Manager has complete discretion in deciding what brokers, dealers and counterparties the Master Fund will use and in negotiating rates of brokerage compensation. In addition to

using brokers as “agents” and paying commissions, the Master Fund may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns.

Selection Criteria, Generally. In choosing brokers, dealers and counterparties, the Investment Manager is not required to consider any particular criteria. For the most part, the Investment Manager seeks the best combination of transaction costs and execution quality but, as discussed below, the Investment Manager is not required to select the trading partner that charges the lowest transaction cost, even if that party provides execution quality comparable to other trading partners. In evaluating “execution quality,” historical net prices (after markups, markdowns or other transaction-related compensation) with respect to prior transactions is a principal factor, but other factors are also relevant, including: the execution, clearance, and settlement and error correction capabilities of the trading partner generally and in connection with securities of the type and in the amounts to be bought or sold; the trading partner’s willingness to commit capital; reliability, responsiveness and financial stability; the size of the transaction; and the market for the security.

In addition to execution quality, the Investment Manager may consider whether a trading partner may provide research or access to management of companies in which the Master Fund has invested or is considering investing. The Master Fund may incur transaction costs with such trading partner in an amount greater than it might incur with other firms.

“Soft Dollars”. In addition to execution quality and access to management, the Investment Manager may consider the value of various services or products, beyond execution, that a broker-dealer provides to the Master Fund, the General Partner or the Investment Manager. Selecting a broker-dealer in recognition of such other services or products is known as paying for those services or products with “soft dollars.” Because many of those services could benefit the Investment Manager or its affiliates, the Investment Manager may have a conflict of interest in allocating Master Fund brokerage business. The Investment Manager currently maintains no formalized “soft dollar” arrangements with broker-dealers but may do so in the future. With respect to any research products or services the Investment Manager may receive from broker-dealers, and in the event that the Investment Manager enters into any formalized “soft dollar” arrangements, the Investment Manager intends to keep the Master Fund’s use of “soft dollars,” if any, within the parameters of Section 28(e) of the Securities Exchange Act of 1934.

Aggregation of Orders. The Investment Manager may, but is under no obligation to, combine orders on behalf of the Master Fund with orders for other accounts for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, the Investment Manager allocates the securities or proceeds arising out of those transactions (and the related transaction expenses) among the various participants in accordance with its written compliance procedures which are intended to ensure fair and equitable treatment of all involved participants. While the Investment Manager believes combining orders in this way is, over time, advantageous to all participants, in particular cases the average price could be less advantageous to the Master Fund than if the Master Fund had been the only account effecting the transaction or had completed its transaction before the other participants.

SUMMARY OF THE PARTNERSHIP AGREEMENT

Set forth below is a summary of the principal terms of the Partnership Agreement not discussed elsewhere in this Memorandum. This summary is not intended to be complete and is subject in its entirety to the actual provisions of the Partnership Agreement. Capitalized terms used in this summary, unless otherwise defined, have the meaning set forth in the Partnership Agreement. The entire Partnership Agreement should be read carefully, and each prospective investor should review it with its purchaser representative(s), if any, its investment and tax advisers, and its accountants and attorneys. A representation that each investor has done so is contained in the Subscription Documents.

Nature of the Partnership

The Partnership is a Delaware limited partnership, and the rights and obligations of the Partners are determined by the Delaware Revised Uniform Limited Partnership Act (the "Act"), the Partnership Agreement and the Subscription Documents.

Addition of General Partners

A person or entity may be admitted to the Partnership as an additional or successor general partner upon the consent of the General Partner (or, if there is more than one general partner, the consent of all general partners). If when the General Partner ceases to be a general partner there is no remaining or surviving general partner, a Majority in Interest of the Limited Partners may admit a successor and continue the business of the Partnership.

Liability of Partners to Third Parties

The General Partner has unlimited liability for the obligations of the Partnership to the extent such liabilities cannot be satisfied out of the assets of the Partnership. The Limited Partners and former Limited Partners may be liable for the repayment and discharge of all debts and obligations of the Partnership attributable to any Fiscal Year (or relevant portion thereof) during which they are or were Limited Partners of the Partnership to the extent of their respective interests in the Partnership in the Fiscal Year (or relevant portion thereof) to which any such debts and obligations are attributable.

In order to meet a particular debt or obligation, a Limited Partner or former Limited Partner will, in the discretion of the General Partner, be required to make additional contributions or payments up to, but in no event in excess of, the aggregate amount of returns of capital and other amounts actually received by it from the Partnership during or after the Fiscal Year to which such debt or obligation is attributable.

Liability Limit and Indemnification of the General Partner

To the fullest extent permitted by law, neither the General Partner nor any affiliate or any member, officer, director, employee or agent of the General Partner or any affiliate are liable, responsible or accountable in damages or otherwise to the Partnership or to any Partner for: (i) any acts performed in good faith within the scope of the authority conferred on the General Partner or its affiliate by the Partnership Agreement, except for the gross negligence or willful

malfeasance of the General Partner or of such affiliate, member, officer, director, employee or agent in carrying out its obligations thereunder; (ii) the good faith failure or refusal of the General Partner or its affiliates to perform any acts, except those expressly required by or pursuant to the terms of the Partnership Agreement, if such course of conduct did not constitute gross negligence or willful malfeasance of the General Partner or such affiliate; (iii) the General Partner's or its affiliate's good faith performance of, or omission to perform, any acts on advice of legal counsel, accountants, brokers or consultants to the Partnership, if such course of conduct did not constitute gross negligence or willful malfeasance of the General Partner or such affiliate; or (iv) the negligence, dishonesty, bad faith or other action of any broker, consultant or agent of the Partnership including, without limitation, the Investment Manager, selected, engaged or retained by the General Partner, its affiliate or the Partnership in good faith, if such selection, retention or engagement did not constitute gross negligence or willful malfeasance of the General Partner or its affiliate.

To the fullest extent permitted by law, the General Partner and each of its affiliates, and their respective members, officers, directors, partners, employees and agents are fully protected and indemnified by the Partnership for costs and expenses incurred by them or any of them in connection with any action, suit or proceeding arising from any act or omission taken or suffered by any of them for or on behalf of the Partnership (including amounts paid in respect of judgments or fines or in settlement of litigation and expenses, including attorneys' fees, reasonably incurred by any of them in connection with any pending or threatened litigation or proceeding); provided that this indemnity does not extend to conduct by a General Partner, any of its affiliates or their respective members, officers, directors, employees or agents if it is determined by a court of competent jurisdiction that any such person engaged in gross negligence or willful malfeasance.

In the event of settlement of any action, suit or proceeding pending or threatened, such indemnification extends to all matters covered by the settlement except for matters with respect to which the Partnership is advised by counsel regularly retained by the Partnership that the person seeking indemnification, in the opinion of such counsel, did not act in good faith. The foregoing right of indemnification is in addition to any rights to which the General Partner and each of its affiliates and their respective members, officers, directors, employees and agents may otherwise be entitled and inures to the benefit of the executors, administrators, personal representatives, successors or assigns of each such person.

The Partnership may pay the expenses incurred by the General Partner, each of its affiliates and their respective members, directors, employees and agents, in defending a civil or criminal action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay such payment if it shall ultimately be determined that such person is not entitled to indemnification. Any right of indemnity or advancement of expenses may be satisfied only out of the assets of the Partnership and no Partner shall be personally liable with respect to any such claim for indemnification.

Distributions Generally

The Partnership generally does not intend to make distributions to the Limited Partners other than those related to voluntary or mandatory withdrawals. Distributions, if any, may be made in cash or in kind. See “Withdrawals Generally” below.

Withdrawal Rights; Termination of Interest in the Partnership

Withdrawals Generally

Each holder of Class S Interests may withdraw all or any portion of its Interests as of the last day of March, June, September and December; provided that the Partnership’s obligation to meet any withdrawal of Class S Interests shall be subject to the applicable Investor Level Limit and provided, further, that any Limited Partner that withdraws any Class S Interests prior to the 12-month anniversary of the purchase of such Interest will be charged a Withdrawal Fee payable to the Master Fund equal to 3% of the Net Asset Value of the Interests being withdrawn. Withdrawal requests for any Withdrawal Date must be made no later than the last business day of the most recently preceding December, March, June or September (as the case may be) or such earlier date as may be agreed with a particular Limited Partner.

“Investor Level Limit” means, with respect to any Class S Interests issued on the same subscription date (a “Series” of Interests) held by a Limited Partner on any Withdrawal Date, (x) the Net Asset Value of all of such Limited Partner’s Interests of such Series, multiplied by (y) 25%; provided that if such Limited Partner submits withdrawal requests in an amount equal to or exceeding its Investor Level Limit with respect to such Series for consecutive Withdrawal Dates, the multiplier in clause (y) shall be increased to equal (i) with respect to the second consecutive Withdrawal Date, 33-1/3%; (ii) with respect to the third consecutive Withdrawal Date, 50%; and (iii) with respect to the fourth consecutive Withdrawal Date, 100%; provided, further, that for purposes of the foregoing calculation, at the calendar year end following the conclusion of the Soft Lock with respect to Class S Interests held by such Limited Partner, the Partnership may convert such Series into any other Series of Class S Interests not subject to a Soft Lock held by such Limited Partner.

Withdrawals will be considered to be made first from the Sub-Capital Account (and corresponding Sub-Investment Account) attributable to the earliest eligible capital contribution on a first-in first-out basis. Partial withdrawals are not permitted if after giving effect to such withdrawal the remaining balance in a Limited Partner’s Capital Account is less than the minimum initial investment requirement of the Partnership.

In the case of a withdrawal from any Sub-Investment Account, the amount withdrawn and the amount remaining in the Sub-Investment Account will be treated as if they were separate Sub-Investment Accounts.

All costs and expenses associated with any Limited Partner’s withdrawal (including costs incurred in connection with liquidating assets of the Master Fund to meet such withdrawals) are allocated to, and debited against the Sub-Capital Account(s) of, the withdrawing Limited Partner.

The Partnership may, in its sole discretion, pay withdrawal proceeds in cash, in securities or partly in cash and partly in securities. In addition, withdrawals may be satisfied by liquidating a pool of the Master Fund's assets and distributing the cash proceeds of such liquidation (net of any Performance Distribution and Withdrawal Fee), which may be greater than or less than the Net Asset Value of the withdrawn Interests as of such Withdrawal Date, through the Partnership to the withdrawing holders of such Interests. Each such pool shall consist of assets that are broadly representative of all the assets held by the Master Fund, as determined by the Investment Manager in its reasonable discretion. In connection with the liquidation of each such pool, the Master Fund shall have the right to purchase any asset in such pool; provided that the price paid for such asset represents (i) the best price actually received from a third party, (ii) fair market value, as determined by an independent valuation agent or (iii) such value as may be agreed between the Master Fund and a majority-in-interest of the holders of the Sub-Investment Accounts being liquidated.

Suspension

Notwithstanding any provision contained herein, the General Partner may suspend the right of withdrawal or postpone the date of payment for any period during which the Master Fund is not permitting withdrawals by Feeder Funds, and the Master Fund may suspend withdrawals, in whole or in part, or postpone the date of payment for any period during which (i) any stock exchange or over-the-counter market on which a substantial part of the investments owned by the Master Fund are traded is closed or trading on any such exchange or market is restricted or suspended, (ii) there exists a state of affairs that constitutes a state of emergency as a result of which disposal of the investments owned by the Master Fund is not reasonably practicable or it is not reasonably practicable to determine fairly the value of its assets, (iii) a breakdown occurs in any of the means normally employed in ascertaining the value of a substantial part of the assets of the Master Fund or when for any other reason the value of such assets cannot reasonably be ascertained or (iv) there exist such other extraordinary circumstances, as determined in good faith by the Master Fund GP, that cause withdrawals or such payments to be impracticable under existing economic or market conditions or conditions relating to the Master Fund.

In addition, the General Partner, by written notice to any Limited Partner, may suspend the withdrawal rights of such Limited Partner if the General Partner in good faith deems it necessary to do so to comply with anti-money laundering laws and regulations applicable to the Partnership, the Master Fund, the Investment Manager, or any of the Partnership's service providers.

Mandatory Withdrawal

The General Partner may, in its sole discretion, require any Limited Partner to withdraw all or any portion of its Capital Account balance upon at least 30 days' prior written notice.

Payments Generally

A Limited Partner withdrawing less than 80% of its Sub-Capital Account generally will be paid in full within 30 days after the Withdrawal Date. To the extent a withdrawal is satisfied

through the liquidation of a representative pool of the Master Fund's positions, the proceeds of such liquidation will generally be paid in full within 30 days following the completion of the liquidation of such pool.

Holdback Pending Audit

In connection with any withdrawal by a Limited Partner of more than 80% of its Interests, the Partnership will holdback up to 10% of the withdrawal proceeds that would otherwise be paid to such Limited Partner, pending completion of the audit for the year in which such withdrawal occurs. The amount of such holdback, as may be adjusted in connection with such audit, shall be paid to the withdrawing Limited Partner within 30 days following delivery to the Partnership of the audit for the year in which such withdrawal occurs.

Net Asset Value

The Net Asset Value of the Partnership is determined by aggregating the value of all securities and other assets of the Partnership, meaning in large part the Partnership's interest in the Master Fund, and subtracting all of the Partnership's liabilities. The Net Asset Value of the Master Fund is determined by aggregating the value of all securities and other assets of the Master Fund and subtracting all of the Master Fund's liabilities. Net Asset Value per class of Interests is equal to the amount of the Partnership's Net Asset Value allocable to such class of Interests. Net Asset Value of a Limited Partner's Interest of a particular class is equal to such Limited Partner's *pro rata* share of such class of Interests.

Dissolution

The dissolution of the Partnership will occur upon the earliest of (i) December 31, 2050 (subject to the discretion of the General Partner to wind up the Partnership on an earlier date or extend to a later one), (ii) when a sole general partner ceases to be a general partner if, within 90 days following such event, a successor general partner has not then been appointed and become the general partner by majority vote or consent of the Limited Partners, (iii) in the discretion of the General Partner upon the request for withdrawal from Limited Partners owning a Majority in Interest of the Partnership as of the end of the most recent Fiscal Period, (iv) at any time, upon the vote or consent of the General Partner and a Majority in Interest of the Limited Partners, (v) when the General Partner elects by written notice to the Partnership to dissolve the Partnership, or (vi) the happening of any other event that, under the laws of the State of Delaware, mandates the dissolution of a limited partnership.

Upon winding-up of the Partnership, distributions will be made to the Partners in proportion to their Interests in the Partnership in an orderly and businesslike manner so as not to involve undue hardship.

Non-Assignability of Interests

A Limited Partner may not sell, assign, pledge or otherwise encumber or dispose of any of its Interests without the prior written consent of the General Partner, and any attempt to do so shall be null and void.

Books and Records

Limited Partners generally are not permitted to review the Partnership's books and records.

Fiscal Year; Books of Account; Reports to Partners

The Fiscal Year of the Partnership ends on December 31 of each year. The books of account are audited at the end of each Fiscal Year by the Partnership's independent auditors.

The General Partner provides the Limited Partners with the following periodic reports: (i) a weekly estimate of the Partnership's Net Asset Value, generally within two (2) days of the end of each week; (ii) a monthly estimate of the Partnership's Net Asset Value, generally within five (5) business days of the end of each month; (iii) a final monthly Net Asset Value, generally within fifteen (15) business days of the end of each month; and (iv) a monthly risk report with respect to the Partnership, generally within fifteen (15) business days of the end of each month.

In addition, the Partnership seeks to deliver to the Limited Partners generally within ninety (90) days of the end of each Fiscal Year (but in any event within one hundred twenty (120) days of the end of each Fiscal Year) an annual report containing audited financial statements.

Amendments

The Partnership Agreement generally may be amended in writing by the General Partner and a Majority in Interest of the Limited Partners. The General Partner may amend any provision of the Partnership Agreement without the consent or approval of the Limited Partners, provided that such amendment is consistent with the authority granted to the General Partner pursuant to the Partnership Agreement, is for the benefit of, or not adverse to, the interests of the Limited Partners, does not affect the allocation of the net profits and net losses in the Partnership Agreement, and does not affect the limited liability status of the Limited Partners or the status of the Partnership as a partnership for Federal income tax purposes. However, unless the consent of the Partner to be adversely affected by the amendment is obtained, no amendment may convert a Limited Partner's interest in the Partnership to that of a general partner, increase the liabilities or obligations of a Limited Partner, alter the manner of allocation of net profits and net losses to which any Partner is entitled pursuant to the Partnership Agreement, or reduce the number or percentage in interest of Limited Partners authorized to take any other action for which consent is required under the Partnership Agreement.

Written Consent

Meetings of Partners are not held. All votes required or permitted to be taken by the Partners shall be taken by a consent in writing, setting forth the action so taken, signed by Partners having not less than the aggregate percentage of Interests that would be necessary to authorize or take such action.

VALUATION OF THE PARTNERSHIP'S ASSETS AND LIABILITIES

The Partnership's assets and liabilities are valued by the General Partner in accordance with the terms of the Partnership Agreement. Since the Partnership's principal asset is its investment in the Master Fund, the valuation of the Partnership's assets is substantially dependent upon the manner in which the Master Fund is valued. See "Valuation of the Master Fund's Assets" for a description of the methodology employed in the valuation of the Master Fund's assets.

DESCRIPTION OF THE MASTER FUND

The Master Fund is an exempted limited partnership registered under the Exempted Limited Partnership Law (2011 Revision, as amended) of the Cayman Islands and conducts business as a professionally managed fund. Blue Mountain CA Master Fund GP, Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands, is the general partner of the Master Fund. The Investment Manager directs the investment activities of the Master Fund. The registered office of the Master Fund is maintained at the offices of Maples Corporate Services Limited, [REDACTED], Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands or such other location as may be fixed by the General Partner.

The Master Fund is a "master" fund in a "master-feeder" structure. Through this mechanism, the Master Fund issues limited partnership interests ("Master Fund Interests") to, and acts as a central investing mechanism for, the Partnership and the other Feeder Funds. Each of the Feeder Funds is structured to meet the needs of various groups of U.S. and non-U.S. investors. These other Feeder Funds may differ from the Partnership in terms of eligible investors, tax structure, applicable management fees, redemption features and other terms. Each Feeder Fund is generally allocated a *pro rata* share of the Master Fund's gains, losses and expenses based on the relative value of the respective Feeder Fund's Investment Account. At present, there is only one other Feeder Fund: the Offshore Fund, a Cayman Island exempted company, shares of which are offered to certain U.S. tax-exempt and non-U.S. investors. Other Feeder Funds may invest in the Master Fund over time.

The Master Fund Interests are issued to the respective Feeder Funds in proportion to the amount each such Feeder Fund invests in the Master Fund. Withdrawals and additional capital contributions to the Master Fund occur simultaneously with redemptions by and issuances to investors of interests in the respective Feeder Funds. In addition, when expenses are incurred by a Feeder Fund, including the Partnership, requiring payment by such Feeder Fund, withdrawals may be made from the Feeder Fund's Investment Account, or distributions may be made to that Feeder Fund in order to pay those expenses.

The Feeder Funds indirectly bear the administrative, custodial and other expenses of the Master Fund *pro rata* based on their Investment Accounts. The actual expenses, however, are paid by the Master Fund.

SUMMARY OF THE MASTER FUND PARTNERSHIP AGREEMENT

Set forth below is a summary of the principal terms of the Master Fund's Fifth Amended and Restated Limited Partnership Agreement (the "Master Fund Agreement") not discussed elsewhere in this Memorandum. This summary is not intended to be complete and is subject in its entirety to the actual provisions of the Master Fund Agreement, a copy of which will be provided to each prospective investor upon request.

Nature of the Master Fund

The Master Fund is a Cayman Islands exempted limited partnership. Master Fund Interests are held by the Feeder Funds, including the Partnership. Because they are limited partners, Feeder Funds are not liable for the debts, obligations and liabilities of the Master Fund, subject to certain limited exceptions set out in the Cayman Islands Exempted Limited Partnership Law (2011 Revision, as amended). Master Fund Interests are not transferable and are issued in book-entry fully registered form only.

Master Fund GP

The Master Fund GP is Blue Mountain CA Master Fund GP, Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands. The Master Fund GP may delegate performance of its obligations under the Master Fund Agreement, including management of the Master Fund's assets, to the Investment Manager, its affiliates and others. The Master Fund GP is controlled by the principals of the Investment Manager.

Addition of General Partners

A person or entity may be admitted to the Master Fund as an additional or successor general partner upon the consent of the Master Fund GP (or, if there is more than one general partner, the consent of all general partners); provided that at least one general partner of the Master Fund must be a Cayman Islands company, a Cayman Islands registered foreign company, a Cayman Islands limited partnership or a Cayman Islands resident individual. If, when the Master Fund GP withdraws as a general partner, there is no remaining or surviving general partner, a Majority in Interest (as defined in the Master Fund Agreement) of the Feeder Funds may within 90 days unanimously admit a successor and continue the business of the Master Fund.

Liability of Partners to Third Parties

The Master Fund GP has unlimited liability for the obligations of the Master Fund to the extent such liabilities cannot be satisfied out of the assets of the Master Fund. The Feeder Funds and former Feeder Funds may be liable for the repayment and discharge of all debts and obligations of the Master Fund attributable to any Fiscal Year (or relevant portion thereof) during which they are or were Feeder Funds of the Master Fund to the extent of their respective interests in the Master Fund in the Fiscal Year (or relevant portion thereof) to which any such debts and obligations are attributable.

In order to meet a particular debt or obligation, a Feeder Fund or former Feeder Fund will, in the discretion of the Master Fund GP, be required to make additional contributions or payments up to, but in no event in excess of, the aggregate amount of returns of capital and other amounts actually received by such Feeder Fund from the Master Fund during or after the Fiscal Year to which such debt or obligation is attributable.

Liability Limit and Indemnification of the Master Fund GP

To the fullest extent permitted by law, neither the Master Fund GP nor any affiliate or any member, officer, director, employee or agent of the Master Fund GP or any affiliate shall be liable, responsible or accountable in damages or otherwise to the Master Fund or to any Feeder Fund or its equity holders for: (i) any acts performed in good faith within the scope of the authority conferred on the Master Fund GP or its affiliate by the Master Fund Agreement, except for the gross negligence or willful malfeasance of the Master Fund GP or of such affiliate, member, officer, director, employee or agent in carrying out its obligations hereunder; (ii) the good faith failure or refusal of the Master Fund GP or its affiliates to perform any acts, except those expressly required by or pursuant to the terms of the Master Fund Agreement, if such course of conduct did not constitute gross negligence or willful malfeasance of the Master Fund GP or such affiliate; (iii) the Master Fund GP's or its affiliate's good faith performance of, or omission to perform, any acts on advice of legal counsel, accountants, brokers or consultants to the Master Fund, if such course of conduct did not constitute gross negligence or willful malfeasance of the Master Fund GP or such affiliate; or (iv) the negligence, dishonesty, bad faith or other action of any broker, consultant or agent of the Master Fund including, without limitation, the Investment Manager, selected, engaged or retained by the Master Fund GP, its affiliate or the Master Fund in good faith, if such selection, retention or engagement did not constitute gross negligence or willful malfeasance of the Master Fund GP or its affiliate.

To the fullest extent permitted by law, the Master Fund GP and each of its affiliates, and their respective members, officers, directors, partners, employees and agents are fully protected and indemnified by the Master Fund for costs and expenses incurred by them or any of them in connection with any action, suit or proceeding arising from any act or omission taken or suffered by any of them for or on behalf of the Master Fund (including amounts paid in respect of judgments or fines or in settlement of litigation and expenses, including attorneys' fees, reasonably incurred by any of them in connection with any pending or threatened litigation or proceeding); provided that this indemnity does not extend to conduct by the Master Fund GP, any of its affiliates or their respective members, officers, directors, employees or agents if it shall have been determined by a court of competent jurisdiction that any such person engaged in gross negligence or willful malfeasance.

In the event of settlement of any action, suit or proceeding pending or threatened, such indemnification shall extend to all matters covered by the settlement except for matters with respect to which the Master Fund is advised by counsel regularly retained by the Master Fund that the person seeking indemnification, in the opinion of such counsel, did not act in good faith. The foregoing right of indemnification is in addition to any rights to which the Master Fund GP and each of its affiliates and their respective members, officers, directors, employees and agents may otherwise be entitled and inures to the benefit of the executors, administrators, personal representatives, successors or assigns of each such person.

The Master Fund may pay the expenses incurred by the Master Fund GP, each of its affiliates and their respective members, directors, employees and agents, in defending a civil or criminal action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay such payment if it shall ultimately be determined that such person is not entitled to indemnification. Any right of indemnity or advancement of expenses may be satisfied only out of the assets of the Master Fund and no Feeder Fund or its equity holders shall be personally liable with respect to any such claim for indemnification.

Distributions Generally

The Master Fund GP does not generally make distributions of profits to the Feeder Funds other than those related to voluntary or mandatory withdrawals. Distributions, if any, may be made in cash or in kind.

Investment Accounts; Sub-Investment Accounts; Allocations

An Investment Account is established by the Master Fund for each Feeder Fund. The initial balance of a Feeder Fund's Investment Account is equal to the Feeder Fund's original cash contribution to the Master Fund. Each Feeder Fund's Investment Account shall be subdivided into as many Sub-Investment Accounts as shall be necessary such that there shall be a separate Sub-Investment Account with respect to each investment made by each investor in a Feeder Fund on any given date, or in the case of the Partnership, with respect to a Sub-Capital Account on any given date. Each such Sub-Investment Account is adjusted in accordance with capital contributions or withdrawals, and to reflect the Sub-Investment Account's share of the net profits or net losses of the Master Fund.

Net income and net loss of the Master Fund for each Fiscal Year or other Fiscal Period (as defined below) is allocated among the Feeder Funds and the Master Fund GP so that, after giving effect to such allocation (as increased to reflect any adjustments required under the U.S. Internal Revenue Code of 1986, as amended (the "Code")), the balance in the Investment Account of each Feeder Fund (and each Sub-Investment Account corresponding thereto) and of the Master Fund GP equals the amount that would be distributed to such Feeder Fund (through each Sub-Investment Account corresponding thereto) and to the Master Fund GP if (i) the Master Fund were dissolved and terminated, (ii) its affairs were wound up and each Master Fund asset was sold for cash equal to its book value, (iii) all Master Fund liabilities were satisfied (limited with respect to each nonrecourse liability to the book value of the assets securing such liability), and (iv) the net assets of the Master Fund were distributed to the Feeder Funds and the Master Fund GP immediately after giving effect to such allocation in accordance with the distributions provisions described below, taking into account the character of any distributions for such Fiscal Year as distributions upon withdrawals, in the case of the Feeder Funds or Performance Distributions (as defined in the Master Fund Agreement), and/or Tax Distributions (as defined in the Master Fund Agreement) in the case of the Master Fund GP.

For Federal, state and local income tax purposes, the Master Fund GP shall allocate each item of Master Fund income, deduction, gain, loss or credit among its Investment Account and the Sub-Investment Accounts in such a manner that reasonably reflects the amounts and the components credited or debited to its Investment Account and such Sub-Investment Accounts.

A “Fiscal Period” ends, among other times, on the last day of a calendar month, on the day prior to the effective date of a contribution of capital to the Master Fund, on the effective date of a withdrawal from a Sub-Investment Account, on a distribution by the Master Fund other than pro rata in accordance with the Sub-Investment Account balances, and on the date when the Master Fund is wound up.

Distributions to Master Fund GP

At the end of each calendar year (or as of any Withdrawal Date with respect to the withdrawn portion of the Class S Interests) the Master Fund shall make a Performance Distribution on behalf of the Partnership to the Master Fund GP from the Sub-Investment Account pertaining to each Class S Interest equal to 20% of the amount by which the Net Asset Value of such Class S Interest (prior to the accrual of any Performance Distribution amounts or the payment of any Withdrawal Fee in connection with a withdrawal as of such date) exceeds its High Water Mark.

The “High Water Mark” with respect to each Class S Interest shall initially be the Net Asset Value of such Interest upon issuance, and thereafter shall be adjusted in connection with any Performance Distribution made with respect to such Class S Interest to equal such Class S Interest’s Net Asset Value immediately following such distribution; provided that with respect to any Class S Interest issued in exchange for a pre-existing Interest of another class, its initial High Water Mark shall be the high water mark of such pre-existing Interest.

The Master Fund Agreement also provides for the Master Fund to make distributions to the Master Fund GP with respect to other outstanding classes of Interest, consisting of Performance Distributions and Tax Distributions (as such terms are defined therein); provided that the Master Fund GP remains subject to a clawback obligation with respect to any such Tax Distributions.

Fee Election

In lieu of a Performance Distribution, the Master Fund GP may elect to receive (or have or one of its designated affiliates receive) performance compensation in the form of a fee; provided that doing so does not result in the Master Fund GP receiving additional pre-tax cash receipts, increase any the amount expenses or liabilities of the Partnership or the Master Fund borne by the holder of any Interests or Shares, decrease such holder’s allocable share of income or otherwise impose conditions that, in the reasonable discretion of the Master Fund GP may adversely affect such holder.

Contributions; Withdrawals; Termination of Interest in the Master Fund

The Master Fund GP, in its sole discretion, may accept capital contributions from new and existing Feeder Funds as of the first day of any calendar month, or at such other times as the Master Fund GP may permit in its sole discretion. The Master Fund GP may but is not required to make capital contributions to the Master Fund.

Subject to the approval of the Master Fund GP in its sole discretion, any Feeder Fund may withdraw all or any portion of its Investment Account on any day without the approval of

any other Feeder Fund. Withdrawals are generally paid as requested by the Feeder Funds. All expenses associated with any Feeder Fund's withdrawal are allocated to, and debited against the Investment Account of, the withdrawing Feeder Fund. The Master Fund GP may, in its sole discretion, pay withdrawal proceeds in cash, in securities or partly in cash and partly in securities.

The Master Fund GP may require a Feeder Fund to withdraw from the Master Fund at any time.

In addition, as to all or a portion of a withdrawn amount pertaining to Class S Interests, the Master Fund GP may, in its sole discretion, establish a segregated portfolio of some of the Master Fund's securities and liquidate those securities for the withdrawing Feeder Fund's account, the net capital gain or loss with respect to which is allocated to the withdrawing Feeder Fund.

The Master Fund GP may suspend the right of withdrawal or postpone the date of payment for any period during which (i) any stock exchange or over-the-counter market on which a substantial part of the investments owned by the Master Fund are traded is closed or trading on any such exchange or market is restricted or suspended, (ii) there exists a state of affairs that constitutes a state of emergency, as a result of which disposal of the investments owned by the Master Fund is not reasonably practicable or it is not reasonably practicable to determine fairly the value of its assets, (iii) a breakdown occurs in any of the means normally employed in ascertaining the value of a substantial part of the assets of the Master Fund or when for any other reason the value of such assets cannot reasonably be ascertained, (iv) the amount of requested withdrawals would result in a disorderly liquidation of Master Fund investments or a violation of the Master Fund's policies, or (v) there exist such other extraordinary circumstances, as determined in good faith by the Master Fund GP, that cause withdrawals or such payments to be impracticable under existing economic or market conditions or conditions relating to the Master Fund.

The Master Fund GP may withdraw as a general partner in the Master Fund at any time, on 30 days' prior written notice to the Feeder Funds. The Master Fund GP may withdraw all or part of its Investment Account on the same terms and conditions that apply to withdrawals by Feeder Funds.

Dissolution

The winding up of the Master Fund will commence upon the first to occur of the following: (i) December 31, 2050 (subject to the discretion of the Master Fund GP to wind up the Master Fund on an earlier date or extend to a later one); (ii) when a sole general partner ceases to be a general partner if, within 90 days following such event, a successor general partner has not then been appointed and become the general partner by majority vote or consent of the Feeder Funds; (iii) in the discretion of the Master Fund GP upon the request for withdrawal from Feeder Funds owning a Majority in Interest of the Master Fund as of the end of the most recent Fiscal Period; (iv) at any time, upon the vote or consent of the Master Fund GP and a Majority in Interest of the Feeder Funds; (v) when the Master Fund GP elects by written notice to the Master

Fund to dissolve the Master Fund; or (vi) the happening of any other event that, under the laws of the Cayman Islands, mandates the dissolution of a limited partnership.

Upon winding-up of the Master Fund, distributions will be made to the Feeder Funds and the Master Fund GP in proportion to their Master Fund Interests in an orderly and businesslike manner so as not to involve undue hardship.

Non-Assignability of Interests

A Feeder Fund may not sell, assign, pledge or otherwise encumber or dispose of any of its Master Fund Interests without the prior written consent of the Master Fund GP, and any attempt to do so shall be null and void.

Books and Records

Feeder Funds generally are not permitted to review the Master Fund's books and records.

Fiscal Year; Books of Account; Reports to Feeder Funds

The Fiscal Year of the Master Fund ends on December 31 of each year.

The Master Fund GP provides the Feeder Funds with such reports and statements as the Master Fund GP deems necessary or desirable, including without limitation, such reports and statements (including U.S. Federal tax information) needed by the Feeder Funds to prepare required financial reports and statements for their investors.

Amendments

The Master Fund Agreement generally may be amended in writing by the Master Fund GP and a Majority in Interest of the Feeder Funds. The Master Fund GP may amend any provision of the Master Fund Agreement without the consent or approval of the Feeder Funds, provided that such amendment is consistent with the authority granted to the Master Fund GP pursuant to the Master Fund Agreement, is for the benefit of, or not adverse to, the interests of the Feeder Funds, does not affect the allocation of the net profits and net losses in the Master Fund Agreement, and does not affect the limited liability status of the Feeder Funds or the status of the Master Fund as a partnership for Federal income tax purposes. However, unless the consent of the Feeder Fund to be adversely affected by the amendment is obtained, no amendment may convert a Feeder Fund's interest in the Master Fund to that of a general partner, increase the liabilities or obligations of a Feeder Fund, alter the manner of allocation of net profits and net losses to which any Feeder Fund is entitled pursuant to the Master Fund Agreement, or reduce the number or percentage in interest of Feeder Funds authorized to take any other action for which consent is required under the Master Fund Agreement.

Written Consent

Meetings of Feeder Funds will not be held. All votes required or permitted to be taken by the Feeder Funds are taken by a consent in writing, setting forth the action so taken, signed by

Feeder Funds having not less than the aggregate percentage of Master Fund Interests that would be necessary to authorize or take such action.

VALUATION OF THE MASTER FUND'S ASSETS AND LIABILITIES

The Master Fund GP has delegated to the Administrator the valuation of the Master Fund's assets. In addition to applying the following principals in valuing the Master Fund's assets, the Administrator is entitled to rely on any valuations provided or attributed to any asset or liability by the Investment Manager and to consult with the Master Fund's counterparties in valuing the Master Fund's principal transactions:

- any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon is valued at its last traded price on the relevant valuation day or, if no trades occurred on such day, at the closing bid price if held long by the Master Fund and at the closing offer price if sold short by the Master Fund, as of the valuation day, and as adjusted in such manner as the Master Fund GP, in its sole discretion, thinks fit, having regard to the size of the holding, and where prices are available on more than one exchange or system for a particular security the price is the last traded price or closing bid or offer price, as the case may be, on the exchange which constitutes the main market for such security or the one which the Master Fund GP in its sole discretion determines provides the fairest criteria in ascribing a value to such security;
- any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, is valued at its fair market value as determined in good faith by the Master Fund GP having regard to objective third party market data (if such data is available and the Investment Manager believes such data reasonably reflects actual trading prices), dealer quotations, the price at which any recent transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Master Fund GP in its sole discretion deems relevant in considering a positive or negative adjustment to the valuation;
- investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution are valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average is taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Master Fund GP may determine at its discretion which markets shall prevail;
- investments, other than securities, including over-the-counter derivatives contracts, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution are valued on the basis of objective third party market data (if

such data is available and the Investment Manager believes such data reasonably reflects actual trading prices). If such data is unavailable these investments are valued on the basis of the latest available valuation provided by the relevant counterparty;

- deposits are valued at their cost plus accrued interest; and
- any value (whether of an investment or cash) not stated in U.S. Dollars are converted into U.S. Dollars at the rate (whether official or otherwise) which the Master Fund GP in its absolute discretion deems applicable as at the close of business on the valuation day, having regard, among other things, to any premium or discount which it considers may be relevant and to costs of exchange.

The Master Fund GP may, at its discretion, permit any other method of valuation to be used if it considers that such method of valuation better reflects value.

CONFLICTS OF INTEREST

Services of the General Partner, the Investment Manager and their Principals and Affiliates

The Partnership and the Master Fund depend on the Investment Manager for their respective day-to-day operations. The General Partner and the Investment Manager and their principals and affiliates are involved in other business activities not involving the Partnership or the Master Fund, including, but not limited to, the organization and management of other investment partnerships, pooled investment vehicles and individual managed accounts, many of which employ strategies similar to those employed by the Partnership and the Master Fund. Entities using such strategies will not have parallel positions or performance. The General Partner, the Investment Manager and their principals and affiliates may also engage in other business opportunities not involving the Partnership or the Master Fund with some but not all of the Limited Partners of the Partnership. As a result of their other activities, which may in fact act to benefit the Partnership or the Master Fund indirectly, the General Partner, the Investment Manager and their principals and affiliates may have conflicts of interest in allocating management time, services and functions among the Partnership and other business ventures.

Allocation of Investment Opportunities

The Investment Manager, which is responsible for the investment decisions made on behalf of the Master Fund, is responsible directly or indirectly for investment decisions made on behalf of other investment vehicles and individual managed accounts. Some of these clients may invest in the same investments as the Master Fund. In the event a determination is made that the Master Fund and any particular client of the Investment Manager should purchase or sell the same securities at the same time, the securities will generally be allocated *pro rata* based on the respective Net Asset Values of the Master Fund and such investment vehicles and clients' accounts (to the extent feasible); provided that the Investment Manager may depart from such *pro rata* allocation in a manner believed to be equitable to each after taking into consideration investment strategies, existing portfolios and other relevant factors. Circumstances may occur,

however, in which an allocation could have adverse effects on the Master Fund or the other client of the Investment Manager with respect to the price or size of securities positions obtainable or salable.

In executing transactions, the Investment Manager may combine orders of the Master Fund with those of other accounts or funds which it manages, which may at times reduce the number of securities available for purchase by the Master Fund.

Profit Distributions

The Master Fund GP is wholly owned by the General Partner and is an affiliate of the Investment Manager, and the method by which the Master Fund GP is compensated therefore presents the Investment Manager with a potential conflict of interest that could result in the Investment Manager's causing the Partnership to follow investment strategies that involve significantly greater risk than would be the case under other economic arrangements.

Transactions Between Clients

The Investment Manager may elect to effect purchase and sale transactions between the Master Fund and its other clients with respect to particular investments; provided that (i) the transaction must be effected at a price that is fair to the advisory clients on both sides of the trade, (ii) neither the Investment Manager nor any of its affiliates may receive any compensation for effecting the trade and (iii) the trade must be in the best interests of both the advisory clients on both sides of the trade.

Valuation of Master Fund Assets

As part of its responsibilities, the Administrator will determine the value of assets held by the Master Fund. While the Administrator will typically value such securities based on pricing information from independent sources, it also relies on valuation information provided by the Investment Manager. Because the Master Fund GP, an affiliate of the Investment Manager, is allocated a portion of Master Fund's net profits, the Investment Manager's involvement in the valuation of the Master Fund's assets may present a conflict of interest.

RISK FACTORS

The nature of the Master Fund's investments involves certain risks, and the Master Fund utilizes investment techniques (such as hedging, leverage and short selling) which may carry additional risks. An investment in Interests therefore carries substantial risk and is suitable only for persons who can assume the risk of losing their entire investment. Prospective investors should carefully consider, among others, the following factors before subscribing for Interests:

Market Risks

General

All securities investments risk the loss of capital. No guarantee or representation is made that the Partnership will achieve its investment objective or that investors will not lose all or substantially all of their investment in the Partnership. The Partnership and the Master Fund have a limited operating history, from which it is inherently difficult to evaluate likely future performance. The investment results of the Partnership will be reliant upon the success of the Investment Manager, which also has a limited operating history, and there is likewise an inherent difficulty in evaluating its likely future performance.

Available Information

The Investment Manager selects investments for the Master Fund in part on the basis of information and data filed by the issuers of securities with various government regulators or made directly available to the Investment Manager by such issuers, or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and seeks independent corroboration when the Investment Manager considers it appropriate and when it is reasonably available, the Investment 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 readily available.

Economic Conditions

Changes in economic conditions, including changes in interest rates, inflation rates, industry conditions, government regulation, competition, technological developments, political events and trends, tax laws and many other factors can affect substantially and adversely the business and prospects of the Partnership and of the businesses that it may invest in. None of these conditions is within the control of the Investment Manager.

Market Disruptions

The Partnership may incur substantial losses in the event of disrupted markets or other extraordinary events in which historical pricing relationships (on which the Investment Manager bases a number of its trading positions) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

The financing available to the Master Fund from its banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction could require the Master Fund to sell off into a declining market, which would result in substantial losses to the Master Fund and the Partnership. Market disruptions may from time to time cause dramatic losses for the Partnership, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Competition

The securities industry generally, and the varied strategies and techniques to be engaged in by the Investment Manager in particular, are extremely competitive. The Partnership will be competing for investment opportunities against various other investors, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs. Competitive investment activity by other firms may reduce the Partnership's opportunity for profit by reducing or amplifying the magnitude as well as the duration of the market inefficiencies which it seeks to exploit.

Investment Risks

Concentration of Investments

The Investment Manager generally seeks to maintain a diversified portfolio of investments. However, the Master Fund may at certain times hold relatively few investments. The Master Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected.

Volatility

The market value of certain of the Master Fund's investments may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, among other things, the macro business and economic environment, specific developments or trends within a company or in any particular industry, the market's overall perception of risk, general economic conditions, the condition of certain financial markets, domestic and international economic or political events, prevailing credit spreads, changes in prevailing interest rates and the financial condition of counterparties.

Liquidity of Investments

In some circumstances investments are relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, the Master Fund's ability to respond to market movements may be impaired and the Master Fund may experience adverse price movements upon liquidation of its investments.

Financial Model Risk

Most, if not all, of the Master Fund's investments and investment strategies require the use of quantitative and qualitative valuation models developed by the Investment Manager and third-parties. As market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model often becomes outdated or inaccurate, perhaps without the Investment Manager recognizing the change before significant losses are incurred. The Master Fund's model risk extends to the valuation of its investments, most of which will be made on the basis of internal Investment Manager models in the absence of any readily determinable market value. The valuations so determined may differ materially from values that are actually realized.

Currency Exposure

The Interests are issued and withdrawn in U.S. Dollars. The assets of the Master Fund may, however, be invested in securities and other investments which are denominated in currencies other than U.S. Dollars. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. The Investment Manager usually seeks to hedge the foreign currency exposure of the Master Fund. However, the Master Fund necessarily is subject to foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. Dollar and other currencies.

Possible Positive Correlation

One of the goals in incorporating non-traditional investment strategies such as those to be utilized by the Master Fund into a portfolio or series of portfolios is to provide a potentially valuable element of diversification. However, there can be no assurance, particularly during periods of market disruption and stress, when the risk control benefits of diversification may be most important, that the Master Fund will, in fact, be negatively- or non-correlated with a traditional portfolio of stocks or bonds.

Short Selling

Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Fixed Income Obligations

Fixed income obligations are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Changes in interest rates may cause a decline in the market value of an investment. With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Bonds and other fixed income securities generally involve less market risk than stocks. However, the risk of bonds can vary significantly depending upon factors such as the issuer and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. The bonds of some companies may be riskier than the stocks of others.

Foreign Securities

The Master Fund may invest in securities and other instruments of non-U.S. corporations. Investing in such securities involves certain considerations not usually associated with investing in securities of U.S. companies, including, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic

instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion, imposition of withholdings and other taxes and certain government policies that may restrict the Partnership's investment opportunities. In addition, accounting and financial reporting standards that prevail in many foreign countries are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the United States. There is also less regulation, generally, of the securities markets in many foreign countries than there is in the United States.

Asset-Backed Securities

The Master Fund may invest in asset-backed securities including, but not limited to, interests in pools of receivables. These securities may be in the form of pass-through instruments or asset-backed obligations. The securities, many of which are issued by non-governmental entities and carry no direct or indirect government guarantee, present certain risks primarily because these securities may not have the benefit of a security interest in the related collateral.

Convertible Securities

Convertible securities provide higher yields than the underlying equity securities, but generally offer lower yields than non-convertible securities of similar quality. The value of convertible securities fluctuates in relation to changes in interest rates like bonds and, in addition, fluctuates in relation to the underlying common stock.

Derivatives

Derivative financial instruments include futures, options, interest rate swaps, forward currency contracts and credit derivatives such as credit default swaps. In addition, the Master Fund may from time to time utilize both exchange-traded and over-the-counter futures, options and contracts for differences, as part of its investment strategy and for hedging purposes, as well as other derivatives. Regulatory restraints may restrict the instruments that the Master Fund may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

The trading of over-the-counter derivatives subjects the Master Fund to a variety of risks including: (i) counterparty risk, (ii) basis risk, (iii) interest rate risk, (iv) settlement risk, (v) legal risk, and (vi) operational risk. Counterparty risk is the risk that one of the Master Fund's counterparties might default on its obligation to pay or perform generally on its obligations. Basis risk is the risk that the normal relationship between two prices might move in opposite

directions. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm's management information, support and control systems and procedures. Transactions in over-the-counter derivatives may involve other risks as well, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

Leverage

The Master Fund employs leverage for the purpose of making investments and to hedge its exposure to market and credit risk. The use of leverage creates special risks and may significantly increase the Master Fund's investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, increases the Master Fund's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the value of the Interests to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the value of the Interests may decrease more rapidly than would otherwise be the case.

Options

The Master Fund may engage in the trading of options. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

Debt Securities

The Master Fund may invest in unrated or low grade debt securities which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The Master Fund may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Master Fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Lower or unrated securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. Investors should be aware that ratings are relative and subjective and are not absolute standards of quality. Subsequent to its purchase by the Master Fund, an issue of securities may cease to be rated or its rating may be reduced. Neither event will require sale of such securities by the Master Fund, although the Investment Manager will consider such event in its determination of whether the Master Fund should continue to hold the securities. The market value of securities in lower-rated

categories is more volatile than that of higher quality securities. In addition, the Master Fund may have difficulty disposing of certain of these securities because there may be a thin trading market. The lack of a liquid secondary market for certain securities may have an adverse impact on the Master Fund's ability to dispose of such securities and may make it more difficult for the Master Fund to obtain accurate market quotations for purposes of valuing the Master Fund and calculating its Net Asset Value.

Loan Participations and Assignments

The Master Fund may invest in fixed- and floating-rate loans, which investments generally are in the form of loan participations and assignments of portions of such loans. Participations and assignments involve special types of risk, including credit risk, interest rate risk, liquidity risk, and the risks of being a lender.

Participations in commercial loans may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates. The Master Fund may invest in funded term loans through participation and assignments. When purchasing loan participations, the Master Fund assumes the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary, and may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower. The participation interests in which the Master Fund invests may not be rated by any nationally recognized rating service.

Investments in loans through a direct assignment of a financial institution's interests with respect to the loan may involve additional risks to the Master Fund. For example, if a loan is foreclosed, the Master Fund could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that, under emerging legal theories of lender liability, the Master Fund could be held liable as a co-lender. It is unclear whether loans and other forms of direct indebtedness offer securities laws protections against fraud and misrepresentation. In the absence of definitive regulatory guidance, the Master Fund relies on the Investment Manager's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect the Master Fund.

Spread Trading Risks

A part of the Master Fund's trading operations may involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. In addition, such positions entail substantial risk that the price differential could change unfavorably, causing a loss to the spread position. In periods of trendless, stagnant markets and/or deflation, many alternative investment strategies have materially diminished prospects for profitability.

Arbitrage Transaction Risks

Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. The Investment Manager may employ any one or more of these arbitrage strategies. If the requisite elements of an

arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Master Fund is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable “spreads,” which can also be identified, reduced or eliminated by other market participants.

Hedging Transactions

The success of the Master Fund’s hedging strategy is subject to the Investment Manager’s ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Master Fund’s hedging strategy is also subject to the Investment Manager’s ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.

While the Master Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Master Fund than if it had not engaged in any such hedging transactions. For a variety of reasons, the Investment Manager may not seek to establish a perfect correlation between such hedging instruments and the risks being hedged. Such imperfect correlation may prevent the Master Fund from achieving the intended hedge or expose the Master Fund to risk of loss. In addition, the Investment Manager may not hedge a risk inherent in the Master Fund because a hedge may not be available or is too costly in light of the likelihood of the possible risk actually occurring or because the risk simply could not be reasonably anticipated.

Prime Brokers and Custodians

Rehypothecation of Assets

Pursuant to a prime brokerage agreement, margin lending agreement or other agreement with the Prime Brokers or their affiliates, the Master Fund may authorize each of the Prime Brokers and their affiliates to lend either to themselves or to others any or all assets deposited with the Prime Brokers and their affiliates, to convey all attendant rights of ownership (including voting rights and the right to transfer the assets to others), and to use all such assets as collateral for their general loans within the limits of applicable law and regulations. Unless otherwise agreed between the Master Fund and the Prime Brokers (or their affiliates), any such assets used as collateral, together with all attendant rights of ownership, may be pledged, replugged, hypothecated or rehypothecated by the Prime Brokers or their affiliates either separately or in common with other property for any amounts due to the Prime Brokers or their affiliates (or for a greater amount), and the Prime Brokers or their affiliates shall have no obligation to retain a like amount of similar property in their possession and control.

The Master Fund will rank as an unsecured creditor to its Prime Brokers (who may also serve as the Master Fund’s custodians) in relation to assets that each such Prime Broker borrows, lends or otherwise uses and, in the event of the insolvency of a Prime Broker, the Master Fund might not be able to recover equivalent assets in full. In addition, if applicable law permits, cash that a Prime Broker holds or receives on the Master Fund’s behalf may not be treated by the

Prime Broker as client money, may not be segregated from the Prime Broker's own cash and may be used by the Prime Broker in the course of its investment business. In such event, the Master Fund will rank as one of the Prime Broker's general creditors with respect to such cash deposits. Investors should assume that the insolvency of any of the Master Fund's Prime Brokers, custodians or other service providers could result in the loss of all or a substantial portion of the Master Fund's assets held by or through such entity.

Institutional Risk

Institutions, such as brokerage firms or banks, will have custody of a portion of the Master Fund's assets. These assets will often be registered in "street name" and not in the Master Fund's name. Bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of the Master Fund. The Master Fund will attempt to concentrate its investment transactions with well-capitalized and established banks and brokerage firms in an effort to mitigate such risks.

Systemic Risk

Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Master Fund will interact on a daily basis.

Ability to Enforce Legal Rights

Because the effectiveness of the judicial systems in certain non-U.S. countries in which the Master Fund may invest varies, the Master Fund may have difficulty in successfully pursuing claims in the courts of such countries, as compared to the United States or other developed countries. Furthermore, to the extent the Master Fund may obtain a judgment but is required to seek its enforcement in the courts of one of the countries in which the Master Fund invests, there can be no assurance that such courts will enforce such judgment.

Counterparty Risk

The Master Fund is subject to the risk of the inability of any counterparty (including the Prime Brokers) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

Transaction Costs

The Master Fund's investment approach may involve a high level of trading and turnover of the Master Fund's investments which may generate substantial transaction costs, a *pro rata* portion of which will be borne by the Partnership.

Management and Partnership Risks

Reliance on Management

Except as otherwise provided herein, investors do not have an opportunity to select or evaluate any Master Fund investments, or to review the Master Fund's securities and other investment positions. The Investment Manager selects all Master Fund investments and the quality of its decisions dictates the Master Fund's success or failure. Further, the business and prospects of the Investment Manager (and by extension, the Partnership and the Master Fund) might be materially and adversely affected by the death or incapacity of any senior personnel of the Investment Manager.

Illiquidity

No market for the Interests exists or can be expected to develop. Interests cannot be sold unless either they are subsequently registered under the Securities Act and registered or qualified under any applicable state securities laws or exemptions from such registration and qualification are available.

Performance Distribution

The Performance Distribution may create an incentive for the Master Fund GP to make Master Fund investments that are riskier or more speculative than would be the case in the absence of such incentive compensation based on the performance of the Master Fund.

Amortization of Organizational Costs

The Partnership's financial statements are generally prepared in accordance with U.S. generally accepted accounting principles, which do not permit the amortization of organizational costs. Notwithstanding this, the Partnership may, at the discretion of the General Partner, amortize its organizational costs over a period of time and, if it does, the financial statements may be qualified in this regard.

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 its Capital Account in accordance with the terms of the Partnership Agreement. Such mandatory withdrawal could result in adverse tax and/or economic consequences to such Limited Partner.

Limitation of Investment Manager's Liability and Indemnification of the Investment Manager

As discussed above under "Management of the Partnership – The Investment Manager," the Investment Management Agreement includes exculpation and indemnification provisions that limit the Investment Manager's potential liability to the Limited Partners, the Partnership and the Master Fund, as well as third parties. Therefore, a Limited Partner may have a more limited right of action against the Investment Manager than a Limited Partner would have had absent these provisions in the Investment Management Agreement.

Lack of Separate Representation

Neither the Investment Management Agreement nor any of the agreements, contracts and arrangements between the Partnership and the Master Fund, on the one hand, and the Investment Manager, or its affiliates, on the other hand, were or will be the result of arm's-length negotiations. The attorneys, accountants and others who have performed services for the Partnership and the Master Fund in connection with this offering, and who may continue to perform services for the Partnership and the Master Fund in the future, have been and will be selected by persons affiliated with the Investment Manager.

Certain Tax Considerations

Withholding Taxes

The Master Fund and the Partnership may be subject to withholding or other taxes on income and/or gains arising from their investments or activities, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by the Master Fund is organized, established, or resident for tax purposes. Where the Master Fund invests in securities that are not subject to withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be withheld or imposed in the future as a result of any change in applicable laws, treaties, rules, or regulations or the interpretation thereof. The Master Fund and the Partnership may not be able to recover such tax, and so any change may have an adverse effect on the value of Interests. Where the Master Fund sells securities short that are subject to withholding tax at the time of sale, the price obtained may reflect the withholding tax liability of the purchaser. In the event that in the future such securities cease to be subject to withholding tax, the benefit thereof may accrue to the purchaser and not the Master Fund.

U.S. HIRE Act and Compliance with U.S. Withholding Requirements

The United States Hiring Incentives to Restore Employment Act (the "U.S. HIRE Act") provides that a 30% withholding tax generally will be imposed on payments to the Master Fund of U.S.-source interest, dividends, and certain other income and proceeds from the sale of property that could give rise to U.S.-source interest or dividends unless the Master Fund enters into an agreement with the Internal Revenue Service (the "Service") to disclose certain information about United States persons that own, directly or indirectly, an interest in the Master Fund, as well as certain other information relating to any such interest. Although it is expected that the Master Fund will attempt to satisfy any obligations imposed to avoid the imposition of this withholding tax, no assurance can be given that the Master Fund will be able to satisfy these obligations. If the Master Fund becomes subject to a withholding tax as a result of the U.S. HIRE Act, the return of all investors of the Master Fund (including the Partnership and its Partners) may be materially affected. Investors may be required to provide certain information in order to avoid the withholding tax. These provisions were enacted in 2010, and the withholding tax generally will apply to certain U.S.-sourced payments made on or after January 1, 2014. Proposed Regulations were issued in February 2012 but remain subject to change. All prospective investors should consult with their own tax advisors regarding the possible implications of the U.S. HIRE Act on their investment in the Partnership.

Other Tax Considerations

There are other tax considerations associated with an investment in the Partnership as set out below under “Certain Tax and ERISA Considerations.”

Regulatory Risks

Recent Market Events; Government Regulation and Changes in Law

Following severe global market volatility and dislocations, financial institution failures and defaults, and large financial frauds in recent years, U.S. and foreign governmental authorities, agencies, and representatives have called for financial system and participant regulatory reform, including additional regulation of investment funds (such as the Partnership) and their managers (such as the Investment Manager) and their activities, including registration requirements, compliance, risk management, anti-money laundering procedures, and reporting and disclosure requirements.

In the wake of the recent financial crisis, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Reform Act”) was signed into law. The Reform Act imposes additional regulation on advisers registered under the Advisers Act (such as the Investment Manager), including new requirements to keep records and to report information to the U.S. Securities and Exchange Commission (the “SEC”) and/or CFTC, which could in turn be supplied to the Federal Reserve Board, a new federal systemic risk oversight council, or other U.S. governmental agencies or the U.S. Congress. Certain financial institutions deemed to be systemically relevant, including hedge funds and private equity funds, could be subject to new systemic risk regulation such as capital, leverage, or risk-based requirements and registration with the Federal Reserve Board, among other things. These requirements and other potential increases in regulation may require a significant amount of time and attention from the staff of the Investment Manager, may impose additional costs and could place restrictions on the investment or other operations of the Partnership or the Investment Manager.

The duration, severity, and ultimate effect of recent market conditions and government actions cannot be predicted. Governmental regulatory activity, especially that of the Federal Reserve Board, may also have a significant effect on interest rates and on the economy generally, which in turn may affect the performance of the Partnership’s investments.

Over-the-Counter Transactions

The Reform Act includes provisions that comprehensively regulate the over-the-counter (“OTC”) derivatives markets for the first time. The Reform Act will require that a substantial portion of OTC derivatives must be executed in regulated markets (e.g., on a swap execution facility or an exchange) and submitted for clearing to regulated clearinghouses. Trades of OTC derivatives submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC- or CFTC-mandated margin requirements. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. Although the Reform Act includes limited exemptions from the clearing and margin requirements for so-called “end-users,” neither the Master Fund nor the Partnership expects to be able to rely on such exemptions. In addition, the OTC derivative

dealers with which the Master Fund may execute the majority of its OTC derivatives will not be able to rely on the end-user exemptions under the Reform Act and therefore such dealers will be subject to clearing and margin requirements, notwithstanding whether the Master Fund is subject to such requirements. OTC derivative dealers also will be required to post margin to the clearinghouses through which they clear their customers' trades instead of using such margin in their operations, as they currently are allowed to do. This will further increase the dealers' costs, which costs are expected to be passed through to other market participants in the form of higher fees and less favorable dealer marks.

The SEC and CFTC may also require a substantial portion of derivative transactions that are currently executed on a bilateral basis in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. Such requirements may make it more difficult and costly for investment funds, including the Master Fund, to enter into highly tailored or customized transactions. They may also render certain strategies in which the Master Fund might otherwise engage impossible or so costly that they will no longer be economical to implement.

OTC derivative dealers and major OTC derivatives market participants will be required to register with the SEC and/or CFTC. The Master Fund or the Investment Manager may be required to register as major participants in the OTC derivatives markets. Dealers and major participants will be subject to minimum capital and margin requirements. These requirements may apply irrespective of whether the OTC derivatives in question are exchange-traded or cleared. OTC derivatives dealers will also be subject to new business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements may increase the overall costs for OTC derivative dealers, which are likely to be passed along, at least partially, to market participants in the form of higher fees or less advantageous dealer marks. The overall impact of the Reform Act on the Master Fund and therefore the Partnership (including possibility of increased costs and/or decreased profitability) is highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime.

Although the Reform Act will require many OTC derivative transactions previously entered into on a principal-to-principal basis to be submitted for clearing by a regulated clearinghouse, certain of the derivatives that may be traded by the Master Fund may remain principal-to-principal or OTC contracts between the Master Fund and third parties entered into privately. The risk of counterparty nonperformance can be significant in the case of these OTC instruments, and "bid-ask" spreads may be unusually wide in these heretofore substantially unregulated markets. While the Reform Act is intended in part to reduce these risks, its success in this respect may not be evident for some time after the Reform Act is fully implemented, a process that may take several years. To the extent not mitigated by implementation of the Reform Act, if at all, the risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the Master Fund's assets, include: (i) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (ii) market risk (adverse movements in the price of a financial asset or commodity); (iii) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy

of a counterparty could preempt otherwise enforceable contract rights); (iv) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (v) documentation risk (exposure to losses resulting from inadequate documentation); (vi) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (vii) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (viii) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (ix) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

Investment Company Regulation

The Partnership relies on the provisions of Section 3(c)(7) of the 1940 Act to avoid requirements that it register as an “investment company” under and comply with the substantive provisions of the 1940 Act. If the Partnership were registered as an investment company, the 1940 Act would require, among other things, that the Partnership have a board of directors some of whom were unrelated to the General Partner, compel certain custodial arrangements, and regulate the relationship and transactions between the Partnership, the General Partner and the Investment Manager. Compliance with some of those provisions could possibly reduce certain risks of loss by the Partnership or Limited Partners, although such compliance could significantly increase the Partnership’s operating expenses and limit the Partnership’s investment and trading activities. In fact, the Investment Manager could not implement its trading strategy if the Partnership were a registered investment company.

Private Offering Exemption

The Partnership offers 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 exemptions is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other partnerships, 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 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 nonmeritorious 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.

Employee Benefit Plans

An investment in the Partnership by an ERISA Plan (as defined below) may subject such plans to certain taxes and other risks. Consequently, fiduciaries of such plans are cautioned that investment in the Partnership should not be undertaken without consulting legal counsel concerning the matters discussed below under “Certain Tax and ERISA Considerations.”

CERTAIN TAX AND ERISA CONSIDERATIONS

INTRODUCTION

The following is a general discussion of certain aspects of the taxation of the Partnership and its Partners and the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), which should be considered by a potential purchaser of Interests. Neither the Master Fund nor the Partnership has sought a ruling from the Internal Revenue Service (the “Service”) or any other Federal, state, local or foreign agency with respect to any of the tax issues affecting the Partnership, its Partners, or the Master Fund. The tax considerations discussed below are necessarily general and do not address all potential tax consequences of an investment in the Partnership, especially for certain categories of investors that are subject to special rules (*e.g.*, banks, thrifts, insurance companies, dealers and other investors that do not own their interests as capital assets). In particular, it does not discuss consequences to U.S. tax-exempt persons and to non-U.S. persons. Tax-exempt persons should note that, because the Master Fund will use leverage, a material portion of their return may constitute unrelated business taxable income. Tax-exempt and non-U.S. persons should consider investing in the Offshore Fund. A complete discussion of all tax and ERISA aspects of an investment in the Partnership is beyond the scope of this Memorandum. In addition, the tax consequences relating to many of the Master Fund’s investments are uncertain. The discussion is based on current statutes, judicial decisions and administrative regulations (including U.S. Treasury regulations (“Regulations”) promulgated under the authority of the Code), ruling and practice. No assurance can be given that changes in existing laws or regulations or their interpretation will not occur after the date of this Memorandum or that any such future guidance or interpretation will not be applied retroactively.

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN BY US TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON INVESTORS UNDER THE U.S. INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

This discussion does not constitute tax advice and is not intended to substitute for tax advice. In view of the foregoing, each prospective investor should consult its own tax advisor regarding all U.S. federal, state, local, and non-U.S. tax consequences of an investment in the Partnership with specific reference to such prospective investor’s own particular tax situation and any changes in applicable law.

The following discussion assumes that each Partner is a fully taxable U.S. Person and holds its Interest as a capital asset. For purposes of this discussion, a “U.S. Person” or “U.S.

Partner” is an individual who is a citizen or resident of the United States, as determined for U.S. federal income tax purposes, a corporation or an entity treated as a corporation for such purposes that is created or organized in or under the laws of the United States or any political subdivision thereof, an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or a “United States Trust.” A “United States Trust” is any trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and (ii) one or more U.S. Persons have the authority to control substantial decisions of the trust. If a person holds an interest in a partnership or other entity classified as a partnership for U.S. federal income tax purposes, which in turn holds an interest in the Partnership, the U.S. federal income tax consequences to such investor will depend, in part, on such investor’s tax status and the activities of such partnership or other entity.

Because it is expected that only U.S. Persons, other than ERISA Plans and certain other tax-exempt entities, will invest through the Partnership, the discussion below only addresses the consequences to such U.S. Persons. Special rules would be applicable if ERISA Plans and certain other tax-exempt entities and non-U.S. Persons were to invest in the Partnership. Those rules are not discussed below.

Tax Classification of the Partnership and the Master Fund. Under current Regulations, “eligible entities” (such as the Partnership and the Master Fund) that have two or more members generally can be classified as partnerships for U.S. federal income tax purposes under default rules or by election. The General Partner will use best efforts to cause the Partnership and the Master Fund to be classified as partnerships under the current Regulations. Thus, subject to the discussion of “publicly traded partnerships” (“PTPs”) set forth below, it is expected that the Partnership and the Master Fund will be treated as partnerships for U.S. federal income tax purposes. The classification of an entity as a partnership for U.S. federal income tax purposes may not be respected for state, local or non-U.S. tax purposes.

An entity that otherwise would be classified as a partnership for U.S. federal income tax purposes may be taxable as a corporation if it is a PTP. A PTP is any partnership, the interests in which are traded on an established securities market or are readily tradable on a secondary market (or the substantial equivalent thereof). Regulations have been issued providing safe harbors under which interests in a partnership will not be considered readily tradable on a secondary market (or the substantial equivalent thereof). A partnership generally will qualify under a private placement safe harbor if the partnership does not have more than 100 partners. Other safe harbors may apply to disregard certain transfers of interests. In the absence of a safe harbor, interests in a partnership still may not be considered readily tradable on a secondary market (or the substantial equivalent thereof) under a general “facts and circumstances” test. Finally, even if a partnership generally were a PTP, such partnership would not be taxed as a corporation for any taxable year in which 90 percent or more of the gross income of the partnership for such taxable year consists of qualifying income (as defined in Section 7704(d) of the Code). The General Partner expects that neither the Partnership nor the Master Fund will be a PTP taxable as a corporation.

If the Partnership or the Master Fund were for any reason taxable as a corporation it would, among other adverse consequences, be required to pay U.S. federal income tax at the corporate tax rate, in the case of the Partnership, on its world-wide taxable income and, in the

case of the Master Fund, on its taxable income that is effectively connected with the conduct of a trade or business within the United States (“ECI”), if any. The Master Fund also generally would be subject to 30% branch profits tax and U.S. tax withholding on certain U.S.-source income that is not ECI. In such case, the amount of cash available for distribution to the investors could be substantially less than if the Partnership and the Master Fund were classified as partnerships for U.S. federal income tax purposes. The General Partner will treat the Partnership and the Master Fund as partnerships for U.S. federal income tax purposes, and the following discussion assumes that such treatment will be respected.

Taxation of Partnerships and Partners

In General. Partnerships generally are not subject to U.S. federal income tax. Instead, each partner includes such partner’s distributive share of the partnership’s items of income, gains, losses, deductions and credits in determining its taxable income, whether or not cash is distributed to such partner. Consequently, a U.S. Partner may incur a U.S. federal income tax liability exceeding the amount of cash distributed by the Partnership to such U.S. Partner for any year, which may require the U.S. Partner to make an out-of-pocket expenditure to pay its tax liability.

Allocations of partnership income, gains, losses, deductions, and credits generally will be respected for U.S. federal income tax purposes if they have “substantial economic effect” or they are in accordance with the partners’ interests in the partnership, as determined for purposes of Section 704(b) of the Code and Regulations issued thereunder. If the Partnership’s allocations do not meet one of these tests, the Service may reallocate partnership items in accordance with the “partners’ interests in the partnership.”

A U.S. Partner cannot deduct its distributive share of losses and deductions from the Partnership in an amount greater than the adjusted tax basis in the U.S. Partner’s Interest (discussed below), determined as of the end of the Partnership’s taxable year. Subject to restrictions, any excess losses and deductions generally may be deducted in subsequent tax years to the extent that the adjusted tax basis of the U.S. Partner’s Interest exceeds zero.

Restrictions on Deductions and Losses. In the case of U.S. Partners that are individuals, trusts or certain types of corporations, the ability to utilize any tax losses allocated to such U.S. Partner by the Partnership may be limited under the “at risk” limitation in Section 465 of the Code, the passive activity loss limitation in Section 469 of the Code and/or other provisions of the Code. Furthermore, in the case of U.S. Partners that are individuals or trusts, the ability to utilize certain specific items of deduction attributable to any investment activities of the Partnership (as opposed to its activities that represent a trade or business for U.S. federal income tax purposes) may be limited under the investment interest limitation in Section 163(d) of the Code, the 2% floor on miscellaneous itemized deductions (including investment expenses) in Section 67 of the Code and/or other provisions of the Code. Because of some of these limitations, it is possible that, if the Partnership has losses and income from different types of activities, certain U.S. Partners may not be able to use losses from the Partnership to reduce income therefrom.

The extent to which any of the foregoing provisions of the Code will be applicable will depend upon the nature of underlying investments and activities of the Partnership and the tax situations of Partners. Prospective Partners should consult their own tax advisors regarding the application of these rules and any other rules limiting their ability to deduct losses or expenses associated with an investment in the Partnership.

Tax Basis in Interests. A Partner's tax basis in its Interest is relevant for determining, among other items, the deductibility of its distributive share of the Partnership's losses and deductions (as discussed above) and for computing gain or loss, if any, upon a taxable transfer of its Interest and upon receipt of cash distributions and certain other distributions from the Partnership. In general, a Partner's tax basis in its Interest will be equal to its cost, increased by the Partner's shares of Partnership liabilities and Partnership income, and reduced (but not below zero) by the Partner's shares of the Partnership distributions (including the Partner's share of any reduction in Partnership liabilities) and Partnership losses.

Partnership Distributions and Liquidation of the Partnership. Cash distributions to a U.S. Partner from the Partnership (including the U.S. Partner's share in any reduction in Partnership liabilities) in excess of the U.S. Partner's tax basis in its Interest generally will be taxable to such U.S. Partner as though it were a gain on the sale or exchange of its Interest. However, a U.S. Partner may recognize ordinary income in the event that any cash distribution reduces the U.S. Partner's allocable share of the Partnership's unrealized receivables and substantially appreciated inventory items (within the meaning of Section 751 of the Code).

Upon liquidation of the Partnership, property will be distributed in kind or sold, and any gain or loss from any such sales will be allocated to the Partners. Moreover, each U.S. Partner generally will recognize gain to the extent that cash and the fair market value of marketable securities distributed by the Partnership to such U.S. Partner in liquidation of its Interest exceed the tax basis of such U.S. Partner's Interest. Each U.S. Partner generally will recognize loss from a liquidating distribution only in the event the U.S. Partner receives only cash, unrealized receivables or inventory items and then only if and to the extent that the tax basis of such U.S. Partner's Interest were to exceed the sum of money distributed and the tax basis of the unrealized receivables and inventory items.

Sale or Other Transfer of Interests in the Partnership. Upon a sale or other taxable transfer of an Interest, a U.S. Partner generally will recognize gain or loss equal to the difference between the proceeds of such transfer plus the U.S. Partner's share of Partnership liabilities and the tax basis of the U.S. Partner's Interest. Such gain or loss recognized by a U.S. Partner generally will be capital gain or loss. A portion of any recognized gain may be treated as ordinary income under Section 751(a) of the Code and, in certain cases, a U.S. Partner may recognize ordinary income even though that U.S. Partner recognizes an overall loss from a taxable transfer of its Interest.

Basis Adjustments. The General Partner may make an election under Section 754 of the Code to adjust the tax basis of Partnership assets upon the sale or other disposition of an Interest and upon certain Partnership distributions pursuant to rules under Sections 734(b), 743(b) and 755 of the Code (the "Basis Adjustment Rules"). In the case of a sale or exchange of an Interest (or death of an individual Partner), such an election generally would permit the Partnership to

adjust the tax basis of Partnership assets solely with respect to the transferee. In the case of certain Partnership distributions, the election generally would permit the Partnership to adjust the tax basis of Partnership assets with respect to all remaining Partners. The election could be beneficial if the Partnership's assets have appreciated in value. If the election were made and there were many transfers, the calculation of the adjustments and the necessary recordkeeping to implement such an election could become complex. The General Partner does not anticipate that it will cause the Partnership or the Master Fund to make an election under Section 754 of the Code.

The Basis Adjustment Rules generally are mandatory (a) in the case of a partnership distribution that results in a "substantial basis reduction" (*i.e.*, a basis reduction in excess of \$250,000) under the rules and (b) in the case of a sale or exchange of an Interest (or death of an individual Partner) when there exists a "substantial built-in loss" (*i.e.*, a built-in loss in excess of \$250,000) in respect of Partnership assets immediately after the sale or exchange. The mandatory Basis Adjustment Rules can result in a material reduction in the tax basis of Partnership assets or the functional equivalent thereof in respect of a transferee Partner, as the case may be. The General Partner will cause the Partnership to comply with all required basis adjustments to the extent all necessary information is available.

Taxation of the Master Fund's Transactions

The Master Fund has taken the position that it is engaged in the business of trading in stocks and securities. The Master Fund has made an election under section 475 of the Code to treat its gains and losses on securities as ordinary income and loss on an annual mark-to-market basis. "Section 1256 Contracts" – futures contracts and nonequity options traded on qualified exchanges and certain interbank traded currency contracts – are not securities for purposes of the mark-to-market election. If the Master Fund enters into any Section 1256 Contracts, the gain or loss on such contracts will be capital instead of ordinary and will be 60% long-term and 40% short-term.

The issue of whether the Master Fund will be considered to be engaged in the business of trading stocks and securities, rather than merely investing, is subject to challenge by the Service. If all or a portion of the Master Fund's activities are ultimately considered to be "investing" rather than "trading in stocks and securities," then the Master Fund's mark-to-market election will not apply to such activities. In such event the general rules of income timing and character otherwise applicable to each type of affected transaction will apply, with the result that the Master Fund may recognize gain or loss sooner or later than it would on a mark-to-market basis. Further, the character of some of such gains and losses may be capital rather than ordinary.

The Master Fund expects to invest to a large extent in CDS. The income tax characterization of CDS in general and, in particular, those which provide for a single premium, is uncertain. The Master Fund intends to take the position that, for federal income tax purposes, the CDS constitute notional principal contracts. There can be no assurance that the Service will not challenge such characterization and no assurance that the Master Fund's characterization would prevail in the event of any such challenge. Regulations were proposed in 2011 that would treat certain CDS as notional principal contracts, but they are proposed to be effective for only those contracts entered into on or after the date of publication of the final Regulations.

If a CDS is respected as a notional principal contract, the Master Fund will recognize (i) the ratable daily portion of all periodic payments for the Fiscal Year to which such portion relates, (ii) any nonperiodic payments over the term of the contract in a manner that reflects the economic substance of the contract and (iii) any termination payment in the Fiscal Year the CDS is extinguished, assumed or exchanged.

Periodic payments are payments that are payable at intervals of one year or less during the entire terms of the CDS. Thus, the Master Fund will take such payments into income ratably each day in the Fiscal Year to which such payment relates.

Any nonperiodic premiums received by the Master Fund and any default payments that the Master Fund might be required to make will constitute nonperiodic payments. While there is no authority directly on point regarding what method of accounting would reasonably reflect the economic substance of such payments and, consequently, the issue is not free from doubt, the Master Fund intends to take the position that accounting for such payments on a mark-to-market basis reasonably reflects the economic substance of the CDS. Under the mark-to-market method, the Master Fund will recognize income and deduction each Fiscal Year with respect to the applicable CDS by reference to the gain or loss that the Master Fund would realize if it sold such CDS for its fair market value on the last day of such year. Any gain or loss recognized under the mark-to-market method should constitute ordinary income or loss. There can be no assurance, however, that the Service will not challenge the Master Fund's method of accounting for the nonperiodic payments and/or the character of the income or loss recognized with respect thereto or that the Master Fund would ultimately prevail in the event of any such challenge. If the Service were successful in challenging the Master Fund's treatment of the CDS, the Master Fund could be required to recognize income in earlier Fiscal Years than under the mark-to-market method.

Any payment made or received by the Master Fund to extinguish, assign or exchange a CDS will constitute a termination payment that will be recognized by the Master Fund in the Fiscal Year such CDS is extinguished, assigned or exchanged. The Master Fund's income or loss with respect to a termination payment should be capital gain or loss.

In addition to CDS, the Master Fund may enter into certain contracts, such as foreign currency contracts or nonequity options, that constitute "Section 1256 Contracts" for U.S. federal income tax purposes. If the Master Fund enters into any Section 1256 Contracts, it will be required to mark-to-market any such contracts it holds at the end of each taxable year. Gain or loss recognized on marking-to-market such contracts will be capital gain or loss and will be 60% long-term capital gain or loss and 40% short-term capital gain or loss.

The Master Fund may enter into certain positions in order to hedge its risks under the CDS which positions might constitute parts of "straddles" within the meaning of Section 1092 of the Code. Any loss recognized by the Master Fund with respect to a position that constitutes part of a straddle (including a loss from marking-to-market) can be deducted by the Partners only to the extent that such loss exceeds any unrecognized gain, if any, that the Master Fund recognized on the offsetting position. Any unused loss will be treated as sustained in the next tax year (subject again to these limitations).

Because the Master Fund is not required to make distributions to the Partners, Partners may be required to include in income their share of the Master Fund's taxable income, including income from mark-to-market gains, taxable interest income or income with respect to periodic premium payments, without receiving sufficient cash distributions from the Partnership with which to pay their tax liabilities.

Alternative Minimum Tax and Unearned Income Tax

Prospective U.S. Partners that are subject to the alternative minimum tax (the "AMT") should consider the tax consequences of an investment in the Partnership in view of their AMT position, taking into account the special rules that apply in computing the AMT, including, without limitation, in the case of individual taxpayers, the complete disallowance of miscellaneous itemized deductions and deductions for state and local taxes.

Effective for tax years beginning after December 31, 2012, individuals, estates, and certain trusts are subject to a 3.8% tax on net investment income. Net investment income generally includes (i) interest, dividends, annuities, royalties, and rents, other than income derived in the ordinary course of a trade or business (other than a passive activity or trading in financial instruments or commodities), (ii) other income derived from a trade or business that is a passive activity with respect to the taxpayer or a trade or business of trading in financial instruments or commodities and (iii) net taxable gain attributable the disposition of property other than property held in a trade or business (other than a passive activity or trading in financial instruments or commodities), in each case, net of properly allocable deductions. Income attributable to an investment in the Partnership is expected to be subject to the 3.8% tax on net investment income.

U.S. Withholding Taxes

In general, a non-U.S. person that is not engaged in the conduct of a trade or business in the United States would be subject to a withholding tax of 30% on U.S.-source "fixed or determinable annual or periodical gains, profits and income" (as defined in the Code and including, but not limited to, U.S.-source dividends on common and preferred stock and "dividend equivalent payments" made under certain specified notional principal contracts and other arrangements) and certain other gains. U.S. Partners, however, are not expected to be subject to such withholding on their distributive shares of such income derived from the Master Fund, provided that they provide appropriate documentation establishing their status as U.S. Persons.

In addition, legislation was enacted in March 2010 that generally imposes a withholding tax of 30% on withholdable payments, including among other items, U.S.-source dividends and interest and the gross proceeds of a disposition of the underlying shares or notes paid to a foreign financial institution (including any entity engaged primarily in the business of investing, re-investing, or trading in securities or other investment assets), unless such institution enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain account holders that are foreign entities with U.S. owners). The legislation also generally imposes a withholding tax of 30% on such U.S.-source withholdable payments paid to a non-

financial foreign entity unless such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity. The Master Fund and the Partnership intend to comply with applicable regulatory or administrative guidance issued with respect to the March 2010 legislation. Such guidance may require investors to provide certain identifying information and the Master Fund and the Partnership to provide information to one or more tax authorities. These provisions were enacted in 2010, and the withholding tax generally will apply to certain U.S.-sourced payments made on or after January 1, 2014. Proposed Regulations were issued in February 2012 but remain subject to change.

A non-U.S. investor who fails to provide identifying information or enter into an agreement with the U.S. government, as applicable, would be subject to the 30% withholding tax with respect to its share of any payments attributable to actual and deemed U.S. investments of the Master Fund and may cause the Master Fund as a whole to be subject to the same. The General Partner may take any action in relation to an investor's interests in the Master Fund or the Fund or withdrawal proceeds to ensure that any withholding is economically borne by the relevant investor whose failure to provide the necessary information gave rise to the withholding (including compulsorily redeeming any Interests). Prospective investors are urged to consult with their own tax advisors regarding the possible implications of this additional withholding tax on their investment in the Fund.

Tax Returns, Audits and Related Matters

The General Partner will cause the Partnership and the Master Fund to file annually U.S. federal and any required state and local income tax returns and to provide information on a Schedule K-1 (or acceptable substitute) to each partner. Delivery of such information to the Partners may be delayed in the event that the Partnership does not timely receive necessary information from the Master Fund or other relevant sources. Accordingly, Partners may need to apply for extensions of time to file their annual tax returns.

The General Partner will decide how to report the partnership items on the tax returns of the Partnership and the Master Fund, and all Partners generally will be required to treat the items consistently on their own returns. Given the uncertainty and complexity of certain U.S. tax laws, it is possible that the Service may not agree with the manner in which the Partnership and the Master Fund items have been reported. In the event the income tax returns of the Partnership or the Master Fund are audited by the Service, the tax treatment of partnership income and deductions generally will be determined at the Partnership or the Master Fund level, as the case may be, in a single proceeding rather than by individual audits of the partners. The General Partner will be designated as the "Tax Matters Partner" under the Partnership Agreement and the partnership agreement of the Master Fund.

If the Service were to challenge successfully the Partnership or the Master Fund treatment of items of income, gains, losses, deductions and credits or the characterization of the Partnership or the Master Fund transactions, any such challenge could result in the imposition of additional taxes, penalties and interest charges. Any adjustment resulting from a challenge may require each Partner to file an amended return and may result in a Service examination of the

amended return, which could result in adjustments to non-partnership items as well as Partnership and Master Fund items.

Investor Tax Filings and List Requirements

As part of its campaign against abusive tax shelter activity, the U.S. Treasury Department has adopted regulations that require special filings and record retention for numerous transactions that are not conventionally regarded as tax shelters.

Depending upon the nature of transactions effected by the Partnership that result in losses, when the Partnership files its tax return for each year it may be required to report its transactions on Form 8886. Reportable transactions include the realization of more than \$2 million of losses on an asset that was part of a “straddle” under Section 1092 of the Code and the allocation of \$50,000 or more of ordinary loss from a Master Fund foreign currency transaction to an individual or trust that invests in the Master Fund (directly or through partnerships or S corporations). In the case of reportable losses other than on foreign currency, for corporations the thresholds are \$10 million in any taxable year and \$20 million in any combination of years, and for other taxpayers the thresholds are \$2 million and \$4 million, respectively. Generally, if the Partnership is required to file Form 8886, a Partner may be required to file Form 8886 when such Partner files such Partner’s federal income tax return for the year in which a reportable loss is allocated to such Partner.

Prospective investors should consult their own tax advisers about such investor’s filing obligations with respect to an investment in the Partnership and should keep a copy of this Memorandum and other information supplied in connection therewith. The current Form 8886 requires each investor to record and report the name, address, telephone number and fee paid to all persons who either promoted, solicited, or recommended an investment in the Partnership or to whom such investor paid a fee for tax advice regarding the investment.

If an investment in the Partnership or the Master Fund’s transactions are “reportable transactions” the General Partner is required to maintain records including investor lists containing identifying information and to furnish those records to the Service upon demand.

Prospective Partners should consult their own tax advisors about their filing obligations with respect to an investment in the Partnership. The General Partner intends to comply with any applicable disclosure requirements and to maintain any required investor lists and other records.

Possible Legislative or Other Actions Affecting Tax Aspects

The present U.S. federal income tax treatment of an investment in the Partnership or the Master Fund may be modified by legislative, judicial or administrative action at any time, and any such action may affect investments and commitments previously made. Revisions in U.S. federal tax laws and interpretations thereof could adversely affect the tax aspects of an investment in the Partnership.

State, Local and Non-U.S. Tax Consequences

The foregoing discussion does not address the state, local or, with limited exception, non-U.S. tax consequences of an investment in the Partnership. Prospective Partners are urged to consult their own tax advisors regarding those matters and all other tax aspects of an investment in the Partnership. It should be noted that the Partners may be subject to state, local or non-U.S. income or franchise tax in jurisdictions other than which they are resident. It is also possible that the Master Fund or the Partnership itself may be subject to state, local or non-U.S. tax in certain jurisdictions.

Cayman Islands Taxes

The Master Fund is an exempted limited partnership under Cayman Islands law. The Master Fund has received an undertaking from the Cayman Islands' authorities that, for a period of 50 years from the date such undertaking is issued, no law which is enacted in the Cayman Islands imposing any tax or duty to be levied on income, profits, gains or appreciation shall apply to the Master Fund or its operations, and no such tax or any tax in the nature of estate duty or inheritance tax shall be payable on or in respect of the interests, debentures or other obligations of the Master Fund or by way of withholding in whole or in part of any payment of dividend or other distribution of income or of capital by the Master Fund to its partners or any payment of principal or interest or other sums due under a debenture or other obligation of the Master Fund.

Non-U.S. Taxes

The Master Fund may invest in assets that are subject to tax in jurisdictions outside the United States. The tax effects may differ, depending on the type and location of investments made by the Master Fund, including, without limitation, information return and reporting requirements, taxation by the jurisdiction in which an investment is made, the possible applicability of tax treaties, the potential tax liability which may be imposed by the country or other jurisdiction of which an investor is a citizen or in which such person resides or is otherwise located and other tax considerations.

Certain dividends, interest, capital gain and other income received by the Master Fund from sources within non-U.S. countries may be subject to withholding taxes or other taxes imposed by such countries. One or more income tax treaties may reduce or eliminate the amount of such taxes. It is not possible to predict in advance the rate of non-U.S. tax that will be incurred.

THE FOREGOING DISCUSSION DOES NOT ADDRESS ALL OF THE TAX CONSIDERATIONS RELEVANT TO AN INVESTMENT IN THE PARTNERSHIP. IT SHOULD NOT BE CONSTRUED AS LEGAL ADVICE OR AS A LEGAL OPINION, AND IT IS NOT A SUBSTITUTE FOR TAX ADVICE. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR INDEPENDENT TAX ADVISORS PRIOR TO INVESTING IN THE PARTNERSHIP WITH RESPECT TO THEIR PARTICULAR TAX SITUATIONS REGARDING THE POSSIBLE TAX CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP.

ERISA

Among other requirements, ERISA imposes certain duties on persons who are fiduciaries of “employee benefit plans” as defined in ERISA (“ERISA Plans”) and prohibits certain transactions between an ERISA Plan and the “fiduciaries” and “parties in interest” (as those terms are defined in ERISA) of the ERISA Plan. Under ERISA and the Code, any person who exercises any authority or control over the management or disposition of the assets of a plan is considered to be a fiduciary of the plan, subject to certain exceptions that are not relevant to the Partnership.

Section 404(a)(1) of ERISA and the regulations promulgated thereunder by the United States Department of Labor (the “DOL”) provide as a general rule that a fiduciary with respect to an ERISA Plan must discharge its duties with respect to such ERISA Plan in a prudent manner and must consider several factors in determining whether to enter into an investment or engage in a course of action. If a fiduciary with respect to any such ERISA Plan acts imprudently with regard to selecting an investment or an investment course of action for such ERISA Plan, the fiduciary may be held personally liable for losses incurred by the ERISA Plan as a result of such imprudence.

In considering an investment in the Partnership of a portion of the assets of an ERISA Plan, a fiduciary should determine, among other things, (i) in light of the substantial restrictions on transfers and withdrawals by Limited Partners and the illiquidity of the Interests, whether the investment is in accordance with the documents and instruments governing the Plan, the diversification and liquidity requirements of the ERISA Plan’s portfolio, and the applicable provisions of law relating to a fiduciary’s duties to the Plan; (ii) the potential return of the proposed investment and the potential effect on that return if any portion of the Partnership’s income is taxable to the Partnership or its Limited Partners; (iii) the nature of the Partnership’s anticipated investments and whether the fiduciary and its advisors have the requisite experience and business acumen to evaluate its proposed investment activities; (iv) the place the proposed investment would hold in the ERISA Plan’s portfolio taken as a whole; and (v) the fact that all investment activities of the Partnership are carried out through the Master Fund, which has been structured with the intent to avoid regulation as an entity holding ERISA “plan assets”.

The acceptance of a subscription by the Partnership from an ERISA Plan does not constitute a representation or judgment by the Partnership or the Investment Manager that an investment in the Partnership is an appropriate investment for the ERISA Plan or that such an investment meets the fiduciary and other legal requirements applicable to such entity.

Generally, ERISA and the DOL regulations thereunder also impose certain duties on persons who manage “plan assets” of an ERISA Plan indirectly, through investment vehicles that are deemed to hold “plan assets” for purposes of ERISA. If the assets of the Partnership are deemed to be “plan assets” under ERISA, then (i) the prudence and diversification standards and other provisions of Part 4 of Title I of ERISA applicable to investments by ERISA Plans and their fiduciaries would extend to investments made by the Partnership; (ii) the Partnership and fiduciaries of ERISA Plans that invest in the Partnership could be liable under ERISA for investments made by the Partnership that do not conform to the standards imposed by ERISA; (iii) certain transactions that the Partnership might seek to enter into may constitute “prohibited

transactions” under ERISA and the Code; (iv) the Partnership could be subject to certain reporting and disclosure requirements under ERISA; and (v) various other requirements of ERISA might be imposed on the Partnership and its assets.

A regulation adopted by the Department of Labor defining the term “plan assets” for purposes of ERISA (the “Plan Assets Regulation”) generally provides that the underlying assets of an entity in which ERISA Plans make equity investments will be considered “plan assets” unless (i) the equity investment is a “publicly-offered security” or a security issued by an investment company registered under the 1940 Act, (ii) the entity is an “operating company,” including a “venture capital operating company” or a “real estate operating company,” or (iii) equity participation by “benefit plan investors” (as defined in ERISA, “Benefit Plan Investors”) in the entity is not “significant.”

Equity participation in an entity by Benefit Plan Investors is considered “significant” under DOL regulations Section 2510.3-101(f) (the “Regulation”), as modified by ERISA section 3(42), if 25% or more of the value of any class of equity interests in the entity is held by Benefit Plan Investors. “Benefit Plan Investors” are employee benefit plans as defined in Section 3(3) of ERISA that are subject to Part 4 of Title I of ERISA, plans described in Section 4975(e)(1) of the Code including IRAs, and entities whose underlying assets include plan assets by reason of a Plan’s investment therein. Furthermore, for purposes of determining whether Benefit Plan Investors hold 25% or more of the value of any class of equity interest, those equity interests held by any person (other than a Benefit Plan Investor) who has discretionary authority or control with respect to the assets of the Partnership or any person who provides investment advice for a fee (direct or indirect) with respect to such assets or any affiliate of such person, will be disregarded.

Investment in the Partnership is not generally open to ERISA Plans. However, if Benefit Plan Investors were to own 25% or more of any class of the Partnership’s equity interests, the Partnership will be deemed to hold “plan assets” of each such Benefit Plan Investor investing in the Partnership. In general, the consequences of an entity such as the Partnership being deemed to hold ERISA plan assets may include the following:

- The persons who manage the Partnership may be deemed to be ERISA fiduciaries, to the extent that they perform the functions of fiduciaries as defined in ERISA and the regulations thereunder, and will be subject to the fiduciary standards of ERISA as set out above.
- The Partnership’s fiduciaries will be subject to the various ERISA prohibitions regarding “self-dealing” and conflicts of interest, particularly regarding dealings with affiliates and various fee arrangements.
- Certain transactions between the Partnership and persons who are “parties in interest” with respect to any ERISA Plan investing in the Partnership may constitute “prohibited transactions” under ERISA and the Code unless one or more exemptions apply.

- The Partnership will be deemed to be a “benefit plan investor” with respect to any underlying entity in which it invests (including the Master Fund), for purposes of such entity’s own determination of whether benefit plan investment is “significant.”
- Persons who “handle” Partnership assets will be subject to ERISA’s fidelity bonding requirements.
- The Partnership is subject to ERISA requirements regarding the holding of the “indicia of ownership” of certain plan assets subject to the jurisdiction of the courts in the United States.
- Certain rights and obligations under state law may be preempted.
- The Partnership may be subject to certain reporting and disclosure requirements under ERISA.

Notwithstanding the foregoing, even if the Partnership holds plan assets of the ERISA Plans investing therein, it is not anticipated that the Investment Manager or the General Partner will become ERISA fiduciaries with respect to the investment of the Partnership’s assets because each investor in the Partnership will acknowledge and direct that its investment in the Partnership will be invested in the Master Fund. Accordingly, the fiduciaries of each ERISA Plan that invests in the Partnership should be aware that they will bear fiduciary responsibility not only for the ERISA Plan’s investment in the Partnership but for the subsequent investment of the Partnership’s assets into the Master Fund, and should evaluate the investment as such. In general, the activities of the Investment Manager and the General Partner at the Partnership level will be ministerial and clerical in nature. Nevertheless, as a result of the investment in the Partnership by pension plans and other entities subject to ERISA, the Partnership may operate under certain restrictions or obligations, including ERISA’s fidelity bonding requirements, ERISA’s requirements regarding the holding of the “indicia of ownership” of certain “plan assets” subject to the jurisdiction of the courts in the United States, and certain reporting and disclosure requirements under ERISA.

In any event, the Master Fund will not accept an investment by the Partnership or any other Feeder Fund to the extent that doing so would cause investment in the Master Fund by Benefit Plan Investors to be “significant” within the meaning of the Regulation. Moreover, the Master Fund or any Feeder Fund may mandatorily redeem an investment by any Benefit Plan Investor, including the Partnership, in order to assure that the underlying assets of the Master Fund will not be deemed to be plan assets. Any such action at the Master Fund level may directly affect an investor in the Partnership.

Because the Master Fund will not hold plan assets, it is anticipated that various activities of the Investment Manager will not be subject to ERISA even though such activities might otherwise be fiduciary in nature, and might otherwise involve certain acts of self-dealing and/or conflicts of interest, if such activities were performed at the Partnership level. Consequently, although the Partnership is expected hold ERISA Plan assets, an ERISA Plan fiduciary investing therein should consider that the Partnership is intended to be effectively “transparent” for ERISA

purposes and should view an investment in the Partnership, for ERISA purposes, as effectively an investment directly in the Master Fund.

WHETHER OR NOT THE UNDERLYING ASSETS OF THE PARTNERSHIP OR THE MASTER FUND ARE DEEMED PLAN ASSETS FOR PURPOSES OF ERISA, AN INVESTMENT IN THE PARTNERSHIP BY AN ERISA PLAN IS SUBJECT TO ERISA AND/OR THE CODE. ACCORDINGLY, FIDUCIARIES OF ERISA PLANS SHOULD CONSULT WITH THEIR OWN LEGAL COUNSEL AS TO THE CONSEQUENCES UNDER ERISA OR THE CODE OF AN INVESTMENT IN THE PARTNERSHIP BEFORE MAKING SUCH AN INVESTMENT.

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

SUITABILITY STANDARDS

The Interests offered hereby are suitable only for those investors whose business and investment experiences, either as individuals or together with experienced advisers, make them capable of evaluating the merits and risks of their prospective investments in the Interests and who can afford a loss and have no need for liquidity in their investments.

Prospective investors should satisfy themselves that an investment in Interests is suitable for them, should examine this Memorandum, and should avail themselves of access to such additional information about the offering, the Partnership, the Master Fund, the General Partner and the Investment Manager and their businesses as they consider necessary to make an informed investment decision. In addition to the net worth and income standards described below, each investor must have funds adequate to meet personal needs and contingencies, must have no need for prompt liquidity from the investment, and must purchase Interests for investment only and not with a view to their sale or distribution.

Each investor must also, either alone or together with a purchaser representative, have sufficient knowledge and experience in financial and business matters generally and in securities investments in particular to be capable of evaluating the merits and risks of investing in the Partnership. Because of the limitations on withdrawals and the risks of investment, a purchase of Interests would not be suitable for an investor who does not meet the suitability standards discussed in this Memorandum.

Investors who are subject to income tax should be aware that investment in the Partnership is likely (if the Partnership is successful) to create taxable income or tax liabilities in excess of cash distributions available to pay such liabilities. Accordingly, Interests may not be a suitable investment for prospective investors who will be subject to and do not desire such consequences.

Qualified Purchaser Requirement

The Interests will be sold exclusively to “qualified purchasers”, as that term is defined in Section 2(a)(51) of the 1940 Act (“Qualified Purchasers”). Qualified Purchasers are generally defined as individuals with investment portfolios of at least \$5 million and entities with discretionary investment portfolios of at least \$25 million. Qualified Purchasers also include certain investment professionals. Prospective investors must also be “accredited investors” under Rule 501(a) under the Securities Act.

Qualified Eligible Person Requirement

In order for the Investment Manager to avail itself of the 4.7 Exemption, the Interests will be sold exclusively to “qualified eligible persons”, as that term is defined in Regulation 4.7 promulgated under the CEA. Investors that satisfy the “qualified purchaser” suitability requirement discussed herein are considered “qualified eligible persons” under Regulation 4.7 promulgated under the CEA.

Reliance on Subscriber Information

Representations and requests for information regarding the satisfaction of investor suitability standards are included in the Subscription Documents that each prospective investor must complete. The Interests have not been registered under the Securities Act and are being offered in reliance on Section 4(2) thereof. Accordingly, prior to selling Interests to any offeree, the General Partner intends to make all inquiries reasonably necessary to satisfy itself that the prerequisites of such exemptions have been met. Prospective investors are also required to provide whatever additional evidence is deemed necessary by the General Partner to substantiate information or representations contained in their Subscription Documents. The standards set forth above are only minimum standards. The General Partner may reject any subscription for any reason, regardless of whether a prospective investor meets the suitability standards. In addition, the General Partner may waive minimum suitability standards not imposed by law. The General Partner anticipates imposing comparable suitability standards in connection with any resale of Interests.

Transfer Restrictions

Only a limited number of persons will invest in the Partnership and transferability of Interests is severely restricted. No market for Interests exists or can be expected to develop. Interests cannot be sold unless either they are subsequently registered under the Securities Act and registered or qualified under any applicable state securities laws or exemptions from such registration and qualification are available. The General Partner will not recognize or permit any disposition of Interests that is not in all respects in compliance with the Subscription Documents, the Partnership Agreement, the Securities Act and any other applicable securities law. Accordingly, a purchaser of Interests must bear the economic risk of the investment indefinitely, subject to the Limited Partners’ withdrawal rights as provided in the Partnership Agreement.

ANTI-MONEY LAUNDERING REGULATIONS

The Partnership has a responsibility to take certain anti-money laundering measures under U.S. laws and regulations. In discharging that responsibility, the Partnership, the Administrator, or their agents or other service providers may seek to verify the identity of a subscriber, to ensure that the subscriber is not named on one of the prohibited persons lists maintained by the U.S. Treasury Department, to ascertain the source of a subscriber's funds, and to obtain other information about a subscriber. Once a subscriber becomes a Limited Partner, the Partnership or one of its agents may seek to monitor communications, investments and withdrawals, and other payments involving the Limited Partner and to report any suspicious activity to appropriate authorities. The Partnership or its agents or the Administrator may be required to exercise special scrutiny when subscribers employ certain kinds of financial institutions or financial institutions from certain countries or when subscribers are senior governmental or military officials or senior executives of government-owned businesses. Limited Partners may encounter delays in withdrawing portions of their Capital Account or in receiving other payments if information and/or documentation requested by the Partnership or its agents or the Administrator is not received in a timely manner. U.S. anti-money laundering regulations are developing and changing continually and the Partnership or one of its agents may be required to implement additional anti-money laundering measures from time to time.

The Partnership and/or the Administrator reserves the right to take such steps and request such information and documentation as may be necessary to verify the identity of a subscriber, to ascertain the subscriber's financial situation and sources of funds, and to establish other facts regarding the subscriber. Each subscriber will be required to agree in the subscription agreement that it will provide additional information and documentation or take such other actions as may be necessary or advisable in the judgment of the Partnership, the Administrator or their agents in order to ensure the Partnership's compliance with anti-money laundering laws or regulations. In the event of delay or failure by the subscriber to provide any requested information, the Partnership, the Administrator or their agents may refuse to accept the application and the subscription monies relating thereto, whereupon the subscription monies would be returned to the account from which they had originated. Moreover, if a subscriber has become a Limited Partner, any such delay or failure may cause the General Partner to require the Limited Partner to withdraw all amounts in its Capital Account. The Partnership's Subscription Documents contain a series of questions regarding the source of funds used to purchase Interests and a subscription to the Partnership may be rejected in circumstances where the Partnership, the Administrator or their agents believes that accepting the subscription would be unlawful or for any other reason.

The Partnership, the Administrator and their agents reserve the right to require any payment to a Limited Partner to be paid into the account from which the Limited Partner's subscription funds originated in the event that the Partnership, the Administrator or their agents suspects or is advised that the payment to another account as directed by such Limited Partner could abet or result in money laundering, a violation of any anti-money laundering law or regulation or other unlawful activity or the Partnership considers such procedure necessary or appropriate to ensure compliance by the Partnership, the Administrator or their agents with anti-money laundering laws or regulations.

METHOD OF SUBSCRIPTION

Persons may subscribe to purchase Interests by (i) completing, dating and signing two copies of the Subscription Documents accompanying this Memorandum and (ii) delivering the signed copies of the foregoing documents to the General Partner and the Administrator and making payment in accordance with the Subscription Documents. The General Partner reserves the right to accept or reject any subscription in whole or in part in its sole discretion for any reason whatsoever and to withdraw this offering at any time.

COUNSEL

Purrington Moody Weil LLP (“PMW”), 414 West 14th Street, Fourth Floor, New York, NY 10014, has acted as legal counsel to the Partnership, the Master Fund, the General Partner and the Investment Manager in connection with the organization of the Partnership, the Master Fund and the General Partner, and the preparation of the Memorandum. In advising the Partnership with respect to the Memorandum, PMW has relied upon information provided by the Partnership; PMW is not responsible for the accuracy or completeness of such information, and has no obligation to verify such information. PMW will serve as legal counsel to the Partnership, the Master Fund, the General Partner, the Investment Manager and certain of their affiliates on an ongoing basis, but PMW has no obligation to independently update or monitor compliance by the Partnership with the Memorandum or the Partnership Agreement or any related document.

PMW does not act as legal counsel to prospective investors in connection with this offering, and does not act as legal counsel to the Limited Partners. No independent legal counsel has been engaged by the Partnership to represent any prospective investor; accordingly, prospective investors are encouraged to consult with their respective legal counsel.

AUDITORS

PricewaterhouseCoopers LLP, 1177 Avenue of the Americas #1, New York, NY 10036, serves as auditors to the Partnership. The Partnership reserves the right to appoint alternative auditors.

ADDITIONAL INFORMATION

The General Partner will make available to any prospective investor such additional information as the General Partner may possess or can acquire without unreasonable effort or expense to verify or supplement the information set forth herein.

LIMITED PARTNER PRIVACY

The Partnership, the General Partner, the Investment Manager, the Administrator and their agents will obtain non-public personal information about the Limited Partners (“you” or “your”) from their respective Subscription Documents as well as in the course of processing

withdrawals. This information may include your name, address, e-mail address, social security number, account number, financial situation, transaction history and other personal information. None of such information is disclosed except as necessary in the course of processing subscriptions and withdrawals and otherwise administering the Partnership, and then only subject to customary undertakings of confidentiality, or as required by law. Access to such information is restricted to the fullest extent permitted by law, and the Partnership, the General Partner, the Investment Manager, the Administrator and their agents each maintain physical, electronic and procedural controls to safeguard such information. These controls are reasonably designed to (i) ensure the security and confidentiality of your records and information; (ii) protect against any anticipated threats or hazards to the security or integrity of your records and information; and (iii) protect against unauthorized access to or use of your records or information that could result in substantial harm or inconvenience to you.

DIRECTORY

General Partner

Blue Mountain Credit GP, LLC
280 Park Avenue, 5th Floor East
New York, NY 10017

Legal Counsel

Purrington Moody Weil LLP
414 West 14th Street, 4th Floor
New York, NY 10014

Investment Manager

BlueMountain Capital Management, LLC
280 Park Avenue, 5th Floor East
New York, NY 10017

Administrator

GlobeOp Financial Services LLC
One South Road
Harrison, NY 10528

Independent Auditors

PricewaterhouseCoopers LLP
1177 Avenue of the Americas #1
New York, NY 10036

Prime Brokers and Custodians

■. Morgan Securities Limited
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■. Morgan Securities LLC
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■. Morgan Clearing Corp.
One Metrotech Center North
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Morgan Stanley and Co. LLC
1585 Broadway
New York, NY 10036

Deutsche Bank AG, New York Branch
c/o Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005

EXHIBIT A
FORM ADV PART 2

Form ADV Part 2A



BlueMountain Capital Management, LLC
280 Park Avenue, 5th Floor East
New York, NY 10017
Tel: 212.905.3900

March 2012

This Form ADV Part 2A (the "Brochure") provides information about the qualifications and business practices of BlueMountain Capital Management, LLC ("BlueMountain"). If you have any questions about the contents of this Brochure, please contact Paul Friedman, Chief Compliance Officer, at 212-905-3900 and/or [REDACTED]. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about BlueMountain also is available on the SEC's website at www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with BlueMountain who are registered, or are required to be registered, as investment adviser representatives of BlueMountain.

Although BlueMountain is registered as an investment adviser under the Investment Advisers Act of 1940 (the "Advisers Act"), such registration does not imply that BlueMountain or its personnel have a certain level of skill or training.

Item 2 – Material Changes

If you are amending your *brochure* for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the *brochure* or on the page immediately following the cover page, or as a separate document accompanying the *brochure*. You must state clearly that you are discussing only material changes since the last annual update of your *brochure*, and you must provide the date of the last annual update of your *brochure*.

This amendment to Part 2A of Form ADV is made in connection with BlueMountain's annual updating requirement. BlueMountain's business has not materially changed since its last filing on March 31, 2011, and, therefore, this annual update contains no material changes.

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Item 4 – Advisory Business

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

BlueMountain, a Delaware limited liability company, is an investment adviser registered with the SEC. The firm has been in business since 2003 when it was founded by Andrew Feldstein and Stephen Siderow. BlueMountain currently has approximately 122 employees, inclusive of active partners and affiliate employees, primarily located in its New York and London offices. Blue Mountain Capital Partners (London) LLP (“BlueMountain London”) is, both directly and through an affiliate, a wholly-owned subsidiary of BlueMountain which serves as adviser to BlueMountain with respect to issuers based in Europe. BlueMountain has a sub-advisory agreement with BlueMountain London, pursuant to which BlueMountain London provides investment advisory services, trade execution, and general infrastructure support to BlueMountain. BlueMountain London is registered with the Financial Services Authority.

As of December 31, 2011, BlueMountain had \$7,337,250,872¹ in assets under management. BlueMountain serves as an investment adviser to pooled investment vehicles (“Fund Clients”), including, without limitation, special purpose vehicles for collateralized loan obligations (“CLOs”) or collateralized synthetic obligations (“CSOs”), and institutional accounts (“Institutional Accounts,” and, together with Fund Clients, “Advisory Clients”) that are primarily domestic and foreign limited partnerships, domestic limited liability companies and foreign companies. BlueMountain generally provides investment management and supervisory services to its Advisory Clients on a discretionary basis.

Investments by Fund Clients typically are made through a master-feeder structure, with an affiliate of BlueMountain serving as general partner of Fund Clients organized as limited partnerships, and BlueMountain serving as investment adviser to both the Fund Client that invests through the master fund and the master fund itself. With respect to Fund Clients organized as foreign companies, in some cases a majority of the board of directors of such entities are BlueMountain personnel.

Institutional Accounts are generally organized as single-investor limited partnerships with an affiliate of BlueMountain serving as the general partner of the Institutional Account, or as foreign companies with a majority of the board of directors of such entity comprised of BlueMountain personnel.

Advisory Clients are neither registered under the Securities Act of 1933, as amended, nor registered under the Investment Company Act of 1940, as amended. Accordingly, interests in Advisory Clients are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions. No offer to sell interests in these Advisory Clients is made by the descriptions in this Brochure. Please see Item 7 of this Brochure for more information with respect to BlueMountain’s clients.

Principal Ownership

BlueMountain’s principal owners (based on a greater than 2.5% ownership stake) are:

- Andrew T. Feldstein – Chief Executive Officer; Chief Investment Officer
- Stephen M. Siderow – President

¹ Assets under management shown herein are net of all fees and expenses. Note that these amounts differ from the “regulatory assets under management” amounts required on Form ADV Part 1, which generally represent gross asset values, as reflected on the balance sheets of BlueMountain’s Fund Clients.

- Alan J. Gerstein – Managing Principal
- Michael Liberman – Managing Principal; Chief Operating Officer; Chief Risk Officer
- David A. Rubenstein – Managing Principal; Chief Financial Officer; General Counsel; Secretary; Chief Executive Officer of BlueMountain London
- Bryce Markus – Managing Principal
- Derek Smith – Managing Principal
- William H. Reeves – Member
- AMG New York Holdings Corporation – Member

AMG New York Holdings Corporation, a subsidiary of Affiliated Managers Group, Inc. (“AMG”), holds an equity interest in BlueMountain. AMG is a publicly-traded asset management company (NYSE: AMG) with equity investments in other boutique investment management firms (“AMG Affiliates”). Further information on both AMG and AMG’s Affiliates is provided in Item 10.

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

BlueMountain is an investment manager specializing in providing advisory services with respect to investments in credit derivatives (including credit default swaps), corporate and convertible bonds, loans (including corporate loans), collateralized debt obligations and other asset-backed securities and asset-backed financing arrangements. Credit derivatives may relate to individual reference entities or to baskets or portfolios of reference entities (including levered or de-levered tranches of such portfolios or baskets).

BlueMountain’s advisory services also include advice regarding investments in equities or equity derivatives, including in connection with credit trading strategies and using interest rate derivatives (including futures, swaps and swaptions) and government securities to hedge interest rate risk and spot and forward foreign currency contracts to hedge currency exposures.

BlueMountain generally provides such advisory services on a discretionary basis.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

The advisory services provided by BlueMountain to its Advisory Clients are tailored to the investment objectives, investment strategy and investment restrictions, if any, as set forth in the governing documents of Advisory Clients and/or the investment management agreement entered into by BlueMountain with such clients. With respect to Fund Clients, BlueMountain typically does not tailor its advisory services to the individual needs of investors in the Fund Client; accordingly, it typically does not accept material investment restrictions imposed by such Fund Client investors. With respect to Institutional Accounts, the terms of such relationship, including any investment restrictions, are individually negotiated.

Each of the Fund Clients may from time to time enter into agreements (“Side Letters”) with one or more of their investors whereby in consideration for agreeing to invest certain amounts in a Fund Client and/or other consideration deemed sufficiently material, such investors may be granted favorable rights not afforded other investors in such Fund Client. Such rights may include one or more of the following: rights to receive reports from the Fund Client on a more frequent basis or that include information not typically provided to other investors that BlueMountain believes are not prejudicial to other investors; rights to receive reduced rates of incentive fees/allocations and/or management fees earned by BlueMountain, each

Fund Client's general partner and/or other affiliates; and such other rights as may be negotiated between the Fund Client, BlueMountain and such investors. Such agreements may be entered into by the Fund Client and BlueMountain without the consent of other investors in such Fund Client; additionally, except as may be required by "most-favored-nations" clauses, such agreements usually need not be disclosed to other investors in such Fund Client.

D. If you participate in *wrap fee programs* by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

BlueMountain does not participate in "wrap fee arrangements," whereby clients select BlueMountain to manage funds through an investment program presented to the clients by a third-party program sponsor.

E. If you manage *client* assets, disclose the amount of *client* assets you manage on a *discretionary basis* and the amount of *client* assets you manage on a *non-discretionary basis*. Disclose the date "as of" which you calculated the amounts.

As noted above, as of December 31, 2011, the amount of assets under management by BlueMountain was \$7,337,250,872. Of this amount, \$7,197,160,947 is managed by BlueMountain on a discretionary basis, and \$140,089,925 is managed by BlueMountain on a non-discretionary basis. Please see Item 5.F of BlueMountain's Form ADV Part 1A for information regarding the firm's regulatory assets under management, which is presented on a gross basis.

Item 5 – Fees and Compensation

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

BlueMountain is compensated for its advisory services generally through a management fee charged to Advisory Clients. BlueMountain typically receives a monthly management fee from Fund Clients – 1/12 of a per annum fee of typically 2%, as applicable, of the net assets of each Fund Client; provided that for those Fund Clients that are CLOs and CSOs, BlueMountain receives a collateral management fee payable quarterly in arrears, typically 1/4 of a per annum fee between 0.20% and 0.50%, as applicable, of the net assets of each CLO or CSO. For those Fund Clients that are part of a master-feeder structure, the management fee is typically paid to BlueMountain by the respective master fund on behalf of the feeder funds. BlueMountain rebates these fees to Fund Clients to the extent they are attributable to the Fund Client's CLO equity holdings.

In addition, with respect to certain Fund Clients, BlueMountain (or affiliates of BlueMountain acting as general partners or managing members of the Fund Clients) receives performance compensation with respect to each calendar year or lock-up period, typically 20% of net profits allocated to each investor on an annual basis, payable at the end of each year or lock-up period, as the case may be. With respect to other Fund Clients, BlueMountain (or affiliates of BlueMountain acting as general partners or managing members of the Fund Client) receives performance compensation based on an internal rate of return calculation at such times as distributions are made to investors in such Fund Clients; provided that with respect to certain Advisory Clients, performance compensation is payable only if and to the extent a certain minimum rate of return (a "hurdle") is exceeded. Such performance compensation may be subject to a "high water mark" or loss carry forward provisions. See Item 6 for further information with respect to performance compensation.

Depending on the characteristics of the Advisory Client, fees may be higher or lower. BlueMountain reserves the right to waive some or all fees for certain investors in Advisory Clients, including for investors who are affiliated with BlueMountain. Except as described in the following paragraph, the management fee and performance compensation for Fund Clients are generally not negotiable. Fee arrangements for Institutional Accounts are individually negotiated.

As explained above in Item 4, BlueMountain may enter into a Side Letter with Fund Client investors, typically those with the largest aggregate investments in Fund Clients, whereby such investors are granted favorable rights not granted to other investors in the Fund Client including, among other things, rights to receive reduced rates of performance fees and/or management fees earned by BlueMountain, each Fund Client's general partner and/or other affiliates.

To calculate advisory fees, BlueMountain generally relies on prices provided by third parties (whether dealer quotes or third-party data feeds) for purposes of valuing portfolio securities held in Advisory Client accounts. BlueMountain's third-party administrator (the "Administrator") verifies the third-party values that BlueMountain receives. In the event of a disagreement between BlueMountain and the Administrator, BlueMountain works with the Administrator to investigate and resolve any differences. Although it is extremely rare for discrepancies to persist after an investigation by BlueMountain and the Administrator, in the event that BlueMountain and the Administrator continue to disagree on the valuation of a position, the Administrator can withhold the net asset value if it is unsatisfied with the valuation. BlueMountain maintains policies and procedures relating to the pricing process.

Except to the extent that better performance increases assets under management and thus the amount of the management fee, management fees are payable without regard to the overall success or income earned by Advisory Clients and therefore may create an incentive on the part of BlueMountain to raise or

otherwise increase assets under management to a higher level than would be the case if BlueMountain were receiving a lower or no management fee.

Other fees payable by investors in Advisory Clients are described below.

Advisory Client investors and prospective investors in Advisory Clients should refer to the private placement memorandum or other offering documents of the respective Advisory Client for detailed information with respect to the fees associated with such Advisory Client. The information contained herein is a summary only and is qualified in its entirety by such documents.

B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.

BlueMountain (or an affiliate) may deduct fees from Advisory Clients' assets. Management fees are generally paid by Advisory Clients to BlueMountain pursuant to a management agreement between the parties.

Performance compensation typically is deducted from Advisory Client assets and allocated to an affiliate of BlueMountain pursuant to the governing documents of the Advisory Client, or paid directly out of Advisory Client assets to BlueMountain pursuant to a management agreement between the parties.

Management fees are generally paid by Advisory Clients to BlueMountain monthly in arrears or in advance. Performance compensation is generally payable at the end of each year or other pre-defined period as set forth in the governing fund documents, as the case may be, and deducted at such time. Performance compensation is also payable by Advisory Clients to BlueMountain or an affiliate at the time an investor withdraws or redeems, as the case may be, from an Advisory Client.

Management fees and performance compensation may be (and have been) waived or modified in the sole discretion of BlueMountain and/or its affiliates, including for investors who are affiliated with BlueMountain.

Advisory Client investors and prospective investors in Advisory Clients should refer to the private placement memorandum or other offering documents of the respective Advisory Client for detailed information with respect to how fees are paid with respect to their assets. The information contained herein is a summary only and is qualified in its entirety by such documents.

C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.

BlueMountain's fees are exclusive of Advisory Clients' own organizational (which may be amortized over a period of time), operating and other expenses including (without limitation): (i) investment related expenses, (ii) audit expenses, (iii) administration fees, (iv) legal and accounting expenses, (v) research services and data feeds, (vi) insurance and director fees and (vii) costs of certain BlueMountain personnel that perform certain back- and middle-office services for BlueMountain. For those Fund Clients that are part of a master-feeder structure, each feeder fund will indirectly bear the administrative and other expenses of the master fund pro rata based on its interest in the master fund.

Execution of Advisory Client transactions typically requires payment of a bid/ask spread or brokerage commissions by the Advisory Client. Item 12 below describes the factors that BlueMountain considers in selecting or recommending broker/dealers for the execution of transactions and determining the reasonableness of their compensation (e.g., commissions). Investment activity may also involve other

transaction fees payable by Advisory Clients, such as sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, Advisory Clients may incur certain charges imposed by custodians, broker/dealers, third-party investment consultants, and other third parties, such as custodial fees, prime brokerage fees, consulting fees, administrative fees and transfer agency fees.

Advisory Client investors and prospective investors in Advisory Clients should refer to the private placement memorandum or other offering documents of the respective Advisory Client for detailed information with respect to the fees and expenses they may pay in connection with an investment in such Advisory Client. The information contained herein is a summary only and is qualified in its entirety by such documents.

D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

Management fees applicable to certain Advisory Clients are paid monthly in advance as described in the investment management agreement between such Advisory Client and BlueMountain and/or the governing documents of such Advisory Client. With respect to fee refunds, information about how investors in Advisory Clients may withdraw or redeem interests or shares in an Advisory Client is set forth in the respective Advisory Client's governing documents.

E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

- 1. Explain that this practice presents a conflict of interest and gives you or your supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to clients. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.**
- 2. Explain that clients have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.**
- 3. If more than 50% of your revenue from advisory clients results from commissions and other compensation for the sale of investment products you recommend to your clients, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.**
- 4. If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.**

Neither BlueMountain nor its employees receive, directly or indirectly, any compensation from the sale of securities or investments that are purchased or sold for Advisory Client accounts. BlueMountain is compensated through the stated management fee and performance compensation agreed upon in the governing documents of the respective Advisory Client. Accordingly, BlueMountain believes that it does not have any conflicts of interest regarding the receipt of additional compensation relating to Advisory Client assets that BlueMountain manages, except as specifically disclosed from time to time.

Item 6 – Performance-Based Fees and Side-by-Side Management

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

As described in Item 5, BlueMountain or its affiliates receive performance-based compensation for investment management services provided to Advisory Clients. Performance-based compensation represents an asset manager's compensation for managing an account which is based upon a percentage of the net profits of the account being managed. BlueMountain's performance-based compensation arrangements are typically a percentage of net profits allocated to an investor in an Advisory Client on an annual basis or based on an internal rate of return calculation at such times as distributions are made to investors and, in each case, may be subject to a hurdle.

Performance-based compensation creates certain inherent conflicts of interest with respect to BlueMountain's management of assets. Specifically, BlueMountain's entitlement to performance-based compensation in managing one or more accounts may create an incentive for BlueMountain to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation.

BlueMountain does not currently, and does not in the future expect to, manage both accounts that are charged performance-based fees and accounts that are charged only asset-based fees (i.e., fees based simply on the amount of assets under management in an account). Accordingly, BlueMountain does not consider its fee structure in this respect to present any conflicts of interest. As a general matter, since performance-based fees reward an adviser for strong performance in accounts which are subject to such fees, an adviser may have an incentive to favor these accounts over those that have only asset-based fees with respect to areas such as trading opportunities, trade allocation, and allocation of new investment opportunities.

To maintain fair and equitable treatment of all of its Advisory Clients' accounts, BlueMountain has implemented controls to further its efforts to treat all accounts fairly, regardless of their corresponding fee-structure. BlueMountain maintains and adheres to written guidelines on the allocation of investment opportunities titled "Allocation Compliance Procedures." As explained below, BlueMountain believes that the Allocation Compliance Procedures, along with other existing controls, provide an environment that fosters the fair and equitable treatment of all accounts managed by BlueMountain.

Side-by-Side Management

BlueMountain's investment professionals simultaneously manage portfolios for Fund Clients and Institutional Accounts that implement comparable investment strategies (i.e., side-by-side management). The simultaneous management of these different investment products creates certain potential conflicts of interest and the possibility of favorable or preferential treatment of a portfolio or a group of portfolios, as the fees for the management of certain types of products are higher than others. Because side-by-side management raises such issues, and because BlueMountain has an affirmative duty to treat all its Advisory Clients fairly and equitably over time, BlueMountain has instituted controls, including its Allocation Compliance Procedures, in an effort to ensure that it fulfills this duty.

BlueMountain's Allocation Compliance Procedures are written guidelines intended to ensure that investment opportunities are allocated on a fair and equitable basis between Advisory Client accounts. The Allocation Compliance Procedures set forth (i) methods of investment opportunity allocation which vary according to investment strategy, (ii) sales allocation methods which apply to all investment strategies, and (iii) allocation methods which determine how partially-filled orders are divided among Advisory Client accounts. BlueMountain performs a series of tests to ensure that investment opportunities are allocated in conformity with these guidelines. Although BlueMountain has a duty to treat all portfolios within an investment strategy fairly and equitably over time, such portfolios will not necessarily be managed the same at all times. Specifically, there is no requirement that BlueMountain use the same investment practices consistently across all portfolios. In general, investment decisions for each Advisory Client will be made independently from those of other Advisory Clients, and will be made with specific reference to the individual needs and objectives of each Advisory Client. In fact, different Advisory Client guidelines and/or differences within particular investment strategies may lead to the use of different investment practices for portfolios within a similar investment strategy. In addition, BlueMountain will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible portfolios, particularly if different portfolios have materially different amounts of capital under management by BlueMountain or different amounts of investable cash available. As a result, although BlueMountain manages numerous portfolios with comparable investment objectives, or may manage accounts with different objectives that trade in the same securities, the portfolio decisions relating to these accounts, and the performance resulting from such decisions, may differ from portfolio to portfolio.

Item 7 – Types of Clients

Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

Types of Clients

BlueMountain provides investment advisory services to pooled investment vehicles operating as private investment funds and institutional accounts typically operating as single-investor limited partnerships or foreign companies.

Conditions for Managing Accounts

The minimum initial investment amount for investors in Fund Clients is generally at least \$1,000,000, although for the legacy CLOs and the CSOs the minimum was generally between \$250,000 and \$500,000. In general, the minimum investment required for an Institutional Account depends on the type, number, and complexity of the strategies and instruments to be managed in the vehicle and the time horizon of the investment.

These requirements generally can be waived at the discretion of the general partner or the board of directors of the Advisory Client, or their respective delegees, subject to minimum requirements for Fund Clients organized in certain offshore jurisdictions.

Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.

BlueMountain is an asset management firm that follows a comprehensive, multi-strategy approach to investing. Each Advisory Client's investment strategy is set forth in a confidential private placement memorandum or other offering documents of such Advisory Client.

BlueMountain's market opportunities committee is comprised of BlueMountain's chief investment officer and three senior portfolio managers. The market opportunities committee meets formally each week, and informally day-to-day, to discuss overall market themes, portfolio positioning, capital allocation, and investment opportunities across strategies. BlueMountain's investment process generally consists of identifying trading strategies within and across asset classes and markets by combining one or more of the following methods of analysis:

1. Fundamental research by BlueMountain's research team;
2. Quantitative analysis of price relationships across credit market segments and between the credit markets and other markets by the quantitative strategy team;
3. An understanding of the technical dynamics in the various credit markets (by the trading desk and portfolio managers); and
4. Market insights, macro views, judgment, and discretion of the senior portfolio managers.

BlueMountain's analysts undertake in-depth financial analysis of individual names and monitor market developments across the sector. They combine a fundamental, cash flow approach with an understanding of the company's capital structure and specific securities to facilitate absolute and relative value judgments on individual names. Analysts make recommendations on outright long or short positions in particular credits, capital structure trades and opportunities that arise between names. Research specialists provide expertise in particular areas of fundamental research to complement sector and name coverage.

BlueMountain's senior portfolio managers oversee the portfolio management team, the members of which are organized by sub-strategy. The portfolio managers analyze trade ideas, monitor the portfolio, perform risk and scenario analyses, and look for investment opportunities within their strategy. The portfolio management team is ultimately responsible for deciding which investment ideas to implement. The team makes these determinations based on the current exposures in the portfolio, the market environment, the relative attractiveness, risk profile, and liquidity of the new position, and the judgment of its members.

BlueMountain's investment strategies can be broadly grouped into the following categories:

Long/Short Trading: Relative value positions (long and short) between or among different issuers, groups of issuers, sectors, or indices. These positions include cash and derivative instruments.

Capital Structure Trading: Long and short positions in instruments with differing levels of seniority within the capital structure of one issuer. These transactions may include secured loan versus unsecured bond, senior bond versus subordinated bond, etc.

Volatility: Investment in relative-value and directional volatility trades.

Curve Trading: Long and short positions across the term structure curve of single name credits or indices (curve steepeners and flatteners).

Structured Corporate Credit: Positions that generally involve baskets or portfolios of credits pooled together and then tranching into classes with varying priorities and risk/return profiles. The credits underlying these transactions may be derivative or cash instruments and the investments themselves may be in derivative or cash form. Advisory Clients may take long or short positions in these transactions.

ABS/RMBS Instruments: Long and short positions in ABX index tranches, as well as directional trades in individual ABS security tranches.

Index Arbitrage: Positions include index versus constituent trades, as well as index versus index trades where a large degree of overlap between underlying constituent names exists.

Bond Basis: Long and short positions involving cash bonds and credit default swaps of the same issuer.

Distressed: Generally long-biased, but also selective short positions, capital structure arbitrage trades and other defensive strategies with respect to companies in financial distress.

Dividends and Other: Investment in index and single-name dividend swaps (or OTC forwards) and options or other derivatives thereon.

In evaluating securities, the main sources of information used by BlueMountain include, but are not limited to: quantitative data provided by third-party vendors; financial newspapers and magazines; research materials prepared by third parties; corporate rating services; annual reports, prospectuses and filings with the SEC; and company press releases. However, BlueMountain relies on its traders, portfolio managers, research analysts and quantitative strategists for generating and vetting trade ideas. BlueMountain typically generates internally the research that it ultimately relies upon to make investment decisions.

Investors in Advisory Clients should be aware that investing in securities involves risk of loss that investors should be prepared to bear.

B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

All securities investments risk the loss of capital. No guarantee or representation is made that an Advisory Client will achieve its investment objective or that investors will not lose all or substantially all of their investment in the Advisory Client. Purchases of interests in Advisory Clients are suitable only for investors of substantial financial means who can make a long-term investment, can bear the risk of loss of their entire investment in the Advisory Client and have no need for liquidity of their investment.

Each of BlueMountain's strategies has the potential for Advisory Clients' assets to decline in value. The nature of Advisory Client's investments involves certain risks, and the use of investment techniques (such as hedging, leverage and short selling) may carry additional risks. Some of the specific risks to which Advisory Client assets may be susceptible are as follows:

Concentration of Investments

BlueMountain generally seeks to maintain a diversified portfolio of investments. However, Advisory Clients may at certain times hold relatively few investments. Advisory Clients could be subject to significant losses if they hold a large position in a particular investment that declines in value or is otherwise adversely affected.

Volatility

The market value of certain of an Advisory Client's investments may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, among other things, the macro business and economic environment, specific developments or trends within a company or in any particular industry, the market's overall perception of risk, general economic conditions, the condition of certain financial markets, domestic and international economic or political events, prevailing credit spreads, changes in prevailing interest rates and the financial condition of counterparties.

Liquidity of Investments

In some circumstances investments are relatively illiquid, making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, BlueMountain's ability to respond to market movements may be impaired and Advisory Clients may experience adverse price movements upon liquidation of its investments.

Financial Model Risk

Most, if not all, of an Advisory Client's investments and investment strategies require the use of quantitative and qualitative valuation models developed by BlueMountain and third parties. As market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model may become outdated or inaccurate, perhaps without BlueMountain recognizing the change before significant losses are incurred. An Advisory Client's model risk extends to the valuation of its investments, most of which will be made on the basis of internal BlueMountain models in the absence of any readily determinable market value. The valuations so determined may differ materially from values that are actually realized.

Currency Exposure

Interests in Advisory Clients are issued and withdrawn in U.S. Dollars. The assets of Advisory Clients may, however, be invested in securities and other investments which are denominated in currencies other than U.S. Dollars. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. BlueMountain usually seeks to hedge the foreign currency exposure of Advisory Clients. However, Advisory Clients are necessarily subject to foreign exchange risks. In addition, prospective investors in Advisory Clients whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. Dollar and other currencies.

Possible Positive Correlation

One of the goals in incorporating non-traditional investment strategies such as those to be utilized by Advisory Clients into a portfolio or series of portfolios is to provide a potentially valuable element of diversification. However, there can be no assurance, particularly during periods of market disruption and stress, when the risk control benefits of diversification may be most important, that an Advisory Client will, in fact, be negatively- or non-correlated with a traditional portfolio of stocks or bonds.

Short Selling

BlueMountain may engage in short selling. Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. Additionally, there can be no assurance that securities necessary to cover a short position will be available for purchase.

Leverage

Advisory Clients employ leverage for the purpose of making investments and to hedge their exposure to market and credit risk. The use of leverage creates special risks and may significantly increase the Advisory Client's investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, increases the Advisory Client's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the value of interests in the Advisory Client to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the value of the interests in the Advisory Client may decrease more rapidly than would otherwise be the case.

Spread Trading Risks

A part of an Advisory Client's trading operations may involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. In addition, such positions entail substantial risk that the price differential could change unfavorably, causing a loss to the spread position. In periods of trendless, stagnant markets and/or deflation, many alternative investment strategies have materially diminished prospects for profitability.

Arbitrage Transaction Risks

Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. BlueMountain may employ these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent an Advisory Client is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads," which can also be identified, reduced or eliminated by other market participants.

Hedging Transactions

The success of an Advisory Client's hedging strategy is subject to BlueMountain's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of an Advisory Client's hedging strategy is also subject to BlueMountain's ability to recalculate, readjust, and execute hedges continually and in an efficient and timely manner.

While an Advisory Client may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Advisory Client than if it had not engaged in any such hedging transactions. For a variety of reasons, BlueMountain may not seek to establish a perfect correlation between such hedging instruments and the risks being hedged. Such imperfect correlation may prevent the Advisory Client from achieving the intended hedge or expose the Advisory Client to risk of loss. In addition, BlueMountain may not hedge a risk inherent in the Advisory Client because a hedge may not be available or is too costly in light of the likelihood of the possible risk actually occurring, or because the risk simply was not anticipated.

Counterparty Risk

An Advisory Client is subject to the risk of the inability of any counterparty (including prime brokers) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

*Advisory Client investors and prospective investors in Advisory Clients are provided with a confidential private placement memorandum or other offering documents of the respective Advisory Client that provide a detailed description of the material risks related to an investment in the Advisory Client. Such investors are advised to review carefully **all** risk factors set forth in such documents.*

C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

Fixed Income Obligations

An Advisory Client's investments in fixed income obligations are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Changes in interest rates may cause a decline in the market value of an investment. With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Bonds and other fixed income securities generally involve less market risk than stocks. However, the risk of bonds can vary significantly depending upon factors such as the issuer and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. The bonds of some companies may be riskier than the stocks of others.

Foreign Securities

Advisory Clients may invest in securities and other instruments of foreign corporations and foreign countries. Investing in such securities involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. government, including, among other things: political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; imposition of withholdings and other taxes; and certain government policies that may restrict the Advisory Client's investment opportunities. In addition, accounting and financial reporting standards that prevail in many foreign countries are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in many foreign countries than in the U.S.

Asset-Backed Securities

Advisory Clients may invest in asset-backed securities including, but not limited to, interests in pools of receivables. These securities may be in the form of pass-through instruments or asset-backed obligations. The securities, many of which are issued by non-governmental entities and carry no direct or indirect government guarantee, present certain risks primarily because these securities may not have the benefit of a security interest in the related collateral.

Convertible Securities

An Advisory Client may invest in convertible securities. Convertible securities provide higher yields than the underlying equity securities, but generally offer lower yields than non-convertible securities of similar quality. The value of convertible securities fluctuates, as do bonds, in relation to changes in interest rates and, in addition, fluctuates in relation to the underlying common stock.

Derivatives

An Advisory Client may invest in derivative financial instruments. Derivative financial instruments include futures, options, interest rate swaps, forward currency contracts and credit derivatives such as credit default swaps. In addition, Advisory Clients may from time to time utilize both exchange-traded and over-the-counter futures, options and contracts for differences, as part of its investment strategy and for hedging purposes, as well as other derivatives. Regulatory restraints may restrict the instruments that an Advisory Client may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

The trading of over-the-counter derivatives subjects an Advisory Client to a variety of risks including: (i) counterparty risk, (ii) basis risk, (iii) interest rate risk, (iv) settlement risk, (v) legal risk, and (vi) operational risk. Counterparty risk is the risk that one of an Advisory Client's counterparties might default on its obligation to pay or perform generally on its obligations. Basis risk is the risk that the normal relationship between two prices might move in opposite directions. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm's management information, support and control systems and procedures. Transactions in over-the-counter derivatives may involve other risks as well, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

Options

An Advisory Client may engage in the trading of options. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

Debt Securities

An Advisory Client may invest in unrated or low grade debt securities which are subject to greater risk of loss of principal and interest than higher-rated debt securities. An Advisory Client may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. An Advisory Client may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Lower or unrated securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. Investors should be aware that ratings are relative and subjective and are not absolute standards of quality. Subsequent to its purchase by an Advisory Client, an issue of securities may cease to be rated or its rating may be reduced. Neither event will require sale of such securities by an Advisory Client, although BlueMountain will consider such event in its determination of whether an Advisory Client should continue to hold the securities. The market value of securities in lower-rated

categories is more volatile than that of higher quality securities. In addition, an Advisory Client may have difficulty disposing of certain of these securities because there may be a thin trading market. The lack of a liquid secondary market for certain securities may have an adverse impact on an Advisory Client's ability to dispose of such securities and may make it more difficult for an Advisory Client to obtain accurate market quotations for purposes of valuing the Advisory Client and calculating its net asset value.

Loan Participations and Assignments

Advisory Clients may invest in fixed- and floating-rate loans, which investments generally are in the form of loan participations and assignments of portions of such loans. Participations and assignments involve credit risk, interest rate risk, liquidity risk, and the risks of being a lender. Participations in commercial loans may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks, other financial institutions, or lending syndicates. Advisory Clients may invest in funded term loans through participations and assignments. When purchasing loan participations, an Advisory Client assumes the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary, and may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower. The participation interests in which an Advisory Client invests may not be rated by any nationally recognized rating service.

Investments in loans through a direct assignment of a financial institution's interests with respect to the loan may involve additional risks to an Advisory Client. For example, if a loan is foreclosed, an Advisory Client could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that, under emerging legal theories of lender liability, an Advisory Client could be held liable as a co-lender. It is unclear whether loans and other forms of direct indebtedness offer securities laws protections against fraud and misrepresentation. In the absence of definitive regulatory guidance, an Advisory Client relies on BlueMountain's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect the Advisory Client.

*Advisory Client investors and prospective investors in Advisory Clients are provided with a confidential private placement memorandum or other offering documents of the respective Advisory Client that provide a detailed description of the material risks related to an investment in the Advisory Client. Such investors are advised to review carefully **all** risk factors set forth in such documents.*

Item 9 – Disciplinary Information

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

BlueMountain is obligated to disclose legal or disciplinary events that would be material to a client's or prospective client's evaluation of BlueMountain's advisory business or the integrity of its management. BlueMountain does not have any such legal or disciplinary events to report.

Item 10 – Other Financial Industry Activities and Affiliations

A. If you or any of your *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Neither BlueMountain nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. If you or any of your *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

Neither BlueMountain nor any of its management persons are registered, or currently have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

C. Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

With respect to Item 10.C.2, affiliates of BlueMountain serve as general partner of Fund Clients organized as limited partnerships. With respect to Fund Clients organized as foreign companies, in some cases a majority of the board of directors of such companies are BlueMountain personnel. Institutional Accounts are generally organized as single-investor limited partnerships with an affiliate of BlueMountain serving as the general partner of the Institutional Account, or as foreign companies with a majority of the board of directors of such company being BlueMountain personnel.

BlueMountain’s affiliates, principals and employees may from time to time purchase interests in certain Fund Clients, and investments by such parties generally are not subject to the management fees or performance-based fees described in Item 5, above. The offering memorandum of each Fund Client that is provided to each potential investor discloses this fact. In a certain limited number of cases, an Advisory Client may hold an interest in another Advisory Client other than in the context of a master feeder relationship. In the case of an Advisory Client (the “Investing Fund”) investing in another Advisory Client (the “Investee Fund”), the Investing Fund would not be subject to the management fees and performance-based fees described in Item 5, above, with respect to such fees normally charged by the Investee Fund to its investors.

With respect to Item 10.C.3, BlueMountain's wholly-owned subsidiary, Blue Mountain Capital Partners (London) LLP ("BlueMountain London"), serves as adviser to BlueMountain with respect to issuers based in Europe. BlueMountain has a sub-advisory agreement with BlueMountain London, pursuant to which BlueMountain London provides investment advisory services, trade execution, and general infrastructure support to BlueMountain and is compensated by BlueMountain for its services. BlueMountain London is registered with the Financial Services Authority. BlueMountain London has not separately registered as an investment adviser under the Advisers Act because it is under the control of BlueMountain and is identified as a relying advisor in BlueMountain's Form ADV Part 1. BlueMountain does not consider its relationship with BlueMountain London to create a material conflict of interest with Advisory Clients.

Affiliated Managers Group, Inc. ("AMG"), a publicly traded asset management company (NYSE: AMG) with equity investments in boutique investment management firms, holds an equity interest in BlueMountain. AMG also holds equity interests in certain other investment advisers ("AMG Affiliates"). Each of the AMG Affiliates, including BlueMountain, is operated autonomously and independently, and except as described in this Brochure, BlueMountain does not have any business dealings with other AMG Affiliates and does not conduct any joint operations with them. Moreover, the AMG Affiliates do not formulate advice for BlueMountain's Advisory Clients. As such, AMG's ownership interest in BlueMountain does not, in BlueMountain's view, present any potential conflict of interest for BlueMountain with respect to BlueMountain's Advisory Clients. More information regarding AMG, including its public filings and a list of all AMG Affiliates, is available at [REDACTED]

The following entities are Advisory Clients or affiliates of BlueMountain as of December 31, 2011:

Entity	General Partner/Managing Member
Blue Mountain Credit Alternatives Fund [REDACTED]	Blue Mountain Credit GP, LLC
Blue Mountain Credit Alternatives Fund Ltd.	n/a
Blue Mountain Credit Alternatives Master Fund [REDACTED]	Blue Mountain CA Master Fund GP, Ltd.
BlueMountain Equity Alternatives Fund [REDACTED]	BlueMountain Equity GP, LLC
BlueMountain Equity Alternatives Fund Ltd.	n/a
BlueMountain Equity Alternatives Master Fund [REDACTED]	BlueMountain Equity GP, LLC
BlueMountain Long/Short Credit Fund [REDACTED]	BlueMountain Long/Short Credit GP, LLC
BlueMountain Long/Short Credit Fund Ltd.	n/a
BlueMountain Long/Short Credit Master Fund [REDACTED]	BlueMountain Long/Short Credit GP, LLC
BlueMountain Distressed Fund [REDACTED]	BlueMountain Distressed GP, LLC
BlueMountain Distressed Fund Ltd.	n/a
BlueMountain Distressed Master Fund [REDACTED]	BlueMountain Distressed GP, LLC
BlueMountain-GRF Fund Ltd.	n/a
BlueMountain-GRF Master Fund [REDACTED]	BlueMountain-GRF GP, LLC

BlueHorizon Fund I Ltd.	n/a
BlueHorizon Fund I, LLC	BlueMountain GP Holdings, LLC
BlueHorizon Fund I (Onshore) Repackaging Ltd.	n/a
BlueHorizon Fund I (Offshore) Repackaging Ltd.	n/a
BlueHorizon Fund II Ltd.	n/a
BlueHorizon Fund II, LLC	BlueHorizon Fund II GP, LLC
BlueMountain Timberline Ltd.	n/a
BlueMountain Long/Short Equity Fund [REDACTED]	BlueMountain Long/Short Equity GP, LLC
BlueMountain Long/Short Equity Master Fund [REDACTED]	BlueMountain Long/Short Equity GP, LLC
BlueMountain Strategic Credit Fund Ltd.	n/a
BlueMountain Strategic Credit Master Fund [REDACTED]	BlueMountain Strategic Credit GP, LLC
Humphreys Peak, LLC	BlueMountain Capital Management, LLC
BlueMountain CLO Ltd.	n/a
BlueMountain CLO II Ltd.	n/a
BlueMountain CLO III Ltd.	n/a
BlueMountain CLO 2011-1 Ltd.	n/a
TIERS BlueSierra CSO Portfolio Credit Linked Trust, Series 2007-35	n/a
TIERS BlueSierra CSO Portfolio Credit Linked Trust, Series 2007-36	n/a
TIERS BlueSierra CSO Portfolio Credit Linked Trust, Series 2007-38	n/a

With respect to Item 10.C.11, BlueMountain and its related persons have established a number of limited partnerships and companies suitable for investment by sophisticated individuals and entities meeting certain eligibility requirements.

D. If you recommend or select other investment advisers for your *clients* and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

Not applicable.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.

BlueMountain has established a variety of restrictions, procedures and disclosures designed to address potential conflicts of interest arising between and among Advisory Client accounts as well as between Advisory Client accounts and BlueMountain and its personnel.

BlueMountain strives to adhere to the highest industry standards of integrity, professionalism and trust. To this end, BlueMountain has adopted a Code of Ethics (the “Code”) that generally requires BlueMountain employees to comply with all applicable federal securities laws, place the interests of clients first, avoid conflicts of interest, not take inappropriate advantage of the employee’s position, adhere to certain restrictions with respect to the receipt and giving of gifts and safeguard confidential information. Each employee is required to report to BlueMountain’s Chief Compliance Officer or Chief Executive Officer any known or suspected violations of the Code or law.

Each newly hired employee receives a copy of the Code and is required to certify that he or she has read and understands it. Training is provided for employees with respect to the Code and their duties under it. On an annual basis, each BlueMountain employee must certify that he or she has read and understands the Code, has complied with its provisions and has disclosed, pre-cleared and arranged for the reporting of all transactions in securities consistent with the requirements of the Code.

Personal Trading

The Code also places restrictions on the personal trading of employees, including the requirement that employees arrange to have duplicates of certain brokerage statements or a quarterly holdings report provided to BlueMountain. BlueMountain’s Chief Compliance Officer or his designee reviews a sample of personal transaction and holdings reports to ensure that such transactions are being conducted in a manner consistent with the Code. Except with respect to certain exempted transactions, no BlueMountain employee may purchase or sell any security without first obtaining pre-clearance from BlueMountain’s Chief Compliance Officer or his designee. Each principal and employee may submit no more than six pre-clearance requests per calendar month; once an employee or principal has submitted six pre-clearance requests, typically no further requests will be entertained from that individual until the following calendar month. All pre-clearance requests are reviewed by the personal account trade approval panel (the “PA Approval Panel”) typically during the week prior to the requested trades. The PA Approval Panel reviews the requests, and any approved request is subject to certain restrictions on the timing of execution. In addition, BlueMountain enforces a 30-day holding period for personal securities transactions.

BlueMountain monitors adherence to the personal trading policy by regularly conducting random checks on employee trading accounts. BlueMountain cross-checks the personal account statements with the approved trades list to ensure that all executed trades in single names were pre-approved.

Insider Trading/Material Non-Public Information; Privacy

BlueMountain maintains an Insider Trading Policy that includes policies and procedures prohibiting the use of material non-public information that are designed to prevent the misuse of material, nonpublic information by BlueMountain and its officers, directors and employees. In accordance with these policies, to prevent trading of public securities based on material, non-public information, BlueMountain maintains, regularly updates and makes available on its intranet site a “restricted” securities list of

companies about which non-compliance employees have, or are expected to have, material, non-public information.

BlueMountain has a separate privacy policy designed to protect the security, confidentiality, and integrity of non-public, personal information of its clients.

Political Contributions

The Code includes a preclearance requirement for all political contributions.

BlueMountain will provide a complete copy of the Code to any investor in or prospective investor in an Advisory Client upon request. Such requests may be addressed to Paul Friedman, Chief Compliance Officer, at 212-905-3900 and/or [REDACTED].

B. If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Examples: (1) You or a *related person*, as principal, buys securities from (or sells securities to) your *clients*; (2) you or a *related person* acts as general partner in a partnership in which you solicit *client* investments; or (3) you or a *related person* acts as an investment adviser to an investment company that you recommend to *clients*.

As described above in Item 10, BlueMountain serves as the investment manager to its Advisory Clients, and a related person of BlueMountain serves, directly or through a wholly owned subsidiary, as general partner of Advisory Clients organized as limited partnerships. With respect to each Advisory Client organized as a foreign company, BlueMountain personnel typically serve on the board of directors of such company.

BlueMountain may from time to time recommend that certain of its Advisory Clients invest a portion of their investable assets in other Advisory Clients, typically in connection with a master-feeder fund structure. Such arrangements are described in the offering memoranda or other governing documents of Advisory Clients. BlueMountain and its related persons also recommend interests in Advisory Clients to prospective investors.

From time to time, BlueMountain may cause an Advisory Client to buy or sell securities directly from or to another Advisory Client. With respect to any such transaction (i) the transaction must be effected at a price that is fair to clients on both sides of the trade, (ii) neither BlueMountain nor any of its affiliates may receive any compensation for effecting the trade and (iii) the trade must be in the best interests of both Advisory Clients.

BlueMountain's principals, employees or other related persons may from time to time purchase interests in one or more Fund Clients and such investments generally are not subject to the management fees or performance-based fees described above in Item 5. The offering memorandum of the applicable Fund Client provided to each potential investor discloses this fact.

BlueMountain generally does not engage in principal transactions (i.e., transactions where an adviser, acting as principal for its own account or that of an affiliate deemed proprietary to BlueMountain, buys from or sells any security to a client's account). However, under certain circumstances, a cross trade with a fund in which BlueMountain and/or its controlling persons hold in excess of 25% of the interests may be deemed to be a principal transaction under Section 206(3) of the Advisers Act. On a case by case basis, the Chief Compliance Officer may approve such deemed principal transactions in compliance with

Section 206(3) of the Advisers Act. It is BlueMountain's policy that it will not effect any agency cross transactions for client accounts.

The fact that BlueMountain's related persons, in their capacities as general partners of certain Advisory Clients, and BlueMountain's principals, employees and other related persons have financial ownership interests in Advisory Clients creates a potential conflict in that it could cause BlueMountain to make different investment decisions than it would if such parties did not have such financial ownership interests. BlueMountain may have an incentive to favor accounts in which such persons have an interest with respect to trading opportunities, trade allocation and allocation of investment opportunities.

BlueMountain has adopted rules intended to detect and prevent conflicts of interest that arise when BlueMountain's related persons own, buy or sell securities. The Code requires BlueMountain employees to place the interests of clients first, and on an annual basis each BlueMountain employee must certify that he or she has read and understands the Code and has complied with its provisions. Each principal and employee of BlueMountain is required to adhere to BlueMountain's personal trading rules. These rules require, except with respect to certain exempted transactions, that BlueMountain's principals and employees obtain prior written consent from BlueMountain's Chief Compliance Officer or his designee before effecting any securities transaction for their own accounts, irrespective of whether the principal or employee is on notice that the security in question is the subject of a recommendation to an Advisory Client. Each principal and employee may submit no more than six pre-clearance requests per calendar month; once an employee or principal has submitted six pre-clearance requests, typically no further requests will be entertained from that individual until the following calendar month. Principals and employees must furnish to BlueMountain's Chief Compliance Officer or his designee duplicate copies of their brokerage statements or a quarterly holdings report. The Chief Compliance Officer must make available duplicate copies of his brokerage statements or a quarterly holdings report for review by BlueMountain's Chief Executive Officer or members of BlueMountain's compliance staff. BlueMountain's personal securities transaction pre-clearance and reporting requirements are described in Item 11.A.

Additional conflicts are present in connection with the receipt by BlueMountain or an affiliate of management and performance-based fees. Except inasmuch as performance affects asset size and thus the amount of the management fee, management fees are payable without regard to the overall success or income earned by Advisory Clients and therefore may create an incentive on the part of BlueMountain to raise or otherwise increase assets under management to a higher level than would be the case if BlueMountain were receiving a lower or no management fee. Performance-based fees also create certain inherent conflicts of interest with respect to BlueMountain's management of assets. Specifically, BlueMountain's entitlement to a performance-based fee in managing one or more accounts may create an incentive for it to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation.

C. If you or a *related person* invests in the same securities (or related securities, *e.g.*, warrants, options or futures) that you or a *related person* recommends to *clients*, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

BlueMountain's employees are permitted to make securities transactions in their personal accounts, subject to certain limitations (including those discussed above in Item 11.A). This presents potential conflicts in that an employee could make improper use of information regarding an Advisory Client's holdings or future transactions or research paid for by the Advisory Clients. BlueMountain manages the potential conflicts of interest inherent in employee trading by strict enforcement of the Code, which includes pre-clearance and reporting requirements as described above in Item 11.A.

D. If you or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Please refer to Items 11.A, 11.B and 11.C.

Item 12 – Brokerage Practices

A. Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.

a. Explain that when you use *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.

b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your *clients’* interest in receiving most favorable execution.

c. If you may cause *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

d. Disclose whether you use soft dollar benefits to service all of your *clients’* accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.

e. Describe the types of products and services you or any of your *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within your last fiscal year.

f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.

BlueMountain has authority for selecting the broker-dealer used in each transaction for Advisory Clients and for negotiating the fees to be paid to the broker-dealer in connection with such transactions. In choosing brokers and dealers, BlueMountain is not required to consider any particular criteria. For the most part, BlueMountain seeks the best combination of brokerage expenses and execution quality but, as discussed below, BlueMountain is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. In evaluating “execution quality”, historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions is a principal factor, but other factors are also relevant, including: the execution, clearance, and settlement and error correction capabilities of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker’s or dealer’s willingness to commit capital; reliability, responsiveness and financial stability of the broker dealer; the size of the transaction; availability of securities to borrow for short sales; and the market for the security. In addition to execution quality, BlueMountain may consider whether a broker or dealer may provide access to management of companies in which BlueMountain has invested or is considering investing on behalf of its clients, though such considerations are not typically a part of BlueMountain’s selection process. Advisory Clients may pay commissions to such firms in an amount greater than the amount another firm might charge.

In addition to execution quality and access to management, BlueMountain may consider the value of various research products or services, beyond execution, that a broker-dealer provides to Advisory Clients

or BlueMountain. Selecting a broker-dealer in recognition of such other services or products is known as paying for those services or products with “soft dollars.” Because such research products or services could benefit BlueMountain or its affiliates, BlueMountain may have a conflict of interest in allocating Advisory Client brokerage business. BlueMountain currently maintains no formalized “soft dollar” arrangements with broker-dealers but may do so in the future. With respect to any research products or services BlueMountain may receive from broker-dealers, and in the event that BlueMountain enters into any formalized “soft dollar” arrangements, BlueMountain intends to keep the use of “soft dollars” within the parameters of Section 28(e) of the Securities Exchange Act of 1934.

On a quarterly basis, BlueMountain’s Chief Compliance Officer or his designee reviews the quality of BlueMountain’s execution and the effectiveness of its order execution arrangements and execution policy.

From time to time trade errors may occur with respect to transactions made on behalf of Advisory Clients. BlueMountain generally bears the cost of correcting trade errors.

2. Brokerage for *Client* Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a *related person* receives *client* referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving *client* referrals, rather than on your *clients’* interest in receiving most favorable execution.

b. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for *client* referrals.

In selecting broker-dealers and negotiating the fees to be paid to them, BlueMountain takes into consideration the factors described in Item 12.A.1 above. BlueMountain does not consider, in selecting or recommending broker-dealers, whether BlueMountain or its related persons receive client referrals from a broker-dealer or third party.

As part of its broker selection analysis, BlueMountain considers a broker-dealer’s ability to provide BlueMountain with the opportunity to participate in capital introduction events sponsored by the broker-dealer and to refer investors to Fund Clients. BlueMountain does not, however, select broker-dealers solely, or even largely, based upon such factors and does not direct Advisory Client transactions to a particular broker-dealer in return for referrals. BlueMountain recognizes that it may have an incentive to favor broker-dealers that provide capital introduction services to BlueMountain or refer investors to Fund Clients. BlueMountain receives asset-based fees and accordingly would receive a financial benefit from the increase in assets under management that results from capital introduction services and investor referrals. Similarly, BlueMountain receives a performance-based fee and accordingly could receive a larger performance-based fee in any given profit period as a result of an increase in assets under management that results from capital introduction services and investor referrals. The potential for higher fees presents a potential conflict in that BlueMountain has an incentive to favor broker-dealers that provide services that have a direct impact on fees even if those broker-dealers rate unfavorably in other categories that are part of BlueMountain’s broker selection analysis. BlueMountain addresses this potential conflict through its broker selection review process, which requires that key BlueMountain individuals look at a broker-dealer’s performance in a wide variety of categories. Such reviews allow BlueMountain to determine when broker-dealers that outperform in capital introduction and investor referrals underperform in other areas. In such situations, BlueMountain may provide heightened scrutiny to a relationship with a broker-dealer.

3. Directed Brokerage.

a. If you routinely recommend, request or require that a *client* direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their *clients* to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of *client* transactions, and that this practice may cost *clients* more money.

b. If you permit a *client* to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of *client* transactions. Explain that directing brokerage may cost *clients* more money. For example, in a directed brokerage account, the *client* may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the *client* may receive less favorable prices.

BlueMountain does not have any directed brokerage arrangements.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various *client* accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to *clients* of not aggregating.

BlueMountain may but is under no obligation to combine orders on behalf of Advisory Clients with orders for other accounts for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, BlueMountain allocates the securities or proceeds arising out of those transactions (and the related transaction expenses) in accordance with its Allocation Compliance Procedures. The Allocation Compliance Procedures are intended to ensure fair and equitable treatment of all Advisory Clients.

BlueMountain will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the terms of the investment guidelines and restrictions for each Advisory Client for which trades are being aggregated. BlueMountain will not receive any additional compensation or remuneration of any kind as a result of the proposed aggregation. While BlueMountain believes combining orders in this way is, over time, advantageous to all participants, in particular cases the average price could be less advantageous to one Advisory Client than if such Advisory Client had been the only account effecting the transaction or had completed its transaction before the other participants.

Some of BlueMountain's Advisory Clients may use comparable strategies or make the same investment decisions based on a different strategy. In the event a determination is made that two or more Advisory Clients should purchase or sell the same securities at the same time, the securities will generally be allocated pro rata (to the extent feasible) in a manner believed to be equitable to each. Typically, this involves allocating a trade pro-rata between Advisory Clients based on the amount of capital allocated to the specific strategies in the different Advisory Clients. Circumstances may occur, however, in which an allocation could have adverse effects on such Advisory Clients with respect to the price or size of securities positions obtainable or salable.

On a periodic basis, BlueMountain's portfolio managers monitor the proportional amounts allocated to all Advisory Clients to determine whether such allocations are fair and equitable over time. Please see Item 6 for additional information regarding BlueMountain's policy with respect to allocation of investment opportunities.

Item 13 – Review of Accounts

A. Indicate whether you periodically review *client* accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the *supervised persons* who conduct the review.

A Senior Portfolio Manager of BlueMountain generally reviews the portfolios of each Advisory Client each business day to determine if they are consistent with applicable investment objectives and restrictions. The Portfolio Managers will also consider whether the portfolio should change investments based on various factors, including but not limited to, changes in company fundamentals, advisers, key industry personnel, analysts, news and press releases, general market conditions and assessment of the financial consequences of world events derived from general information or such other material as is appropriate under the particular circumstances.

B. If you review *client* accounts on other than a periodic basis, describe the factors that trigger a review.

Please see Item 13.A.

C. Describe the content and indicate the frequency of regular reports you provide to *clients* regarding their accounts. State whether these reports are written.

Shareholders and limited partners of Fund Clients generally receive unaudited monthly or quarterly written reports describing the performance of such Fund Clients and annual reports containing audited financial statements and other indicia of performance. The content and frequency of written reports received by Institutional Accounts is as mutually agreed by such Institutional Account and BlueMountain.

Advisory Client investors and prospective investors in Advisory Clients should refer to the private placement memorandum or other offering documents of the respective Advisory Client for detailed information with respect to the reports they will receive in connection with an investment in such Advisory Client. The information contained herein is a summary only and is qualified in its entirety by such documents.

Item 14 – Client Referrals and other Compensation

A. If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

BlueMountain does not receive any monetary compensation or any other economic benefit from a non-client for BlueMountain's provision of investment advisory services to a client.

B. If you or a *related person* directly or indirectly compensates any *person* who is not your supervised person for client referrals, describe the arrangement and the compensation.

From time to time BlueMountain enters into arrangements with third party marketers whereby BlueMountain compensates third parties who introduce Fund Client investors to BlueMountain. Such compensation typically takes the form of a percentage of the management fees, performance fees and performance allocations received by BlueMountain (or affiliates of BlueMountain acting as general partner or managing members of certain Fund Clients) from such investors. The fees paid to such marketers are paid by BlueMountain and are not borne by Fund Clients. The terms that third party marketer-sourced investors receive are similar to the standard terms that internally-sourced investors receive (e.g., no preferential access to closed products, no lower account minimums, no reduced fees, etc.). Such arrangements are conducted in manner that is consistent with Rule 206(4)-3 under the Advisers Act and relevant SEC guidance.

Item 15 – Custody

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

BlueMountain and its related persons serving as general partners to, or managing members of, Advisory Clients are deemed, under federal securities laws, to have custody of the assets of most of the Advisory Clients by virtue of their status as investment manager, general partner or managing member, respectively. BlueMountain and such related persons do not have actual physical custody of any Advisory Client assets; rather, all such assets are held in the name of each applicable Advisory Client by an independent qualified custodian. Such Advisory Clients are typically audited annually, and investors receive annual financial statements, as required by applicable law. The CLOs and CSOs, which are trusts, present an exception to this presumption of custody for purposes of federal securities laws because their assets are held in the custody of their respective trustees.

In accordance with standard business practices, BlueMountain's Advisory Clients are required from time to time, by their respective trading counterparties, to post collateral in connection with various trading positions between an Advisory Client and a trading counterparty. As a result of the Advisory Client posting collateral to the trading counterparty (and for as long as the trading counterparty holds such collateral), the counterparty is deemed to have custody of the Advisory Client's assets. As of December 31, 2011, the following trading counterparties were deemed to be qualified custodians having custody of Advisory Client assets: Bank of America, Barclays Bank, BNP Paribas, Citibank, Commerzbank, Credit Agricole, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC Bank, JP Morgan, Macquarie Bank, Merrill Lynch, Morgan Stanley, Nomura, Royal Bank of Canada, Societe Generale, Royal Bank of Scotland and UBS.

In addition to the trading counterparties that are deemed to have custody of Advisory Client assets by reason of their holding of any amount of collateral posted by the Advisory Client in connection with trading activity, BlueMountain maintains formal custodial relationships with the following qualified custodians: BNY Mellon, JP Morgan, BNP Paribas, Deutsche Bank and UBS, except as otherwise noted in Advisory Client offering documents. BlueMountain reviews Advisory Client custodial arrangements from time to time and may appoint additional or substitute custodians.

Item 16 – Investment Discretion

If you accept *discretionary authority* to manage securities accounts on behalf of *clients*, disclose this fact and describe any limitations *clients* may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

BlueMountain generally provides investment management and supervisory services on a discretionary basis on behalf of its Advisory Clients. As described in Item 4.C, the advisory services provided by BlueMountain are tailored to the investment objectives, investment strategy and investment restrictions, if any, as set forth in the governing documents of Advisory Clients and/or the investment management agreement entered into by BlueMountain with such clients. With respect to Fund Clients, BlueMountain does not tailor its advisory services to the individual needs of investors in the Fund Client and does not accept investment restrictions imposed by such Fund Client investors. With respect to Institutional Accounts, the terms of such relationship, including any investment restrictions, are individually negotiated.

Advisory Client investors typically execute a subscription agreement and governing documents of the Advisory Client in connection with their investment in the Fund Client that each contain a power of attorney that generally grants an affiliate of BlueMountain certain powers related to the orderly administration of the affairs of the Fund Client.

Please see Item 4 for additional information regarding BlueMountain's advisory services.

Item 17 – Voting Client Securities

A. If you have, or will accept, authority to vote *client* securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your *clients* can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities. Describe how *clients* may obtain information from you about how you voted their securities. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.

From time to time, an issuer of an equity security that is owned by an Advisory Client will conduct a proxy solicitation of its shareholders to vote on various matters. BlueMountain has adopted policies and procedures for voting proxies received by Advisory Clients. As a general rule, the investment management agreements between BlueMountain and its advised clients delegate the power to vote such proxies to BlueMountain, although certain Advisory Clients, such as Institutional Accounts, may retain proxy voting rights or issue guidelines with respect to the voting of such proxies by BlueMountain. Investors in Fund Clients do not have the ability to direct proxy votes.

Unless the power to vote proxies for an Advisory Client is reserved to that client, BlueMountain's Chief Executive Officer or his designee is responsible for voting proxies. BlueMountain has engaged Broadridge Financial Solutions Inc. (the "Proxy Agent") to facilitate the voting of proxies through its ProxyEdge electronic voting platform. BlueMountain's proxy voting procedures require that the Proxy Agent vote proxies related to securities held by an Advisory Client in a manner in the best interest of such Advisory Client. As such, proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management and increase shareholder value. These goals are typically met through BlueMountain's general mandate to the Proxy Agent to cast proxy votes in favor of management proposals, unless after careful evaluation of the issue presented on the ballot BlueMountain directs the Proxy Agent to vote against such a proposal. Prior to voting, the Proxy Agent verifies that it has the authority to vote, and if so, will determine with BlueMountain whether it is subject to guidelines issued by the Advisory Client.

If the Chief Executive Officer or the Proxy Agent determines that a material conflict may exist between an Advisory Client's interests and BlueMountain's interest or between two or more Advisory Client's interests, the Chief Executive Officer is required to inform the Chief Compliance Officer of such material conflict and the Chief Compliance Officer then determines the appropriate course of action.

Information regarding how Advisory Clients' proxies have been voted in the past and a copy of BlueMountain's Proxy Voting Policies and Procedures will be provided by BlueMountain to its clients upon request. BlueMountain's compliance team may be contacted at

[REDACTED]

B. If you do not have authority to vote *client* securities, disclose this fact. Explain whether *clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) *clients* can contact you with questions about a particular solicitation.

As a general rule, the investment management agreements between BlueMountain and its advised clients delegate the power to vote such proxies to BlueMountain, although certain Advisory Clients, such as Institutional Accounts, may retain proxy voting rights or issue guidelines with respect to the voting of such proxies by BlueMountain.

Item 18 – Financial Information

A. If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.

1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.

2. Show parenthetically the market or fair value of securities included at cost.

3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

Not applicable.

B. If you have *discretionary authority* or *custody* of *client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.

BlueMountain is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Advisory Clients.

C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

BlueMountain has not been the subject of a bankruptcy petition at any time during the past ten years (*i.e.*, has not been the subject of a bankruptcy petition at any time since inception).



Andrew T. Feldstein
BlueMountain Capital Management, LLC
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March 2012

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Educational Background and Business Experience

Name: Andrew T. Feldstein

Year of Birth: 1964

Education: JD, Harvard Law School (1991) and BA in Economics, Georgetown University (1986).

Business Background: BlueMountain Capital Management, LLC, Chief Executive Officer and Chief Investment Officer (7/03 – present). [REDACTED] Morgan, Managing Director, Head of Structured Credit Products, Global Portfolio Management, Structured Finance and High Yield Bond, Loan and Derivative Sales, Trading and Research (2/93 – 7/03).

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no outside business activities to report.

Additional Compensation

There is no additional compensation to report.

Supervision

BlueMountain's Risk Committee regularly reviews investment fund client risk metrics and reports to monitor applicable risk control thresholds. All employees, including Mr. Feldstein, are subject to BlueMountain's compliance policies and must acknowledge receipt and understanding of and compliance with BlueMountain's Compliance and Written Supervisory Procedures Manual and Code of Ethics. Paul Friedman, BlueMountain's Chief Compliance Officer (tel: 212.905.3900), monitors employee adherence to the firm's compliance program. Supervision of Mr. Feldstein is overseen as described above, as well as by BlueMountain's Executive and Management Committees. Stephen Siderow, a Member of the Executive Committee, can be reached at 212.905.3900.

Job titles in "Educational Background and Business Experience" section do not necessarily indicate that an individual held that title for the duration of his or her tenure with an employer.



Alan Gerstein
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March 2012

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Educational Background and Business Experience

Name: Alan Gerstein

Year of Birth: 1966

Education: MIT Sloan School of Management [REDACTED] (1991); MIT, S.B. in Economics (1988).

Business Background: BlueMountain Capital Management, LLC, Senior Portfolio Manager, Co-Head of Trade Execution (1/04 – present), previously Head of Market Risk. Goldman Sachs & Co., Vice President (1994-1/04), Co-Head Investment Grade Credit Trading, Head of US Agency Bond Trading, Traded US Treasury STRIPS and Agencies, Interest Rate Derivatives Marketing-Hedge Funds.

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no outside business activities to report.

Additional Compensation

There is no additional compensation to report.

Supervision

BlueMountain's Risk Committee regularly reviews investment fund client risk metrics and reports to monitor applicable risk control thresholds. All employees, including Mr. Gerstein, are subject to BlueMountain's compliance policies and must acknowledge receipt and understanding of and compliance with BlueMountain's Compliance and Written Supervisory Procedures Manual and Code of Ethics. Paul Friedman, BlueMountain's Chief Compliance Officer (tel: 212.905.3900), monitors employee adherence to the firm's compliance program. Supervision of Mr. Gerstein is overseen as described above, as well as by Andrew Feldstein, BlueMountain's Chief Executive Officer and Chief Investment Officer (tel: 212.905.3900).

Job titles in "Educational Background and Business Experience" section do not necessarily indicate that an individual held that title for the duration of his or her tenure with an employer.



Michael Liberman
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March 2012

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Educational Background and Business Experience

Name: Michael Liberman

Year of Birth: 1964

Education: UC - Berkeley – Mathematics (1987); Brandeis University, BA and MA in Mathematics (1985).

Business Background: BlueMountain Capital Management, LLC, Chief Operating Officer and Chief Risk Officer (3/04 – present). Goldman Sachs & Co., Managing Director and Global Head of Interest Rate Product Strategies (2001 – 2004). JP Morgan, various positions, including Global Head of Rates Derivatives Technology and North American Head of Rates, Derivatives Technology (1995 – 2001).

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no outside business activities to report.

Additional Compensation

There is no additional compensation to report.

Supervision

BlueMountain's Risk Committee regularly reviews investment fund client risk metrics and reports to monitor applicable risk control thresholds. All employees, including Mr. Liberman, are subject to BlueMountain's compliance policies and must acknowledge receipt and understanding of and compliance with BlueMountain's Compliance and Written Supervisory Procedures Manual and Code of Ethics. Paul Friedman, BlueMountain's Chief Compliance Officer (tel: 212.905.3900), monitors employee adherence to the firm's compliance program. Supervision of Mr. Liberman is overseen as described above, as well as by Andrew Feldstein, BlueMountain's Chief Executive Officer and Chief Investment Officer (tel: 212.905.3900).

Job titles in "Educational Background and Business Experience" section do not necessarily indicate that an individual held that title for the duration of his or her tenure with an employer.

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Bryce Markus
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March 2012

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Educational Background and Business Experience

Name: Bryce Markus

Year of Birth: 1977

Education: MBA (1999) and BS in Economics (1999), The Wharton School, University of Pennsylvania.

Business Background: BlueMountain Capital Management, LLC, Senior Portfolio Manager and Co-Head of Trade Execution (2005 – present). Goldman Sachs & Co., Vice President, Fixed Income and Commodities Division (2000-2005).

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no outside business activities to report.

Additional Compensation

There is no additional compensation to report.

Supervision

BlueMountain's Risk Committee regularly reviews investment fund client risk metrics and reports to monitor applicable risk control thresholds. All employees, including Mr. Markus, are subject to BlueMountain's compliance policies and must acknowledge receipt and understanding of and compliance with BlueMountain's Compliance and Written Supervisory Procedures Manual and Code of Ethics. Paul Friedman, BlueMountain's Chief Compliance Officer (tel: 212.905.3900), monitors employee adherence to the firm's compliance program. Supervision of Mr. Markus is overseen as described above, as well as by Andrew Feldstein, BlueMountain's Chief Executive Officer and Chief Investment Officer (tel: 212.905.3900).

Job titles in "Educational Background and Business Experience" section do not necessarily indicate that an individual held that title for the duration of his or her tenure with an employer.

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Derek Smith
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March 2012

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Educational Background and Business Experience

Name: Derek Smith

Year of Birth: 1967

Education: BA, Princeton University (1989) in Electrical Engineering.

Business Background: BlueMountain Capital Management, LLC, Senior Portfolio Manager (2008 – present). Deutsche Bank, Managing Director of Global Credit Trading (2005-2008). Manager, US Government options desk and investment grade credit, cash and derivatives desks, Goldman Sachs (1989 - 2005).

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no outside business activities to report.

Additional Compensation

There is no additional compensation to report.

Supervision

BlueMountain's Risk Committee regularly reviews investment fund client risk metrics and reports to monitor applicable risk control thresholds. All employees, including Mr. Smith, are subject to BlueMountain's compliance policies and must acknowledge receipt and understanding of and compliance with BlueMountain's Compliance and Written Supervisory Procedures Manual and Code of Ethics. Paul Friedman, BlueMountain's Chief Compliance Officer (tel: 212.905.3900), monitors employee adherence to the firm's compliance program. Supervision of Mr. Smith is overseen as described above, as well as by Andrew Feldstein, BlueMountain's Chief Executive Officer and Chief Investment Officer (tel: 212.905.3900).

Job titles in "Educational Background and Business Experience" section do not necessarily indicate that an individual held that title for the duration of his or her tenure with an employer.



David Zorub
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March 2012

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Educational Background and Business Experience

Name: David Zorub

Year of Birth: 1974

Education: A.B. in Economics and A.B. in Medieval and Renaissance Studies (1997), Duke University; MBA, Finance (2003), Columbia Business School.

Business Background: BlueMountain Capital Management, LLC, Portfolio Manager (06/10 – Present). Hawkshaw Capital Management (2003 – 2010). Finacity Corporation, Director, Corporate Development (2000 – 2001). TPG Capital (formerly Texas Pacific Group), Associate (1999 – 2000). Merrill Lynch & Co., Financial Analyst, Leveraged Finance, Investment Banking (1997 – 1999).

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no outside business activities to report.

Additional Compensation

There is no additional compensation to report.

Supervision

BlueMountain's Risk Committee regularly reviews investment fund client risk metrics and reports to monitor applicable risk control thresholds. All employees, including Mr. Zorub, are subject to BlueMountain's compliance policies and must acknowledge receipt and understanding of and compliance with BlueMountain's Compliance and Written Supervisory Procedures Manual and Code of Ethics. Paul Friedman, BlueMountain's Chief Compliance Officer (tel: 212.905.3900), monitors employee adherence to the firm's compliance program. Supervision of Mr. Zorub is overseen as described above, as well as by Derek Smith and Alan Gerstein, BlueMountain's Senior Portfolio Managers (tel: 212.905.3900).

Job titles in "Educational Background and Business Experience" section do not necessarily indicate that an individual held that title for the duration of his or her tenure with an employer.



Ethan Auerbach
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March 2012

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Educational Background and Business Experience

Name: Ethan Auerbach

Year of Birth: 1980

Education: B.A. in Computer Science and Economics (2002), College of Arts and Sciences, Cornell University.

Business Background: BlueMountain Capital Management, LLC, Portfolio Manager (2008 – Present). Marathon Asset Management, Vice President, Investment Analyst (2006 – 2008). Goldman, Sachs & Co., Associate, New Products Group (2004 – 2006). UBS Investment Bank, Fixed Income Analyst, Mortgage Derivatives Trading (2002 – 2004). Mellon Capital Management, Consultant, Investment Research (Summer 2001). The American Enterprise Institute, Research Assistant (Summers 1999 & 2000).

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no outside business activities to report.

Additional Compensation

There is no additional compensation to report.

Supervision

BlueMountain's Risk Committee regularly reviews investment fund client risk metrics and reports to monitor applicable risk control thresholds. All employees, including Mr. Auerbach, are subject to BlueMountain's compliance policies and must acknowledge receipt and understanding of and compliance with BlueMountain's Compliance and Written Supervisory Procedures Manual and Code of Ethics. Paul Friedman, BlueMountain's Chief Compliance Officer (tel: 212.905.3900), monitors employee adherence to the firm's compliance program. Supervision of Mr. Auerbach is overseen as described above, as well as by Derek Smith, BlueMountain's Senior Portfolio Manager (tel: 212.905.3900).

Job titles in "Educational Background and Business Experience" section do not necessarily indicate that an individual held that title for the duration of his or her tenure with an employer.



Patrick Badenoch

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March 2012

This brochure supplement provides information about Patrick Badenoch that supplements the BlueMountain Capital Management, LLC ("BlueMountain") brochure. You should have received a copy of that brochure. Please contact us at 212.905.3900 and/or [REDACTED] if you did not receive BlueMountain's brochure or if you have any questions about the contents of this supplement.

Educational Background and Business Experience

Name: Patrick Badenoch

Year of Birth: 1977

Education: B.A. in History (1999), Bristol University.

Business Background: BlueMountain Capital Management, LLC, Portfolio Manager (10/07 – Present). Schroders Investment Management, Portfolio Manager for the UK Institutional and Retail Credit Funds (10/00 – 09/07). PricewaterhouseCoopers, Graduate Trainee Accountant (11/99 – 07/00).

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no outside business activities to report.

Additional Compensation

There is no additional compensation to report.

Supervision

BlueMountain's Risk Committee regularly reviews investment fund client risk metrics and reports to monitor applicable risk control thresholds. All employees, including Mr. Badenoch, are subject to BlueMountain's compliance policies and must acknowledge receipt and understanding of and compliance with BlueMountain's Compliance and Written Supervisory Procedures Manual and Code of Ethics. Paul Friedman, BlueMountain's Chief Compliance Officer (tel: 212.905.3900), monitors employee adherence to the firm's compliance program. Supervision of Mr. Badenoch is overseen as described above, as well as by Derek Smith, BlueMountain's Senior Portfolio Manager (tel: 212.905.3900).

Job titles in "Educational Background and Business Experience" section do not necessarily indicate that an individual held that title for the duration of his or her tenure with an employer.



Brandon Cahill
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March 2012

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Educational Background and Business Experience

Name: Brandon Cahill

Year of Birth: 1980

Education: B.A. in Economics & Mathematics (2002), University of Notre Dame.

Business Background: BlueMountain Capital Management, LLC, Portfolio Manager (04/04 – Present). Citigroup, Analyst, Global Project & Structured Trade Finance (07/02 – 04/04).

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no outside business activities to report.

Additional Compensation

There is no additional compensation to report.

Supervision

BlueMountain's Risk Committee regularly reviews investment fund client risk metrics and reports to monitor applicable risk control thresholds. All employees, including Mr. Cahill, are subject to BlueMountain's compliance policies and must acknowledge receipt and understanding of and compliance with BlueMountain's Compliance and Written Supervisory Procedures Manual and Code of Ethics. Paul Friedman, BlueMountain's Chief Compliance Officer (tel: 212.905.3900), monitors employee adherence to the firm's compliance program. Supervision of Mr. Cahill is overseen as described above, as well as by Bryce Markus, BlueMountain's Senior Portfolio Manager (tel: 212.905.3900).

Job titles in "Educational Background and Business Experience" section do not necessarily indicate that an individual held that title for the duration of his or her tenure with an employer.

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Sarah Dahan

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BlueMountain Capital Partners (London) LLP
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March 2012

This brochure supplement provides information about Sarah Dahan that supplements the BlueMountain Capital Management, LLC ("BlueMountain") brochure. You should have received a copy of that brochure. Please contact us at 212.905.3900 and/or [REDACTED] if you did not receive BlueMountain's brochure or if you have any questions about the contents of this supplement.

Educational Background and Business Experience

Name: Sarah Dahan

Year of Birth: 1982

Education: Master's Degree in Applied Mathematics (2005), Ecole Centrale Paris; [REDACTED] in Financial Engineering (2005), School of Engineering and Applied Sciences, Columbia University.

Business Background: BlueMountain Capital Management, LLC, Portfolio Manager (02/08 – Present). [REDACTED] Morgan Chase, Associate in Fixed Income Trading, Proprietary Positioning Business (07/05 – 01/08). Goldman Sachs, Summer Analyst in FICC/Equities (Summer 2004). UBS Private Banking, Financial Analyst (Summer 2003).

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no outside business activities to report.

Additional Compensation

There is no additional compensation to report.

Supervision

BlueMountain's Risk Committee regularly reviews investment fund client risk metrics and reports to monitor applicable risk control thresholds. All employees, including Ms. Dahan, are subject to BlueMountain's compliance policies and must acknowledge receipt and understanding of and compliance with BlueMountain's Compliance and Written Supervisory Procedures Manual and Code of Ethics. Paul Friedman, BlueMountain's Chief Compliance Officer (tel: 212.905.3900), monitors employee adherence to the firm's compliance program. Supervision of Ms. Dahan is overseen as described above, as well as by Alan Gerstein, BlueMountain's Senior Portfolio Manager (tel: 212.905.3900).

Job titles in "Educational Background and Business Experience" section do not necessarily indicate that an individual held that title for the duration of his or her tenure with an employer.



Charles Kobayashi
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March 2012

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Educational Background and Business Experience

Name: Charles Kobayashi

Year of Birth: 1964

Education: MBA, New York University (1990); B.S. in Biochemistry (1986), University of Wisconsin-Madison.

Business Background: BlueMountain Capital Management, LLC, Portfolio Manager (April/2005–Present). Credit Agricole (Indosuez Capital), Senior Portfolio Manager (November/2001 – March/ 2005). ORIX USA Corp., Senior Vice President & Portfolio Manager (June/ 1994 – September/ 2001). The Bank of Tokyo Trust, Mergers & Acquisition Associate (August/1990 – May/1994).

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no outside business activities to report.

Additional Compensation

There is no additional compensation to report.

Supervision

BlueMountain's Risk Committee regularly reviews investment fund client risk metrics and reports to monitor applicable risk control thresholds. All employees, including Mr. Kobayashi, are subject to BlueMountain's compliance policies and must acknowledge receipt and understanding of and compliance with BlueMountain's Compliance and Written Supervisory Procedures Manual and Code of Ethics. Paul Friedman, BlueMountain's Chief Compliance Officer (tel: 212.905.3900), monitors employee adherence to the firm's compliance program. Supervision of Mr. Kobayashi is overseen as described above, as well as by Bryce Markus, BlueMountain's Senior Portfolio Manager (tel: 212.905.3900).

Job titles in "Educational Background and Business Experience" section do not necessarily indicate that an individual held that title for the duration of his or her tenure with an employer.

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Pak Seng Lui

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March 2012

This brochure supplement provides information about Pak Seng Lui that supplements the BlueMountain Capital Management, LLC ("BlueMountain") brochure. You should have received a copy of that brochure. Please contact us at 212.905.3900 and/or [REDACTED] if you did not receive BlueMountain's brochure or if you have any questions about the contents of this supplement.

Educational Background and Business Experience

Name: Pak Seng Lui

Year of Birth: 1975

Education: B.A. in Economics, with Minor in Physics (1996), University of Virginia.

Business Background: BlueMountain Capital Management, LLC, Portfolio Manager (01/10 – Present). Deutsche Bank Securities Inc., Managing Director, Co-Head Of NA High Yield Credit Trading (2005 – 2009). [REDACTED] Morgan Securities Inc., Vice President (1999 – 2005).

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no outside business activities to report.

Additional Compensation

There is no additional compensation to report.

Supervision

BlueMountain's Risk Committee regularly reviews investment fund client risk metrics and reports to monitor applicable risk control thresholds. All employees, including Mr. Lui, are subject to BlueMountain's compliance policies and must acknowledge receipt and understanding of and compliance with BlueMountain's Compliance and Written Supervisory Procedures Manual and Code of Ethics. Paul Friedman, BlueMountain's Chief Compliance Officer (tel: 212.905.3900), monitors employee adherence to the firm's compliance program. Supervision of Mr. Lui is overseen as described above, as well as by Derek Smith, BlueMountain's Senior Portfolio Manager (tel: 212.905.3900).

Job titles in "Educational Background and Business Experience" section do not necessarily indicate that an individual held that title for the duration of his or her tenure with an employer.



Marina Lutova Meyers
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This brochure supplement provides information about Marina Lutova Meyers that supplements the BlueMountain Capital Management, LLC ("BlueMountain") brochure. You should have received a copy of that brochure. Please contact us at 212.905.3900 and/or [REDACTED] if you did not receive BlueMountain's brochure or if you have any questions about the contents of this supplement.

Educational Background and Business Experience

Name: Marina Lutova Meyers

Year of Birth: 1978

Education: MBA (2006), Harvard Business School; Master's Degree in Public Administration in International Development (2006), Harvard University, John F. Kennedy School of Government; B.A. in Economics and Government (2001), Franklin & Marshall College.

Business Background: BlueMountain Capital Management, LLC, Portfolio Manager (06/07 – Present). Bridgewater Associates, Senior Investment Associate, Analytics, and Management Committee Advisor (2006 – 2007), Summer Senior Investment Associate, Portfolio Management (Summer 2005). Goldman, Sachs & Co., Summer Associate, Investment Banking Division (Summer 2005). HBD Venture Capital, Investment Officer (Summer 2004). McKinsey & Company, Business Analyst (2001 – 2003).

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no outside business activities to report.

Additional Compensation

There is no additional compensation to report.

Supervision

BlueMountain's Risk Committee regularly reviews investment fund client risk metrics and reports to monitor applicable risk control thresholds. All employees, including Ms. Meyers, are subject to BlueMountain's compliance policies and must acknowledge receipt and understanding of and compliance with BlueMountain's Compliance and Written Supervisory Procedures Manual and Code of Ethics. Paul Friedman, BlueMountain's Chief Compliance Officer (tel: 212.905.3900), monitors employee adherence to the firm's compliance program. Supervision of Ms. Meyers is overseen as described above, as well as by Derek Smith, BlueMountain's Senior Portfolio Manager (tel: 212.905.3900).

Job titles in "Educational Background and Business Experience" section do not necessarily indicate that an individual held that title for the duration of his or her tenure with an employer.