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CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

PRIME OPPORTUNITIES PARTNERS, LP

A DELAWARE LIMITED PARTNERSHIP

GENERAL PARTNER AND INVESTMENT MANAGER

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THIS IS NOT AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE INTERESTS DESCRIBED HEREIN IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SALE.

July 1, 2011
as amended on May 31, 2013

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Investment Manager and General Partner

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FORWARD-LOOKING STATEMENTS

Certain statements in this Memorandum constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual fees, costs, expenses, results, performance or achievements of the Partnership, the General Partner or the Investment Manager, or industry results, to be materially different from any future fees, costs, expenses, results, performance, or achievements expressed or implied by such forward-looking statements. These forward-looking statements are typically identified by terminology such as, "may," "will," "should," "expects," "anticipates," "plans," "intends," "believes," "estimates," "projects," "predicts," "seeks," "potential," "continue" or other similar terminology. Similar forward-looking statements may be contained in other documents that may accompany, or be delivered before, this Memorandum upon a prospective investor's request. These forward-looking statements are not guarantees of future performance and are based on numerous current assumptions—that are subject to significant uncertainties and contingencies, many of which are outside the Investment Manager's control—regarding the Investment Manager's present and future business strategies and the environment in which the Partnership or the Investment Manager will operate in the future. Because these statements reflect the Investment Manager's current views concerning future events, these statements necessarily involve risks, uncertainties, and assumptions. The section titled "Risk Factors" in this Memorandum discusses some of the important risk factors that may affect the Partnership's returns. Investors should carefully consider those risks and other information in this Memorandum before deciding whether to invest in the Partnership. Actual future performance could differ materially from these forward-looking statements and financial information.

Among the important factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements are the condition of, and changes in, the domestic, regional or global economy that result in deterioration of the markets in which the Investment Manager seeks to invest the assets of the Partnership, changes in political relations, government laws and regulations affecting the Partnership, interest rates, relations with service providers, relations with lenders, the allocation of the Partnership's assets and the timing thereof relative to that which was assumed, and other matters not yet known to us or not currently considered material by the General Partner or the Investment Manager. These forward-looking statements speak only as of the date of this Memorandum. The General Partner or the Investment Manager does not intend to update the forward-looking statements contained in this Memorandum to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, subject to compliance with all applicable laws and regulations and/or any regulatory or supervisory body or agency.

OVERVIEW

Description of Interests

Prime Opportunities Partners, LP ("**Partnership**"), a limited partnership organized under the Delaware Revised Uniform Limited Partnership Act ("**Partnership Act**"), is offering limited partnership interests in the Partnership ("**Interests**") in a private placement pursuant to Section 4(2) of the Securities Act of 1933, as amended ("**Securities Act**"), and Regulation D promulgated thereunder. Generally, only persons who are "accredited investors" (as defined in Rule 501 of Regulation D) and "qualified clients" (as defined in Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**")), may purchase Interests.

Prime Opportunities Investment Group, LLC, a Nevada limited liability company, is the investment manager ("**Investment Manager**") and the general partner of the Partnership ("**General Partner**"), and will be responsible for the day-to-day management of the Partnership's affairs and, further, will have discretionary investment authority over the Partnership's assets. As the manager and controlling person of the General Partner, Mr. Pouya Yadegar controls all of the Partnership's operations and activities. In addition to his role as manager and controlling person, Mr. Yadegar will also be a major investor with a substantial investment in the Partnership.

The Partnership was formed to pool investment funds of its investors (each a "**Limited Partner**" and, collectively, "**Limited Partners**"; and the General Partner together with Limited Partners shall be referred to as "**Partners**"), for the purpose of investing in publicly traded equity securities. This entity may be part of a master feeder construct.

The Interests will be continuously offered in the sole discretion of the General Partner. The minimum investment amount is Five Hundred Thousand Dollars ($500,000), although the General Partner has discretion to accept lesser amounts. Generally, new Limited Partners will be admitted on the first day of each month and withdrawals may be made on the last business day of each calendar month on thirty (30) days' prior written notice to the General Partner.

The Limited Partners, by pooling their assets in the Partnership, will be able to invest their funds in a portfolio of securities managed by the General Partner who is seeking to maximize return while controlling risk. In the absence of a pooling vehicle such as the Partnership, an investor may not ordinarily be able to achieve the same degree of diversification and/or monitor, evaluate and implement the same investment strategies as the Partnership.

Management Background

The General Partner of the Partnership is Prime Opportunities Investment Group, LLC, a Nevada limited liability company, which was organized in March 2008. Mr. Pouya Yadegar is founder and Chief Investment Officer of Prime Opportunities Investment Group, LLC, where he

is responsible for evaluating investment opportunities, and directing portfolio strategy for the firm.

Investment Objective and Strategy

The Partnership's investment objective is to seek consistent above average returns while also attempting to preserve capital and mitigate risk through hedging activities. No assurance can be given, however, that the Partnership will achieve its objective, and investment results may vary substantially over time and from period to period.

While the General Partner retains discretionary authority to invest the assets of the Partnership subject to the policies and control of the board of directors of the Partnership, the General Partner anticipates that most of the Partnership's assets will be invested in publicly traded equity securities. In carrying out the Partnership's investment objective, the General Partner will focus on companies that have a reasonable expectation of producing above average returns.

Fees and Expenses

In consideration for its services, the General Partner receives a quarterly performance allocation of twenty percent (20%) of the net increase in Net Asset Value of the Partnership, subject to a Loss Carryforward (as each term is defined below). At present, the Management Fee is two percent (2%) annually of the Partnership's Net Asset Value, payable in advance on the first business day of each calendar quarter; however, the General Partner reserves the right, on adequate notice to the Partnership, to change the Management Fee in the future.

Risk Factors, Conflicts of Interests and Other Considerations

Before purchasing an Interest in the Partnership, investors should carefully consider various risk factors and conflicts of interest, as well as suitability requirements, restrictions on transfer and withdrawal of Interests and various legal, tax and other considerations, all of which are discussed elsewhere in this Confidential Private Placement Memorandum ("**Memorandum**"). Some of these considerations are set forth in the following section under the heading "IMPORTANT GENERAL CONSIDERATIONS." **An investment in the Interests offered by the Partnership should be viewed as a non-liquid investment and involves a high degree of risk. Investors should consider a subscription to purchase Interests only after they have carefully read this Memorandum.**

The Partnership is not registered as an investment company and is not subject to the investment restrictions, limitations on transactions with affiliates and other provisions of the Investment Company Act of 1940, as amended ("**Investment Company Act**"), in reliance upon an exemption from registration set forth in Section 3(c)(1) thereof.

The General Partner intends to manage the Partnership so that neither the General Partner nor the Investment Manager will have to register as a "commodity pool operator" ("**CPO**") based on an exemption from registration under Commodity Futures Trading

Commission ("**CFTC**") Rule 4.13(a)(3) or have to register as a "commodity trading adviser" ("**CTA**") based on an exemption from registration under CFTC Rule 4.14(a)(8)(i)(D). These registration exemptions generally require that the Partnership not invest in futures contracts, options on futures contracts and other commodity interests ("**Commodity Interests**") in excess of certain *de minimis* amounts. Notwithstanding the foregoing, except as otherwise described herein, there is no limitation on the amount of Commodity Interests that the Partnership may acquire. Accordingly, in the future, the Partnership may make investments in Commodity Interests in excess of the *de minimis* amounts described in such CFTC rules, and the General Partner or the Management Company, as applicable, may be required to register as a CPO and/or CTA.

IMPORTANT GENERAL CONSIDERATIONS

Investors should not construe the contents of this Memorandum as legal, tax or investment advice and, if they acquire an Interest, they will be required to make a representation to that effect. Investors should review the proposed investment and the legal, tax and other consequences thereof with their own professional advisors. The purchase of an Interest involves certain risks and conflicts of interest between the General Partner and the Partnership. See "RISK FACTORS AND CONFLICTS OF INTEREST." The General Partner reserves the right to refuse any subscription for any reason.

In making an investment decision, investors must rely on their own examination of the Partnership and the terms of the offering of Interests, including the merits and risks involved. Investors and/or their representative(s), if any, are invited to ask questions and obtain additional information from the General Partner concerning the terms and conditions of the offering, the Partnership, and any other relevant matters to the extent the General Partner possesses such information or can acquire it without unreasonable effort or expense.

Neither the SEC nor any state securities commission has passed upon the merits of participating in the Partnership, nor has the SEC or any state securities commission passed upon the adequacy or accuracy of this Memorandum. Any representation to the contrary is a criminal offense. The General Partner anticipates that: (a) the offer and sale of the Interests will be exempt from registration under the Securities Act and the various state securities laws; and (b) the Partnership will not be registered as an investment company under the Investment Company Act pursuant to an exemption provided by Section 3(c)(1) thereof. Consequently, investors will not be entitled to certain protections afforded by those statutes.

The General Partner intends to manage the Partnership so that neither the General Partner nor the Investment Manager will have to register as a CPO based on an exemption from registration under CFTC Rule 4.13(a)(3) or have to register as a CTA on an exemption from registration under CFTC Rule 4.14(a)(8)(i)(D). These registration exemptions generally require that the Partnership not invest in Commodity Interests in excess of certain *de minimis* amounts. Notwithstanding the foregoing, except as otherwise described herein, there is no limitation on the amount of Commodity Interests that the Partnership may acquire. Accordingly, in the future, the Partnership may make investments in Commodity Interests in excess of the *de minimis* amounts described in such CFTC rules, and the General Partner or the Investment Manager, as applicable, may be required to register as a CPO and/or CTA.

As a Limited Partner, investors may withdraw from the Partnership and receive payment for their Interests on the last business day of each calendar month upon thirty (30) days' advance notice, subject to certain restrictions as specified in the Limited Partnership Agreement of the Partnership (the "Partnership Agreement"), a copy of which is attached hereto as Exhibit A.

The offering of Interests is made only by delivery of a copy of this Memorandum to the person whose name appears hereon. The offering is made only to Accredited Investors and Qualified Clients, subject to certain exceptions. This Memorandum may not be reproduced, either in whole or in part, without the prior express written consent of the General Partner. By accepting delivery of this Memorandum, you agree not to reproduce or divulge its contents and, if you do not purchase any Interests, to return this Memorandum and accompanying documents to the General Partner.

Notwithstanding any provision in this Memorandum to the contrary, prospective Limited Partners, including their employees, representatives, and other agents, may disclose to any and all persons, the U.S. federal income tax treatment and tax structure of the Interests offered hereby, except where confidentiality is reasonably necessary to comply with applicable securities laws. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal income tax treatment of the Interests, and does not include information relating to the identity of the issuer, its affiliates, agents, or advisors.

There is no public market for the Interests, nor is any expected to develop. Even if such a market develops, no distribution, resale or transfer of an Interest will be permitted, except in accordance with the provisions of the Securities Act, the rules and regulations promulgated thereunder, any applicable state securities laws, and the terms and conditions of the Partnership Agreement. Any transfer of an Interest by a Limited Partner, public or private, will require the consent of the General Partner. Accordingly, investors will be required to represent and warrant that they have read this Memorandum and are aware of and can afford the risks of an investment in the Partnership for an indefinite period of time. Investors will also be required to represent that they are acquiring the Interest for their own account, for investment purposes only, and not with any intention to resell or transfer all or any part of the Interest. This investment is only suitable for investors who have adequate means of providing for their current and future needs, have no need for liquidity in this investment, and can afford to lose the entire amount of their investment.

Although this Memorandum contains summaries of certain terms of certain documents, investors should refer to the actual documents (copies of which are attached hereto or are available from the General Partner) for complete information concerning the rights and obligations of the parties thereto. All such summaries are qualified in their entirety by the terms of the actual documents. No person has been authorized to make any representations or furnish any information with respect to the Partnership or the Interests, other than the representations and information set forth in this Memorandum or other documents or information furnished by the General Partner upon request, as described above.

No rulings have been sought from the Internal Revenue Service ("IRS") with respect to any tax matters discussed in this Memorandum. Investors are cautioned that the views contained herein are subject to material qualifications and subject to possible changes in regulations by the IRS or by Congress in existing tax statutes or in the interpretation of existing statutes and regulations.

The information contained herein is current only as of the date hereof and investors should not, under any circumstances, assume that there has not been any change in the matters discussed herein since the date hereof.

SUMMARY OF OFFERING AND PARTNERSHIP TERMS

The following summary is qualified in its entirety by other information contained elsewhere in this Memorandum and by the Partnership Agreement. Investors should read this entire Memorandum and the Partnership Agreement carefully before making any investment decision regarding the Partnership and should pay particular attention to the information under the heading "RISK FACTORS AND CONFLICTS OF INTEREST." In addition, investors should consult their own advisors in order to understand fully the consequences of an investment in the Partnership.

The Partnership	Prime Opportunities Partners, LP ("**Partnership**") is a Delaware limited partnership which commenced operations on July 1, 2011. The Partnership operates as a pooled investment vehicle through which the assets of its Partners are invested primarily in publicly traded equity securities.
Management	Prime Opportunities Investment Group, LLC, a Nevada limited liability company, is both the general partner ("**General Partner**") and the investment manager ("**Investment Manager**") of the Partnership and has discretionary investment authority over the Partnership's assets. Mr. Pouya Yadegar controls the General Partner. See "MANAGEMENT."
The Offering	The Partnership is offering limited partnership interests in the Partnership ("**Interests**") on a continuous basis to persons who are sophisticated "accredited investors" (as such term is defined in Rule 501 of Regulation D under the Securities Act) ("**Accredited Investors**") and "qualified clients" (as such term is defined in Rule 205-3(d)(1) of the Advisers Act) ("**Qualified Clients**"), subject to certain exceptions. Each Interest represents a percentage interest in the Partnership determined by reference to the capital account of each Partner in relation to the aggregate capital accounts of all Partners.
Selling Commissions and/or Referral Fees Placement Fees	Selling commissions and/or referral fees may be paid in connection with the sale of Interests. The General Partner may share a portion of its Management Fee or Performance Allocation with third parties introducing Limited Partners to the Partnership, or the General Partner may use its own resources to compensate third parties for such introductions. Placement agents may or may not be used by the Partnership in connection with this Offering of Interests. If a placement agent is used, the Partnership will not bear any related placement fee, other

than a placement fee paid by the Partnership and offset against the Management Fee and/or the Performance Allocation on a dollar-for-dollar basis.

How to Subscribe

Subscription documents and instructions for subscribing are included herewith as Exhibit B to this Memorandum. In order to subscribe for Interests, it is necessary to complete the subscription documents and return them to the Partnership. You must pay 100% of your investment at the time you subscribe. Payment shall be made by wire transfer of immediately available funds to the Partnership, or such other method as agreed upon by the General Partner. Payment for Interests is due at the time of subscription. To ensure compliance with applicable laws, regulations and other requirements relating to money laundering, the General Partner may require additional information to verify the identity of any person who subscribes for Interests.

The General Partner, in its sole discretion, may accept securities in-kind as payment for the investment. Any person who contributes securities in lieu of cash to the Partnership should consult with such person's counsel or advisors as to the tax effect of such contribution.

Eligible Investors and Suitability

In order to invest in the Partnership, investors must meet certain minimum suitability requirements, including qualifying as an Accredited Investor and Qualified Client, unless otherwise determined by the General Partner. The subscription documents set forth in detail the definition of Accredited Investor and Qualified Client. Investors must check the appropriate places in the subscription documents to represent to the Partnership that they are both a Qualified Client and an Accredited Investor in order to be able to purchase Interests. The General Partner may reject any person's subscription for any or no reason.

An Accredited Investor generally is an individual with a net worth of more than $1,000,000 (which generally is calculated to exclude the fair market value of such individual's primary residence and any indebtedness secured by such residence) or who otherwise meets certain income thresholds, and entities with assets of at least $5,000,000. A Qualified Client generally is a person or company that has either at least $1,000,000 under management with the General Partner immediately after investing in the Partnership, or has a net worth at the time of investing in excess of $2,000,000.

The suitability criteria referred to herein represent minimum requirements for persons seeking to invest in the Partnership. Even if an investor satisfies such requirements, it does not mean that the Interests are a suitable investment.

Entities subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and other tax-exempt entities may purchase Interests. However, investment in the Partnership by such entities requires special consideration. Trustees or administrators of such entities should consult their own legal and tax advisors. See "INVESTMENT BY U.S. TAX-EXEMPT ENTITIES - ERISA CONSIDERATIONS."

Minimum Investment

The minimum initial investment or capital contribution that will be accepted from a new Limited Partner is [Five Hundred Thousand Dollars ($500,000)]; however, the General Partner will have the discretion to accept lesser amounts. There is no minimum or maximum aggregate amount of funds that may be contributed by all Limited Partners to the Partnership. Limited Partners are not required to make any additional capital contributions to the Partnership. The minimum additional capital contribution that will be accepted from an existing Limited Partner is fifty thousand dollars ($50,000), unless the General Partner agrees otherwise. The General Partner, in its sole discretion, can accept or reject any initial subscriptions from prospective Limited Partners and any additional capital contributions from existing Limited Partners.

In connection with an additional capital contribution by an existing Limited Partner, the General Partner may: (a) treat such additional capital contribution as a capital contribution with respect to one of such Limited Partner's existing capital accounts, or (b) establish a new capital account to which such capital contribution shall be credited and which shall be maintained for the benefit of such Limited Partner separately from any existing capital account of such Limited Partner. Such separate capital account will be maintained for purposes of calculating the applicable Performance Allocation and Loss Carryforward (defined below). All funds invested in the Partnership by Limited Partners will be held in the Partnership's name and the Partnership will not commingle its funds with any other party.

Management Fee

At present the Management Fee will be two percent (2%) annually of the Partnership's Net Asset Value, payable in advance on the first business day of each calendar quarter; however, the General Partner reserves the right, on adequate notice to the Partnership, to change the Management Fee in the future.

Performance Allocation to the General Partner

In consideration for its services, the General Partner shall have reallocated by credit to its capital account, and by debit to each Limited Partner's capital account, at the close of each fiscal quarter or such other period as the case may be, twenty percent (20%) of the net increase in Net Asset Value of the Partnership, subject to a Loss

Carryforward (as defined below). The General Partner may, in its sole discretion, reallocate all or any portion of the Performance Allocation to certain Limited Partners.

The General Partner shall also receive the Performance Allocation upon any withdrawal by a Limited Partner, whether voluntary or involuntary, and upon dissolution of the Partnership. The Performance Allocation shall be in addition to the proportionate allocations of income and profits, or losses, to the General Partner and/or its affiliates based upon their capital accounts relative to the capital accounts of all Limited Partners. The General Partner, in its sole discretion, may waive or reduce the Performance Allocation with respect to any Limited Partner for any period of time, or agree to apply a different Performance Allocation for that Limited Partner.

Loss Carryforward

If a Limited Partner's capital account has a net loss in any fiscal quarter, this loss will be recorded as to such Limited Partner and carried forward to future fiscal quarters (such amount is referred to as the "**Loss Carryforward**"), and the General Partner will not receive the Performance Allocation from such Limited Partner for future fiscal quarters until the Loss Carryforward amount for such Limited Partner has been recovered (*i.e.*, when the Loss Carryforward amount has been exceeded by the cumulative profits allocable to such Limited Partner for the fiscal quarters following the Loss Carryforward). Once the Loss Carryforward has been recovered, the Performance Allocation shall be based on the excess profits (over the Loss Carryforward amount) as to such Limited Partner, rather than on all profits. The Loss Carryforward is intended to prevent the General Partner from receiving the Performance Allocation as to profits that simply restore previous losses to a Limited Partner and is intended to ensure that the Performance Allocation is based on the long-term performance of an investment in the Partnership.

If a Limited Partner makes a partial withdrawal from its capital account, any Loss Carryforward will be adjusted downward in proportion to the amount of the withdrawal relative to such Limited Partner's aggregate capital account. The General Partner may agree with any Limited Partner to apply a different Loss Carryforward provision for such Limited Partner.

Admission of Limited Partners

Capital contributions generally will be accepted as of the first day of each month, although the General Partner in its sole discretion has the right to admit new Limited Partners and to accept additional funds from existing Limited Partners at any time. Upon such admission or receipt of additional capital contributions, the Interests of the Limited Partners will be readjusted in accordance with their capital accounts.

Limited Partner Withdrawals

Limited Partners may withdraw a minimum of One Hundred Thousand Dollars ($100,000) on the last business day of any calendar month (each such date, a "**Withdrawal Date**"), upon at least thirty (30) days' prior written notice to the General Partner. The General Partner may determine in its sole discretion, to permit a Limited Partner to withdraw from its capital account in such other amounts and at such other times as the General Partner may in its sole discretion determine. Unless the General Partner consents, partial withdrawals may not be made if they would reduce a Limited Partner's capital account balance below One Hundred Thousand Dollars ($100,000).

The General Partner believes, but cannot guarantee, that the assets of the Partnership will be invested in a manner which would allow the General Partner to satisfy withdrawal requests. The Partnership has the right to pay cash or securities in-kind, or both, to a Limited Partner that makes a withdrawal from such Limited Partner's capital account.

If the General Partner, in its sole discretion, permits a Limited Partner to withdraw capital other than on a Withdrawal Date, the General Partner may impose an additional administrative fee to cover the legal, accounting, administrative, brokerage, and any other costs and expenses associated with such withdrawal. Except for an administrative fee, which may be imposed on withdrawals that were made on a date other than a permitted Withdrawal Date, withdrawal fees associated with a Limited Partner's withdrawal of capital from the Partnership will not be applied.

Payments

A Limited Partner who requests a withdrawal of less than ninety percent (90%) of the value of such Limited Partner's capital account shall be paid within thirty (30) days after the applicable Withdrawal Date. A Limited Partner who is withdrawing ninety percent (90%) or more of the value of such Limited Partner's capital account in the aggregate within any fiscal year shall be paid ninety percent (90%) of an amount estimated by the General Partner to be the amount to which the withdrawing Limited Partner is entitled (calculated on the basis of unaudited data) within thirty (30) days after the applicable Withdrawal Date. The balance of the amount payable upon such withdrawal shall be paid, without interest, within thirty (30) days of the completion of the annual audited financial statements for the fiscal year in which the withdrawal occurs. Upon withdrawal of all of its capital account, a Limited Partner shall be deemed to have withdrawn from the Partnership, and such Limited Partner shall not be entitled to exercise any voting rights otherwise afforded under the Partnership Agreement. Withdrawals shall be deemed to have occurred during the fiscal year

in which the Withdrawal Date occurs, regardless of when the proceeds thereof are remitted.

The value of the Limited Partner's capital account is determined in accordance with Section 9.01 of the Partnership Agreement, which generally is calculated to include original and additional capital contributions and withdrawals by a Limited Partner, and increases or decreases in the Net Asset Value allocable to the withdrawing Limited Partner through the date of withdrawal.

Limitations on Withdrawals

The Partnership may suspend or postpone the payment of any withdrawals from capital accounts: (a) during the existence of any state of affairs which, in the opinion of the General Partner, makes the disposition of the Partnership's investments impractical or seriously prejudicial to the Partners, or where such state of affairs, in the opinion of the General Partner, makes the determination of the price or value of the Partnership's investments impractical or prejudicial to the Partners; (b) where any withdrawals or distributions, in the opinion of the General Partner, would result in the violation of any applicable law or regulation; or (c) for such other reasons or for such other periods as the General Partner may in good faith determine. Further, in the event that Limited Partners, in the aggregate, request withdrawals of twenty-five percent (25%) or more of the value of the Partnership's capital accounts as of any Withdrawal Date, the requested amounts will be reduced and satisfied on a *pro rata* basis, and payment of the balance will be made on the next Withdrawal Date not subject to such limitations.

Side Pocket Account

A Limited Partner may not withdraw any of the value of its capital account in connection with any securities (*e.g.*, certain privately offered and other illiquid securities) held in a Side Pocket Account (as defined below) until such time that such security is reallocated to such Limited Partner's capital account. At the sole discretion of the General Partner, a security may be held in a Side Pocket Account until a Realization Event (as defined below).

Special Withdrawal Right

Limited Partners shall have the right to withdraw from the Partnership in the event that Mr. Pouya Yadegar dies, becomes incompetent or is disabled (*i.e.*, unable, by reason of disease, illness, injury or otherwise, to perform his functions as a manager of the General Partner for ninety (90) consecutive days), or otherwise ceases to be active in the affairs of the Partnership. The General Partner shall so notify the Limited Partners as soon as practicable after the occurrence of any of the foregoing, and such special withdrawal right is exercisable by delivery of a withdrawal notice to the General Partner by the 30th day (the "**Notice Date**") after the Limited Partners are so notified. Any

such withdrawal will be effective at the end of the first full calendar month after the Notice Date. A Limited Partner exercising such special withdrawal right will be paid ninety percent (90%) of its estimated capital account (determined as of the end of such calendar month) promptly following the end of such calendar month. The balance of such Limited Partner's capital account will be paid, subject to adjustments and without interest, within thirty (30) days after completion of a special audit of the Partnership as of the end of such calendar month.

Required Withdrawals

The General Partner may, in its sole discretion, require a Limited Partner to withdraw any or all of the value of the Limited Partner's capital account on five (5) days' notice.

Reserves

The General Partner may cause the Partnership to establish such reserves as it deems necessary for contingent Partnership liabilities, including estimated expenses in connection therewith, which could reduce the amount of a distribution upon withdrawal.

Withdrawals, Resignation and Transfers by General Partner

The General Partner and/or its principals and affiliates may withdraw all or any of the value in their capital accounts, including any Performance Allocation, at any time, and without the consent of, or notice to, any of the Limited Partners. The General Partner may resign as the general partner of the Partnership upon thirty (30) days written notice to the Limited Partners. Upon such resignation of the General Partner, or upon its bankruptcy or dissolution, the remaining Limited Partners have the right to appoint a substitute general partner; otherwise the Partnership will be dissolved pursuant to the procedures set forth in the Partnership Agreement.

Determination of Net Asset Value

"Net Asset Value" is determined in accordance with Section 9.05 of the Partnership Agreement and is generally equal to the amount by which the value of the Partnership's assets exceeds the amount of its liabilities (**"Net Asset Value"**). Net Asset Value determinations are made by the General Partner as of the end of each month (or other period, as permitted under the Partnership Agreement) in accordance with U.S. generally accepted accounting principles consistently applied. In making such determinations as of any date, securities which are listed on a national securities exchange or over-the-counter securities listed on NASDAQ are valued at their last sales price on such date, or, if no sales occurred on such date, at the "bid" price for a long position and the "ask" price for a short position. In the event that the General Partner determines that the valuation of any securities or other financial instruments pursuant to foregoing methods does not fairly represent market value, the General Partner may value such securities as it reasonably determines. Options that are listed on a

securities or commodities exchange shall be valued at their last sales prices on the date of determination on the primary securities or commodities exchange (by trading volume) on which such options shall have traded on such date; provided, that if the last sales prices of such options do not fall between the last "bid" and "asked" prices for such options on such date, then the General Partner shall value such options at the mean between the last "bid" and "asked" prices for such options on such date. For securities not listed on a securities exchange or quoted on an over-the-counter market, but for which there are available quotations, such valuation will be based upon quotations obtained from market makers, dealers or pricing services. Securities that have no public market and all other assets of the Partnership are considered at their fair value as the General Partner may reasonably determine in consultation with such industry professionals and other third parties as the General Partner deems appropriate. All values assigned to securities in good faith by the General Partner pursuant to the Partnership Agreement are final and conclusive as to all Partners.

Allocation of Increases and Decreases in Net Asset Value

Pursuant to the Partnership Agreement, generally, any net increase or decrease in Net Asset Value of the Partnership during any year, or such other period as determined by the General Partner, shall be allocated as of the end of such year or such other period, as the case may be, to the capital accounts of all Partners in the proportions which each Partner's capital account bore to the sum of the capital accounts of all the Partners as of the beginning of such year or other period, as the case may be. Net income and net losses attributable to any Side Pocket Account shall be allocated to those Partners participating in such Side Pocket Accounts in proportion to their capital account balance in such Side Pocket Accounts.

Allocation of Taxable Income and Loss

For income tax purposes, generally, all items of taxable income, gain, loss, deduction and credit will be allocated among the Limited Partners at the end of each fiscal year in proportion to their sharing of net increases or decreases in Net Asset Value of the Partnership. In light of the fact that the Partnership does not intend to make distributions, to the extent the Partnership's investment activities are successful, Limited Partners should expect to receive allocations of income and loss, and may incur tax liabilities from an investment in the Partnership without receiving cash distributions from the Partnership with which to pay those liabilities. To obtain cash from the Partnership to pay taxes, if any, Limited Partners may be required to make withdrawals, subject to the limitations herein.

In the event a Limited Partner withdraws all of its capital account from the Partnership, the General Partner will have the discretion to specially allocate an amount of the Partnership's taxable gains or

losses to the retiring Partner to the extent that the Partner's capital account exceeds, or is less than, his federal income tax basis in his partnership Interest. However, there can be no assurances that the IRS will accept such a special allocation. If the special allocation were to be successfully challenged by the IRS, the Partnership's taxable gains or losses allocable to the remaining Partners would be increased.

Expenses

Organizational Expenses. The General Partner paid for all expenses related to organizing the Partnership including, but not limited to, legal and accounting fees, printing and mailing expenses and government filing fees (including blue sky filing fees).

Operating Expenses. The Partnership shall pay or reimburse the General Partner and/or their affiliates for: (a) all expenses incurred in connection with the ongoing offer and sale of Interests, including, but not limited to, marketing expenses, documentation of performance and the admission of Limited Partners, (b) all operating expenses of the Partnership such as tax preparation fees, governmental fees and taxes, administrator fees, communications with Limited Partners and ongoing legal, accounting, auditing, bookkeeping, insurance, consulting and other professional fees and expenses, (c) all Partnership trading costs and expenses (*e.g.,* brokerage commissions, margin interest, expenses related to short sales, custodial fees and clearing and settlement charges), (d) professional and other advisory and consulting expenses and travel expenses incurred in connection with investment due diligence, monitoring or the assertion of rights or pursuit of remedies including, without limitation, pursuant to bankruptcy or other legal proceedings, or participation in informal committees of creditors or other security holders of an issuer, (e) external data services (including, but not limited to, bond pricing and rating data feed) and software expenses included in identifying and monitoring investment opportunities, and (f) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the Partnership. The General Partner or their affiliates, in their sole discretion, may from time to time pay for any of the foregoing Partnership expenses or waive their right to reimbursement for any such expenses, as well as terminate any such voluntary payment or waiver of reimbursement.

General Partner's Expenses. The General Partner and/or its affiliates will pay their own general operating and overhead type expenses associated with providing the administrative services and the investment management services required under the Partnership Agreement. These expenses include all expenses incurred by the General Partner in providing for its normal operating overhead, including but not limited to, the cost of providing relevant support and

administrative services (*e.g.*, employee compensation and benefits, rent, office equipment, insurance, utilities, telephone, secretarial and bookkeeping services.), but not including any Partnership operating expenses described above.

Side Pocket Accounts

The General Partner may designate that certain investments such as, privately placed securities or other securities that, in the opinion of the General Partner, do not have a readily ascertainable market value or other illiquid securities which may be valued but are not freely transferable (such privately placed and illiquid securities, collectively, "**Illiquid Securities**"), be carried in one or more separate memorandum accounts (a "**Side Pocket Account**") for such period of time as the General Partner determines. Illiquid Securities held in a Side Pocket Account shall be carried at their fair value as determined by the General Partner. At the election of the General Partner, or upon the sale or disposition of an Illiquid Security, such security and/or the proceeds thereof shall be reallocated, *pro rata*, to the capital accounts of participating Partners. Until such reallocation, a Limited Partner may not make withdrawals from its capital account that are related to the value of Illiquid Securities held in a Side Pocket Account. Illiquid Securities may be held in a Side Pocket Account until the occurrence of a Realization Event.

A Realization Event occurs when: (a) a Side Pocket Account becomes liquid including, without limitation, when there is a public offering of the securities constituting the Side Pocket Account, which offering the General Partner determines reasonably values the securities in the Side Pocket Account, (b) a Side Pocket Account is liquidated, sold or otherwise disposed of, in whole or in part, by the Partnership, or (c) circumstances otherwise exist that, in the judgment of the General Partner, conclusively establish a value other than fair value including, without limitation, when additional securities substantially similar to the securities in the Side Pocket Account have been issued by the issuer of the securities in the Side Pocket Account. Any or all of the foregoing will constitute a "**Realization Event.**" Upon a Realization Event, the distribution to Partners or other disposition of all or a portion of a Side Pocket Account, the value of the securities held or the proceeds thereof, shall be reallocated at such time as the General Partner determines in its sole and exclusive discretion, from the Side Pocket Account to the capital accounts of each Partner participating therein *pro rata* in accordance with such Partner's interest in the Side Pocket Account. Upon the occurrence of a Realization Event, interest in a Side Pocket Account held in the capital account of a Limited Partner that has otherwise withdrawn from the Partnership will be distributed to such Limited Partner net of: (a) any accrued Management Fee payable to the General Partner, and (b) the

Performance Allocation, if any, with respect to such Side Pocket Account, and within sixty (60) days after such Realization Event. The Performance Allocation shall not be allocable in respect of any Side Pocket Account until the occurrence of a Realization Event, at which time the accrued Performance Allocation, if any, will be allocated with respect to the capital accounts of the Limited Partners participating in such Side Pocket Account.

Newly admitted Limited Partners may not participate in investments in securities carried in a Side Pocket Account that were made prior to their admission. Any expenses relating specifically to a Side Pocket Account will be charged to the Partners participating in such account. If in its discretion the General Partner designates certain investments as follow-up investments to an existing investment in an Illiquid Security, only the Partners participating in such existing investment will participate in such follow-up investment in proportion to their interest in the related Side Pocket Account.

New Issues

The Partnership may purchase securities that are part of a public distribution. Under rules adopted by the Financial Industry Regulatory Authority, Inc. **("FINRA")**, certain persons engaged in the securities, banking or financial services industries (and members of their family) (collectively, "**Restricted Persons**") are restricted from participating in initial public offerings of equity securities ("**New Issues**"), subject, however, to a *de minimis* exemption. To the extent necessary to comply with FINRA rules, in addition to the Partnership's regular accounts and any Side Pocket Account, the General Partner may establish one or more memorandum accounts that are authorized to participate in New Issues (each, a "**New Issues Account**"). Participation in New Issues Accounts shall be limited to: (a) those Limited Partners who are not Restricted Persons and (b) those Limited Partners who are Restricted Persons but only to the extent that such participation by Restricted Persons does not exceed levels permitted under applicable FINRA rules. The General Partner shall be entitled to receive the Performance Allocation with respect to any profits in the New Issues Account.

Upon the sale of New Issues, any profits or losses resulting from securities transactions in the New Issues Account in any fiscal period will be credited or debited to the capital accounts of Limited Partners participating in the New Issues Account in accordance with their interests therein.

The returns to Limited Partners on their investments in the Partnership may differ depending upon whether or not they are a Restricted Person.

Reports to Limited Partners

Each Limited Partner will receive the following: (a) annual financial statements of the Partnership audited by an independent certified public accounting firm, (b) in the discretion of the General Partner, a periodic letter from the General Partner discussing the results of the Partnership, (c) copies of such Limited Partner's Schedule K-1 to the Partnership's tax returns, and (d) other reports as determined by the General Partner in its sole discretion. The Partnership shall bear all fees incurred in providing such tax returns and reports.

The General Partner may agree to provide certain Limited Partners with additional information on the underlying investments of the Partnership, as well as access to the General Partner and their employees for relevant information.

Transferability of Interests

Limited Partners shall not assign or transfer their Interest (except where permitted by operation of law) without the consent of the General Partner, which consent may be given or withheld in the General Partner's sole discretion. No transfer of an Interest by a Limited Partner will be permitted if it would result in termination of the Partnership for federal income tax purposes. Transfers of Interests are subject to other restrictions set forth in the Partnership Agreement, including compliance with federal and state securities laws.

Due to these limitations on transferability, Limited Partners may be required to hold their Interests indefinitely unless they withdraw from the Partnership in accordance with the procedures set forth in the Partnership Agreement.

Distributions

The Partnership does not expect to make any distributions to Limited Partners from profits or capital, except pursuant to requests for withdrawals and upon termination of the Partnership.

Dissolution

Upon the termination of the Partnership (as further described in Article XIII of the Partnership Agreement), the assets of the Partnership will be liquidated (or distributed) and the proceeds of liquidation will be used to pay off known liabilities, establish reserves for contingent liabilities and expenses of liquidation, and any remaining balance will be applied and distributed in proportion to the respective capital accounts of the Limited Partners.

Voting Rights and Amendments

The voting rights of Limited Partners are limited. Other than as explicitly set forth in the Partnership Agreement, Limited Partners have no voting rights as to the Partnership or its management. Generally, the Partnership Agreement may be amended only with the

consent of the General Partner and Limited Partners owning more than fifty percent (50%) in Interests, except that the General Partner may amend the Partnership Agreement without the consent of or notice to any of the Limited Partners as contemplated by or to give effect to the provisions of the Partnership Agreement or to correct conflicts or errors therein, provided, in the reasonable opinion of the General Partner, the amendment does not materially adversely affect any Limited Partner.

Bank Holding Companies

Limited Partners that are Bank Holding Companies ("**BHC Limited Partners**"), as defined by Section 2(a) of the Bank Holding Company Act of 1956, as amended (the "**BHCA**"), are limited to 4.99% of the voting interest in the Partnership under Section 4(c)(6) of the BHCA. The portion of the Interests in the Partnership held by a BHC Limited Partner in excess of 4.99% of the total outstanding aggregate voting interests of all Limited Partners shall be deemed non-voting interests in the Partnership. BHC Limited Partners holding non-voting interests in the Partnership are permitted to vote on: (a) any proposal to dissolve or continue the business of the Partnership under the Partnership Agreement and (b) matters with respect to which voting rights are not considered to be "voting securities" under 12 C.F.R. §225.2(q)(2), including such matters which may "significantly and adversely" affect a BHC Limited Partner (such as amendments to the Partnership Agreement or modifications of the terms of its Interest). Except with regard to restrictions on voting, non-voting Interests are identical to all other Interests held by Limited Partners.

Liability of Limited Partners

A Limited Partner's liability to the Partnership is limited to the amount of such Limited Partner's capital account, including the amount it has contributed to the capital of the Partnership. Once an Interest has been paid for in full, the holder of that Interest will have no further obligation at any time to make any loans or additional capital contributions to the Partnership. No Limited Partner shall be personally liable for any debts or obligations of the Partnership. Under Delaware law, when a Limited Partner receives a return of all or any part of such Limited Partner's capital contribution, the Limited Partner may be liable to the Partnership for any sum, not in excess of such return of capital (together with interest), if at the time of such distribution the Limited Partner knew that the Partnership was prohibited from making such distribution pursuant to the Partnership Act.

Brokerage Practices

Portfolio transactions for the Partnership will be allocated by the General Partner to brokers on the basis of best execution and in consideration of such brokers' ability to effect transactions, the brokers' facilities, reliability and financial responsibility, and the

provision or payment of the costs of research and other services or property. See "BROKERAGE PRACTICES."

Other Activities of General Partner and Affiliates

Neither the General Partner nor Mr. Yadegar is required to manage the Partnership as their sole and exclusive function. They may engage in other business activities including competing ventures and/or other unrelated employment. In addition to managing the Partnership's investments, the General Partner, Mr. Yadegar, and their affiliates, may provide investment advice to other parties and may manage other accounts and/or establish other private investment funds in the future which employ an investment strategy similar to that of the Partnership. See "MANAGEMENT."

Exculpation and Indemnification

The General Partner will be generally liable to third parties for all obligations of the Partnership to the extent such obligations are not paid by the Partnership or are not by their terms limited to recourse against specific assets. The General Partner shall not be liable to the Partnership or the Limited Partners for any act or omission in connection with the business or affairs of the Partnership so long as the General Partner acted in good faith and is not found to be liable for gross negligence or willful misconduct with respect thereto. There shall be a presumption that the General Partner acted in good faith if any act or omission by it was based on the reasonable reliance of advice given by knowledgeable legal counsel and/or other qualified independent outside consultants.. The Partnership (but no Limited Partner individually) is obligated to indemnify and hold harmless the General Partner and its managers, members, officers, affiliates and employees against any and all claims, actions, demands, losses, costs, expenses (including reasonable attorney's fees and other expenses of litigation), damages, penalties or interest, as a result of any claim or legal proceeding related to any action taken or omitted to be taken by any of them in connection with the business and affairs of the Partnership (including the settlement of any such claim or legal proceeding); provided, that the party against whom the claim is made or legal proceeding is directed is not found liable for gross negligence or willful misconduct as determined by a court of competent jurisdiction.

Term

The term of the Partnership shall continue indefinitely until terminated in accordance with the Partnership Agreement. Under the Partnership Agreement, the Partnership may be terminated at the election of the General Partner.

Fiscal Year

The fiscal year of the Partnership shall end on December 31 of each year, which fiscal year may be changed by the General Partner, in its sole and exclusive discretion.

Attorney	Paul Hastings LLP acts as legal counsel to the Partnership and the General Partner in connection with the offering of the Interests and other ongoing matters and does not represent the Limited Partners. The Limited Partners understand and agree that the General Partner can engage different legal counsel without notice to the Limited Partners. Any such change in legal counsel would not require the consent of the Limited Partners.
Administrator	SS&C GlobeOp (the "**Administrator**") acts as the Administrator of the Partnership. The Partnership reserves the right to use other and/or additional firms for administration services.
Lead Broker and Custodian	Jefferies Prime Brokerage Services will provide brokerage, custodian and clearing services (the "**Prime Broker**") for the Partnership. The Partnership reserves the right to use other and/or additional firms for brokerage services.
Auditor	KPMG serves as the auditor for the Partnership. The Partnership reserves the right to use other firms as its auditor.
Address for Inquiries	You are invited to, and it is highly recommended that you do, meet with the General Partner for a further explanation of the terms and conditions of this offering of Interests and to obtain any additional information necessary to verify the information contained in this Memorandum, to the extent the General Partner possesses such information or can acquire it without unreasonable effort or expense. Requests for such information should be directed to: Prime Opportunities Investment Group, LLC 204 South Beverly Drive, Suite 105 Beverly Hills, California 90212 Attention: Mariana Dawson Telephone: (800) 550-4188 Facsimile: (310) 295-2111 Email: clientservices@primeopp.com

MANAGEMENT

Role of the General Partner

The General Partner of the Partnership is Prime Opportunities Investment Group, LLC, a Nevada limited liability company, which was organized in March 2008. The General Partner is responsible for the day-to-day management of the Partnership's affairs.

The General Partner is responsible for researching, selecting and monitoring investments by the Partnership and making decisions on when and how much to invest with or withdraw from a particular investment. The General Partner has appointed itself as the investment manager. As the principal member, manager and controlling person of the General Partner, Mr. Yadegar controls all of the Partnership's operations and activities, including the management of its portfolio. Limited Partners do not have any right to participate in the management of the Partnership and have limited voting rights.

The General Partner is registered with California as an investment adviser and will serve as the investment manager for the Partnership.

Background of Management

Executive Officer – Pouya Yadegar

Mr. Pouya Yadegar is founder and Chief Investment Officer of Prime Opportunities Investment Group, LLC, where he is responsible for evaluating investment opportunities and directing portfolio strategy for the firm.

Prior to founding the General Partner, Mr. Yadegar was involved in investment acquisitions and management of real estate at Four Corners Investments located in Beverly Hills, California.

Mr. Yadegar graduated from the University of Southern California (USC) Marshall School of Business in 1994 with a bachelor's degree in Finance and Marketing.

Other Activities of General Partner and Affiliates

The General Partner is not required to manage the Partnership as its sole and exclusive function. The General Partner may engage in other business activities and are only required to devote such time to the Partnership as it in good faith deems necessary to accomplish the purposes of the Partnership. Similarly, although Pouya Yadegar expects to devote a significant amount of his time to the business of the General Partner and the Partnership, he is only required to devote so much of his time to these entities as they determine in their sole discretion.

In addition to managing the Partnership, the General Partner, Prime Opportunities Investment Group, LLC, and its affiliates may provide investment management services to other parties and may manage other accounts and/or establish other private investment funds in the future (both domestic and offshore) which employ an investment strategy similar to that of the Partnership.

Investments by General Partner and Affiliates

Capital contributions by the General Partner and it principal and affiliates will generally be on the same basis as capital contributions made by investors, except that, in the discretion of the General Partner, no Management Fee or Performance Allocation will be assessed as to such persons. The Partnership Agreement does not require the General Partner or its principals or affiliates to maintain any minimum capital account balance.

INVESTMENT PROGRAM

Purpose

The Partnership's investment objective is to seek consistent above average returns while also attempting to preserve capital and mitigate risk through hedging activities. No assurance can be given, however, that the Partnership will achieve its objective, and investment results may vary substantially over time and from period to period.

The General Partner anticipates that most of the Partnership's assets will be invested in publicly traded equity securities. In carrying out the Partnership's investment objective, the General Partner will focus on companies that have a reasonable expectation of producing above average returns. The Partnership will seek to utilize different types of trades including, but not limited to, long/short or equity hedged market arbitrage or market securities hedging. The Partnership will primarily focus on U.S. securities but may expand into other global markets as the Partnership increases in size and opportunities arise.

The Partnership will also purchase equities that the General Partner believes to be undervalued, and sells short equities that the General Partner believes to be overvalued. The General Partner will invest in companies without regard to market capitalization, geographic location or market sector. The Partnership's investment strategy may also include options, event-driven investments, fixed income securities, private placements and use of leverage.

Investment Strategy

Long Equity. The General Partner expects that a portion of the Partnership's investments will be in common equities. The Partnership's long focus will be on companies of varying size that have a reasonable expectation of producing above average returns. The General Partner favors companies that are actively traded in the United States but is willing to invest in companies without respect to market capitalization, geographic location or market sector. In addition, the General Partner believes that in order to sustain superior investment results, it may be necessary to concentrate the Partnership's portfolio from time to time in investments that will produce high absolute returns while at the same time reducing risk to the overall portfolio. Thus, the Partnership may have limited diversification in its equity portfolio.

The General Partner may analyze certain financial measures before investing in a company, such as the company's historical and expected cash flows, its projected earnings growth, its valuation relative to its growth and to that of its industry, the historical trading patterns of the company's securities, and forecasts and projections for the relevant industry group. The General Partner may at times gather information about a company from consultants, analysts, competitors, suppliers and customers that may help the effectiveness of the analysis performed.

Short Selling. The General Partner intends to sell short individual stocks as a means of attempting to reduce risk and increase performance. Stocks are shorted for a variety of reasons including: (i) negative tangible book value; (ii) temporary overvaluation due to short-term market euphoria for a sector; (iii) faulty business model; (iv) poor earnings; (v) questionable accounting practices; (vi) deteriorating fundamentals; and (vii) weak management unable to adapt to changes in technology, regulation or the competitive environment. Technical analysis may also be used to help in the decision making process. The General Partner believes that by focusing on specific companies that are experiencing any one or more of these elements, the General Partner should be able to identify profitable short sale candidates in most stock market environments.

Other Features of the Partnership's Investment Strategy

Event-Driven and Special Situation Investments. The Partnership may invest in companies based upon certain situations or events, including (but not limited to) spin-offs, mergers and acquisitions, rights offerings, restructurings and bankruptcies. The General Partner believes that many such special situations and events carry a high probability of indiscriminate selling or neglect of valuable assets for reasons other than a lack of investment merits.

Occasionally, the Partnership may engage in arbitrage transactions that the General Partner believes represent an exceptional risk/reward opportunity. Risk arbitrage opportunities generally arise during corporate mergers, leverage buyouts or takeovers. Frequently the stock of the company being acquired will trade at a significant discount to the announced deal price. This discount compensates investors for the time value of money and the risk that the transaction may be canceled. If the discount is significantly greater than the General Partner's assessment of the underlying risk, the strategy will be implemented. As with options and fixed income securities, the General Partner intends to use event-driven investments as a tactical, opportunistic strategy and not as part of the Partnership's normal operations.

Options. The General Partner may utilize derivative securities, primarily options. The General Partner may purchase and write put and call options that are traded on national securities exchanges or over-the-counter markets, as well as on electronic communications networks (**"ECN"**). Options can be used in many ways such as to increase market exposure (i.e., for purposes of leverage), to reduce overall market exposure (i.e., for hedging purposes), to increase the portfolio's current income, or to reduce the cost basis of a new position. The Partnership may also utilize certain options, such as various types of index or "market basket" options, in an effort to hedge against certain market-related risks, as the General Partner deems appropriate. The General Partner believes that the use of options and other derivatives should help reduce risk and enhance investment performance.

Private Placements. In addition to investing in publicly traded common equities, The Partnership may in certain cases invest in privately placed securities that do not have a readily ascertainable market value or other illiquid securities which may be valued but are not freely transferable (such privately placed and illiquid securities, collectively, "**Illiquid Securities**"). Investments in Illiquid Securities may be held in a separate Side Pocket Account, at the discretion of the General Partner, and only those Partners who are Partners at the time the

investment is made may participate in the investment. See "SUMMARY OF OFFERING AND PARTNERSHIP TERMS – Side Pocket Accounts."

Leverage. The Partnership may utilize leverage through the purchase of securities on margin. The Partnership uses significant leverage when it borrows money from its broker or sells securities short. To the extent that the Partnership uses leverage, its assets tend to increase and decrease at a greater rate than if borrowed money is not used. The use of leverage enables the Partnership to increase its buying power and take advantage of a greater number of undervalued situations than would be the case if leverage were not used. The Partnership is permitted to acquire securities on margin in accordance with applicable margin regulations and the broker's margin requirements.

Aggressive Growth. The Partnership may invest in equities expected to experience acceleration in growth of earnings per share. Such equities generally high P/E ratios, low or no dividends and often consist of smaller and micro-cap stocks which are expected to experience rapid growth.

Distressed Securities. The Partnership may buy equity, debt, or trade claims at deep discounts of companies in or facing bankruptcy or reorganization. The Partnership expects to profits from the market's lack of understanding of the true value of the deeply discounted securities and because the majority of institutional investors cannot own below investment grade securities. This selling pressure creates the deep discount and the results generally are not dependent on the direction of the markets.

Emerging Markets. The Partnership may invest in equity or debt of emerging (less mature) markets which tend to have higher inflation and volatile growth.

Fund of Funds. The Partnership may mix and match hedge funds and other pooled investment vehicles. This blending of different strategies and asset classes aims to provide a more stable long-term investment return than any of the individual funds. Returns, risk, and volatility can be controlled by the mix of underlying strategies and funds. Volatility depends on the mix and ratio of strategies employed by the Partnership.

Income. The Partnership may invest with a primary focus on yield or current income rather than solely on capital gains. The Partnership may utilize leverage to buy bonds and sometimes fixed income derivatives in order to profit from principal appreciation and interest income.

Macro. The Partnership may aim to profit from changes in global economies, typically brought about by shifts in government policy which impact interest rates, in turn affecting currency, stock, and bond markets. The Partnership may participate in all major markets -- equities, bonds, currencies and commodities -- though not always at the same time. The Partnership may use leverage and derivatives to accentuate the impact of market moves.

Market Neutral – Arbitrage. The Partnership may attempt to hedge out most market risk by taking offsetting positions, often in different securities of the same issuer. For example, can be long convertible bonds and short the underlying issuer's equity. May also use futures to

hedge out interest rate risk. Focuses on obtaining returns with low or no correlation to both the equity and bond markets. These relative value strategies include fixed income arbitrage, mortgage backed securities, capital structure arbitrage, and closed-end fund arbitrage.

Market Neutral - Securities Hedging. The Partnership may invest equally in long and short equity portfolios generally in the same sectors of the market. With this strategy, market risk is greatly reduced, but effective stock analysis and stock picking is essential to obtaining meaningful results. Leverage may be used to enhance returns and usually there is low or no correlation to the market. The strategy sometimes uses market index futures to hedge out systematic (market) risk.

Market Timing. The Partnership may allocate assets among different asset classes depending on the Partnership's view of the economic or market outlook. Portfolio emphasis may swing widely between asset classes. Unpredictability of market movements and the difficulty of timing entry and exit from markets add to the volatility of this strategy.

Opportunistic. The Partnership's investment theme changes from strategy to strategy as opportunities arise to profit from events such as IPOs, sudden price changes often caused by an interim earnings disappointment, hostile bids, and other event-driven opportunities. May utilize several of these investing styles at a given time and is not restricted to any particular investment approach or asset class.

Multi Strategy. The Partnership's investment approach may be diversified by employing various strategies simultaneously to realize short- and long-term gains. Other strategies may include systems trading such as trend following and various diversified technical strategies. This style of investing allows the Partnership to overweight or underweight different strategies to best capitalize on current investment opportunities.

Value. The Partnership may invest in securities perceived to be selling at deep discounts to their intrinsic or potential worth. Such securities may be out of favor or under followed by analysts. Long-term holding, patience, and strong discipline are often required until the ultimate value is recognized by the market.

Other Investments. The General Partner may also invest some of The Partnership's assets in short-term United States Government obligations, certificates of deposit, commercial paper and other money market instruments, including repurchase agreements with respect to such obligations, to enable the Partnership to make investments quickly and to serve as collateral with respect to certain of its investments. If the General Partner believes that a defensive position is appropriate because of expected economic or business conditions, the outlook for security prices, or the General Partner otherwise determines that opportunities for investing are unattractive; then, a greater percentage of Partnership assets may be invested in such obligations. The Partnership may also engage in securities lending activities. From time to time, in the sole discretion of the General Partner, cash balances in the Partnership's brokerage account may be placed in a money market fund.

Although the strategy and asset allocation utilized by the General Partner is primarily centered on publicly traded equity securities of companies, the General Partner intends to follow

a flexible approach in order to place the Partnership in the best position to capitalize on opportunities in the financial markets. Accordingly, the General Partner may employ other strategies and may take advantage of opportunities in diverse asset classes if they meet the General Partner's standards of investment merit.

Description of Investment Process

Set forth below are the types of analyses that the General Partner may use in carrying out its investment strategy:

Investment Identification. The General Partner's investment ideas will be generated from a wide variety of sources including industry contacts, trade and financial publications, trade shows, investment conferences and stock screens. Company analyses will begin with review of public filings (10-Ks, 10-Qs, 8-Ks, 13-Gs, etc.) and relevant research analyst reports. Particular attention will be paid to a company's balance sheet, cash per share, gross and net working capital per share, and tangible book value per share. Stock price valuation will be assessed from a variety of standpoints in addition to the criteria noted above, including sales and earnings history and outlook, historical and expected cash flows, comparison with competing and related companies and general investor sentiment.

Relationship with Portfolio Companies. Although the General Partner does not take an active role in the affairs of the companies in which the Partnership has a position, it will be the policy of the Partnership to take such steps as are necessary to protect its economic interests. The General Partner reserves the option to accept a role on the board of directors of any company in which the Partnership holds securities, if the opportunity presents itself.

Investment and Portfolio Monitoring. The General Partner will monitor the Partnership's positions to attempt to ensure that the investment thesis behind each is intact. The General Partner will also monitor trading prices so that profits can be taken as trading and intrinsic values converge or losses can be minimized in the event of a significant shift in an investment's fundamental premise. The General Partner will further monitor investment positions in view of the portfolios as a whole in order to manage risk.

Development and Risks of General Partner's Trading Strategy. The development of a trading strategy is a continuous process. Therefore, the Partnership's trading strategy and methods may be modified. The Partnership's trading methods are confidential and the descriptions of them in this Memorandum are not exhaustive. The Partnership's trading strategies may also differ from those used by the General Partner and its affiliates with respect to other accounts they manage. Trading decisions require the exercise of judgment by the General Partner. The General Partner may, at times, decide not to make certain trades, thereby foregoing participation in price movements which would have yielded profits or avoided losses. Limited Partners cannot be assured that the strategies or methods utilized by the General Partner will result in profitable trading for the Partnership.

The Partnership's investment program entails unpredictable and substantial risks and there can be no assurance that its investment objectives will be achieved.

The Partnership represents a diversification opportunity for an investment portfolio, not a complete investment program. There can be no assurance that the Partnership will achieve its investment objective or avoid substantial losses. An investor should not make an investment in the Partnership with the expectation of sheltering income or receiving cash distributions. Investors are urged to consult with their business, tax and legal advisers before investing in the Partnership.

BROKERAGE PRACTICES

Brokerage Arrangements

The General Partner is responsible for the placement of the portfolio transactions of the Partnership and the negotiation of any commissions paid on such transactions. Portfolio securities normally are purchased through brokers on securities exchanges or directly from issuers or from underwriters or market makers for the securities. Purchases of portfolio instruments through brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the asked price. The General Partner will not commit to provide any level of brokerage business to any broker. The General Partner may utilize the services of one or more introducing brokers that will execute the Partnership's brokerage transactions through the broker and custodian that will clear the Partnership's transactions.

Securities transactions for the Partnership are executed through brokers selected by the General Partner in its sole discretion, and without the consent of the Partnership. In placing portfolio transactions, the General Partner will seek to obtain the best execution for the Partnership, taking into account the following factors, among others: (a) the ability to effect prompt and reliable executions at favorable prices, including the applicable dealer spread or commission, if any; (b) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (c) the financial strength, integrity and stability of the broker; (d) the broker's risk in positioning a block of securities; (e) the quality, comprehensiveness and frequency of available research services considered to be of value; and, (f) the competitiveness of commission rates in comparison with other brokers satisfying the General Partner's other selection criteria.

The General Partner is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if the General Partner determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. The General Partner is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by the General Partner, and the Management Fee and Performance Allocation are not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker-dealers used by the Partnership may be utilized by the General Partner and its affiliates in connection with their investment services for other clients and, likewise, research services provided by broker-dealers used for transactions of other clients may be utilized by the General Partner in performing its services for the Partnership. Since commission rates in the United States are negotiable,

selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

Soft Dollar Arrangements

The term "soft dollars" refers to the receipt by an investment manager of products and services provided by brokers, without any cash payment by the investment manager, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the investment manager's clients.

The General Partner intends to use "soft dollars" generated by the Partnership to pay for research-related services. Section 28(e) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), provides a "safe harbor" to investment managers who use commission dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the manager in the performance of investment decision-making responsibilities. These services may take the form of research services, special execution capabilities, clearance, settlement, reputation, net price, on-line pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, on-line access to computerized data regarding clients' accounts, performance measurement data, consultations, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, general reports, supplies, financial strength and stability, efficiency or execution and error resolution, quotation equipment and services, the availability of stocks to borrow for short trades, newswire and data processing charges, quotation equipment and services (e.g., Reuters, Bloomberg, Bridge, First Call, etc.), periodical subscription fees (e.g., The Financial Times, The Wall Street Journal, the New York Times, Federal Filings, Investors Business Daily, Dow Jones, etc.), computer equipment used for brokerage or research purposes (e.g., computers, computer hardware, software, hard drives, monitors, PDA's, LAN's, servers, etc.) and related technical support, repair and maintenance, television and cable services used for research purposes and related equipment and installation and maintenance costs (e.g., copy equipment, telephones, telephone lease, telephone and facsimile lines, cellular phones, telephone call recording equipment, headsets, telephone switchboards and monthly and long distance telephone charges), all expenses incurred in connection with investigating and researching issuers of securities, including but not limited to attending conferences, airfare, car rentals, taxi fares, conference fees and related expenses, hotel accommodations and meals and speaking and meeting with management or industry consultants, and other accounting fees and legal fees and the like, and other reasonable expenses determined by the General Partner. Conduct outside of the safe harbor afforded by Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. All soft dollar arrangements made by the Partnership shall be consistent with Section 28(e) or shall be with respect to services the expenses of which would otherwise be required to be paid by the Partnership pursuant to the Partnership Agreement.

Referral of Investors

The General Partner and/or its affiliates may also direct some Partnership brokerage business to brokers who refer prospective investors to the Partnership. If such referrals occur, they are likely to benefit the General Partner while, at the same time, provide little, if any,

benefit to the Limited Partners. Consequently, the General Partner will have a conflict of interest with the Partnership when allocating Partnership brokerage business to a broker who has referred investors to the Partnership. To prevent Partnership brokerage commissions from being used to pay investor referral fees, the General Partner will not allocate Partnership brokerage business to a referring broker unless the General Partner determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the Partnership.

Selling commissions and/or referral fees may be paid in connection with the sale of Interests. The General Partner may share a portion of its Management Fee or Performance Allocation with third parties introducing Limited Partners to the Partnership, or the General Partner may use its own resources to compensate third parties for such introductions.

Placement agents may or may not be used by the Partnership in connection with this Offering of Interests. If a placement agent is used, the Partnership will not bear any related placement fee, other than a placement fee paid by the Partnership and offset against the Management Fee and/or the Performance Allocation on a dollar-for-dollar basis.

Allocation of Trades

The General Partner may at times determine that certain securities will be suitable for acquisition by the Partnership and by other accounts managed by the General Partner, possibly including the General Partner's own accounts, or accounts of an affiliate. If that occurs, and the General Partner is not able to acquire the desired aggregate amount of such securities on terms and conditions which the General Partner deems advisable, the General Partner will endeavor to allocate, in good faith, the limited amount of such securities acquired among the various accounts for which the General Partner considers them to be suitable. The General Partner may make such allocations among the accounts in any manner which it considers to be equitable under the circumstances including, but not limited to, allocations based on relative account sizes, the degree of risk involved in the securities acquired, and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved.

Aggregation of Orders

The General Partner may aggregate purchase and sale orders of securities held by the Partnership with similar orders being made simultaneously for other accounts or entities if, in the General Partner's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to its clients, including the Partnership, based on an evaluation that such clients will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of securities for the Partnership will be affected simultaneously with the purchase or sale of like securities for other accounts or entities. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, at the General Partner's sole discretion, and the Partnership may be charged or credited, as the case may be, with the average transaction price.

Prime Broker and Custodian

Jefferies Prime Brokerage Services will provide prime brokerage, custodial and clearing services (the "**Prime Broker**") for the Partnership. The Partnership is not committed to continue its brokerage and custodial relationship with the Prime Broker for any minimum period, and may enter into brokerage and custodial relationships with other brokers. It is expected that various brokers will provide brokerage and custodian services for the Partnership, and will generally execute, on the basis of payment against delivery, the securities transactions of the Partnership. Accordingly, the Prime Broker may receive substantial brokerage commissions and/or margin interest related to the securities transactions of the Partnership.

MATERIAL AGREEMENTS; MANAGEMENT FEE; PERFORMANCE ALLOCATION

Administration Agreement

The Partnership has entered into an Administration Agreement with the Administrator (the "**Administration Agreement**"), pursuant to which the Administrator has been appointed to provide certain [administrative, accounting, registrar and transfer agency services to the Partnership,] subject to the overall supervision of the General Partner. The services provided by the Administrator and the provisions of the Administration Agreement are summarized at "ADMINISTRATION – ADMINISTRATOR".

Prime Brokerage Agreement

The Partnership has entered into a Prime Brokerage Agreement with the Prime Broker (the "**Prime Brokerage Agreement**"), pursuant to which the Prime Broker will perform various brokerage, clearing and custodial services on behalf of the Partnership, and may also enter into financial arrangements with other prime brokers. The services provided by the Prime Broker are summarized at "ADMINISTRATION – PRIME BROKER."

Partnership Agreement: Limitation of Liability and Indemnification of the General Partner

Under the Partnership Agreement, the General Partner shall not be liable to the Partnership or the Limited Partners for any act or omission in connection with the business or affairs of the Partnership so long as the General Partner acted in good faith and is not found to be liable for gross negligence or willful misconduct with respect thereto. There shall be a presumption that the General Partner acted in good faith if any act or omission by it was based on the reasonable reliance of advice given by knowledgeable legal counsel and/or other qualified independent outside consultants.. The Partnership (but no Limited Partner individually) is obligated to indemnify and hold harmless the General Partner and its managers, members, officers, affiliates and employees against any and all claims, actions, demands, losses, costs, expenses (including reasonable attorney's fees and other expenses of litigation), damages, penalties or interest, as a result of any claim or legal proceeding related to any action taken or omitted to be taken by any of them in connection with the business and affairs of the Partnership (including the settlement of any such claim or legal proceeding); provided, that the party against whom the claim is made or legal proceeding is directed is not found liable for gross negligence or willful misconduct as determined by a court of competent jurisdiction.

Side Letters

The Partnership may from time to time enter into letter agreements or other similar agreements (collectively, "**Side Letters**") with one or more Limited Partners with additional or different rights than other Limited Partners have pursuant to the Partnership Agreement. As a result of such Side Letters, certain Limited Partners may receive additional benefits which other Limited Partners will not receive (including, without limitation, benefits associated with modifying or waiving any front-end or sales charges, redemption fees, Management Fees, Performance Allocation, advance notice requirements, subscription document and purchase price delivery requirements, restrictions on redemptions, and dollar amount minimums of capital contributions, withdrawals or capital account balances and with enhanced access to Partnership information). For example, a Side Letter may permit a Limited Partner to redeem Interests on shorter notice and at different times than other Limited Partners. As a result, should the Partnership experience a decline in performance over a period of time, a Limited Partner who is a party to a Side Letter that permits different redemption times may be able to redeem Interests prior to other Limited Partners. The Partnership will not be required to notify any or all of the other Limited Partners of any such Side Letters or any of the rights, terms or provisions thereof, nor will the Partnership be required to offer such additional or different rights or terms to any or all of the other Limited Partners. The Partnership may enter into such Side Letters with any party as the General Partner may determine in its sole and absolute discretion at any time. The other Limited Partners will have no recourse against the Fund, the General Partner or any of their affiliates in the event that certain Limited Partners receive additional or different rights or terms as a result of such Side Letters. Potential investors are requested to specifically consider the risk disclosures described in this Memorandum – see "RISK FACTORS AND CONFLICTS OF INTEREST".

Management Fee

In consideration of its services, the Partnership pays to the General Partner a Management Fee equal to two percent (2%) annually of the Partnership's Net Asset Value, payable in advance on the first business day of each calendar quarter; however, the General Partner reserves the right, on adequate notice to the Partnership, to change the Management Fee in the future.

Performance Allocation

In consideration for its services, the General Partner shall have reallocated by credit to its capital account, and by debit to each Limited Partner's capital account, at the close of each fiscal quarter or such other period as the case may be, twenty percent (20%) of the net increase in Net Asset Value of the Partnership, subject to a Loss Carryforward (as described below). The General Partner may, in its sole discretion, reallocate all or any portion of the Performance Allocation to certain Limited Partners.

The General Partner shall also receive the Performance Allocation upon any withdrawal by a Limited Partner, whether voluntary or involuntary, and upon dissolution of the Partnership. The Performance Allocation shall be in addition to the proportionate allocations of income and

profits, or losses, to the General Partner and/or its affiliates based upon their capital accounts relative to the capital accounts of all Limited Partners. The General Partner, in its sole discretion, may waive or reduce the Performance Allocation with respect to any Limited Partner for any period of time, or agree to apply a different Performance Allocation for that Limited Partner.

If a Limited Partner's capital account has a net loss in any fiscal quarter, this loss will be recorded as to such Limited Partner and carried forward to future fiscal quarters (such amount is referred to as the "**Loss Carryforward**"), and the General Partner will not receive the Performance Allocation from such Limited Partner for future fiscal quarters until the Loss Carryforward amount for such Limited Partner has been recovered (*i.e.*, when the Loss Carryforward amount has been exceeded by the cumulative profits allocable to such Limited Partner for the fiscal quarters following the Loss Carryforward). Once the Loss Carryforward has been recovered, the Performance Allocation shall be based on the excess profits (over the Loss Carryforward amount) as to such Limited Partner, rather than on all profits. The Loss Carryforward is intended to prevent the General Partner from receiving the Performance Allocation as to profits that simply restore previous losses to a Limited Partner and is intended to ensure that the Performance Allocation is based on the long-term performance of an investment in the Partnership.

If a Limited Partner makes a partial withdrawal from its capital account, any Loss Carryforward will be adjusted downward in proportion to the amount of the withdrawal relative to such Limited Partner's aggregate capital account. The General Partner may agree with any Limited Partner to apply a different Loss Carryforward provision for such Limited Partner.

ALLOCATION OF NET INCREASES OR DECREASES IN NET ASSET VALUE

Pursuant to the Partnership Agreement, generally, any net increase or decrease in Net Asset Value of the Partnership during any year, or such other period as determined by the General Partner, shall be allocated as of the end of such year or such other period, as the case may be, to the capital accounts of all Partners in the proportions which each Partner's capital account bore to the sum of the capital accounts of all the Partners as of the beginning of such year or other period, as the case may be. Net income and net losses attributable to any Side Pocket Account shall be allocated to those Partners participating in such Side Pocket Accounts in proportion to their capital account balance in such Side Pocket Accounts.

After such allocations, the Performance Allocation, if any, will be debited from each Limited Partner's capital account and credited to the General Partner's capital account.

DETERMINATION OF NET ASSET VALUE

The Partnership's Net Asset Value is determined in accordance with Section 9.05 of the Partnership Agreement and is generally equal to the amount by which the value of the Partnership's assets exceeds the amount of its liabilities. Net Asset Value determinations are made by the General Partner as of the last day of each month (or other period, as permitted under the Partnership Agreement) in accordance with U.S. generally accepted accounting principles consistently applied.

In making such determinations as of any date, securities which are listed on a national securities exchange or over-the-counter securities listed on NASDAQ are valued at their last sales price on such date, or, if no sales occurred on such date, at the "bid" price for a long position and the "ask" price for a short position. For securities not listed on a securities exchange or quoted on an over-the-counter market, but for which there are available quotations, such valuation will be based upon quotations obtained from market makers, dealers or pricing services. Securities that have no public market and all other assets of the Partnership are considered at their fair value as the General Partner may reasonably determine in consultation with such industry professionals and other third parties as the General Partner deems appropriate. In the event that the General Partner determines that the valuation of any securities or other financial instruments pursuant to foregoing methods does not fairly represent market value, the General Partner may value such securities as it reasonably determines. All values assigned to securities in good faith by the General Partner pursuant to the Partnership Agreement are final and conclusive as to all Partners.

Options that are listed on a securities or commodities exchange shall be valued at their last sales prices on the date of determination on the primary securities or commodities exchange (by trading volume) on which such options shall have traded on such date; provided, that if the last sales prices of such options do not fall between the last "bid" and "asked" prices for such options on such date, then the General Partner shall value such options at the mean between the last "bid" and "asked" prices for such options on such date.

In calculating the Partnership's Net Asset Value, the General Partner shall deduct the Management Fee, if any, payable to the General Partner, estimated expenses for accounting, legal, custodial and other administrative services (whether performed therein or to be performed thereafter) and such reserves for contingent liabilities of the Partnership, including estimated expenses, if any, in connection therewith, as the General Partner shall determine.

After the foregoing determinations have been made, a further calculation shall be made to determine the increase or decrease in Net Asset Value of the Partnership during the month (or other time period, as the case may be) just ended. The term "increase in Net Asset Value" shall be the excess of Net Asset Value at the end of any month (or other time period, as the case may be) over that of the preceding period, after adjusting for interim capital contributions and withdrawals. The term "decrease in Net Asset Value" shall be the amount by which the Net

Asset Value at the end of the month (or other time period, as the case may be) is less than the Net Asset Value of the Partnership as of the end of the preceding period after making the adjustments specified above.

TRANSFERS AND WITHDRAWALS

Transfers

Limited Partner Transfers. Except for transfers by will or intestate succession or by operation of law, no Limited Partner may offer, sell, transfer, assign, exchange, hypothecate or pledge, or otherwise dispose of or encumber (hereinafter collectively, "**Transfer**" or "**Transferred**"), in whole or in part, such Limited Partner's Interest without the consent of the General Partner, which may be given or withheld in the sole and exclusive discretion of the General Partner, or to a minor or incompetent. No transfer of an Interest by a Limited Partner will be permitted if it would result in termination of the Fund for federal income tax purposes. Any purported Transfer that would cause the termination of the Partnership for Federal income tax purposes shall be void ab initio.

Further, no Transfer of any Interest may be made unless the General Partner shall have received a written opinion of counsel reasonably satisfactory to the General Partner that such proposed Transfer may be effected without having to register the Interests under the Securities Act or state securities laws, having to register the Partnership as an investment company under the Investment Company Act, or violating the Partnership Act.

There is no independent market for the purchase or Transfer of Interests and none is expected to develop. Prospective investors desiring to purchase Interests must represent that they are purchasing the Interests for investment purposes only, solely for their own account and not with a view to or present intention to Transfer the Interests.

General Partner Transfers. The General Partner shall have the right to transfer its interest, as the general partner of the Partnership, to any affiliate of the General Partner, including any person or entity controlled by the General Partner, controlling the General Partner or under common control with the General Partner, without the consent of the Limited Partners.

Withdrawals

Limited Partner Withdrawals. Limited Partners may withdraw a minimum of One Hundred Thousand Dollars ($100,000) on the last business day of calendar month (each such date, a "**Withdrawal Date**"), upon at least thirty (30) days' prior written notice to the General Partner. The General Partner may determine in its sole discretion, to permit a Limited Partner to withdraw from its capital account in such other amounts and at such other times as the General Partner may in its sole discretion determine. Unless the General Partner consents, partial withdrawals may not be made if they would reduce a Limited Partner's capital account balance below One Hundred Thousand Dollars ($100,000).

The General Partner believes, but cannot guarantee, that the assets of the Partnership will be invested in a manner which would allow the General Partner to satisfy withdrawal

requests. The Partnership has the right to pay cash or securities in-kind, or both, to a Limited Partner that makes a withdrawal from such Limited Partner's capital account.

If the General Partner, in its sole discretion, permits a Limited Partner to withdraw capital other than on a Withdrawal Date, the General Partner may impose an additional administrative fee to cover the legal, accounting, administrative, brokerage, and any other costs and expenses associated with such withdrawal. Except for an administrative fee, which may be imposed on withdrawals that were made on a date other than a permitted Withdrawal Date, withdrawal fees associated with a Limited Partner's withdrawal of capital from the Partnership will not be applied.

Payments of Withdrawal Proceeds. A Limited Partner who requests a withdrawal of less than ninety percent (90%) of the value of such Limited Partner's capital account shall be paid within thirty (30) days after the applicable Withdrawal Date. A Limited Partner who is withdrawing ninety percent (90%) or more of the value of such Limited Partner's capital account in the aggregate within any fiscal year shall be paid ninety percent (90%) of an amount estimated by the General Partner to be the amount to which the withdrawing Limited Partner is entitled (calculated on the basis of unaudited data) within thirty (30) days after the applicable Withdrawal Date. The balance of the amount payable upon such withdrawal shall be paid, without interest, within thirty (30) days of the completion of the annual audited financial statements for the fiscal year in which the withdrawal occurs. Upon withdrawal of all of its capital account, a Limited Partner shall be deemed to have withdrawn from the Partnership, and such Limited Partner shall not be entitled to exercise any voting rights otherwise afforded under the Partnership Agreement. Withdrawals shall be deemed to have occurred during the fiscal year in which the Withdrawal Date occurs, regardless of when the proceeds thereof are remitted.

Limitations on Withdrawals. The Partnership may suspend or postpone the payment of any withdrawals from capital accounts: (a) during the existence of any state of affairs which, in the opinion of the General Partner, makes the disposition of the Partnership's investments impractical or seriously prejudicial to the Partners, or where such state of affairs, in the opinion of the General Partner, makes the determination of the price or value of the Partnership's investments impractical or prejudicial to the Partners; (b) where any withdrawals or distributions, in the opinion of the General Partner, would result in the violation of any applicable law or regulation; or (c) for such other reasons or for such other periods as the General Partner may in good faith determine. Further, in the event that Limited Partners, in the aggregate, request withdrawals of twenty-five percent (25%) or more of the value of the Partnership's capital accounts as of any Withdrawal Date, the requested amounts will be reduced and satisfied on a *pro rata* basis, and payment of the balance will be made on the next Withdrawal Date not subject to such limitations.

Required Withdrawals. The General Partner may, in its sole discretion, require a Limited Partner to withdraw any or all of the value of the Limited Partner's capital account on five (5) days' notice.

Reserves. The General Partner may cause the Partnership to establish such reserves as it deems necessary for contingent Partnership liabilities, including estimated expenses in connection therewith, which could reduce the amount of a distribution upon withdrawal.

Special Withdrawal Right. Limited Partners shall have the right to withdraw from the Partnership in the event that Mr. Pouya Yadegar dies, becomes incompetent or is disabled (*i.e.*, unable, by reason of disease, illness, injury or otherwise, to perform his functions as a manager of the General Partner for ninety (90) consecutive days), or otherwise ceases to be active in the affairs of the Partnership. The General Partner shall so notify the Limited Partners as soon as practicable after the occurrence of any of the foregoing, and such special withdrawal right is exercisable by delivery of a withdrawal notice to the General Partner by the 30th day (the "**Notice Date**") after the Limited Partners are so notified. Any such withdrawal will be effective at the end of the first full calendar month after the Notice Date. A Limited Partner exercising such special withdrawal right will be paid ninety percent (90%) of its estimated capital account (determined as of the end of such calendar month) promptly following the end of such calendar month. The balance of such Limited Partner's capital account will be paid, subject to adjustments and without interest, within thirty (30) days after completion of a special audit of the Partnership as of the end of such calendar month.

Withdrawals of General Partner and Certain Related Persons. The General Partner and/or its principals and affiliates may withdraw all or any of the value in their capital accounts, including any Performance Allocation, at any time, and without the consent of, or notice to, any of the Limited Partners. The General Partner may resign as the general partner of the Partnership upon thirty (30) days written notice to the Limited Partners. Upon such resignation of the General Partner, or upon its bankruptcy or dissolution, the remaining Limited Partners have the right to appoint a substitute general partner; otherwise the Partnership will be dissolved pursuant to the procedures set forth in the Partnership Agreement.

RISK FACTORS AND CONFLICTS OF INTEREST

An investment in the Partnership involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means who have no need for liquidity in this investment. There can be no assurances or guarantees that the Partnership's investment objectives will prove successful or that investors will not lose all or a portion of their investment in the Partnership.

Investors should consider the Partnership as a supplement to an overall investment program and should only invest if they are willing to undertake the risks involved. In addition, investors who are subject to income tax should be aware that an investment in the Partnership is likely (if the Partnership is successful) to create taxable income or tax liabilities in excess of cash distributions to pay such liabilities. You should therefore bear in mind the following risk factors and conflicts of interest before purchasing an Interest:

Partnership Risks

Dependence upon the General Partner and Mr. Yadegar. The Partnership's success will depend on the management of the General Partner and on the skill and acumen of Mr. Yadegar, the General Partner's primary portfolio manager for the Partnership. However, if Mr. Yadegar should die, become incompetent or disabled (*i.e*., unable, by reason of disease, illness or injury, to perform his functions as the managing member of the General Partner for ninety (90) consecutive days) or otherwise ceases to be involved in the affairs of the Partnership, the Limited Partners, after receiving notice of any such event, shall have thirty (30) days to withdraw from the Partnership.

Limited Partners will have no right to participate in the management of the Partnership, and they will have no opportunity to select or evaluate any of the Partnership's investments or strategies. Accordingly, Limited Partners should not invest in the Partnership unless they are willing to entrust all aspects of the management of the Partnership and its investments to the discretion of the General Partner.

Limited Liquidity of Interests. An investment in the Partnership involves substantial restrictions on liquidity and its Interests are not freely transferable. There is no market for the Interests in the Partnership, and no market is expected to develop. Consequently, Limited Partners will be unable to redeem or liquidate their Interests except by withdrawing from the Partnership in accordance with the Partnership Agreement. Limited Partners may be unable to liquidate their investment promptly in the event of an emergency or for any other reason. Although a Limited Partner may attempt to increase its liquidity by borrowing from a bank or other institution, Interests may not readily be accepted as collateral for a loan. In addition, transfer of an Interest as collateral or otherwise to achieve liquidity may result in adverse tax consequences to the transferor.

Lack of Registration. The Interests are not being offered pursuant to a registration statement under the Securities Act nor under the securities or "blue sky" laws of any state and, thus, are subject to transfer restrictions. In connection with the purchase of an Interest, the purchaser must represent that they are purchasing the Interest for investment purposes only and not with a view toward resale or distribution. Neither the Partnership nor the General Partner has any plans nor have assumed any obligation to file a registrations statement covering these Interests. Accordingly, the Interests may not be transferred without an opinion of counsel to the Partnership that the transfer will not involve a violation of the registration requirements of the Securities Act. These restrictions on transfer are in addition to those found in the Partnership Agreement. Ordinarily, this means that transfers will be restricted to instances of death, gift, or passage by operation of law.

Withdrawal of Capital. If a Limited Partner purchases Interests on multiple dates, each tranche of Interests will be tracked separately for purposes of withdrawals, and withdrawals may be deemed to have been made from Interests purchased on the earliest date. Limited Partner are permitted to withdraw funds in a minimum amount of One Hundred Thousand Dollars ($100,000) on the last business day of any calendar month upon thirty (30) days' prior written notice. Further, withdrawals may be reduced in the event the General Partner establishes reserves for Partnership liabilities, including reserves for estimated accrued expenses, liabilities, and contingencies. The Partnership also has the right to make distributions in cash, or in kind, to a Limited Partner that makes a withdrawal from such Limited Partner's capital account. Further, a Limited Partner may not withdraw any of the value of the Limited Partner's capital account in connection with any Illiquid Securities held in a Side Pocket Account until such time that such securities are reallocated to such Limited Partner's capital account. At the sole discretion of the General Partner, a security may be held in a Side Pocket Account until a Realization Event.

Substantial withdrawals by investors within a short period of time could require the Partnership to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Partnership's assets and/or disrupting the Partnership's investment strategy. Reduction in the size of the Partnership could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Partnership's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

Limitations on Withdrawals. The Partnership may suspend or postpone the payment of any withdrawals from capital accounts: (a) during the existence of any state of affairs which, in the opinion of the General Partner, makes the disposition of the Partnership's investments impractical or seriously prejudicial to the Partners, or where such state of affairs, in the opinion of the General Partner, makes the determination of the price or value of the Partnership's investments impractical or prejudicial to the Partners; (b) where any withdrawals or distributions, in the opinion of the General Partner, would result in the violation of any applicable law or regulation; or (c) for such other reasons or for such other periods as the General Partner may in good faith determine. Further, in the event that Limited Partners, in the aggregate, request withdrawals of twenty-five percent (25%) or more of the value of the Partnership's capital accounts as of any Withdrawal Date, the requested amounts will be reduced and satisfied on a *pro rata* basis, and payment of the balance will be made on the next Withdrawal Date not subject

to such limitations.

Withdrawals, Resignation and Transfers by General Partner. The General Partner may withdraw all or any of the value in the General Partner's capital account at any time, and without the consent of, or notice to, any of the Limited Partners. The Partnership Agreement provides that the General Partner may resign at any time upon thirty (30) days' notice to the Limited Partners. Upon such resignation of the General Partner, or upon its bankruptcy or dissolution, the remaining Limited Partners have the right to appoint a substitute General Partner; otherwise, the Partnership shall be dissolved. The Partnership Agreement also permits the General Partner to appoint additional general partners and to transfer its general partner interests to an affiliate without the consent of Limited Partners.

General Partner's Right to Dissolve the Partnership or Expel Limited Partner. The General Partner has the right to dissolve the Partnership at any time in its discretion. Accordingly, there is a risk that if the Partnership's assets become depleted and, as a result, the Management Fee and Performance Allocation become minimal, the General Partner may elect to dissolve the Partnership and distribute its remaining assets. The General Partner also has the right to expel a Limited Partner at any time, with or without cause, upon five (5) days' notice. Such mandatory withdrawal or expulsion could result in adverse tax and/or economic consequences to such Limited Partner. No person will have any obligation to reimburse any portion of a Limited Partner's losses upon dissolution, expulsion, withdrawal or otherwise.

Concentration of Investments. The Partnership Agreement does not limit the amount of The Partnership's assets that may be invested in a single company, security, country, industry or sector. The concentration of The Partnership in a small number of issuers or in any one industry would subject the Portfolio to a greater degree of risk with respect to the failure of one or a few issuers or with respect to economic downturns in relation to such industry.

Operating Deficits. The expenses of operating the Partnership (including the Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid out of the Partnership's capital, reducing the Partnership's investments and potential for profitability.

No Distributions. The General Partner does not intend to make distributions to the Limited Partners, but intends instead to reinvest substantially all Partnership income and gain, if any. Cash that might otherwise be available for distribution will also be reduced by payment of Partnership obligations, payment of Partnership expenses (including fees payable and expense reimbursements to the General Partner) and establishment of appropriate reserves. As a result, if the Partnership is profitable, Limited Partners in all likelihood will be credited with Partnership net income, and will incur the consequent income tax liability (to the extent that they are subject to income tax), even though Limited Partners receive little or no Partnership distributions.

Investment Expenses. The investment expenses (*e.g.*, expenses related to the investment and custody of the Partnership's assets, such as brokerage commissions, custodial fees and other trading and investment charges and fees) as well as other Partnership fees (*e.g.*, Management Fees and operating expenses) may, in the aggregate, constitute a high percentage relative to other

investment entities. Some of the strategies and techniques to be employed by the General Partner may require frequent trades to take place and, as a consequence, portfolio turnover and brokerage commissions may be greater than for other investment entities of similar size. The Partnership will bear these costs regardless of its profitability.

Performance Allocation. The General Partner's Performance Allocation creates an incentive to effect transactions in securities that are riskier or more speculative than would be the case in the absence of such an allocation. Since the Performance Allocation is calculated on a basis which includes unrealized appreciation of the Partnership's assets, such allocation may be greater than if it were based solely on realized gains.

Supervision of Trading Operations. The General Partner, with assistance from its brokerage and clearing firms, intends to supervise and monitor trading activity in the Partnership account to ensure compliance with the Partnership's objectives. Despite the General Partner's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in the Partnership's accounts.

Broad Discretionary Power to Choose Investments and Strategies. The General Partner has broad discretionary power to decide what investments the Partnership will make and what strategies it will use. While the General Partner currently intends to use the strategies described in "INVESTMENT PROGRAM," it is not obligated to do so, and it may choose any other investments and strategies that it believes are advisable.

No Participation in Management. The management of the Partnership's operations is vested solely in the General Partner. The Limited Partners have no right to take part in the conduct or control of the business of the Partnership. In connection with the management of the Partnership's business, each of the General Partner and its principals will devote only such time to Partnership matters as it, in its sole discretion, deems appropriate.

Limitation of Liability and Indemnification of the General Partner. The General Partner will be generally liable to third parties for all obligations of the Partnership to the extent such obligations are not paid by the Partnership or are not by their terms limited to recourse against specific assets. However, the Partnership Agreement provides that the General Partner shall not be liable to the Partnership or the Limited Partners for any act or omission in connection with the business or affairs of the Partnership so long as the General Partner acted in good faith and is not found to be liable for gross negligence or willful misconduct with respect thereto. There shall be a presumption that the General Partner acted in good faith if any act or omission by it was based on the reasonable reliance of advice given by knowledgeable legal counsel and/or other qualified independent outside consultants. The Partnership (but no Limited Partner individually) is obligated to indemnify and hold harmless the General Partner and its managers, members, officers, affiliates and employees against any and all claims, actions, demands, losses, costs, expenses (including reasonable attorney's fees and other expenses of litigation), damages, penalties or interest, as a result of any claim or legal proceeding related to any action taken or omitted to be taken by any of them in connection with the business and affairs of the Partnership (including the settlement of any such claim or legal proceeding); provided, that the party against whom the claim is made or legal proceeding is directed is not found liable for gross negligence

or willful misconduct as determined by a court of competent jurisdiction. Therefore, a Limited Partner may have a more limited right of action against the General Partner and its affiliates than a Limited Partner would have had absent these provisions in the Partnership Agreement. **It is the policy of the United States Securities and Exchange Commission that indemnification for violations of securities laws is against public policy and therefore unenforceable. Such policy, however, may not necessarily protect the Partnership against indemnification if the securities laws are violated.**

No Minimum Capitalization. No minimum level of capital is required to be maintained by the Partnership. As a result of losses or withdrawals, the Partnership may not have sufficient capital to diversify its investments to the extent desired or currently contemplated by the General Partner.

No Minimum Size of Partnership. The Partnership may begin operations without attaining any particular level of capitalization. At low asset levels, the Partnership may be unable to make its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information from securities brokers. It is possible that even if the Partnership operates for a period of time with substantial capital, Limited Partners' withdrawals could diminish the Partnership's assets to a level that does not permit the most efficient and effective implementation of the Partnership's investment program.

Hedging Transactions. The Partnership may utilize financial instruments such as forward contracts, options and interest rate swaps, caps and floors to seek to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates, certain changes in the equity markets and changes in interest rates. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for the Partnership to hedge against a fluctuation at a price sufficient to protect the Partnership's assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations. For example, the cost of options is related, in part, to the degree of volatility of the underlying securities. Accordingly, options on highly volatile securities may be more expensive than options on other securities and of limited utility in hedging against fluctuations in those securities.

The General Partner is not obligated to establish hedges for portfolio positions and may not do so. To the extent that hedging transactions are effected, their success is dependent on the General Partner's ability to correctly predict movements in the direction of currency and interest rates and the equity markets or sectors thereof.

Liability of a Limited Partner for the Return of Capital Contributions. If the Partnership should become insolvent, the Limited Partners may be required to return any property distributed to them at the time the Partnership was insolvent, and forfeit any undistributed profits.

Delayed Schedule K-1s. The General Partner will endeavor to provide a Schedule K-1 to each Limited Partner for any given calendar year prior to April 15 of the following year. In the event that the Schedule K-1 is not available by such date, a Limited Partner will have to file for an extension and pay taxes based on an estimated amount.

Market Risks

General Economic and Market Conditions. The success of the Partnership's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Partnership's investments. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses.

Competition. The securities industry and the varied strategies and techniques to be engaged in by the General Partner are extremely competitive and each involves a degree of risk. The Partnership will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Market Volatility. The profitability of the Partnership substantially depends upon the General Partner correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The General Partner cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

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

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

Small Companies. The Partnership may invest a portion of its assets in small and/or unseasoned companies with small market capitalizations. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the

management experience, financial resources, product diversification, and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, the Partnership may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the lower trading volume of smaller company securities.

Leverage. The Partnership may utilize leverage through the purchase of securities on margin. The Partnership uses leverage when it borrows money from its broker or sells securities short. To the extent that the Partnership uses leverage, its assets tend to increase and decrease at a greater rate than if borrowed money is not used. The use of leverage enables the Partnership to increase its buying power and take advantage of a greater number of undervalued situations than would be the case if leverage were not used. The Partnership is permitted to acquire securities on margin in accordance with applicable margin regulations and the broker's margin requirements. Consequently, the Partnership will use leverage, depending on the Partnership's portfolio mix and market conditions.

Short Sales. The General Partner intends to sell securities short. Short selling involves the sale of a security that the Partnership does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to the purchaser, the Partnership must borrow securities from a third-party lender. The Partnership subsequently returns the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or by purchasing securities in the open market. The Partnership must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains his right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender generally pays the Partnership a fee for the use of the Partnership's cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors.

Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price to which a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. The Partnership may be subject to losses if a security lender demands return of the loaned securities and an alternative lending source cannot be found.

Options and Other Derivative Instruments. The Partnership may invest in derivative instruments. The prices of many derivative instruments, including many options and swaps, are highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of options and swap agreements also depends upon the price of the securities or currencies underlying them. The Partnership is also subject to the risk of the failure of any of the exchanges

on which its positions trade or of their clearinghouses or of counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities. Accordingly, options on highly volatile securities may be more expensive than options on other securities.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased by the Partnership were permitted to expire without being sold or exercised, the Partnership would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold to the Partnership at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying security caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold by the Partnership at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing "uncovered" options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security or currency above the exercise price of the option. This risk is enhanced if the security being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The securities necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing securities to satisfy the exercise of the call option can itself cause the price of the securities to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the Partnership of all or a substantial portion of its assets.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

Investments in Non-U.S. Securities. The Partnership may invest and trade a portion of its assets in non-U.S. securities, which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject:

- These risks may include political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on

dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.

- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.

- Foreign securities often trade in currencies other than the U.S. dollar, and the Partnership may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the Partnership's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of securities. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the Partnership's investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of the Partnership's foreign currency holdings. If the Partnership enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if the Partnership enters forward contracts for the purpose of increasing return, it may sustain losses.

- Non-U.S. securities markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about their operations.

Real Estate Industry Considerations. The Partnership may invest directly in real estate. Therefore, an investment in the Partnership is subject to certain risks associated with the direct ownership of real estate and with the real estate industry in general. These risks include, among others: possible declines in the value of real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds; overbuilding; extended vacancies of properties; increases in competition, property taxes and operating expenses; changes in zoning laws; costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems; casualty or condemnation losses; uninsured damages from floods, earthquakes or other natural disasters; limitations on and variations in rents; and changes in interest rates. To the extent that assets underlying the Partnership's investments are concentrated geographically, by property type or in certain other respects, the Partnership may be subject to certain of the foregoing risks to a greater extent.

Inflation Risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Partnership purchases a 5-year bond in which it can realize a coupon rate of five percent (5%), but the rate of inflation is six percent (6%), then the purchasing power of the cash flow has declined. For all but inflation linked bonds, adjustable bonds or floating rate bonds, the Partnership is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

Interest Rate Risk. The Partnership's investments (in particular, its fixed income investments) may be subject to interest rate risk, which is the risk that an investment's value will fluctuate based on changes in prevailing interest rates.

Risk of Default or Bankruptcy of Third Parties. The Partnership may engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, the Partnership could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid. In addition, the Partnership could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Partnership does business, or to which securities have been entrusted for custodial purposes.

Regulatory Risks

Regulatory Change. The financial services sector, and particularly the investment management industry, is subject to significant regulatory scrutiny, and the laws, regulations and self-regulatory organization rules applicable to it are subject to change. Accordingly, during the term of the Partnership, there may be changes in applicable laws, regulations and self-regulatory organization rules, which may have a material adverse effect on the Partnership, the General Partner, the markets in which the Partnership trades and/or the companies in which the Partnership invests. Any such changes may impose increased administrative, compliance and reporting burdens on the Partnership and the General Partner, which may divert their time, attention and resources away from the investment activities of the Partnership.

In July 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") became law. The Dodd-Frank Act generally was enacted to institute considerable regulatory reforms in the U.S. financial markets, including by modifying the regulatory regimes to which the securities and futures markets are subject and to provide the SEC, other regulators, self-regulatory organizations and exchanges with considerable powers and authorities to take certain extraordinary actions to address market emergencies and curb systemic risks that might threaten the broader economy.

The Dodd-Frank Act covers a broad range of market participants including banks, non-banks, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders, broker-dealers and investment advisers. The Dodd-Frank Act mandates, in certain circumstances, additional new reporting requirements applicable to the General Partner and/or the Partnership, including, but not limited to, position information, use of leverage and counterparty and credit risk exposure. The new reporting requirements will impose additional administrative burdens on the General Partner.

Additionally, under the Dodd-Frank Act, the newly-formed Financial Stability Oversight Council (the "**Council**") is charged with monitoring and mitigating systemic risk. As part of this responsibility, the Council has the authority to subject banks and other financial firms (like the Fund) to regulation by the FRB, which may impact the amount of risk-taking engaged in by the Partnership and limit its investment activities. Further, the Dodd-Frank Act requires that swaps and security-based swaps be traded through an exchange with few exceptions and modifies

margin requirements, which might impact the Partnership trading strategies and affect its ability to execute certain hedging techniques.

The business of the Partnership is dynamic and is expected to change over time. Therefore, the Partnership may be subject to new or additional regulatory constraints in the future. If the General Partner believes it is appropriate and consistent with the Partnership's business objectives, the General Partner may elect to cause the Partnership to become subject to certain regulatory regimes or to maintain certain registrations or licenses that currently are not applicable to the Partnership. This Memorandum cannot address or anticipate every possible current or future regulation that may affect the General Partner, the Partnership or their businesses. Such regulations may have a significant impact on the Limited Partners or the operations of the Partnership, including, without limitation, restricting the types of investments the Partnership may make, preventing the Partnership from exercising its voting rights with regard to certain financial instruments, requiring the Partnership to disclose the identity of its investors or its portfolio holdings or otherwise.

Strategy Restrictions. Certain institutions may be restricted from directly utilizing investment strategies of the type in which the Partnership may engage. Such institutions should consult their own advisors, counsel and accountants.

Trading Limitations. For all securities listed on a securities exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Partnership to loss. Also, such a suspension could render it impossible for the General Partner to liquidate positions and thereby expose the Partnership to potential losses.

No Regulatory Oversight by SEC or CFTC. The Partnership's investments are not supervised or monitored by any regulatory authority. The Partnership is not registered as an "investment company" under the Investment Company Act in reliance on an exemption in Section 3(c)(1) thereof, and the General Partner is not registered as a commodity pool operator or commodity trading advisor. Consequently, Limited Partners will not benefit from some of the protections afforded by these statutes, including SEC and CFTC oversight.

Tax Risk. The tax aspects of an investment in the Partnership are complicated and each investor should have them reviewed by professional advisers familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles. The Partnership is not intended and should not be expected to provide any tax shelter, but is organized as a limited partnership to permit any distributions it might make to be made without being taxed as dividends. You should review the section entitled "TAXATION" for a more complete discussion of certain of the tax risks inherent in the acquisition of Interests in the Partnership.

Tax Exempt Entities. Certain prospective Limited Partners may be subject to federal and state laws, rules and regulations which may regulate their participation in the Partnership, or their engaging directly, or indirectly through an investment in the Partnership, in investment strategies of the types which the Partnership utilizes from time to time. While the Partnership believes its

investment program may be appropriate for tax-exempt organizations for which an investment in the Partnership would otherwise be suitable, each type of exempt organization may be subject to different laws, rules and regulations, and prospective Limited Partners should consult with their own advisors as to the advisability and tax consequences of an investment in the Partnership. In particular, exempt organizations should consider the applicability to them of the provisions relating to "unrelated business taxable income." Investments in the Partnership by entities subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and other tax-exempt entities require special consideration. See "INVESTMENT BY U.S. TAX-EXEMPT ENTITIES - ERISA CONSIDERATIONS" and "TAXATION – Tax-Exempt Investors."

Conflicts of Interest

General. The General Partner is accountable to the Partnership as a fiduciary and, consequently, must exercise good faith and integrity in handling the business of the Partnership. Nevertheless, in the conduct of such business, conflicts may arise between the interests of the General Partner and those of investors. Investors should consider the potential for conflicts of interest before investing.

No Obligation of Full-Time Service. The General Partner and Mr. Yadegar are not obligated to devote their full time to the business of the Partnership. They are only required to devote such time and attention to the affairs of the Partnership as they decide is necessary for the Partnership's operations and they may engage in other activities or ventures, including competing ventures and/or unrelated employment, which may result in various conflicts of interest between such persons and the Partnership. See "MANAGEMENT."

Advisory Services to Others. The General Partner and/or its managers, members, officers, affiliates and employees provide investment advice to other parties and may manage other accounts and private investment vehicles similar to the Partnership. In connection with such other investment management activities, the General Partner and/or its managers, members, officers, affiliates and employees may decide to invest the funds of one or more other accounts or clients or recommend the investment of funds by other parties, rather than the Partnership's funds, in a particular security or strategy. In addition, the General Partner and such other persons will determine the allocation of funds from the Partnership and such other accounts or clients to investment strategies and techniques in any manner which they consider to be equitable under the circumstances as more fully described herein.

Diverse Limited Partners. The Limited Partners are expected to include taxable and tax-exempt entities and persons or entities resident of or organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by the General Partner that may be more beneficial for one type of Limited Partner. In making such decisions, the General Partner intends to consider the investment objectives of the Partnership as a whole, not the investment objectives of any Limited Partner individually.

Use of Third-Party Marketers. The General Partner may enter into fee sharing arrangements with third-party marketers or solicitors who refer investors to the Partnership.

Such third-party marketers may have a conflict of interest in advising prospective investors whether to purchase or redeem Interests.

Personal Trading by the General Partner and Affiliates. The General Partner and its principals and affiliates may make trades and investments for their own accounts. In these accounts, they may use trading and investment methods that are similar to, or substantially different from, the methods used by them to direct the Partnership's account. The records of these personal accounts will not be made available to Limited Partners.

Soft Dollars and Directed Brokerage. The General Partner may be offered non-monetary benefits or "soft dollars" by brokers to induce the General Partner to engage such brokers to execute securities transactions on behalf of the Partnership. These soft dollars may take the form of research and other related services regarding securities investments and may be available for use by the General Partner or their affiliates in connection with transactions in which the Partnership does not participate. Brokers may also solicit or refer investors to invest in the Partnership. The availability of these benefits may influence the General Partner to select one broker rather than another to perform services for the Partnership. The General Partner intends to use its best efforts to assure either that the fees and costs for services provided to the Partnership by such brokers are reasonable in relation to the fees and costs charged by other equally capable brokers not offering such services or that the Partnership also will benefit from the services.

Lack of Separate Representation. Neither the Partnership Agreement nor any of the agreements, contracts and arrangements between the Partnership, on the one hand, and the General Partner 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 in connection with this offering, and who will perform services for the Partnership in the future, have been and will be selected by the General Partner. No independent counsel has been retained to represent the interests of investors or Limited Partners, and the Partnership Agreement has not been reviewed by any attorney on their behalf. Investors are therefore urged to consult their own counsel as to the terms and provisions of the Partnership Agreement.

TAXATION

Introduction

The following is a summary of certain aspects of the taxation of the Partnership that should be considered by a potential purchaser of an Interest in the Partnership. A complete discussion of all tax aspects of an investment in the Partnership is beyond the scope of this Memorandum. The following summary is only intended to identify and discuss certain tax issues.

This summary of certain tax considerations applicable to the Partnership is considered to be a correct interpretation of existing laws and regulations in force on the date of this Memorandum. 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.

The following summary is not intended as a substitute for careful tax planning. The tax matters relating to the Partnership are complex and are subject to varying interpretations. Moreover, the effect of existing income tax laws and of proposed changes in income tax laws on Limited Partners will vary with the particular circumstances of each Limited Partner. Accordingly, each prospective investor must consult with and rely solely on the prospective investor's professional tax advisers with respect to the tax results of the prospective investor's investment in the Partnership. In no event will the General Partner, its affiliates, counsel or other professional advisers be liable to any Limited Partner for any federal, state, local or other tax consequences of an investment in the Partnership, whether or not such consequences are as described below.

Notwithstanding anything to the contrary in this Memorandum, each Limited Partner (and each employee, representative, or other agent of such Limited Partner, as applicable) may disclose to any and all persons, without limitation of any kind, the U.S. federal and state tax treatment and tax structure of the transactions described herein or contemplated hereunder and all materials of any kind that are provided to the Limited Partners relating to such tax treatment and tax structure. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal and state tax treatment of the transaction and does not include information relating to the identity of the parties, their affiliates, agents or advisers.

Classification of the Partnership

Under the provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), and the Treasury Regulations promulgated thereunder ("**Regulations**"), as in effect on the date of this Memorandum, so long as the Partnership complies with the Partnership Agreement and does not make an election to be taxed as a corporation, the Partnership expects to be classified for

U.S. federal income tax purposes as a partnership and not as an association taxable as a corporation.

The Partnership has not sought and will not seek a ruling from the IRS or a tax opinion with respect to its status as a partnership. If the Partnership were to be classified as an association taxable as a corporation, the taxable income of the Partnership would be subject to corporate income taxation when recognized by the Partnership, and distributions from the Partnership to the Limited Partners would be treated as dividend income when received by the Limited Partners to the extent of the current or accumulated earnings and profits of the Partnership. In addition, Limited Partners would not be able to report profits and losses realized by the Partnership.

Certain "publicly traded partnerships" are treated as associations that are taxable as corporations for U.S. federal income tax purposes. A "publicly traded partnership" 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). Under the Regulations, interests in a partnership are readily tradable on a secondary market (or the substantial equivalent thereof) if taking into account all of the facts and circumstances, the partners are readily able to buy, sell or exchange their partnership interests in a manner that is comparable, economically to trading on an established securities market. Interests in the Partnership will not be traded on an established securities market. Regulations concerning the classification of partnerships as publicly traded partnerships provide certain safe harbors under which interests in a partnership will not be considered readily tradable on a secondary market (or the substantial equivalent thereof). Depending on the number of partners, the Partnership may qualify for a safe harbor exemption for partnerships that are offered to investors in a private placement. The Partnership will not qualify for this safe harbor under the Regulations if the Partnership has more than one hundred (100) Limited Partners, taking into account as Limited Partners persons who are owners of trusts, partnerships and other pass through entities that hold Interests. Under the Regulations, certain plans of withdrawal of partnership interests may cause a partnership to be treated as a "publicly traded partnership." Under the Partnership Agreement, the General Partner has sole discretion to refuse to allow a Limited Partner to withdraw its Interest if such withdrawal would, in the General Partner's opinion, cause the Partnership to be treated as a "publicly traded partnership." The Partnership expects that under the facts and circumstances test set forth in the Regulations, the Partnership Interests should not be readily tradable on a secondary market (or the substantial equivalent thereof) and therefore, the Partnership expects not to be treated as a "publicly traded partnership" under the Regulations. However, the Partnership has not sought, and will not seek, a ruling from IRS or a tax opinion with respect to whether the Partnership is a "publicly traded partnership." If the Partnership were treated as a "publicly traded partnership", then the Limited Partners would be subject to the tax consequences discussed in the preceding paragraph regarding additional taxes imposed on the Partnership's income, its distributions being treated as dividends, and the inability of the Limited Partner's to deduct losses of the Partnership.

In addition, the General Partner believes that the Partnership will avoid treatment as a "publicly traded partnership" by qualifying for the passive-type income exception found in the Code. In order to meet the exception, the General Partner intends that at least ninety percent (90%) of the Partnership's gross income for any taxable year will consist of "qualifying income."

"Qualifying income," for the purposes of the exception, includes interest, dividends and gains from the sale or disposition of stock, securities or foreign currencies.

It is assumed in the following discussion of tax considerations that the Partnership will be taxed as a partnership for U.S. federal income tax purposes.

Taxation of Partnership Operations

If the Partnership is treated as a partnership for U.S. federal income tax purposes, the Partnership will not be subject to U.S. federal income tax. The Partnership will file an annual partnership information return with the IRS. Each Limited Partner is required to report separately on the Limited Partner's income tax return the respective distributive share of the Partnership's net long term capital gain or loss, net short term capital gain or loss, net ordinary income, deductions and credits. The Partnership may utilize a variety of investment and trading strategies, which produce both short term and long term capital gain (or loss), as well as ordinary income (or loss). The Partnership will send annually to each Limited Partner a form showing a respective distributive share of the Partnership items of income, gain, loss deduction or credit.

Each Limited Partner will be subject to tax, and liable for such tax, on the Limited Partner's distributive share of the Partnership's taxable income or gains regardless of whether the Limited Partner has received, or will receive, any distribution of cash from the Partnership. The Partnership is not obligated and does not intend to make any cash distributions to the Limited Partners each year. Thus, in any particular year, a Limited Partner's distributive share of taxable income or gain from the Partnership (and, possibly, the taxes imposed on that income) could exceed the amount of cash, if any, such Limited Partner receives or is entitled to withdraw from the Partnership.

Under Section 704 of the Code, a Limited Partner's distributive share of any Partnership item of income, gain, loss deduction or credit is governed by the Partnership Agreement unless the allocation provided by the Partnership Agreement does not have "substantial economic effect." The Regulations promulgated under Section 704(b) of the Code provide certain "safe harbors" with respect to allocations which, under the Regulations, will be deemed to have substantial economic effect. The validity of an allocation which does not satisfy any of the "safe harbors" of these Regulations is determined by taking into account all facts and circumstances relating to the economic arrangements among the Partners. While no assurance can be given, the allocations provided by the Partnership Agreement should have substantial economic effect and should be sustained under the facts and circumstances test. However, if it were determined by the IRS or otherwise that the allocations provided in the Partnership Agreement with respect to a particular item do not have substantial economic effect, each Limited Partner's distributive share of that item would be determined for tax purposes in accordance with that Limited Partner's Interest in the Partnership, taking into account all facts and circumstances.

A Limited Partner's distributive share of the Partnership's losses (including a capital loss) will be allowed only to the extent of the adjusted tax basis of such Limited Partner's Interest in the Partnership at the end of such Partnership's tax year in which such loss occurred. Any excess of such loss over such adjusted tax basis will be allowed as a deduction at the end of the

Partnership's tax year in which the Limited Partner's adjusted tax basis is increased by a capital contribution or an allocation of income or gain.

Cash distributions and withdrawals, to the extent they (i) do not exceed a Limited Partner's adjusted tax basis in the Interest in the Partnership, and (ii) do not represent a relinquishment of a Limited Partner's interest in "unrealized receivables" (including untaxed market discount) (as determined under the Regulations), should not result in taxable gain to that Limited Partner, but will reduce the adjusted tax basis in the Interest by the amount distributed or withdrawn. Cash distributed to a Limited Partner in excess of the adjusted tax basis of the respective Limited Partner's Interest is generally taxable either as capital gain or ordinary income, depending on the circumstances.

A distribution of property from a partnership is generally not taxable, except that a distribution consisting of "marketable securities"(as defined under Section 731(c)(2) of the Code) generally is recharacterized as a distribution of cash (rather than property) unless the distributing partnership is an "investment partnership" and the recipient is an "eligible partner" within the meaning of Section 731(c)(3)(C) of the Code. The General Partner will determine at the appropriate time whether the Partnership qualifies as an "investment partnership" and if the Limited Partner is an "eligible partner." A Limited Partner will qualify as an "eligible partner" if, prior to the Partnership's distribution of "marketable securities," the Limited Partner's contributions to the Partnership consisted solely of cash. If the Partnership qualifies as an "investment partnership," a distribution of "marketable securities" to a Limited Partner who is an "eligible partner" will be treated as a distribution of property and not recharacterized as a distribution of cash.

In the event a Limited Partner withdraws all of the capital in its capital account from the Partnership, the General Partner may, in its sole discretion, allocate specially an amount of the Partnership's taxable gains or losses to the withdrawing Limited Partner to the extent that the Limited Partner's capital account exceeds, or is less than, its federal income tax basis in its Interest in the Partnership. There can be no assurance that, if the General Partner makes such a special allocation, the IRS will accept such allocation. If such allocation is successfully challenged by the IRS, the Partnership's gains allocable to the remaining Limited Partners would be increased.

A Limited Partner receiving a cash liquidating distribution from the Partnership, in connection with a complete withdrawal from the Partnership, generally will recognize capital gain or loss to the extent of the difference between the proceeds received by the Limited Partner and the Limited Partner's adjusted tax basis in the Interest. The capital gain or loss will be short-term or long-term, depending upon the Limited Partner's holding period for the Interest. A withdrawing Limited Partner will, however, recognize ordinary income to the extent the Limited Partner's allocable share of the Partnership's "unrealized receivables" exceeds the Limited Partner's basis in the unrealized receivables (as determined under the Regulations). For these purposes, accrued but untaxed market discount, if any, on securities held by the Partnership will be treated as an unrealized receivable, with respect to which a withdrawing Limited Partner would recognize ordinary income.

Pursuant to various "anti-deferral" provisions of the Code (the "Subpart F" and "passive foreign investment company" ("**PFIC**") provisions), investments by the Partnership in certain foreign corporations may cause a Limited Partner to (i) recognize taxable income prior to the Partnership's receipt of distributable proceeds, (ii) pay an interest charge on receipts that are deemed as having been deferred, or (iii) recognize ordinary income that, but for the "anti-deferral" provisions, would have been treated as long-term or short-term capital gain. In particular, although the Partnership will attempt to monitor its investments in order to determine whether or not it has invested in any PFICs, it is not always possible to determine whether or not a particular non-U.S. company is a PFIC.

If the Partnership invests in a PFIC, a Limited Partner may be able to make an election to have the PFIC treated as a qualified electing fund ("**QEF**"), in which event such Limited Partner will avoid certain of the potential adverse consequences referred to above, and instead will be taxed currently on its proportionate share of the ordinary earnings and net long term capital gains of the PFIC, whether or not the earnings or gains are distributed. However, there is no assurance that the Partnership will be able to obtain from any company that is a PFIC the necessary information, on an annual basis, in order to permit Limited Partners in the Partnership to file an election with the IRS to treat any such PFIC as a QEF. A Limited Partner also may have the option to elect to mark stock in a PFIC to market at the end of every year, provided the PFIC stock is considered "marketable" under applicable regulations. All such mark to market gains and losses (to the extent allowed) will be considered ordinary income. However, this election may not be available for certain types of investments made by the Partnership.

Effective for payments after December 31, 2012 (subject to a limited transition rule), the Foreign Account Tax Compliance Act ("**FATCA**") imposes withholding at a 30% rate on payments to (i) a foreign financial institution unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meet certain other specified requirements or (ii) a non-financial foreign entity that is the beneficial owner of the payment unless (a) such entity is a publicly traded corporation or other exempt payee, or (b) such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and such entity meets certain other specified requirements. Transition relief (i) exempts certain “grandfathered obligations” outstanding on January 1, 2014 from FATCA withholding and (ii) delays FATCA withholding on interest and dividends to interest and dividends paid after December 31, 2013 and on gross proceeds from the sale or other disposition of stock to amounts paid after December 31, 2016. Potential investors must consult their tax advisors regarding the possible implications of FATCA for their investment in the Partnership's stock.

Limitations on Losses and Deductions

Section 465 of the Code limits certain taxpayers' losses from certain activities to the amount they are "at risk" in the activities. Taxpayers subject to the "at risk" rules are individuals, S corporations and certain closely held corporations. The activities subject to the "at risk" limitations are all activities engaged in by a taxpayer in carrying on a trade or business. A Limited Partner subject to the "at risk" rules will not be permitted to deduct in any year losses

arising from such Limited Partner's Interest in the Partnership to the extent the losses exceed the amount he is considered to have "at risk" in the Partnership at the close of that year.

A taxpayer is considered to be "at risk" in any activity to the extent of his cash contribution to the activity, his adjusted tax basis in other property contributed to the activity and his personal liability for repayments of amounts borrowed for use in the activity. With respect to amounts borrowed for use in the activity, the taxpayer is not considered to be "at risk" even if he is personally liable for repayment if the borrowing was from a person who has an "interest" in the activity other than an interest as a creditor. Even if a taxpayer is personally liable for repayment of amounts borrowed for use in the activity, and even if the amount borrowed is borrowed from a person whose only interest in the activity is an interest as a creditor, a taxpayer will not be considered "at risk" in the activity to the extent his investment in the activity is protected against loss through nonrecourse financing, guarantees, stop loss agreements, or other similar arrangements.

Each Limited Partner will be at risk initially for the amount of his capital contribution. A Limited Partner's amount "at risk" will be increased by his income from the Partnership and will be decreased by his losses from the Partnership and distributions to him. If a Limited Partner's amount "at risk" decreases to zero, he can take no further losses until he has an "at risk" amount to cover the losses. A Limited Partner is subject to a recapture of losses previously allowed to the extent that his amount "at risk" is reduced below zero (limited to loss amounts previously allowed to the Limited Partner over any amounts previously recaptured). The potential recapture effects of distributions of Partnership debts, if any, are uncertain.

The Code restricts the deductibility of losses from a "passive activity" against certain income that is not derived from a passive activity. This restriction applies to individuals, personal service corporations and certain closely held corporations. Under Regulations, "portfolio income" earned by the Partnership generally will not constitute income or loss from a passive activity. Generally, "portfolio income" includes (1) interest, dividends, annuities and royalties not derived from an ordinary trade or business, (2) gains and losses (other than derived in the ordinary course of a trade or business) from the disposition of property that either produces the kind of income described in (1) above or is held for investment. Passive losses from other sources generally may not be deducted against a Limited Partner's share of such income and gain from the Partnership. Income or loss attributable to the Partnership's investment in a partnership engaged in a non-securities trade or business may, however, constitute passive activity income or loss.

All securities held by the Partnership will be marked to market at the end of each Accounting Period and the net gain or loss from marking to market will be reported as income or loss for financial statement presentation and capital account maintenance purposes. This treatment is inconsistent with the general tax rule applicable to many securities transactions that a transaction does not result in gain or loss until it is closed by an actual sale or other disposition. The divergence between such accounting and general tax treatments frequently may result in substantial variation between financial statement income (or loss) and taxable income (or loss) reported by the Partnership.

To the extent that the Partnership has interest expense, a non-corporate Limited Partner will likely be subject to the "investment interest expense" limitations of Section 163(d) of the Code. Investment interest expense is interest paid or accrued on indebtedness incurred or continued to purchase or carry property held for investment. The deduction for investment interest expense is limited to net investment income; i.e., the excess of investment income over investment expenses. Excess investment interest expense that is disallowed is not lost permanently but may be carried forward to succeeding years subject to the Section 163(d) limitation. Net capital gain (i.e., net long term capital gain over net short term capital loss) on property held for investment and qualified dividends is only included in investment income to the extent the taxpayer elects to subject some or all of such gain to taxation at ordinary income tax rates. If some or all of the Partnership's operations do not constitute a trade or business for purposes of Section 163(d) of the Code, then the Section 163(d) limitations will apply at the partner level with regard to the Partnership's interest expense. Whether all or any portion of the Partnership's operations constitutes a trade or business is a question of fact. As the Partnership's operations may encompass a variety of strategies, the Partnership cannot predict to what extent its operations will constitute a trade or business. Further, even if the Partnership's operations constitute a trade or business, the position may possibly be taken by IRS that the investment interest expense, while subject to the Section 163(d) limitation, is not an itemized deduction.

Section 265(a)(2) of the Code disallows any deduction for interest paid by a taxpayer on indebtedness incurred or continued for the purpose of purchasing or carrying tax exempt obligations. The IRS has announced that such purpose will be deemed to exist with respect to indebtedness incurred to finance a "portfolio investment," and that a limited partnership interest will be regarded as a "portfolio investment." Therefore, if the Partnership holds tax exempt obligations, the IRS might take the position that all or part of the interest paid by such Limited Partner in connection with the purchase of each respective Partner's Interest should be viewed as incurred to enable such Limited Partner to continue carrying tax exempt obligations, and that such Limited Partner should not be allowed to deduct all or a portion of such interest.

Under Section 67 of the Code, for a non-corporate Limited Partner certain miscellaneous itemized deductions are allowed only to the extent they exceed a "floor" amount equal to 2% of adjusted gross income. If, or to the extent that, the Partnership's operations do not constitute a trade or business within the meaning of Section 162 and other provisions of the Code, a non-corporate Limited Partner's distributive share of the Partnership's investment expenses, other than investment interest expense, would be deductible only as miscellaneous itemized deductions, subject to the 2% floor. Also, if or to the extent that the Partnership's operations do not constitute a trade or business, and all or a portion of the Performance Allocation paid to the General Partner is recharacterized for tax purposes as an expense of the Partnership, each non-corporate Limited Partner's share of such expense may be subject to the 2% floor. In addition, under Section 68 of the Code the ability of an individual with an adjusted gross income in excess of specified amounts to deduct certain itemized deductions is restricted. Under such provision, investment expenses in excess of 2% of adjusted gross income may only be deducted to the extent such excess expenses (along with certain other itemized deductions not including investment interest expense) exceed the lesser of (i) 3% of the excess of the individual's adjusted gross income over the specified amount or (ii) 80% of the amount of such itemized deductions

otherwise allowable for the taxable year. Moreover, investment interest expenses which are miscellaneous itemized deductions are not deductible by a non-corporate taxpayer in calculating its alternative minimum tax liability.

A Limited Partner may only deduct the Limited Partner's share of the Partnership's losses (including capital losses) only to the extent of such Limited Partner's adjusted tax basis in the Limited Partner's Interest in the Partnership. Capital losses generally may be deducted only to the extent of capital gains, except for non-corporate taxpayers who are allowed to deduct $3,000 ($1,500 for married taxpayers filing separate returns) of excess capital losses per year against ordinary income. Corporate taxpayers may carry back unused capital losses for three (3) years and may carry forward such losses for five (5) years; non corporate taxpayers may not carry back unused capital losses but may carry forward unused capital losses indefinitely.

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

Tax Treatment of Partnership's Investments

The Partnership is expected to be treated as a partnership for Federal income tax purposes. Assuming that the Partnership is treated as a partnership for Federal income tax purposes, it will not be subject to Federal income tax, but it will be required to file an annual partnership information return with IRS reporting the results of its operations. The Partnership's income will include its allocable share of the income, gain, loss, deduction and credit of its partnership investments.

The General Partner expects that the Partnership will act as a trader or investor, and not as a dealer, with respect to the Partnership's securities transactions. A trader and an investor are persons who buy and sell securities for their own accounts, whereas a dealer is a person who purchases securities for resale to customers rather than for investment or speculation. As noted above, unless otherwise indicated, references in the discussion to the tax consequences of the Partnership's investments, activities, income, gain and loss include the direct investments, activities, income, gain and loss of the Partnership. If the Partnership were considered a dealer or trader in commodities, the General Partner generally would be eligible to use mark to market accounting for federal income tax purposes with respect to the Partnership's commodities investments under Section 475 of the Code. If the Partnership were considered a dealer in securities, it would generally be required to use mark to market accounting, and if the Partnership were considered a trader in securities, the General Partner generally would be

eligible to elect to use mark to market accounting for federal income tax purposes with respect to the Partnership's investments under Section 475 of the Code. If the Partnership were required to use mark to market accounting, or if the General Partner were to elect for the Partnership to use mark to market accounting for federal income tax purposes, gains and losses from the Partnership's commodities and/or securities investments would generally be treated as ordinary income and loss for federal income tax purposes. The following discussion assumes that the Partnership acts as an investor and is not required to, and does not elect to, use mark to market accounting for federal income tax purposes under Section 475 of the Code.

Generally, gains and losses realized by a trader or an investor on the sale of securities are capital gains and losses. The General Partner thus expects that the Partnership's gains and losses from its securities transactions typically will be capital gains and capital losses. These capital gains and losses may be long-term or short-term depending, in general, upon the length of time the Partnership maintains a particular investment position and, in some cases, upon the nature of the transaction. Property held for more than one year generally will be eligible for long-term capital gain or loss treatment. Special rules, however, apply to the characterization of capital gain realized with respect to certain regulated futures contracts, non-U.S. currency forward contracts and certain options contracts that qualify as (or qualify for treatment as) "Section 1256 Contracts," which are described below. The application of certain rules relating to short sales, to so-called "straddle" and "wash sale" transactions and to certain non-U.S. regulated contracts and options contracts may serve to alter the manner in which the Partnership's holding period for a security is determined or may otherwise affect the characterization as short-term or long-term, and also the timing of the realization, of certain gains or losses. Moreover, the straddle rules and short sale rules may require the capitalization of certain related expenses of the Partnership.

Gain or loss from a short sale of property is generally considered as capital gain or loss to the extent the property used to close the short sale constitutes a capital asset in the Partnership's hands. Except with respect to certain situations where the property used by the Partnership to close a short sale has a long term holding period on the date of the short sale, special rules would generally treat the gains on short sales as short term capital gains. These rules may also terminate the running of the holding period of "substantially identical property" held by the Partnership. Moreover, a loss on a short sale will be treated as a long term capital loss if, on the date of the short sale, "substantially identical property" has been held by the Partnership for more than twelve (12) months.

In the case of "Section 1256 contracts", the Code generally applies a "mark to market" system of taxing unrealized gains and losses on such contracts and otherwise provides for special rules of taxation. A Section 1256 contract includes certain regulated futures contracts, certain foreign currency contracts and certain options contracts ("**Section 1256 contracts**"). A "regulated futures contract" means a contract (1) with respect to which the amount required to be deposited and the amount which may be withdrawn depends upon a system of marking to market, and (2) which is traded on, or subject to the rules of, a qualified board or exchange. A "foreign currency contract" means a contract (1) which requires delivery of, or the settlement of which depends on the value of, a foreign currency which is a currency in which positions are also traded through "regulated futures contracts," (2) which is traded on the interbank market, and (3) which is entered into at arm's length at a price determined by reference to the price on the

interbank market. A "nonequity option" means any listed option which is not an "equity option," i.e., an option to buy or sell stock or the value of which is determined directly or indirectly by reference to any stock or any narrowly based security index (as defined in Section 3(a)(55) of the Securities Exchange Act of 1934).

The Dodd-Frank Act provides that all standardized swap transactions between "swap dealers" and "major swap participants" must be cleared and traded on an exchange or electronic platform. The Partnership may be treated as either a "swap dealer" or a "major swap participant." Section 721 of the Dodd-Frank Act, defines a "swap" as including, among others, the following types of derivatives: (1) a put, call, cap, floor, collar or similar option of any kind that is for the purchase or sale, or based on the value, of one or more interest or other rates, currencies, commodities, securities, instruments of indebtedness, indices, quantitative measures, or other financial or economic interests or property of any kind; (2) any agreement, contract, or transaction commonly known as an interest rate swap, a rate floor, a rate cap, a rate collar, a cross-currency rate swap, a basis swap, a currency swap, a foreign exchange swap, a total return swap, an equity index swap, a debt index swap, a debt swap, a credit spread, a credit default swap, a credit swap, a weather swap, an energy swap, a metal swap, an agricultural swap, an emissions swap, and a commodity swap; or (3) an agreement, contract or transaction that is, or in the future becomes, commonly known to the trade as a swap, As a result of being traded on, or subject to, an exchange, these types of derivatives may be treated as Section 1256 contracts.

However, Section 1601 of the Dodd-Frank Act amended Section 1256 of the Code to provide that a Section 1256 contract does not include (1) any securities futures contract or option on such contract unless such contract or option is a dealer securities futures contract or (2) any interest rate swap, currency swap, basis swap, interest rate cap, interest rate floor, commodity swap, equity swap, equity index swap, credit default swap, or similar agreement.

Under these rules, Section 1256 contracts held by the Partnership at the end of each taxable year of the Partnership are treated for Federal income tax purposes as if they were sold by the Partnership for their fair market value on the last business day of such taxable year. The net gain or loss, if any, resulting from such deemed sales (known as "**mark to market**"), together with any gain or loss resulting from termination (or transfer) of the taxpayer's obligations (or rights) with respect to a Section 1256 contract by offsetting, by taking or making delivery, by exercise or being exercised, by assignment or being assigned, by lapse or otherwise, must be taken into account by the Partnership in computing its taxable income for such year. If a Section 1256 contract held by the Partnership at the end of a taxable year is sold in the following year, the amount of any gain or loss realized on such sale will be adjusted to reflect the gain or loss previously taken into account under the "mark to market" rules.

Capital gains and losses from Section 1256 contracts generally are characterized as short term capital gains or losses to the extent of forty percent (40%) thereof and as long term capital gains or losses to the extent of sixty percent (60%) thereof. Such gains and losses will be taxed under the general rules described above.

The Code allows a taxpayer to elect to offset gains and losses from positions that are part of a "mixed straddle." A "mixed straddle" is any straddle in which one or more but not all

positions are Section 1256 contracts and with respect to each position forming part of such straddle is clearly identified, before the close of the day on which the first Section 1256 contract forming part of the straddle is acquired (or such earlier time as the Secretary may prescribe by Regulations), as being part of such straddle. The Partnership may be eligible to elect to establish one or more mixed straddle accounts for certain of its mixed straddle trading positions.

Section 988 of the Code states that any foreign currency gain or loss attributable to a "Section 988 transaction" will be computed separately and treated as ordinary income or loss. Included in a "Section 988 transaction" is the acquisition of, or becoming an obligor under, a debt instrument, accruing an item of expense or income which is to be paid or received after the date of such accrual, or entering into or acquiring any forward contract, futures contract, option or similar financial instrument where the taxpayer, as a result, is entitled to receive (or required to pay) an amount which is denominated in a foreign currency, or is determined by reference to one or more foreign currencies. In order to avoid the potential of ordinary income treatment, an election can be made to treat any foreign currency gain or loss attributable to a forward contract, a futures contract or option which is a capital asset (but not part of a straddle) as capital gain or loss. The General Partner may make such election so as to avoid ordinary income treatment.

The Code also provides that entering into a regulated futures contract or nonequity option which would be marked to market under Section 1256 of the Code shall not be considered a "Section 988 transaction," so long as the regulated futures contract or nonequity option is held on the last day of the taxable year ("**Section 1256 exception**"). The Code allows taxpayers to elect out of the aforesaid Section 1256 exception, and the General Partner will make any decision concerning the Section 1256 exception in its sole and absolute discretion.

If any "Section 988 transaction" is part of a "Section 988 hedging transaction" (as defined below), all transactions which are a part of such "Section 988 hedging transactions" shall be integrated and treated as a single transaction or otherwise treated consistently under the Code. The determination of whether any transaction is a "Section 988 transaction" shall be determined without regard to whether such transaction would otherwise be marked-to-market under Sections 475 or 1256 of the Code, and such term shall not include any transaction with respect to whether an election is made to treat a forward contract, a futures contract or option as capital gain or loss. A "Section 988 hedging transaction" means any transaction (1) entered into by the taxpayer primarily either (a) to manage the risk of currency fluctuations with respect to property which is held, or to be held, by the taxpayer, or (b) to manage the risk of currency fluctuations with respect to borrowings made, or to be made, or obligations incurred, or to be incurred, by the taxpayer, and (2) identified by the Treasury Secretary or the taxpayer as being a "Section 988 hedging transaction." If a qualifying debt instrument and a hedging transaction qualify for integrated treatment, then the two are treated as a single synthetic debt instrument that is subject to the original issue discount rules under Section 163(e) and Sections 1272-1288 of the Code.

Section 1259 of the Code requires that the Partnership recognize gain on the constructive sale of any appreciated financial position in stock, a partnership interest, or certain debt instruments. A constructive sale of an appreciated financial position occurs if, among other things, the Partnership (1) enters into a short sale of the same or substantially identical property (a transaction commonly known as a "short sale against the box"), (2) enters into an offsetting

notional principal contract with respect to the same or substantially identical property, (3) enters into a futures or forward contract to deliver the same or substantially identical property, (4) in the case of an appreciated financial position that is a short sale or a contract described in subparagraphs (2) or (3) above with respect to any property, acquires the same or substantially identical property, or (5) to the extent prescribed by the Secretary of the Treasury in Regulations, enters into one or more transactions (or acquires one or more positions) that have substantially the same effect as the transaction described in any of subparagraphs (1), (2), (3) or (4) above. Exceptions to the foregoing apply to certain transactions if (i) the transaction closed within 30 calendar days after the close of the taxable year, (2) the taxpayer holds the appreciated financial position throughout the 60-day period beginning on the date such transaction is closed, and (3) at no time during such 60-day period is the taxpayer's risk of loss with respect to such position reduced by reason of a circumstance which would be described in Section 246(c)(4) of the Code if references to stock included references to such positions. An exception also applies to transactions involving contracts to sell stock, debt instruments or partnership interests which are not marketable securities as defined in Section 453(f) of the Code if the contract settles within one year.

The IRS may treat certain positions in securities held (directly or indirectly) by a Partner and its indirect Interest in similar securities held by the Partnership as "straddles" for federal income tax purposes. The application of the "straddle" rules in such a case could affect a Partner's holding period for the securities involved and may defer the recognition of losses with respect to such securities. In addition, if either of the Partner's positions in such a transaction is an "appreciated financial position", application of the "straddle" rules may trigger a constructive sale of that position under the rules described above.

Section 1258 of the Code recharacterizes capital gain from a "conversion transaction" as ordinary income, with certain limitations. Conversion transactions are defined as transactions in which substantially all the expected return is attributable to the time value of money and (a) the transaction consists of the acquisition of property by the taxpayer and a substantially contemporaneous agreement to sell the same or substantially identical property in the future but only if such property was acquired and such contract was entered into on a substantially contemporaneous basis; (b) the transaction qualifies as a "straddle" (within the meaning of Section 1092(c) of the Code); (c) the transaction is one that was marketed or sold to the taxpayer on the basis that it would have the economic characteristics of a loan but the interest like return would be taxed as capital gain; or (d) the transaction is described as a conversion transaction in Regulations. The amount of gain so recharacterized will not exceed "applicable imputed income amount" (as defined under Section 1258(b) of the Code).

Payments of interest on a note, including "qualified stated interest" on a "discount note" (each as defined below), generally will be taxable to a U.S. holder as ordinary interest income at the time such payments are accrued or received in accordance with the U.S. holder's method of accounting for federal income tax purposes.

A note with a term greater than 1 year may be issued with original issue discount for federal income tax purposes (i.e., a discount note). Generally, original issue discount will arise if the stated redemption price at maturity (generally, the payments to be made under the note other

than payments of qualified stated interest) of a note exceeds its issue price by more than a de minimis amount of at least a quarter of one percent (0.25%) of the stated redemption price at maturity multiplied by the number of complete years to maturity, or if the note has certain interest payment characteristics (e.g., interest holidays, interest payable in debt of the issuer, stepped interest rates or interest rates based upon multiple indices). The issue price of notes that are issued for cash will be the first price at which a substantial amount of the notes in the issue are sold for money (for this purpose, sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers are ignored).

"Qualified stated interest" generally is stated interest that is unconditionally payable in cash or property (other than a debt instrument of the issuer) at least annually at a single fixed rate (appropriately taking into account the length of the intervals of the payments), with certain exceptions for lower rates paid during some periods. If a note is with original issue discount, a U.S. holder will be required to include original issue discount amounts in gross income on an accrual basis using the constant yield to maturity method and, as a result, a Limited Partner may be required to include these amounts in income in advance of the Partnership's receipt of cash payments to which such amounts are attributable. Any amounts included in income as original issue discount with respect to a note will increase a Limited Partner's adjusted tax basis in his Interest in the Partnership. Correspondingly, any payments of original issue discount by the Partnership will reduce a Limited Partner's adjusted tax basis in his Interest in the Partnership.

The amount of original issue discount includible in income by a U.S. holder of a note having original issue discount is determined under Section 1272(a) of the Code. However, Regulations provide special rules for notes that provide for one or more alternative payment schedules applicable upon the occurrence of a contingency or contingencies, including optional redemption, and for notes that are floating rate notes, contingent payment debt instruments, or short-term obligations. Additionally, a U.S. holder who purchases a discount note for an amount that is greater than its adjusted issue price but equal to or less than its stated redemption price at maturity will be considered to have purchased the note at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount which the U.S. holder must include in its gross income with respect to the note for any taxable year will be reduced by the portion of the acquisition premium properly allocable to the taxable year. A U.S. holder who purchases a note for an amount in excess of the note's stated redemption price at maturity (or earlier call date as applicable) will be considered to have purchased the note at a premium. A U.S. holder may generally elect to amortize this premium over the remaining term of the note (or until the earlier call date) on a constant yield method with a corresponding decrease in its tax basis in the note. Investors should consult their own tax advisors regarding the application of these rules.

If a note is issued with de minimis original issue discount, the U.S. holder generally must include any de minimis original issue discount in income at maturity unless the U.S. holder elects to treat all interest as original issue discount. Under the Regulations, a U.S. holder may elect to treat all interest on any note as original issue discount and calculate the amount includable in gross income under the constant yield method. For the purposes of this election, interest includes stated interest, acquisition discount, original issue discount, de minimis original

issue discount, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. If the Partnership makes this election for a note with market discount or amortizable bond premium, the election is treated as an election under the market discount or amortizable bond premium provisions and the Partnership will be required to amortize bond premium or include market discount in income currently for all of the Partnership's other debt instruments with market discount or amortizable bond premium. The election is to be made for the taxable year in which the Partnership acquired the note, and may not be revoked without the consent of the IRS. Investors should consult with their own tax advisors about this election. Any amount of de minimis original issue discount that has not been included in income prior to sale, exchange, or retirement of a note will be treated as capital gain.

If the Partnership purchases a note other than a discount note, for an amount that is less than its issue price, or in the case of a discount note, for an amount that is less than its adjusted issue price as of the purchase date, i.e., revised issue price, the amount of the difference will be treated as "market discount" for federal income tax purposes, unless the difference is less than a specified de minimis amount. Under the market discount rules of the Code, the Partnership will be required to treat any partial principal payment on or any gain on the sale, exchange, retirement, or other taxable disposition of a note as ordinary income to the extent that any market discount has accrued with respect to the note and was not previously included in income (pursuant to an election by the Partnership to include any market discount in income as it accrues) at the time of such disposition. Market discount is accrued on a straight-line basis unless the Partnership elects to accrue market discount under a constant yield method. If the note is disposed of in a nontaxable transaction (other than a nonrecognition transaction described in Section 1276(c) of the Code), the Partnership will include any accrued market discount in ordinary income (generally, as interest) as if the Partnership had sold the note at its then fair market value. In addition, the Partnership may be required to defer, until the maturity of the note or its earlier disposition in a taxable transaction, deductions for all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry the note, unless the Partnership elects to include market discount in income currently as it accrues. If an election were made to include market discount in income currently as it accrues, that election would apply to all debt instruments with market discount acquired by the Partnership on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

Except as discussed above, upon the sale, exchange or retirement of a note held by the Partnership, a Limited Partner generally will recognize taxable capital gain or loss equal the Limited Partner's distributive share of the difference between the amount realized by the Partnership on the sale, exchange or retirement of the note and the Partnership's adjusted tax basis in the note. The Partnership's adjusted tax basis in a note will equal the Partnership's initial investment in the note increased by any original issue discount included in income (and accrued market discount, if any, if the Partnership has elected to include market discount in income) and decreased by the amount of any payments made with respect to the note, other than payments of qualified stated interest, and the amount of any amortizable bond premium offset against qualified stated interest with respect to the note. Except as described above, the gain or loss generally will be long term capital gain or loss if the note is held by the Partnership for more than one year.

Under existing case law, a debt instrument issued with a lengthy term, for example, up to fifty (50) years, may be treated as a debt for federal income tax purposes. However, the IRS has issued a notice that it will scrutinize debt instruments with long maturities, particularly those with substantial equity characteristics.

Tax-Exempt Investors

If the Partnership derives income which would be considered "unrelated business taxable income" ("**UBTI**") as defined in Section 512 of the Code if derived directly by a Limited Partner which is an organization exempt from tax under Section 501(a) of the Code or an IRA, such Limited Partner's allocable share of the Partnership's income would be subject to tax. A tax exempt organization which is subject to tax on its allocable share of the Partnership's UBTI, including an IRA, may also be subject to the alternative minimum tax with respect to items of tax preference which enter into the computation of UBTI.

UBTI is generally the excess of gross income from any unrelated trade or business conducted by an exempt organization (or by a partnership of which the exempt organization is a member) over the deductions attributable to such trade or business. UBTI generally does not include dividends, interest, annuities, royalties and gain or loss from the disposition of property other than stock in trade or property held for sale in the ordinary course of the trade or business.

While UBTI itself is taxable, the receipt of UBTI by a tax exempt entity generally has no effect upon that entity's tax exempt status or upon the exemption from tax of its other income. However, for certain types of tax exempt entities, the receipt of any UBTI may have extremely adverse consequences. In particular, for charitable remainder trusts (defined under Section 664 of the Code), the receipt of any taxable income from UBTI during a taxable year will result in the imposition of an excise tax on the trust equal to the amount of the UBTI.

A tax exempt organization under Section 501 (a) of the Code (and an IRA) is also taxed on its, and its allocable share of the Partnership's, unrelated debt-financed income pursuant to Section 514 of the Code ("**UDFI**"). In general, UDFI consists of: (i) income derived by a tax exempt organization (directly or through a partnership) from income producing property with respect to which there is "acquisition indebtedness" at any time during the taxable year, and (ii) gains derived by a tax exempt organization (directly or through a partnership) from the disposition of property with respect to which there is "acquisition indebtedness." Such income and gains derived by a tax exempt organization from the ownership and sale of debt financed property are taxable in the proportion to which such property is financed by "acquisition indebtedness" during the relevant period of time.

The Partnership may use leverage (e.g., by purchasing securities on margin), with the result that a Limited Partner which is a tax-exempt organization (or an IRA) should expect to be subject to tax on the proportion of its distributive share of the Partnership's income that is UDFI. In addition, to the extent a tax-exempt organization borrows money to finance its investment in the Partnership, such organization would be subject to tax on the portion of its income which is

UDFI even though such income may constitute an item otherwise excludable from UBTI, such as dividends.

State Taxes

In addition to the federal income tax consequences described above, prospective investors should consider potential state tax consequences of an investment in the Partnership. No attempt is made herein to provide a discussion of such state tax consequences. State laws often differ from federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. A Limited Partner's distributive share of the taxable income or loss of the Partnership generally will be required to be included in determining the reportable income for state tax purposes in the jurisdiction in which he or she is a resident. Some states require partnerships to withhold state taxes on distributions to limited partners. Each prospective investor must consult the prospective investor's own tax advisers regarding such state tax consequences.

Other Taxes

For taxable years beginning after December 31, 2012, certain U.S. Persons, including individuals, estates and trusts, will be subject to an additional 3.8% Medicare tax on unearned income. For individuals, the additional Medicare tax applies to the lesser of (i) "net investment income" or (ii) the excess of "modified adjusted gross income" over $200,000 ($250,000 if married and filing jointly or $125,000 if married and filing separately). A U.S. Person's net investment income will generally include its interest, dividends and capital gains, unless such interest, dividends or capital gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a U.S. Person that is an individual, estate or trust, you must consult your tax advisors regarding the applicability of the Medicare Tax to your income and gains in respect of your investment in the Partnership.

Limited Partners may be subject to other taxes, such as the alternative minimum tax, state and local income taxes, and estate, inheritance or intangible property taxes that may be imposed by various jurisdictions. Each prospective investor should consider the potential consequences of such taxes on an investment in the Partnership. It is the responsibility of each prospective investor to become satisfied as to the legal and tax consequences of an investment in the Partnership under state law, including the laws of the state(s) of the prospective investor's domicile and residence, by obtaining advice from the prospective investor's own tax advisers, and to file all appropriate tax returns that may be required.

Tax Elections; Returns; Tax Audits

The Code provides for optional adjustments to the basis of partnership property upon distributions of partnership property to a partner and transfers of partnership interests (including by reason of death) provided that a partnership election has been made pursuant to Section 754 of the Code. Under the Partnership Agreement, the General Partner, in its sole and reasonable

discretion, may cause the Partnership to make such an election. Any such election, once made, cannot be revoked without the IRS's consent.

Additionally, Section 734 of the Code provides for a mandatory basis adjustment on distributions by partnerships with substantial built in losses, which could cause the Partnership to decrease the basis of assets in such circumstances.

If the Partnership is treated as a securities trader for federal income tax purposes, the Partnership may elect to "mark to market" its securities at the end of each taxable year, in which case such securities would be treated for federal income tax purposes as though sold for fair market value on the last day of such taxable year. Such an election would apply to the taxable year for which made and all subsequent taxable years unless revoked with the consent of the Internal Revenue Service. If the Partnership were to make such an election, a portion of the Partnership's gains and losses would be considered ordinary income or loss, rather than capital gain or loss. Since for federal income tax purposes capital losses generally may be deducted only against capital gains, a Limited Partner may be unable to deduct capital losses realized from other investments and transactions in a taxable year against his share of the Partnership's income.

The General Partner will decide how to report partnership items on the Partnership's tax returns. Since the Partnership may engage in transactions whose treatment for tax purposes is not clear, there is a risk that a claim of tax liability could be asserted against the Partnership or its Partners. In the event the income tax returns of the Partnership are audited by the IRS, the tax treatment of Partnership income and deductions generally is determined at the partnership level in a single proceeding rather than by individual audits of the Partners. The General Partner, as the "Tax Matters Partner," has considerable authority to make decisions affecting the tax treatment and procedural rights of all Partners. In addition, the Tax Matters Partner has the authority to bind certain Limited Partners to settlement agreements and the right on behalf of all Partners to extend the statute of limitations relating to the Partners' tax liabilities with respect to Partnership items.

The Treasury Department has adopted Regulations designed to assist the IRS in identifying abusive tax shelter transactions. In general, the Regulations require investors in specified transactions to satisfy certain special tax filing and record retention requirements. The Regulations, in their current form, are extraordinarily broad in scope and could apply to a holder of an interest in a hedge fund or other ordinary pooled investment vehicle, even though the fund or vehicle (like the Partnership) has not been organized to create any tax benefits for its Limited Partners. Significant monetary penalties apply to a failure to comply with these tax filing and record retention rules. In addition, states may have similar tax filing and record retention requirements.

The Treasury Department has indicated that it may issue additional guidance designed to limit the application of the Regulations to investors in non-tax motivated investment vehicles such as the Partnership. However, no assurance can be provided that such Regulations will be issued or will apply to exclude investors in the Partnership from the requirements of the Regulations. In the absence of additional favorable guidance, Limited Partners in the Partnership should assume they could be subject to the special tax filing and record retention rules of the

Regulations and should consult their own tax advisors about any applicable tax filing and record retention requirements. The Partnership intends to provide information to Limited Partners necessary to satisfy any tax filing requirements that may arise as a result of an investment in the Partnership.

In addition, if the Partnership participates in a transaction that requires disclosure to the IRS, the Partnership and other material advisors to the Partnership may each be required to file information returns with the IRS, and it may be necessary to maintain a list of investors and a detailed description of the Partnership, its activities and the expected U.S. federal income tax consequences to its investors, in addition to certain other information. If such lists and information must be maintained under the Regulations, it must be available to the IRS for inspection upon its written request.

Other Matters

The Partnership may incur certain expenses in connection with its organization of Interests. The Partnership may elect to claim a deduction in the taxable year it begins business equal to the lesser of (a) the organizational expenses paid or incurred, or (b) five thousand dollars ($5,000), reduced, but not below zero, by the amount of organizational expenses exceeding fifty thousand dollars ($50,000). The remaining organizational expenses will be amortized over a period of one hundred eighty (180) months from the date the Partnership commences operations. Amounts paid or incurred to market interests in a partnership (syndication expenses) are not deductible.

Special Considerations for Partners who are Not U.S. Persons

A "**U.S. Person**" is (a) a citizen or resident of the United States, (b) a corporation, partnership, or other entity organized under the laws of the United States, any state, or the District of Columbia, other than a partnership that is not treated as a U.S. Person under the Regulations, (c) an estate whose income is subject to United States income tax, regardless of its source, or (d) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. Persons have the authority to control all substantial decisions of the trust, or, to the extent provided in the Regulations, certain trusts in existence on August 20, 1996, and treated as U.S. Persons prior to such date, that elect to be treated as U.S. Persons.

Assuming that the Partnership complies with certain rules and procedures pertaining to the conduct of its affairs (including the assumptions indicated above), it is anticipated that the income of the Limited Partners who are not U.S. Persons will not be subject to regular U.S. federal income taxes on the basis of net income. But, Limited Partners who are not U.S. persons will be directly or indirectly subject to U.S. withholding taxes on some of their income, including fixed or determinable annual or periodical income, such as dividend income, considered to be from U.S. sources. Generally, capital gains and qualified interest, such as portfolio interest (as defined in Section 871(h) of the Code), should not be subject to U.S. withholding tax. The U.S. withholding tax rate is generally thirty percent (30%) subject to reduction under applicable tax treaties. To qualify for the benefits of a tax treaty between the United States and a foreign

country, the Limited Partner claiming the benefits provisions must both be a resident of the treaty country and satisfy the limitation on benefits provisions, as described in the applicable treaty. A Limited Partner must provide a completed IRS Form W-8BEN to the Partnership to claim treaty benefits. Although capital gains from the sale of securities should generally not be subject to U.S. withholding tax, the sale of certain securities classified as United States real property interests within the meaning of Section 897 of the Code (including U.S. real property holding corporations) may be subject to U.S. income and withholding taxes.

Future Tax Legislation

Future amendments to the Code, other legislation, new or amended Regulations, administrative rulings or guidance by the IRS, or judicial decisions may adversely affect the federal income tax aspects of an investment in the Partnership, with or without advance notice, and retroactively or prospectively.

U.S. Treasury Circular 230 Notice

Any U.S. federal tax advice included in this communication (a) was not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal tax penalties, and (b) was written to support the promotion or marketing of the transaction(s) or matter(s) addressed in the written advice. The taxpayer should seek advice based upon the taxpayer's particular circumstances from an independent tax adviser.

INVESTMENT BY U.S. TAX-EXEMPT ENTITIES - ERISA CONSIDERATIONS

Investors who are U.S. tax-exempt entities, including, but not limited to, charities, foundations, pension trusts, Keogh plans and Individual Retirement Accounts ("**IRAs**"), are subject to U.S. federal income tax on unrelated business taxable income ("**UBTI**"). See "TAXATION -- Tax-Exempt Investors." Under current U.S. tax law, in general, and absent other circumstances such as the investment in the Partnership itself being considered a leveraged investment, capital gains on disposition of the Interests of the Partnership should not be considered UBTI; however, prospective U.S. tax-exempt Limited Partners should consult with and rely solely upon their own tax advisers on this issue. An investment of employee benefit plan assets in the Partnership may raise additional issues under the ERISA and the Code. Certain of these issues are described below.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a plan and prohibit certain transactions involving the assets of a plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of the Plan (as defined below) or the management or disposition of the assets of a Plan, or who renders investment advice for a fee or other compensation to the Plan, is generally considered to be a fiduciary of the Plan. In considering an investment in the Partnership of a portion of the assets of any employee benefit plan (including a Keogh plan) subject to the fiduciary and prohibited transaction provisions of ERISA or the Code or similar provisions under applicable state law (collectively, a "**Plan**"), a fiduciary should determine, in light of the high risks and lack of liquidity inherent in an investment in the Partnership, whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA or similar law relating to a fiduciary's duties to the Plan. Furthermore, absent an exemption, the fiduciaries of a Plan should not purchase Interests with the assets of any Plan if the General Partner or any affiliate thereof is a fiduciary or other "party in interest" or "disqualified person" (collectively, a "**party in interest**") with respect to the Plan.

Plan Assets

The Code does not define "plan assets." ERISA, as amended by the Pension Protection Act of 2006, provides that the term "plan assets" means plan assets as defined in the regulations promulgated by the Secretary of Labor. Regulations previously issued by the U.S. Department of Labor ("**Plan Asset Regulations**") generally provide that when a Plan subject to Title I of ERISA or Section 4975 of the Code acquires an equity interest in an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by "benefit plan investors" is not "significant" or that the entity is an "operating company," in each case as defined in the Plan Asset Regulations. ERISA provides

that the assets of any entity shall not be treated as plan assets if, immediately after the most recent acquisition of any equity interests in the entity, less than twenty-five percent (25%) of the value of each class of equity interests, excluding equity interests held by persons (other than a benefit plan investor) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof, is held by benefit plan investors. If twenty-five percent (25%) or more of the total value of any class of equity interests is held by benefit plan investors, ERISA provides that the entity shall be considered to hold plan assets to the extent of the percentage of equity interests held by benefit plan investors, ERISA further provides that for purposes of this twenty-five percent (25%) test ("**Benefit Plan Investor Test**"), "benefit plan investors" generally include all employee benefit plans subject to Part 4 of subtitle B of Title 1 of ERISA, relating to fiduciary responsibility, or Section 4975 of the Code, relating to tax on prohibited transactions, including Keogh plans and IRAs, as well as any entity whose underlying assets are deemed to include Plan assets under the Plan Asset Regulations (e.g., an entity of which twenty-five percent (25%) or more of the value of any class of equity interests is held by employee benefit plans or other benefit plan investors and which does not satisfy another exception under the Plan Asset Regulations), but excluding government plans, non-electing church plans, and foreign plans. Thus, absent satisfaction of another exception under the Plan Asset Regulations, if twenty-five percent (25%) or more of the value of the Interests of the Partnership were held by benefit plan investors, the Partnership would be deemed to hold plan assets to the extent of the percent of the Interests held by benefit plan investors.

The Interests will not constitute "publicly offered securities" or securities issued by an investment company registered under the Investment Company Act, and it is not expected that the Partnership will qualify as an "operating company" under the Plan Asset Regulations. Even if the Benefit Plan Investor Test is met at the time a Plan acquires an Interest, the Benefit Plan Investor Test may not be met at a later date as a result, for example, of subsequent acquisitions, transfers, or redemptions of Interests.

Furthermore, there can be no assurance that notwithstanding the reasonable efforts of the Partnership, the Partnership will satisfy the Benefit Plan Investor Test, that the structure of particular investments of the Partnership will otherwise satisfy the Plan Asset Regulations or that the underlying assets of the Partnership will not otherwise be deemed to include plan assets.

Plan Asset Consequences

If assets of the Partnership were deemed to include "plan assets" under ERISA, (i) the prudence and other fiduciary responsibility standards of ERISA would extend to investments made by the Partnership and (ii) certain transactions in which the Partnership might seek to engage could constitute "prohibited transactions" under ERISA and the Code. If a prohibited transaction occurs for which no exemption is available, the General Partner and any other fiduciary that has engaged in the prohibited transaction could be required (i) to restore to the Plan any profit realized on the transaction and (ii) to reimburse the Plan for any losses suffered by the Plan as a result of the investment. In addition, each party in interest involved could be subject to an excise tax equal to fifteen percent (15%) of the amount involved in the prohibited transaction for each year the transaction continues and, unless the transaction is corrected within a statutorily

required period, the rate of excise tax could increase to one hundred percent (100%). Plan fiduciaries that decide to invest in the Partnership could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in the Partnership or as co-fiduciaries for actions taken by or on behalf of the Partnership or the General Partner. With respect to an IRA that invests in the Partnership, the occurrence of a prohibited transaction involving the individual who established the IRA, or the individual's beneficiaries, could cause the IRA to lose its tax-exempt status.

Each plan fiduciary should consult its own legal adviser concerning the considerations discussed above before making an investment in the Partnership.

ADMINISTRATION

Administrator

SS&C GlobeOp (the "**Administrator**"), provides administrative services to the Partnership pursuant to an agreement between the Partnership and the Administrator (the "**Administration Agreement**").

Pursuant to the Administration Agreement, the Administrator performs or supervises the performance of the services necessary for certain of the operations and administration (other than making investment decisions) of the Partnership.

The administrative services provided by the Administrator or its Delegates (as defined below) include, without limitation, communicating with the Partners; communicating with the general public relating to the Funds, to the extent necessary; processing capital contributions and withdrawals; calculating the Net Asset Value of the Partnership and each class of Interests and the capital account balances of the Partners; distributing withdrawal proceeds and distributions; maintaining principal corporate records and books of accounting of the Partnership; coordinating with the Partnership's independent auditors for the annual audit of financial statements and providing certain information to the auditors to assist with their preparation requisite tax filings relevant to the Partnership; and performing all other incidental services necessary to its duties under the Administration Agreement.

Prime Broker and Custodian

The Partnership has entered into an Institutional Customer Services Agreement (the "**Brokerage Agreement**") with Jefferies Prime Brokerage Services (the "**Prime Broker**"), pursuant to which the Prime Broker will perform various brokerage, clearing and custodial services on behalf of the Partnership. Under the Brokerage Agreement, the Partnership is not committed to continue its brokerage and custodial relationship with the Prime Broker for any minimum period, and may enter into brokerage and custodial relationships with other brokers. The Brokerage Agreement significantly limits any liability the Prime Broker may incur in connection with its services, including by capping any liability of the Prime Broker to an amount equal to the aggregate commissions paid by the Partnership to the Prime Broker over the six-month period prior to the event giving rise to the claim.

Auditors

The auditors for the Partnership are KPMG, or such other independent accounting firm approved by the General Partner.

Legal Counsel

Paul Hastings LLP acts as U.S. legal counsel to the Partnership, the General Partner and the Management Company in connection with the Offering and other ongoing matters. Paul Hastings LLP does not represent the Limited Partners, and each Limited Partner is urged to consult with its separate, outside counsel.

Change of Service Providers

The General Partner may change any of the Partnership's service providers, including the Partnership's auditors, without the consent of the Limited Partners.

PRIVACY POLICY

This privacy policy explains the manner in which the Partnership and the General Partner (collectively, the "**Partnership Entities**") collect, utilize and maintain nonpublic personal information about the Limited Partners, as required under recently enacted U.S. federal legislation. This privacy policy only applies to nonpublic information of Limited Partners who are individuals (not entities).

Collection of Limited Partner Information

The Partnership Entities collect personal information about the Limited Partners mainly through the following sources:

- Subscription forms, investor questionnaires and other information provided by the Limited Partner in writing, in person, by telephone, electronically or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications; and

- Transactions within the Partnership, including account balances, investments and withdrawals.

Disclosure of Nonpublic Personal Information

The Partnership Entities do not sell or rent investor information. The Partnership Entities do not disclose nonpublic personal information about Limited Partners to nonaffiliated third parties or to affiliated entities, except as permitted or required by law. For example, the Partnership Entities may share nonpublic personal information in the following situations:

- To service providers in connection with the administration and servicing of the Partnership, which may include attorneys, accountants, auditors and other professionals. The Partnership Entities may also share information in connection with the servicing or processing of Partnership's transactions;

- To affiliated companies in order to provide the Limited Partner with ongoing personal advice and assistance with respect to the products and services the Limited Partner has purchased through the Partnership and to introduce the Limited Partner to other products and services that may be of value to the Limited Partner;

- To respond to a subpoena or court order, judicial process or regulatory authorities;

- To protect against fraud, unauthorized transactions (e.g., money laundering), claims or other liabilities; and

- Upon consent of a Limited Partner to release such information (e.g., including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the Limited Partner).

Protection of Limited Partner Information

The Partnership Entities' privacy policy is to require that all employees, financial professionals and companies providing services on their behalf keep client information confidential.

The Partnership Entities maintain safeguards that comply with federal standards to protect Limited Partner information. The Partnership Entities restrict access to the personal and account information of Limited Partners to those employees who need to know that information in the course of their job responsibilities. Third parties with whom the Partnership Entities share Limited Partner information must agree to follow appropriate standards of security and confidentiality.

The Partnership Entities' privacy policy applies to both current and former Limited Partners. The Partnership Entities may disclose nonpublic personal information about a former Limited Partner to the same extent as for a current Limited Partner.

Changes to Privacy Policy

The Partnership Entities may make changes to their privacy policy in the future. The Partnership Entities will not make any change affecting a Limited Partner without first sending the Limited Partner a revised privacy policy describing the change.