

EXHIBIT "A"

SECURION I, LP

A Delaware Limited Partnership

CONFIDENTIAL OFFERING MEMORANDUM

February 5, 2007

THESE SECURITIES HAVE NOT BEEN REGISTERED OR QUALIFIED FOR SALE UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE'S SECURITIES LAWS. THEY ARE OFFERED PURSUANT TO EXEMPTIONS FROM SUCH REGISTRATION AND QUALIFICATION. THIS MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE SECURITIES AND EXCHANGE COMMISSION AND NEITHER THAT COMMISSION NOR ANY STATE SECURITIES ADMINISTRATOR HAS PASSED UPON OR ENDORSED THE MERITS OF AN INVESTMENT IN THE LIMITED PARTNERSHIP OR THE ACCURACY OR THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY LIMITED PARTNERSHIP INTERESTS IN ANY STATE OR JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS UNLAWFUL.

AN INVESTMENT IN THIS PARTNERSHIP INVOLVES A RISK OF LOSS. SEE "CERTAIN RISK FACTORS."

Memorandum No. _____

Recipient's Name: _____

This Confidential Offering Memorandum is being given to the above-named recipient solely to permit that recipient to evaluate an investment in the limited partnership interests (the "Interests") described herein. This Offering Memorandum may not be reproduced or distributed to anyone else (other than the identified recipient's professional advisers). By accepting delivery of this Memorandum, the recipient agrees to return it and all related documents to the General Partner if the recipient does not subscribe for an Interest in the Partnership.



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NOTICE TO INVESTORS

THE INTERESTS IN THE PARTNERSHIP ("LIMITED PARTNERSHIP INTERESTS" OR "INTERESTS") BEING OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY. THIS IS A PRIVATE OFFERING MADE ONLY PURSUANT TO EXEMPTIONS PROVIDED BY SECTION 4(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), RULE 506 OF REGULATION D PROMULGATED THEREUNDER, AND APPLICABLE STATE LAWS. NEITHER THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY HAS PASSED UPON THE VALUE OR MERIT OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THIS OFFERING OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE INTERESTS ARE ALSO BEING OFFERED IN A MANNER SO AS NOT TO REQUIRE REGISTRATION OF THE LIMITED PARTNERSHIP UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"), BY VIRTUE OF SECTION 3(c)(1) THEREOF AND THE RULES THEREUNDER (THE "3(c)(1) EXEMPTION"). ACCORDINGLY, INTERESTS IN THE PARTNERSHIP ARE ONLY BEING OFFERED TO A LIMITED NUMBER OF INVESTORS AS DEFINED IN THE 3(c)(1) EXEMPTION. FURTHER, THE INTERESTS ARE BEING OFFERED IN A MANNER CONSISTENT WITH THE INVESTMENT ADVISERS ACT OF 1940 (THE "ADVISERS ACT") AND THE RULES PROMULGATED THEREUNDER.

THE INTERESTS ARE AVAILABLE ONLY TO PERSONS WILLING AND ABLE TO BEAR THE ECONOMIC RISKS OF AN INVESTMENT IN THE LIMITED PARTNERSHIP.

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THE "MEMORANDUM") CONSTITUTES AN OFFER ONLY IF THE NAME OF THE OFFEREE APPEARS IN THE APPROPRIATE SPACE PROVIDED ON THE COVER PAGE OF THIS MEMORANDUM AND ONLY IF DELIVERY OF THIS MEMORANDUM IS PROPERLY AUTHORIZED BY THE PARTNERSHIP. THIS MEMORANDUM HAS BEEN PREPARED BY THE PARTNERSHIP SOLELY FOR THE BENEFIT OF PERSONS INTERESTED IN THE PROPOSED SALE OF INTERESTS AND ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR PART, OR IN THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE PARTNERSHIP, IS PROHIBITED. ANY CONTRARY ACTION MAY BE A VIOLATION OF STATE AND FEDERAL SECURITIES LAWS.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO BUY IN ANY STATE OR JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS UNLAWFUL.

THE CONTENTS OF THIS MEMORANDUM SHOULD NOT BE CONSTRUED AS INVESTMENT, LEGAL OR TAX ADVICE. EACH PROSPECTIVE INVESTOR IS URGED TO SEEK INDEPENDENT INVESTMENT, LEGAL AND TAX ADVICE CONCERNING THE CONSEQUENCES OF INVESTING IN THE PARTNERSHIP.

THIS MEMORANDUM IS A SUMMARY ONLY AND DOES NOT PURPORT TO BE COMPLETE. ACCORDINGLY, REFERENCE IS MADE TO THE PARTNERSHIP AGREEMENT AND THE OTHER AGREEMENTS, DOCUMENTS, STATUTES AND REGULATIONS ATTACHED HERETO OR REFERRED TO HEREIN FOR THE EXACT TERMS OF SUCH PARTNERSHIP AGREEMENT AND OTHER AGREEMENTS, DOCUMENTS, STATUTES AND REGULATIONS.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS MEMORANDUM IN CONNECTION WITH THE MATTERS DESCRIBED HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THE DELIVERY OF THIS MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

THE INTERESTS ARE SUBJECT TO SIGNIFICANT RESTRICTIONS ON TRANSFERABILITY AND RESALE AND, IN ANY EVENT, MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION THEREUNDER OF EXEMPTION THEREFROM.

THE GENERAL PARTNER WILL PROVIDE THE RECIPIENT IDENTIFIED ON THE COVER OF THIS MEMORANDUM AND HIS OR HER AUTHORIZED REPRESENTATIVES WITH THE OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, THE GENERAL PARTNER CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING, AND TO OBTAIN ANY ADDITIONAL INFORMATION CONCERNING THIS OFFERING, TO THE EXTENT THE GENERAL PARTNER POSSESSES SUCH ADDITIONAL INFORMATION OR CAN OBTAIN IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

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TABLE OF CONTENTS

	<i>Page</i>
SUMMARY OF THE OFFERING	1
DIRECTORY	5
INVESTMENT OBJECTIVES AND POLICIES	6
MANAGEMENT	7
MANAGEMENT FEE, PERFORMANCE ALLOCATION AND EXPENSES	8
CERTAIN RISK FACTORS	9
POTENTIAL CONFLICTS OF INTEREST	16
BROKERAGE AND TRANSACTIONAL PRACTICES	18
ELIGIBILITY REQUIREMENTS; SUBSCRIPTIONS AND WITHDRAWALS	22
INCOME TAX CONSIDERATIONS	25
SECURITIES REGULATORY MATTERS	32
SUMMARY OF THE PARTNERSHIP AGREEMENT	34
ADDITIONAL INFORMATION	38
 EXHIBIT A FORM OF LIMITED PARTNERSHIP AGREEMENT	
 EXHIBIT B FORM OF SUBSCRIPTION AGREEMENT	

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SUMMARY OF THE OFFERING

The following is only a summary of the information contained in this Memorandum and is qualified in its entirety by the remainder of this Memorandum and the exhibits hereto, including the Form of the Agreement of Limited Partnership (the "Partnership Agreement"). Prospective investors should read the entire Memorandum and the Partnership Agreement carefully before making any investment decision and should consult their own advisers in order to fully understand the consequences of an investment in the Limited Partnership.

**The Partnership and
General Partner**
See "Management"

Securion I, LP (the "Partnership"), a Delaware limited partnership, was formed in January of 2007. The general partner of the Partnership is I Financial Marketplace, LLC, a Pennsylvania limited liability company (the "General Partner"). The General Partner has sole authority to manage the Partnership's activities, including but not limited to engaging independent investment advisors, analysts or other professionals in discharging its responsibilities to the Partnership. The Partnership has been established as a "fund of funds."

Investment Objectives
*See "Investment
Objectives and Policies"*

The General Partner's trading and investment approach is built around the guiding objective capital growth. The General Partner utilizes the services of other investment advisors and industry professionals to achieve this objective by capitalizing on the skills and abilities of managers whose performance and experience it has reviewed, evaluated and determined to employ. This approach allows the General Partner to allocate Partnership assets among managers in a manner that it believes will provide consistent returns to Partners based on various investment and trading strategies to create, what it believes to be; an optimal risk/reward profile.

Although the General Partner does not currently expect it to do so to a material extent, the Partnership may directly invest or trade in Securities that could include **stocks**, bonds, notes, convertible bonds, warrants, money market instruments and unregistered or "restricted" securities. The Partnership Agreement imposes no limits on the types of Securities or other instruments in which the Partnership may invest, the types of positions it may take, the concentration of its investments (whether by sector, industry, fund, country, asset class or otherwise) the amount of leverage it may employ or the number or nature of short positions it may take. Further, depending on conditions and trends in securities markets, the General Partner may pursue other strategies or employ other techniques it considers appropriate and in the Partnership's best interests.

THERE CAN BE NO ASSURANCE THAT THE PARTNERSHIP'S INVESTMENT OBJECTIVES WILL BE ACHIEVED.

The Offering
*See "Eligibility Requirements;
Subscriptions and Withdrawals"*

The Partnership is offering limited partnership interests ("Interests") to a limited number of sophisticated individuals and entities who are "accredited" investors with in the meaning of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"). The minimum initial investment is \$100,000 U.S. dollars.

Liquidity

See "Eligibility Requirements; Subscriptions and Withdrawals" and "Certain Risk Factors"

A Limited Partner generally will be permitted to withdraw some or all of his or her Capital Account balance effective as of the end of any calendar quarter, after he or she has been a Partner for at least one year. If a Limited Partner withdraws capital before his or her first anniversary as a Partner, the withdrawal proceeds will generally be reduced by 5% to attenuate the adverse impact of the early withdrawal on the Partnership. Thereafter, if a Limited Partner withdraws capital at an Effective Time other than the end of a calendar quarter, the Partnership may, in the General Partner's discretion, assess against the withdrawing Limited Partner a special administrative charge of up to 1% of the amount withdrawn to defray actual or estimated extraordinary accounting and other administrative costs to the Partnership and the existing Partners associated with permitting such mid-quarter withdrawal. These early withdrawal fees will result in an increase in the capital account balances of all remaining Partners on a *pro rata* basis with their Partnership Interests. A Limited Partner must give at least 60 days' written notice of any proposed withdrawal and may not make a partial withdrawal that would reduce his or her Capital Account balance below \$100,000. Payment on a partial withdrawal generally will be made in cash and/or Securities, at the discretion of the General Partner, within 30 days after the effective date of withdrawal. As to a complete withdrawal, 90% of the amount withdrawn normally will be remitted within 30 days and any balance will be remitted not more than 10 days after completion of the financial statements for the year of the withdrawal. Transaction costs involved in funding a withdrawal may be charged to the withdrawing Partner.

Fees and Other Expenses

See "Management Fee, Performance Allocation and Expenses," "Eligibility Requirements; Subscriptions and Withdrawals" and "Brokerage and Transactional Practices"

Through the Partnership each Limited Partner pays the General Partner a Management Fee at a rate *per annum* of approximately 2% (or 0.5% per calendar quarter) of his or her Capital Account balance. The Management Fee will become payable as of the beginning of each calendar quarter based on Partners' Capital Account balances at that time. Limited Partners who are permitted to contribute capital as of a time other than the beginning of a quarter will be charged a prorated Management Fee as to the amount so contributed. The General Partner may, in its discretion, agree to waive or reduce the Management Fee as to particular Limited Partners in special circumstances, such as for Partners who are affiliates or employees of the General Partner. The Partnership will pay no commissions on sales of Interests. However, the General Partner may, out of its own assets, pay compensation to third parties who introduce investors to the Partnership and may direct a portion of the Partnership's portfolio business to broker-dealers who introduce investors to the Partnership or to other investment funds managed by the General Partner or who pay finders' fees or other compensation to third parties who do so. The Partnership bears directly all of its ongoing operating expenses. These include, among other things, brokerage commissions, interest on margin and other borrowings, borrowing charges on Securities sold short, custodial fees, legal, research, accounting and audit fees and expenses, tax preparation fees, governmental fees and taxes, bookkeeping and other professional fees, telephone, travel and travel-related expenses and all other reasonable expenses related to the management and operation of the Partnership or the purchase, sale or transmittal of

Partnership assets, as the General Partner determines in its sole discretion. The General Partner may cause some or all of those costs to be paid using "soft dollars"-i.e., paid by securities brokerage firms in recognition of commissions or other compensation (including markups and markdowns on principal transactions with market makers) paid on securities transactions the Partnership executes through those firms. The General Partner will provide the Partnership with office space, utilities and other basic "overhead" and administrative facilities and services. The Partnership will not reimburse the General Partner directly for the costs of providing those services. However, the General Partner may cause some or all of those costs to be paid using soft dollars.

Allocations and Distributions

See "Summary of the Partnership Agreement" and "Income Tax Considerations"

Subject to the General Partner's right to receive a "Performance Allocation" as described below and to certain special allocations of profits from "hot issues," Net Profits and Net Losses (unrealized as well as realized) for each quarter (or a shorter period in certain circumstances) are allocated in proportion to Partners' Capital Account balances. Profits from hot issues are allocated to those Partners who are not prohibited by rules of the National Association of Securities Dealers, Inc. ("NASD") from purchasing hot issues, in accordance with the respective Capital Account balances of those Partners.

The Partnership generally does not make distributions (except for withdrawals); it reinvests substantially all income and gain. To obtain cash from the Partnership (e.g., to pay taxes arising out of realized gains and allocated income), Limited Partners must request a partial withdrawal.

All items of taxable income, gain, loss, deduction and credit are allocated among the Partners annually. The Partnership allocates these items in a manner generally consistent with the economic effects of the allocation of Net Profit and Net Loss. Taxable income, gain, or loss can be expected to differ in any particular period from Net Profit or Net Loss primarily because unrealized gains and losses generally are not included for income tax purposes but are included in calculating Net Profit or Net Loss. It is possible that sales of appreciated Securities any particular period could cause some Partners to have taxable gain for that period at the same time that unrealized losses result in a Net Loss for the Partnership.

Performance Allocation

See "Management Fee, Performance Allocation and Expenses"

In addition to its proportionate share of Net Profits and Net Losses based on its Capital Account balance at the end of each calendar quarter, the General Partner may receive a "Performance Allocation" as to each Limited Partner equal to 20% of the Limited Partners' returns that exceed what is commonly known as a "Hurdle Rate of Return" or "Hurdle Rate." The applicable Hurdle rate of Return provided for in the Partnership Agreement is approximately 10% per annum or 2.41% per quarter payable at the end of each calendar quarter (or other Performance Allocation Time). Thus at the end of each calendar quarter, the percentage return is computed for each Limited Partner's Capital Account for that quarter and compared to the percentage return for the Hurdle Rate for that quarter; any returns in excess of the Hurdle Rate are subject to the 20% Performance Allocation.

A Performance Allocation is also made when a Limited Partner withdraws capital, in proportion to the withdrawn amount. The Hurdle Amount is not cumulative from Period to Period. The Performance Allocation is based upon unrealized appreciation as well as unrealized gains.

Once made, a Performance Allocation will not be reduced by losses incurred in later periods.

Term
See "Summary of the Partnership Agreement"

The Partnership will terminate at the election of the General Partner or upon the happening of certain events specified in the Partnership Agreement.

Reports
See "Summary of the Partnership Agreement"

Each Partner will receive audited annual financial statements for the Partnership, prepared by an independent public accounting firm; and unaudited quarterly copies of the Partnership's performance plus copies of its Schedule K-1 to the Partnership's tax return.

Other Activities
See "Potential Conflicts of Interest"

The General Partner may manage certain other investment funds and client accounts. It may form additional pooled investment funds and manage additional accounts for other investment advisory clients in the future. Those other persons or entities may have investment objectives similar in some respects or substantially identical to those of the Partnership. The General Partner and its affiliates may themselves invest in Securities including Securities in which the Partnership invests.

Definitions

Certain capitalized terms used in this Memorandum are defined under the caption "Definitions" in Article I of the Partnership Agreement.

Fiscal Year

The Partnership's fiscal year will be the calendar year.

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DIRECTORY

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INVESTMENT OBJECTIVES AND POLICIES

Investment Objective

The General Partner's objective for the Partnership is to generate returns by engaging money managers to trade and invest the assets of the Partnership in Securities. This is accomplished by: 1.) allocating funds among manager(s) selected by the General Partner, 2.) continuously monitoring the performance of those manager(s) selected by the General Partner to ensure that each is meeting expected performance levels, and 3) balancing and reallocating assets among money managers as the General Partner deems appropriate.

Investment Methodology

The General Partner's approach is guided by four basic principles. First, investment styles and approaches differ significantly among various money managers, and no single individual or approach will always be successful or outperform another. Second, individual investors can benefit from having an independent experienced objective party evaluate the risk profiles and historical performance of other investment managers. Three, that collectively, investors may be able to obtain diversification and agility by participating in a pooled investment vehicle. Forth, that by consistently monitoring each investment manager, the General Partner will be able to, evaluate the historical performance, analyze current performance of specific managers and allocate funds among them based upon the forgoing. For example, in evaluating a prospective money manager whose unique ability is short term trading, the General Partner will assess the following: the manager's approach to risk management (e.g. stop loss orders, trailing stops and defined profit objectives), the types of securities traded, liquidity of the proposed securities traded, track record, and volatility. Prospective investors should be aware that the Partnership Agreement does not require that the General Partner maintain any level of diversification among investment managers or particular investments and, as such, investors may bear the risk associated with a single investment strategy or manager as the General Partner, in its discretion, deems appropriate.

The General Partner does not undertake "macro-analysis" of industries, sectors or markets. Its belief is that, on a portfolio/individual Security level, the managers it engages are adept at assessing risk and evaluating opportunities. The Partnership Agreement imposes no limits on the types of Securities or other instruments in which the Partnership may invest, the types of positions it may take, the concentration of its investments (whether by manager, sector, industry, fund, country, asset class or otherwise) the amount of leverage it may employ or the number or nature of short positions it may take. Notwithstanding the forgoing, the General Partner does not intend to engage money managers to invest or trade in or speculative derivative instruments. Further, it imposes no limitations on the investments or leverage on the money managers that the General Partner engages.

There can be no assurance that the Partnership's investment objectives will be achieved. See "CERTAIN RISK FACTORS."

MANAGEMENT

The Partnership is managed solely by the General Partner, 1 Financial Marketplace, LLC, a Pennsylvania limited liability company. The General Partner's accounts are managed using the investment techniques of the money managers selected by Mr. Kevin Ross, the founding principal of the General Partner.

The General Partner is not registered as an investment advisor with the Pennsylvania Securities Commission pursuant to an exemption from registration. Additionally, it is exempt from registration in the other states in which it intends to operate as well being exempt from federal registration as an investment adviser with the SEC. If required to do so, the General Partner will seek further registration under the appropriate regulatory authorities. In addition to providing investment advisory services to the Partnership, the General Partner may provide investment advisory services to other pooled investment vehicles and manage accounts for other investment advisory clients.

Kevin Ross

Mr. Ross is the founding member of the General Partner, 1 Financial Marketplace, LLC. Mr. Ross is entering his 15th year as a financial professional having served 9 of those years with Karr Barth Associates, Inc.- the largest agency of The Equitable (now AXA Financial- one of the largest global asset managers) as a Vice President and senior advisor. He left The Equitable to lead the 1 Financial Marketplace companies as Chairman and CEO. 1 Financial Marketplace provides a host of asset management, insurance, corporate benefits, and comprehensive planning services. Mr. Ross is an active supporter of various Jewish organizations such as the Etz Chaim Center for Jewish Studies, Aish HaTorah, The Philadelphia Community Kollel, Call of the Shofar, and Girls Town Jerusalem. Mr. Ross also is an active supporter of the Michael J. Fox Foundation for Parkinson's Research. Mr. Ross resides in Bala Cynwyd, PA with his family.

The General Partner will employ other personnel as portfolio managers, assistant portfolio managers, securities analysts and securities traders in the Partnership's activities in the future.

Capital contributions by the General Partner are generally on the same basis as capital contributions made by Limited Partners, except that no Performance Allocation is made as to Profits allocated to the General Partner and no Management Fee is assessed. The Partnership Agreement does not require the General Partner to maintain any particular capital account balance in the Partnership.

MANAGEMENT FEE, PERFORMANCE ALLOCATION AND EXPENSES
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The following summarizes the amounts and types of fees, reimbursements and shares of Partnership's income, losses and distributions, and other benefits the General Partner will receive in connection with the operation of the Partnership.

Management Fee

For its services in managing and supervising the Partnership's investment portfolio and for administrative activities on behalf of the Partnership, the General Partner will receive a Management Fee calculated at a rate of approximately 2% *per annum* (or 0.5% *per calendar quarter*) of each Limited Partner's Capital Account balances. The Management Fee will be calculated and paid quarterly in advance based on the value of the Limited Partners' Capital Account balances as of the beginning of each quarter (after taking into account capital contributions made as of the beginning of the quarter). In calculating the Management Fee, the assets and liabilities of the Partnership are valued by the General Partner in good faith in accordance with the Partnership Agreement. Limited Partners who are permitted to contribute capital on a date other than the first day of a quarter will be charged a prorated Management Fee for the quarter as to the amount contributed at the time of their contributions. Limited Partners who are permitted to withdraw capital on a date other than the last day of a quarter will not receive a refund of any Management Fee paid in advance. The General Partner may vary the Management Fee as to particular Limited Partners by separate written agreement. The General Partner may assess special charges to Limited Partners who effect early redemptions or redemptions at times other than the end of a quarter.

Performance Allocation

In General. The General Partner may receive a "Performance Allocation" as to each Limited Partner equal to 20% of the Limited Partner's returns that exceed what is commonly known as a "Hurdle Rate of Return" or "Hurdle Rate." The applicable Hurdle rate of Return provided for in the Partnership Agreement is approximately 10% per annum or 2.41% per quarter payable at the end of each calendar quarter, or other evaluation date. Thus at the end of each calendar quarter, the percentage return is computed for each Limited Partner's Capital Account for that quarter and compared to the percentage return for the Hurdle Rate for that quarter; any returns in excess of the Hurdle Rate are subject to the 20% Performance Allocation. The General Partner will generally compensate the investment managers that it employs out of the funds it receives from the performance fees provided for hereunder. Notwithstanding the forgoing, the General Partner reserves the right to pay certain analysts and money managers fees from soft dollars obtained hereby.

A Performance Allocation is also made when a Limited Partner withdraws capital, in proportion to the withdrawn amount. Performance Allocations are generally calculated and made as of the end of each calendar quarter; however, in the event of a withdrawal of capital by a Limited Partner at a date other than the end of a calendar quarter, the General Partner may be entitled to a Performance Allocation as to each withdrawing Limited Partner equal to 20% of the Limited Partner's returns that exceed the Hurdle Rate of Return as of the date of withdrawal. In that event, the proportional amount of the Performance Allocation made to the General Partner will be made as of the date of withdrawal. Any future Performance Allocation for the withdrawing Limited Partner will be based on the procedure stated above at the end of the calendar quarter based upon remaining capital of the withdrawing Limited Partner. Once made, a Performance Allocation will not be reduced by losses incurred in later quarters. The General Partner may make withdrawals from its Capital Account, including amounts allocated to it as a Performance Allocation. The Performance Allocation is based upon unrealized appreciation as well as unrealized gains.

Hurdle Rate of Return. As stated, the applicable Hurdle Rate of Return provided for in the Partnership Agreement is approximately 10% per annum or 2.41% per quarter payable at end of each calendar quarter.

or other evaluation date.—e.g. the date of withdrawal by a Limited Partner other than at the end of a calendar quarter. The Hurdle Amount is not cumulative from Period to Period.

Certain Considerations. The General Partner believes the prospect of receiving a Performance Allocation provides a strong incentive to manage the Partnership successfully. However, the Performance Allocation may also create an incentive for the General Partner to engage in activities that are riskier or more speculative than would be the case if the General Partner did not receive a Performance Allocation. This is partly because, once a Performance Allocation is made, the General Partner need not return it if Partners experience losses in subsequent periods.

The Performance Allocation will be allocated to the General Partner's Capital Account in addition to the General Partner's receipt of its proportionate share of Net Profits and Net Losses based on its Capital Account balance.

Operating Expenses

The Partnership bears all of its direct organizational and operating expenses. These include, among other things, legal fees, brokerage commissions, interest on margin and other borrowings, borrowing charges on Securities sold short, custodial fees, legal, research, accounting and audit fees and expenses, tax preparation fees, governmental fees and taxes, bookkeeping and other professional fees, due diligence fees and costs, filing fees, telephone, travel and travel-related expenses in connection with the Partnership's activities, costs of Partnership reporting, costs of Partnership governance activities (such as obtaining Partner Consents if and when necessary or appropriate), and all other reasonable expenses related to the management and operation of the Partnership and/or the purchase, sale or transmittal of Partnership assets, as the General Partner determines in its sole discretion. The General Partner may cause any or all of those costs, including Partnership expenses that constitute "non-research" and "non-brokerage" expenses, to be paid using "soft dollars"-i.e., paid by securities brokerage firms in recognition of commissions or other compensation paid on securities transactions the Partnership executes with or through them (including markups and markdowns on principal transaction with market makers).

The General Partner provides the Partnership with office space, utilities, office equipment and certain administrative services. To the extent those facilities and services comprise part of the General Partner's own operating, general administrative and overhead costs, the General Partner is not entitled to direct reimbursement from the Partnership. However, the General Partner may cause some or all of these expenses to be paid with the Partnership's soft dollars. Doing so could relieve the General partner of expenses it would otherwise bear. See "Brokerage and Transactional Practices-Soft Dollars" and "Potential Conflicts of Interest."

CERTAIN RISK FACTORS

An investment in the Partnership is speculative, involves a high degree of risk and is suitable only for sophisticated investors who are able to assume the risk of losing all or substantially all of their investment. Prospective investors should carefully consider the risks involved in an investment in the Partnership, including but not limited to those discussed below. Many of those risks are discussed more fully elsewhere in this Memorandum. Prospective investors should consult their own legal, tax and financial advisers as to all these risks and as to an investment in the Partnership generally.

General

Reliance On the General Partner. The success of the Partnership depends on the ability of the General Partner to select investment managers and, in particular, Kevin Ross and other members of the General Partner's investment team, to develop and implement investment strategies. The Partnership's investment performance could be materially adversely affected if Mr. Ross or other members of the investment team

were to die, become ill or disabled, or otherwise cease to be involved in the active management of the business of the Partnership's portfolio. Limited Partners have no right or power to take part in the management of the Partnership. Except under specified circumstances, if the General Partner withdraws, is dissolved, or becomes insolvent, the Partnership will be dissolved.

Limited Investment History/Newly Formed Enterprise. The Partnership was formed in January of 2007 and, thus, has a limited history of operating performance. Neither the General Partner nor its principals have experience in managing significant amounts of capital, and there can be no assurances that they will be successful in doing so.

Operating Deficits. The expenses of operating the Partnership (including Management Fees payable to the General Partner and organizational costs and expenses) could exceed its income. This would require that the difference be paid out of the Partnership's capital, reducing the amount of capital available to the Partnership for investment and the Partnership's potential for profitability. See "Management Fee, Performance Allocation and Expenses."

Not a Complete Investment Program. The Partnership may be deemed a speculative investment and is not intended as a complete investment program. It is designed only for sophisticated and experienced investors who are able to bear the risk of loss of their entire investment in the Partnership.

Investment Risks

All securities investing and trading activities risk the loss of capital. While the General Partner attempts to moderate these risks, there can be no assurance that the Partnership's investment and trading activities will be successful or that Limited Partners will not suffer losses. The following discussion sets forth some of the more significant risks associated with the Partnership's proposed activities.

Risks of Engaging Independent Money Managers. As previously stated, the General Partner intends to implement an investment strategy using various money managers. Potential investors should consider that there are some unique risks inherent in this strategy. First, each money manager will employ its strategy with all the attendant risks associated with a particular investment style such as: having concentrated or limited positions, investing in illiquid securities, regulatory risks, market timing risk, transaction costs, execution risk, economic risk, leverage and volatility risk, as well as others. While the General partner believes that its diversification strategy may reduce some of these risks, there can be no assurances that they will in fact be reduced or, for that matter that they may be exaggerated in certain respects. Certain money managers that the General Partner employs may have other accounts and clients that it manages. These money managers may employ similar strategies with other investment accounts that conflict with those employed on behalf of the Partnership. Further the compensation received by certain money managers may be greater than that received from the Partnership; as a result a money manager may not have the same incentive to provide the same level of execution and service to the Partnership that it might provide to another higher paying client.

Risks of Options and Other Derivatives in General. The Partnership or its managers may trade and invest in a variety of derivative instruments as part of their core activities. Derivatives are financial instruments or arrangements in which the risk and return are related to changes in the value of other assets (such as stocks), reference rates or indices. They generally provide a form of "leverage" in that they permit the Partnership to speculate on fluctuations in the prices of Securities indices or other assets while investing only a small percentage of the value of the underlying Securities, or other assets. Trading and investing in derivatives is highly speculative and may entail greater risks than those of investing in other Securities. The ability to profit or avoid risk through trading or investing in derivatives will depend largely on the money managers chosen by the General Partner ability to anticipate changes in the prices of underlying assets, reference rates or indices. Some of the more significant characteristics of derivatives that involve risks are as follows:

Prices of equity derivatives may be more volatile than prices of the Securities on which they are based. A change in the market price of the underlying Securities, indices or other assets or rates can cause a much

greater change in the price of the derivative. To the extent the Partnership buys options that it does not sell or exercise, it loses the premium it paid. To the extent it sells options and must deliver the underlying Securities at the option price, it has a theoretically unlimited risk of loss if the price of the underlying Securities increases. To the extent the Partnership must buy the underlying Securities, it risks losing the difference between the market price of the underlying Securities and the exercise price. Any gain or loss derived from the sale or exercise of an option will be reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase and on the exercise or sale of an option.

When the Partnership writes options it may do so on a "covered" or an "uncovered" basis. If the Partnership sells covered calls, it limits its opportunity to benefit from an increase in the value of the underlying Security while continuing to bear the risk of decline in the value of the underlying Security. Likewise when the Partnership sells covered puts it assumes potentially unlimited risk as well as limiting its opportunity to benefit from the decrease in value in the underlying Security because the value of the underlying Security could theoretically rise to infinite levels. If on the other hand, the Partnership sells calls without holding the underlying Security ("naked call writing"), the Partnership could theoretically sustain an unlimited loss since the underlying Security could rise without limit. Conversely, if the Partnership sells puts without holding the underlying Security the maximum loss that the Partnership could sustain is the exercise price of the option less the premium received for selling the put. Potential investors in the Partnership should read the options disclosure material available from the Chicago Board of Options Exchange for a complete description of options and investing and attendant risks.

The Partnership may enter into "over-the-counter" derivatives transactions, transactions in derivatives contracts such as "swaps," that are not traded on any exchange and are not issued by clearinghouses such as the Options Clearing Corporation. The instruments or interests underlying swaps or other derivatives may include individual Securities, Securities indices, interest rates, commodities or commodities indices. The Partnership is less able to dispose of or close open positions created through over-the-counter transactions than positions created with exchange-traded options or futures. Further, the risk of nonperformance by the counter-party in such transactions is greater with standardized contracts issued by, for example, the Options Clearing Corporation.

It is the intent of the General Partner not to write uncovered put or call option positions, or taking short positions in, "over-the-counter" options or other derivatives, however the money manages that it engages may have differing management strategies and objectives. Should the Partnership find that by mistake, input error or miscommunication with its money managers or broker-dealers, such positions are held contrary to policy, these positions will be reversed (sold or covered) as soon as practical when they come to the attention of the General Partner, regardless of their profitability. Rapidly exiting such positions may result in losses to the Partnership.

General Economic and Market Conditions. The success of an investment in the Partnership 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 Partnership's profitability or result in losses.

Reliance on Third Parties. The General Partner depends on other investment managers and various data vendors to provide information that is used in their analytical techniques. The investment objectives and programs implemented by these managers may have certain limitations and risks, some of which are delineated in this document. This does not mean that the risk factors set forth herein are by any means exhaustive, each investment manager and that manager's particular style requires an independent analysis of the risks associated therewith. While the General Partner attempts to assess such risk and makes allocations accordingly, prospective investors acknowledge and agree that each has made an independent evaluation of the investment managers. Erroneous data will negatively impact the performance of their investment strategies.

Computer system failures and technological problems may result in order execution problems. Such problems may limit the Partnership's ability to enter into and exit position, thereby subjecting the Partnership to unexpected losses.

Concentration of Investments. The Partnership Agreement does not limit the amount of the Partnership's capital that may be committed to any single advisor, manager, investment, industry or sector. The General Partner may attempt to spread the Partnership's capital among a number of investments and managers, when appropriate. However, the Partnership Agreement imposes no limits on the concentration of the Partnership's investments in particular Securities, industries, sectors or portfolio managers; and at times the Partnership may hold a relatively small number of Securities positions,, each representing a relatively large portion of the Partnership's capital; or its capital may be managed by as little as one investment advisor. Losses incurred in such positions could have a materially adverse effect on the Partnership's overall financial condition. *See* "Investment Objectives and Policies."

Short Selling. The Partnership may sell Securities short as a regular part of its investing activities. In a short sale, the Partnership sells Securities it does not own, in the hope that the market price will decline and that the Partnership will be able to buy replacement Securities later at a lower price. To accomplish this, the Partnership borrows the Securities from a broker or other third party, and "closes" the position by "returning" the Security (buying a replacement Security on behalf of the lender) whenever the lender chooses. As collateral for this obligation to "close" its short position, the Partnership is required to leave the proceeds of its short sale with the broker that effected the transaction, and deliver an additional amount of cash or other collateral dictated by margin regulations. Because of the repayment obligation, a short sale theoretically involves the risk of unlimited loss, because the price at which the Partnership must buy "replacement" Securities could increase without limit. There can be no assurance that the Partnership will not experience losses on short positions and, if it does, that those losses will be offset by gains on the long positions to which they relate. Short sales can, in some circumstances, substantially increase the impact of adverse price movements on the Partnership's portfolio. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying Security could theoretically increase without limit, thus increasing the cost to the Partnership of buying Securities to cover the short position.

Use of Leverage. The Partnership Agreement authorizes the General Partner and its managers or sub advisors, to leverage the Partnership's investment positions by borrowing funds from securities broker-dealers, banks, or others. Such leverage can increase both the possibilities for profit and the risk of loss. Margin borrowings are usually from securities brokers and dealers and typically are secured by the borrower's Securities and other assets. Under certain circumstances, such a lender may demand an increase in the collateral that secures the borrower's obligations, and if the borrower were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the borrower's obligation. If the Partnership were to become subject to liquidation in that manner, it could suffer extremely adverse consequences. In addition, the amount of the Partnership's borrowings (if any) and the interest rates on those borrowings, which would fluctuate, could have a significant effect on the Partnership's profitability.

Hot Issues. The Partnership may invest in "Hot Issues" as that term is defined in the Conduct Rules of the National Association of Securities Dealers ("NASD"). Only those Partners who are not restricted, as that term is defined by the NASD, may participate in the receipt of Hot Issues. To the extent that a potential Partner is "restricted," an investment in the Partnership may not yield the performance results that may be achieved by those investors that are entitled to receive Hot Issues. Any Partner who does not provide the Partnership with information sufficient to show that the Partner is not restricted will be presumed to be restricted and will not be allocated Hot Issue profits (if any are received).

Hedging Risks, Generally. Hedging strategies in general are usually intended to limit or reduce investment risk, but they can also be expected to involve transaction costs and may inherently limit or reduce the potential for profit. The Partnership may use short selling and derivatives to hedge its investment risk.

Foreign Investments. The Partnership may invest in Securities of non-U.S. companies and/or Securities denominated in currencies other than U.S. dollars, although the General Partner does not currently intend to

do so to a material extent. These may include Securities issued by companies in, and traded in, so-called "emerging markets." Non-U.S. investing, and investing in emerging markets in particular, will subject the Partnership certain risks not typically associated with investing in Securities in the United States. Many foreign stock markets are not as developed or efficient as those in the United States and may be more volatile than U.S. markets. The costs and expenses of investing in foreign markets may be higher than in the United States. There is generally less publicly available information about foreign companies than domestic companies, which will make it more difficult for the General Partner to keep informed of corporate action that may affect the price of a particular Security. Additionally, some foreign economies are less stable than the U.S. economy, due to, among other things, volatile political environments, less stable monetary systems and/or external political risks.

Changes in Investment Strategies. The Partnership Agreement gives the General Partner broad discretion to expand, revise or contract the Partnership's business without the consent of the Limited Partners. Thus the investment strategies described elsewhere in this Memorandum may be altered without prior approval by, or notice to, the Limited Partners if the General Partner determines that such change is in the best interests of the Partnership. Any such decision to engage in a new activity could result in the exposure of the Partnership's capital to additional risks which may be substantial.

Limited Liquidity of Some Investments. Some of the Securities in which the Partnership invests may be relatively illiquid, either because they are thinly traded, or because they are subject to transfer restrictions. The Partnership may not be able promptly to liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. In addition, the value assigned to such Securities for purposes of determining Limited Partners' partnership percentages and determining Net Profits and Net Losses may differ from the value the Partnership is ultimately able to realize.

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

Insolvency of Brokers and Others. The Partnership will be subject to the risk of failure of the brokerage firms that execute its trades, the clearing firms that such brokers use, or the clearing houses of which such clearing firms are members.

Partnership Risks

Tax Liability Without Distributions. Partners will be liable to pay taxes on their allocable shares of the Partnership's taxable income. However, the General Partner does not intend to make distributions to the Limited Partners, but instead intends to reinvest substantially all of the Partnership's income and gains for the foreseeable future. It will generally be necessary for Partners to pay such tax liabilities out of separate funds or withdrawals from the Partnership. There are substantial limitations on a Partner's right to withdraw funds from the Partnership. Taxable income can be expected to differ from Net Profit, primarily because generally only realized gains and losses are considered for income tax purposes but Net Profit and Net Loss will include unrealized gains and losses. It is possible that sales of appreciated Securities in a particular period could cause some Partners to have taxable gain for that period at the same time that unrealized losses result in an overall Net Loss. See "Eligibility; Subscriptions; Withdrawals" and "Income Tax Considerations."

Limited Liquidity. An investment in the Partnership is relatively illiquid and is not suitable for an investor who needs liquidity. There is no public market for Interests and the Partnership Agreement imposes significant limitations on Limited Partners' abilities to transfer Interests. In addition, rights to withdraw funds from the Partnership are subject to several limitations. Withdrawals are not generally permitted until a Partner has been admitted to the Partnership for at least one year. Thereafter, a Limited Partner may withdraw funds only at the end of each quarter and then only after giving 60 days' written notice. Permitted Withdrawals within a Limited Partner's first year as a Partner are generally subject to an early withdrawal assessment of 5% of the amount withdrawn. The General Partner has the discretion to deliver amounts

withdrawn in Securities rather than cash. Further, as to all or a portion of a withdrawn amount, the General Partner may establish a segregated portfolio of some of the Partnership's Securities and liquidate those Securities for the withdrawing Limited Partner's account. In either such case, the Securities so delivered or segregated may be relatively illiquid and the Limited Partner would bear the risk of a decline in their value after the effective time of his or her withdrawal. These facts, taken together, will significantly affect the liquidity of a Limited Partner's investment in the Partnership. See "Eligibility Requirements; Subscriptions; Withdrawals" and "Summary Of The Partnership Agreement - Limitations On Transferability."

Conflicts of Interest. The General Partner will be subject to a variety of conflicts of interest in making investments on behalf of the Partnership. For example, the General Partner's methods of allocating portfolio transaction business among brokers and dealers could involve conflicts. See "Brokerage and Transactional Practices." The General Partner or its affiliates may form or act as investment adviser to other investment funds, clients or entities with investment objectives substantially similar to those of the Partnership and may direct investments in which the Partnership would be interested to entities other than the Partnership. Further, the General Partner, its affiliates and/or members and persons of or entities associated with any of them may co-invest with the Partnership. See "Potential Conflicts of Interest."

Effect of Substantial Withdrawals. Substantial withdrawals by Limited Partners within a short period 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 General Partner'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.

Potential Mandatory Withdrawal. The General Partner may, in its sole discretion at any time, require a Limited Partner to withdraw all or a portion of his or her capital account balance. Such mandatory withdrawal could result in adverse tax and/or economic consequences to such Limited Partner. See "Summary of the Partnership Agreement."

Employee Benefit Plan Considerations

Each fiduciary of a pension, profit-sharing or other benefit plan subject to ERISA (each, an "ERISA Plan") should consider the fiduciary standards under ERISA in the context of the ERISA Plan's circumstances before authorizing an investment in the Partnership. Accordingly, among other factors, such fiduciary should consider (i) whether the investment satisfies the prudence requirements of Section 404(a)(1)(B) of ERISA; (ii) whether the investment satisfies the diversification requirements of Section 404(a)(1)(C) of ERISA; and (iii) whether the investment is in accordance with the documents and instruments governing the ERISA Plan as required by Section 404(a)(1)(D) of ERISA. In addition the fiduciary should also consider the potential return on the proposed investment and the effect on that return if any portion of the Partnership's income constitutes unrelated business taxable income ("UBTI").

A fiduciary of an ERISA Plan should also consider whether the assets of an investing ERISA Plan include only the Partnership Interests or whether an ERISA Plan investing in the Partnership would also be deemed to own an undivided interest in the assets of the Partnership. If the assets of the Partnership were deemed to be plan assets, an ERISA Plan's investment in the Partnership might be deemed to constitute an improper delegation under ERISA of the duty to manage plan assets by the fiduciary deciding to invest in the Partnership and certain transactions entered into by the Partnership might be deemed to constitute direct or indirect prohibited transactions under Section 406 of ERISA and Section 4975 of the Code.

The Department of Labor has published final regulations (the "Regulations") concerning whether an ERISA Plan's assets would be deemed to include an interest in the underlying assets of an entity for purposes of ERISA if the Plan acquires an equity interest in such entity, such as by acquiring Interests in the Partnership. The Regulations provide that the underlying assets of an entity will not be considered "plan assets" if, immediately after the most recent acquisition of any equity interest in the entity, less than 25% of the value of each class of equity interest in the entity is held by ERISA Plans, individual retirement accounts, and other employee benefit plans not subject to ERISA, such as foreign and governmental plans

(collectively, the "Benefit Plan Investors"). (For purposes of the 25% limitation, the value of any equity interest held by any person (or its affiliate) which has discretionary authority or control, or provides investment advice for a fee, with respect to the assets of the entity must be disregarded.) The Partnership intends to limit the sale of Partnership Interests to Benefit Plan Investors and to restrict transfers to Benefit Plan Investors, if necessary, to comply with this 25% limit. In addition, the Partnership intends to redeem all or a portion of the Partnership Interests held by Benefit Plan Investors, if necessary, to satisfy the 25% limit.

Because of the complexity of these rules, and the penalties imposed upon persons involved in prohibited transactions, it is particularly important that fiduciaries of potential ERISA Plan investors consult with their counsel regarding the consequences under ERISA of their acquisition and ownership of Interests in the Partnership. Benefit Plan Investors which are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in 3(33) of ERISA generally are not subject to ERISA requirements (but are counted for purposes of the 25% limitation described above).

Other Risks

Tax Considerations. For a more detailed discussion of the income tax considerations associated with an investment in the Partnership, see the discussion below under "Income Tax Considerations."

Limitations on Deductions. Tax laws in certain cases may limit a Partner's ability to deduct certain losses and expenditures allocable to such Partner.

Tax Exempt Entities. Tax exempt entities may be subject to tax on a part of their share of Partnership income, depending upon the extent to which such income is characterized as "unrelated business taxable income" ("UBTI"). In the event that the Partnership incurs acquisition indebtedness, it may generate unrelated business taxable income, and therefore may not be a suitable investment for charitable remainder unit trusts or in other tax exempt situations.

Allocations. The Partnership intends to allocate all items of taxable income, gain, loss, deduction and credit among the Partners in a manner that is generally consistent with the economic sharing arrangements. It is currently expected that the Partnership will use a method of allocation that complies with one of the "safe harbors" provided in applicable Treasury Regulations. However, the General Partner retains discretion to allocate items in a manner that deviates from such safe harbor, and there can be no assurance that the Internal Revenue Service will respect such allocations. See "Income Tax Considerations - Taxation of the Partnership and its Partners - Partnership Allocations."

Regulatory Matters

Investment Company Regulation. The Partnership intends to rely on Section 3(c)(1) of the Investment Company Act of 1940, as amended (the "Investment Company Act") to avoid requirements that it register as an "investment company" under, and comply with, the substantive provisions of the Investment Company Act. If the Partnership were registered as an investment company, the Investment Company Act would require, among other things, that the Partnership have a board of directors some of whom were unrelated to the General Partner, compel certain custodial arrangements, and regulate the relationship and transactions between the Partnership and the General Partner. Compliance with some of those provisions could possibly reduce certain risks of loss by the Partnership or Limited Partners, although such compliance could significantly increase the Partnership's operating expenses and limit the Partnership's investment and trading activities. Interpretations of Section 3(c)(1) are complex and uncertain in several respects and, as a result, there can be no assurance that the Partnership will remain entitled to rely on that Section. If the Partnership were found not to have been entitled to such reliance, it and the General Partner could be subject to legal actions by the SEC and others and could be forced to terminate its business under adverse circumstances. See "Securities Regulatory Matters."

Private Offering Exemption. The Partnership intends to offer Interests on a continuing basis without registration under the Federal Securities Act of 1933, as amended (the "Securities Act"), under any

securities laws in reliance on an exemption for "transactions by an issuer not involving any public offering." While the General Partner believes reliance on such exemptions is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other partnerships, the scope of disclosure provided, failures to make notices, filings, or changes in applicable laws, regulations, or interpretations will not cause the Partnership to fail to qualify for such exemptions under Federal or one or more states' laws. Failure to so qualify could result in the rescission of sales of Interests at prices higher than the current value of those Interests, potentially materially and adversely affecting the Partnership's performance and business. Further, even non-meritorious claims that offers and sales of Interests were not made in compliance with applicable securities laws could materially and adversely affect the General Partner's ability to conduct the Partnership's business. *See* "Securities Regulatory Matters."

Other. The Partnership and the General Partner are subject to various other securities and similar laws and regulations that could limit some aspects of the Partnership's operations or subject the Partnership or the General Partner to the risk of sanctions for noncompliance. *See* "Securities Regulatory Matters."

POTENTIAL CONFLICTS OF INTEREST

Conflicts may arise between the interests of the General Partner and those of the Limited Partners. While the General Partner is accountable to the Partnership as a fiduciary, the Partnership Agreement grants the General Partner broad discretion as to many matters and limits the General Partner's fiduciary duties.

Performance Allocation

The General Partner believes the prospect of receiving a Performance Allocation provides a strong incentive to manage the Partnership successfully. However, the structure and payment of the Performance Allocation to the General Partner may involve a conflict of interest. The Performance Allocation could encourage the General Partner to promote investment activities that are riskier or more speculative investments than it otherwise would. The aggregate amounts the General Partner receives from the Partnership may be greater than amounts charged by investment advisers for similar services, although they may be lower than amounts charged by other investment advisers. *See* "Management Fee, Performance Allocation and Expenses."

The General Partner could be viewed as having a conflict of interest in determining the value of any non-marketable or otherwise illiquid Securities the Partnership holds, in that the amount of its Management Fee and Performance Allocation are directly affected by the value of the Partnership's assets.

Other Business Relationships and Activities

The General Partner devotes as much of its time and resources to the activities of the Partnership as it deems necessary and appropriate in its sole and absolute discretion. The Partnership Agreement does not restrict the General Partner or its principals from entering into other investment advisory relationships or engaging in other business activities, even though those activities may be in competition with the Partnership and/or may involve substantial amounts of the General Partner's time and resources. The General Partner may manage investment portfolios for other clients and serve as general partner and/or investment manager to other limited partnerships and collective investment funds that have investment objectives similar to the Partnership's. These activities could be viewed as creating a conflict of interest in that Mr. Ross's time and effort, and the General Partner's resources, may not be devoted exclusively to the business of the Partnership but may be allocated between that business and the other activities.

Independent Money Managers

Conflicts of interest could also arise in connection with securities transactions for the accounts of the Partnership and those managed by outside money managers or any other investment vehicles in which the

other money managers are involved or other advisory clients whose portfolios an independent money manager may manage. In many cases, the Partnership and other investment accounts an independent money manager may manage, may seek to buy or sell the same Security at the same time. At times, however, the money manager may cause the Partnership and other accounts to effect transactions that differ in substance, timing and amount, due to, among other things, differences in investment objectives or other factors affecting the appropriateness or suitability of particular investment activities to the Partnership or other accounts, or to limitations on the availability of particular investment or transactional opportunities. The independent money managers may allocate transactions and opportunities among the various accounts it manages in a manner it believes to be equitable, considering each account's objectives, programs, limitations and capital available for investment, but all accounts may not necessarily invest in the same Securities. Further, neither the most independent money managers will not have any obligation to provide the Partnership or any other account with any particular investment opportunity or to refrain from taking advantage of an investment opportunity that could be beneficial to the Partnership.

Investment Opportunities, Co-Investment and Transaction Execution

Conflicts of interest could also arise in connection with securities transactions for the accounts of the Partnership, any other investment vehicles in which the General Partner is involved or other advisory clients whose portfolios the General Partner may manage, and the accounts of the General Partner or its members and other affiliates. In many cases, the Partnership and other investment accounts the General Partner may manage, may seek to buy or sell the same Security at the same time. At times, however, the General Partner may cause the Partnership and other accounts to effect transactions that differ in substance, timing and amount, due to, among other things, differences in investment objectives or other factors affecting the appropriateness or suitability of particular investment activities to the Partnership or other accounts, or to limitations on the availability of particular investment or transactional opportunities. The General Partner may allocate transactions and opportunities among the various accounts it manages in a manner it believes to be equitable, considering each account's objectives, programs, limitations and capital available for investment, but all accounts may not necessarily invest in the same Securities. Further, neither the General Partner nor its principals or affiliates have any obligation to provide the Partnership or any other account with any particular investment opportunity or to refrain from taking advantage of an investment opportunity that could be beneficial to the Partnership.

If the General Partner seeks to buy or sell the same Security at the same time on behalf of the Partnership and other investment portfolios it manages, the General Partner may combine purchase and sale orders on behalf of the Partnership with orders for those other portfolios, including its own or the personal accounts of its principals or affiliates, and allocate the Securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants in the transactions. While the General Partner believes combining transaction orders in this way is, over time, advantageous to all participants, in particular cases the average price could be less advantageous to the Partnership than if the Partnership had been the only account effecting the transaction or had completed its transaction before the other participants. Because of the General Partner's interest in the Partnership (including the Performance Allocation), there could be circumstances in which the Partnership's transactions may not, under certain laws and regulations, be combined with those of some of the other accounts the General Partner manages, and the Partnership may obtain less advantageous execution than such other accounts.

The General Partner's selection of brokers or dealers to execute portfolio transactions for the Partnership will be based in part on the research and other information, products and services brokers provide to the General Partner, including products and services for which the General Partner would otherwise be obligated to pay. The General Partner may use such information, products and services in servicing other accounts (including its own or those of its affiliates) and not solely in connection with the Partnership. The General Partner's receipt of such information, products and services can give rise to conflicts of interest. See "Brokerage and Transactional Practices."

Asset Valuation

The General Partner has substantial discretion in determining the value of the Partnership's assets. While most marketable Securities are valued based on prices reported in the public markets, at times the size of a block of Securities held by the Partnership or temporary restrictions on resale may justify imposing a discount to the market-determined value. In addition, while thinly-traded or non-marketable Securities will generally be carried at the Partnership's cost, circumstances could arise in which the value the Partnership assigns to them should be reduced, whether and how much to reduce the value of Securities in any of these circumstances is subject to the General Partner's discretion.

The General Partner may face a conflict of interest in making any of these valuation decisions. Application of a discount to the value of marketable Securities in the Partnership's portfolio would reduce, or eliminate, any Performance Allocation to which the General Partner would otherwise be entitled for the period ending on a valuation date or increase the amount of loss carry forward to be recovered before a Performance Allocation would be payable. And any reduction in the value of any assets held by the Partnership would reduce the amount of Management Fee to which the General Partner is entitled.

Exculpation and Indemnification

The Partnership Agreement provides that neither the General Partner nor any of its employees, agents or affiliates will be liable to the Partnership or to any Limited Partner for any act or omission based upon errors of judgment or other fault in connection with the business or affairs of the Partnership as long as that act or omission did not constitute gross negligence or a willful violation of law. These provisions alter the General Partner's fiduciary duties such that no action the General Partner takes or omits to take, including actions involving conflicts of interest, as described in this Memorandum and otherwise, will breach any duty to the Partnership or the Partners if it does not constitute gross negligence or a willful violation of law. In addition, the Partnership Agreement provides the General Partner and its employees, agents and affiliates with broad indemnification rights for any act or omission that does not constitute gross negligence or a willful violation of law. Some securities laws can, in some circumstances, impose liability even when a person acts in good faith, and the exculpation and indemnification provisions of the Partnership Agreement may not be effective to limit the General Partner's (or its affiliates' liability to the extent liability would otherwise be imposed under certain provisions of the securities laws.

No Separate Representation

The General Partner has been represented by Davisson & Associates, PA in connection with the formation of the Partnership. That law firm has not acted on behalf of the Partnership or any Limited Partner, and the Partnership is not separately represented by counsel.

BROKERAGE AND TRANSACTIONAL PRACTICES

In its investment activities the Partnership incurs substantial brokerage commissions and other transaction expenses. The General Partner has complete discretion in deciding what brokers and dealers to use and in negotiating rates of brokerage compensation. In addition to using brokers as agents and paying commissions, the Partnership may buy or sell Securities directly from or to dealers acting as principal (such as market-makers for over-the-counter securities) at prices that include markups or markdowns. The following describes some noteworthy aspects of the General Partner's and the Partnership's use of and relationships with brokers and dealers.

Selection Criteria, Generally

In choosing brokers and dealers, the General Partner is not required to consider any particular criteria. For the most part, the General Partner seeks "best execution" of Partnership transactions. What constitutes "best execution" and determining how to achieve it are inherently uncertain. In evaluating whether a broker or dealer will provide best execution, the General Partner considers a range of factors. These include, among others, historical net prices (after markups, markdowns or other transaction-related compensation) on other

transactions; the execution, clearance and settlement and error correction capabilities of the broker or dealer generally and in connection with Securities of the type and in the amounts to be bought or sold; the broker's or dealer's willingness to commit capital; the broker's reliability and financial stability; the size of the transaction; the availability of Securities to borrow for short sales; the nature, quantity and quality of research provided by the broker-dealer; and the market for the Security. **As discussed below, the General Partner is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker or dealer provides execution quality comparable to other brokers or dealers, and the Partnership at times pays more than the lowest transaction cost available in order to obtain for itself and/or the General Partner services and products other than Securities execution.**

"Soft Dollars"

The General Partner may select broker-dealers in recognition of the value of various services or products, beyond transaction execution, that they provide to the Partnership or the General Partner. Further, the amount of compensation (including markups and markdowns on principal transactions with market-makers) the Partnership pays a broker-dealer who provides such services and/or products may be higher than what another, equally capable broker-dealer might charge. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with "soft dollars." Because many of those services could benefit the General Partner, the General Partner may have a conflict of interest in allocating Partnership securities transactional business, including an incentive to cause the Partnership to effect more transactions than it might otherwise do in order to obtain those benefits. The extent of any such conflict depends in large part on the nature and uses of the services and products acquired with soft dollars. The Partnership Agreement authorizes the General Partner to use the Partnership's soft dollars for a wide range of purposes.

Partnership Expenses. The Partnership may use soft dollars to pay its accounting and other, similar expenses and to meet its obligation to reimburse the General Partner for expenses it has advanced. The Partnership may also use brokerage commissions, markups and markdowns and other transaction related compensation (as well as interest the Prime Broker receives on the Partnership's cash balances, margin borrowings and borrowings of Securities to maintain short positions) to pay the Prime Broker for record keeping, custodial and related services provided to the Partnership. The Partnership may also pay its accounting and other, similar expenses using soft dollars. Under the Partnership Agreement, the Partnership, and not the General Partner, would otherwise be obligated to bear all of these expenses and the General Partner therefore does not believe it has a meaningful conflict of interest in using soft dollars to pay them.

Research and Brokerage. The General Partner may also use the Partnership's soft dollars to acquire a variety of "research" and "brokerage" services and products for which the Partnership would not otherwise be required to pay. Section 28(e) of the Securities Exchange Act of 1934, recognizes the potential conflict of interest involved in this activity but protects investment managers such as the General Partner from claims that the activity involves a breach of fiduciary duty to advisory clients--even if the brokerage commissions paid are higher than the lowest available--if certain conditions and requirements are met. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to the General Partner in making investment decisions for its clients. "Brokerage" services and products are those used to effect securities transactions for the General Partner's clients (including the Partnership) or to assist in effecting those transactions. To be protected under Section 28(e), the General Partner must, among other things, determine that commissions paid are reasonable in light of the value of the "brokerage" and "research" services and products acquired. Section 28(e)'s "safe harbor" protects the use of Partnership soft dollars even when the General Partner uses research and brokerage services and products to benefit clients other than the Partnership. Notwithstanding this protection, the General Partner could be considered to have a conflict of interest when it uses soft dollars for research and brokerage services and products because it might otherwise have to pay cash for those services and products and it may have an incentive to use brokers or dealers who provide those products and services more than it otherwise would. The types of "research" the General Partner expects to acquire include (but are not limited to): reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific Securities; financial publications; portfolio evaluation services; financial database software and

services; computerized news, pricing and statistical services; analytical software; proxy analysis services and systems, quotation equipment and other computer hardware for use in running software used in investment decision making; and other products or services that may enhance the General Partner's investment decision making. "Brokerage" services and products (beyond typical execution services) include (but are not limited to): computer systems and facilities used for such things as communicating orders electronically to executing brokers or dealers.

Other Services and Products. The General Partner may also use Partnership soft dollars to acquire services and products that provide benefits to the General Partner and that may not qualify as research or brokerage and/or to pay expenses otherwise payable by the General Partner. These may include (but are not limited to): expenses of and travel to professional and industry conferences and hardware and software used in the General Partner's administrative activities. They may even include such "overhead" expenses as office rent, salaries, benefits and other compensation of employees or of consultants to the General Partner, telephone charges, legal and accounting expenses of the General Partner and office services, equipment and supplies. The General Partner may or may not use other clients' soft dollars to pay such expenses and, if it does, such use may not be directly proportionate to the benefits to the Partnership and such other clients. Using soft dollars for these purposes would not be protected by Section 28(e) and the General Partner will have a conflict of interest if it does so, as it will have an incentive to use brokers and dealers who provide or pay for products and services for which the General Partner would otherwise have to pay cash and, if soft dollars are limited, it may have an incentive to cause those expenses to be paid with soft dollars while the Partnership pays its own expenses with cash.

Referrals of Investors and Advisory Clients. In selecting a broker or dealer, the General Partner may consider the broker's or dealer's referrals of investors to the Partnership or other investment partnerships the General Partner manages, referrals of advisory clients to the General Partner, the potential for future referrals and/or the broker's willingness to pay third-party finders' fees for such referrals. The conflict of interest involved in using soft dollars to pay for these types of services and products and to defray these types of expenses is also not protected by the Section 28(e) safe harbor.

Procedures. Brokers and dealers from which the General Partner obtains soft dollar services or products generally establish "credits" based on past transactional business (including markups and markdowns on principal transactions, such as transactions with market-makers for Nasdaq Securities), which may be used to pay or reimburse the General Partner for specified expenses. In some cases the process is less formal; a broker or dealer simply may suggest a level of future business that would fully compensate the broker or dealer for services or products it provides. The Partnership's actual transactional business with a broker or dealer may be less than the suggested level but can and often will exceed that level, and credits established may exceed the amounts used to acquire services and products. This may be in part because the Partnership's investment activities generate aggregate commissions in excess of the levels of future business suggested by all brokers and dealers who provide services and products. And it may be in part because those brokers and dealers may also provide superior execution and may therefore be most appropriate for particular transactions. The General Partner may ask a broker or dealer who is executing a transaction for several accounts managed by the General Partner (see the discussion below regarding aggregation of orders) to "step out" of a portion of the transaction (including the portion that is being executed for the Partnership's account) in favor of a broker or dealer who has provided or is willing to provide products or services for soft dollars. That is, the executing broker or dealer will allow a portion of the overall commissions or other compensation to be paid to the soft-dollar broker-dealer. This assists the General Partner in acquiring products and services with the Partnership's soft dollars while providing benefits of aggregated transactions described below. It may result in the Partnership paying additional commissions or other transaction compensation to the broker to whom the Partnership's portion of an aggregated transaction is "stepped out" and therefore incurring higher transaction costs for that transaction than do other clients of the General Partner who are buying or selling the same Security at the same time.

These procedures do not necessarily comply with the requirements for protection under Section 28(e)'s safe harbor: that protection is not available where transactions are effected on a principal basis, as most transactions with market-makers in over-the-counter securities are, with a markup or markdown paid to the broker-dealer. The General Partner may nonetheless use such markups and markdowns as soft dollars with

which to acquire services and products of the kinds described above and may engage in "step-out" transactions with market makers that cause the Partnership to incur higher costs for a transaction than other advisory clients of the General Partner who may be participating in the transaction on an aggregated basis.

Limited Partner Consent. By signing the Subscription Application and entering into the Partnership Agreement, each Limited Partner expressly consents to the General Partner's use of the Partnership's soft dollars in all of the ways described above, even where the nature of the services and products or the manner in which payment is made do not meet the requirements for protection under Section 28(e).

Aggregation of Orders

The General Partner may combine orders on behalf of the Partnership with orders for other accounts for which it or its principals have trading authority, or in which it or its principals have an economic interest. In such cases, the General Partner will allocate the Securities or proceeds arising out of those transactions (and, except as described above in connection with "step out" arrangements, the related transaction expenses) on an average price basis among the various participants. The General Partner believes combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to the Partnership than if the Partnership had been the only account effecting the transaction or had completed its transaction before the other participants. Because of the General Partner's interest in the Partnership, there may be circumstances in which the Partnership's transactions may not, under certain laws and regulations, be combined with those of some of the General Partner's and its affiliates' other clients, and the Partnership may obtain less advantageous execution than such other clients.

"Prime Brokerage," Custody, Clearing and Settling

The Partnership obtains custodial, clearing and related services through what is known as a "prime brokerage" arrangement. Under that arrangement, a single brokerage firm (the "*Prime Broker*") maintains custody of the Partnership's assets (either directly or through its clearing brokerage firm), provides margin credit and locates Securities to borrow to facilitate short sales, and provides related services, but allows the Partnership to use other brokers to execute transactions. This permits the General Partner to seek valuable research and to compare execution quality and commission rates, while maintaining only one custodial relationship. By using a brokerage firm the Partnership also may avoid paying custodial fees that banks charge other institutional investors. The Prime Broker is compensated through interest on credit balances, margin borrowings, stock loans and brokerage commissions. Under such an arrangement, the Prime Broker, among other things, (i) arranges for the receipt and delivery of Securities bought, sold, borrowed and lent; (ii) makes and receives payments for Securities; (iii) maintains custody of cash and Securities; (iv) tenders Securities in connection with tender offers, exchange offers, mergers or other corporate reorganizations; and (v) provides detailed portfolio and related reports.

The Partnership's Prime Broker is Jefferies & Company, Inc.. The General Partner may change the Partnership's Prime Broker, alter the terms of the Partnership's prime brokerage arrangements with the Prime Broker, or make alternative arrangements to receive the services currently provided by the Prime Broker, all in its absolute discretion.

Disbursement Procedures

As a safekeeping measure and to facilitate the General Partner's compliance with certain investment advisor regulations, the Partnership has entered into an agreement with its Prime Broker on specific procedures the General Partner must follow in order to receive payment of its Management Fee, withdraw capital from the Partnership or be reimbursed for expenses it has paid on behalf of the Partnership. Under that agreement, the Prime Broker is not permitted to transfer any Partnership assets to the General Partner or to its affiliates for any reason until the Partnership's "independent representative" has provided a letter directly to the Prime Broker confirming that it has performed certain procedures to verify, among other things, that the calculation of the Management Fee conforms to the Partnership Agreement and is mathematically accurate and, for proposed withdrawals of capital, that the amount to be withdrawn is less than the withdrawing

Partner's Capital Account balance. An independent certified public accountant will serve as the independent representative. The General Partner is able to change the independent representative at any time by written notice to the Prime Broker. The Partnership's agreement with the Prime Broker does not confer on any Limited Partner or any third party any rights or benefits and the Prime Broker has not, by entering into that agreement with the Partnership, assumed any duty or obligation to any Limited Partner or other third party.

ELIGIBILITY REQUIREMENTS; SUBSCRIPTIONS AND WITHDRAWALS

Subscriptions for Interests will be accepted at the discretion of the General Partner from time to time, generally as of the beginning of a quarter.

The minimum investment is \$100,000 and the minimum additional capital contribution is \$100,000. The General Partner may waive or reduce these requirements in particular cases and may change them as to new investors in the future. The Partnership pays no sales commissions in connection with sales of Interests. However, the General Partner may pay compensation, at its own expense, to third parties who introduce Limited Partners to the Partnership, and it may direct a portion of the Partnership's portfolio brokerage to brokers who do so or who are willing to compensate such third parties for such referrals.

Eligible Investors

Investors generally must be "accredited" investors within the meaning of Regulation D under Section 4(2) of the Securities Act of 1933 and if the General Partner so requires, either (i) have a net worth of at least \$1.5 million or (ii) invest at least \$750,000 in the Partnership. The General Partner may waive certain of these standards in limited circumstances and may apply additional admission standards. In addition, prospective Limited Partners must make certain representations, in a Subscription Application, relating to securities law compliance.

As a general matter, an "accredited" investor is an individual who has a net worth of at least \$1 million or a corporation, partnership or other entity with total assets in excess of \$5 million. However, this general statement is subject to many qualifications and exceptions. Prospective investors should note that, in addition to being "accredited" investors, Limited Partners may be required to each have a net worth of at least \$1.5 million or invest at least \$750,000 in the Partnership. This is particularly true if the General Partner elects to register as an investment advisor or if it is required to do so. The Subscription Application contain questions intended to establish a prospective investor's satisfaction of the applicable requirements and must be completed fully.

Suitability

A prospective investor's satisfaction of the financial standards described above and the ability to make the other representations in the Subscription Agreement does not necessarily mean that Interests are a suitable investment for that prospective investor. Prospective investors should carefully evaluate whether an investment in the Partnership is suitable for their particular circumstances and investment needs. In doing so, they should consult with such legal, tax and financial advisors as they consider appropriate, and should avail themselves of the opportunity to ask questions of the General Partner.

Each investor must, either alone or with the assistance of a "purchaser representative," have sufficient knowledge and experience in financial and business matters generally and in securities investment in particular to allow him or her to evaluate the merits and risks of investing in the Partnership. In addition, each investor should have sufficient funds, beyond those he or she intends to invest in the Partnership, to meet personal needs and contingencies. Investors should expect that they will not have access to the funds invested in the Partnership for extended periods and should be capable of absorbing a loss or reduction in the value of their investments. See "Certain Risk Factors."

Investors should be aware that, if the Partnership's investment activities are successful, an investment in the Partnership is likely to create taxable income or gains but that the Partnership does not intend to make distributions of cash with which to pay the resulting tax liabilities.

The Partnership will not accept subscriptions from investors who are not U.S. Persons within the meaning of certain regulations under the Internal Revenue Code or from U.S. investors who are not subject to U.S. federal income taxes.

Method of Subscription

To subscribe to purchase an Interest, an investor must complete, date and sign the Subscription Agreement included with this Memorandum, deliver the signed Subscription Agreement to the General Partner and make payment in accordance with the Agreement. The General Partner reserves the right to accept or reject any subscription in whole or in part in its sole discretion for any reason whatsoever and to withdraw this offering at any time.

Provisional Capital Contributions

It is possible that the General Partner, in implementing its investment strategy, may not be able to deploy investors tendered Capital Contributions immediately. Therefore, the Partnership Agreement authorizes the General Partner to establish a Pending Capital Contribution Account. The purpose of the Pending Capital Contribution Account is to accommodate the interests of existing Partners, Partners who are interested in making additional Capital Contributions and new investors. If the Partnership were to accept tendered funds and not be able to identify immediate investment opportunities, the returns of existing Partners could suffer. Likewise, potential new investors tendered Capital Contributions and Subscriptions could be declined. Therefore at its election, the General Partner may, cause part or all of the funds tendered as Capital Contributions to be segregated from the other funds and assets of the Partnership in this separate interest bearing account designated as the "Pending Capital Contribution Account." Funds in the Pending Capital Contribution Account are available to the General Partner to trade or invest in Securities for the benefit of the Partnership as it deems advisable. When the General Partner draws on funds in the Pending Capital Contribution Account, such funds and any accrued interest thereon will be credited to the contributing Partners' Capital Accounts without prior notice. In no event will such funds be credited to contributing Partners' Capital Accounts *until* they are deployed by the General Partner in accordance with the terms of the Partnership Agreement.

When the General Partner causes part or all of the tendered funds to be placed in the Pending Capital Contribution Account, it will notify the subscribers. When the General Partner draws on funds in the Pending Capital Contribution Account to trade or invest, it may do so based on the first-in first-out method of accounting and not on a pro rata basis. The date of such credit shall be deemed an effective Closing Date under the terms of the Partnership Agreement and the General Partner will notify the contributing Partners that such funds have been credited to their respective Capital Accounts. Once credited to a Partners Capital Account tendered funds may not be reallocated to the Pending Capital Contribution Account.

Funds in the Pending Capital Contribution Account and any accrued interest thereon may only be withdrawn by a contributing Partner in accordance with the terms of Article VI of the Partnership Agreement; and although they are subject to the 5% penalty for withdrawals prior to their first anniversary and the 1% penalty for withdrawals that are effective at times other than the end of a calendar quarter, in no event shall funds deposited in the Pending Contribution Account be subject to any Management Fees or Incentive Allocations until the Closing Date (i.e. the date(s) that funds are credited to a Partner's Capital Account). The applicable time period(s) for any Mark-to-Market Event shall begin on the Closing Date although the one-year anniversary will begin on the date of the initial Capital Contribution.

Withdrawals

Partners may, upon 60 days' written notice, withdraw capital from the Partnership effective as of the close of the last day of a fiscal quarter. A Limited Partner generally may not withdraw any capital before the end of the quarter in which the first anniversary of his or her admission to the Partnership occurs. If a Limited Partner makes a withdrawal before his or her first anniversary as a Partner, the withdrawal proceeds will be reduced by 5% to reduce the impact of the "early" withdrawal on the Partnership and its portfolio activities. Thereafter, for any Limited Partner withdrawal that is effective as of a date other than the last day of a calendar quarter, the Partnership may, in the General Partner's discretion, assess against the withdrawing Limited Partner a special administrative charge of up to 1% of the amount withdrawn to defray actual or estimated extraordinary accounting and other administrative costs to the Partnership and the existing Partners associated with permitting such mid-quarter withdrawal. The amount of these early withdrawal assessments will increase the Capital Accounts of the remaining partners. Without the consent of the General Partner, partial withdrawals may not be made if they would reduce a Limited Partner's capital account balance below \$100,000.

Withdrawn amounts generally will be paid within 30 days after the effective date of the withdrawal, without any interest. However, as to complete withdrawals, 90% of the amount withdrawn normally will be remitted within 30 days, without interest, and any balance will be remitted without interest not more than 10 days after completion of the financial statements for the year of the withdrawal. Payments may be in cash or in Securities, at the discretion of the General Partner. In addition, as to some or all of a withdrawal, the General Partner may establish a segregated portfolio of some of the Partnership's Securities and liquidate those Securities for the withdrawing Limited Partner's account. In such a case, the Limited Partner would bear the risk of a decline in the value of the Securities in the segregated portfolio between the effective time of withdrawal and the time of payment. Transaction costs involved in funding a withdrawal may be charged to the withdrawing Partner. In addition, for any Limited Partner withdrawal that is effective as of a date other than the last day of a calendar quarter, the Partnership may, in the General Partner's discretion, assess against the withdrawing Limited Partner a special administrative charge of up to 1% of the amount withdrawn to defray actual or estimated extraordinary accounting and other administrative costs to the Partnership and the existing Partners associated with permitting such mid-quarter withdrawal.

The General Partner may suspend the right of any Partner to withdraw capital or to receive a distribution from the Partnership if, in the General Partner's judgment, such a suspension would be in the best interests of the Partnership. Situations in which such a suspension might occur include: when a withdrawal would result in a violation of securities or other laws by the Partnership or the General Partner; when disruptions in securities markets make pricing and/or liquidation of some or all Partnership assets difficult or would result in losses to the Partnership if the Partnership attempted such liquidations; when the General Partner determines, in consultation with tax advisors, that the withdrawal could result in the Partnership being treated as a "publicly-traded partnership" and thus taxable as a corporation; or if other events make accurate determination of the Partnership's net asset value impractical. The General Partner will give notice to Partners who make withdrawal requests that are affected by any such suspension. Unless a Partner rescinds his or her suspended withdrawal request, the withdrawal will generally become effective on the last day of the fiscal quarter in which the suspension is lifted, on the basis of the Partner's capital account balance at that time.

Mandatory Withdrawals; Expulsion of a Limited Partner

The General Partner may force a partial or complete withdrawal by any Limited Partner as of the end of any day by giving notice to such Limited Partner on that day. Such expulsion could occur because, among other things, the Limited Partner's Interest could be considered "beneficially owned" by more than one person for purposes of the exclusion from treatment as an "investment company" under the Investment Company Act, discussed below, but could be because the General Partner, in its sole discretion, determines that the expulsion is in the best interests of the Partnership. Mandatory withdrawals will generally be effective as of the date the General Partner notifies the Limited Partner of the withdrawal. However, where

the Limited Partner's continued ownership of its Interest could, in the General Partner's sole discretion, jeopardize the Partnership's ability to remain excluded from the definition of "investment company" under the Investment Company Act, or when the Limited Partner's continued ownership of its entire Interest could cause the Partnership's assets to be considered "plan assets" under ERISA the effective date may be an earlier time. If a Limited Partner dies or becomes bankrupt, insolvent or incompetent, he or she or it may be deemed to have withdrawn effective at the end of the quarter in which the event occurred.

INCOME TAX CONSIDERATIONS

The following discussion summarizes certain of the aspects of the federal income taxation of the Partnership and Limited Partners that a potential investor should consider. The discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations under the Code, and court decisions and published rulings of the Internal Revenue Service (the "Service"), all as in effect on the date of this Memorandum. It does not take into account the possible effect of future legislation, regulatory or administrative changes or court decisions. The Partnership will not seek any rulings from the Service as to any particular tax consequences. If any particular matter were contested, a court might reach a conclusion contrary to those expressed below. Future legislation, administrative action, or court decisions may change this discussion significantly, and any such changes or decisions may have a retroactive effect as to the transactions contemplated herein. The General Partner's counsel has no continuing obligation to advise the General Partner, the Partnership, or any Partner of any changes in the law that may affect the Partnership or the Limited Partners or that may otherwise cause any part of the following summary to be inaccurate. This summary does not purport to address all aspects of income taxation that may be relevant to a prospective investor, nor is it intended to be applicable to all Limited Partners, some of which, such as financial institutions, insurance companies, and foreign persons or entities, may be subject to special rules.

BECAUSE (i) THE INCOME TAX LAWS APPLICABLE TO PARTNERSHIPS AND SECURITIES TRANSACTIONS ARE EXTREMELY COMPLEX, AND (ii) THE FOLLOWING SUMMARY DOES NOT PURPORT TO BE AN EXHAUSTIVE OR COMPLETE DESCRIPTION OF ANY SUCH INCOME TAX CONSEQUENCES, PERSONS CONSIDERING AN INVESTMENT IN THE PARTNERSHIP SHOULD CONSULT THEIR OWN TAX ADVISERS TO UNDERSTAND FULLY THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF SUCH AN INVESTMENT IN LIGHT OF THEIR OWN PARTICULAR SITUATION.

Characterization of the Partnership

Under so-called "check-the-box" Regulations, a business entity formed as a partnership under state law with at least two members will be classified as a partnership for federal income tax purposes unless it affirmatively elects to be taxed as a corporation. The Partnership will not make such an election.

However, partnerships that are considered "publicly-traded" will be treated as corporations for federal income tax purposes. Being so characterized would substantially adversely affect Partners' after-tax income. Certain Regulations provide "safe harbors" in which partnerships may rest assured that they are not "publicly-traded." The Partnership expects to satisfy at least one of the safe harbors at all times. Under the Partnership Agreement the General Partner may suspend Partners' withdrawal rights if the General Partner determines that such withdrawals could cause the Partnership to be considered "publicly-traded." In many years the nature of the Partnership's income may enable the Partnership to qualify for an exception to the publicly-traded partnership provisions of the Code, regardless of the level of withdrawals.

The remainder of this discussion assumes that the Partnership will be treated as a partnership, and not taxable as a corporation, for a U.S. federal, state and local tax purposes.

Taxation of the Partnership and Its Partners

General. The Partnership itself will not be subject to U.S. federal income tax. Instead, Partners will be required to report on their own income tax returns their shares of the Partnership's net long-term capital gain or loss, net short-term capital gain or loss, net ordinary income or deduction, and various other categories of income, gain, loss, deduction and credit (collectively, "tax items"). A Partner's share of any tax item will be governed by the Partnership Agreement unless (i) the Partnership Agreement is silent as to the Partner's share of that item or (ii) the allocation provided by the Partnership Agreement is not considered to have "substantial economic effect" for tax purposes or is otherwise not in accordance with the Partners' interests in the Partnership (as described below). The Partnership has adopted the calendar year as its taxable year and will file an annual partnership information return reporting the results of operations.

Partnership Allocations. Because the Partnership regularly marks its portfolio to market, the Regulations require that the allocation of tax items attributable to its Securities holdings must take into account the difference between the adjusted tax basis of the asset giving rise to the item and its book (i.e., fair market) value. The Partnership Agreement provides, in effect, that unless the General Partner chooses, in its sole discretion, to use a different method of allocating tax items it considers consistent with the economic arrangements among the Partners, the Partnership will use a method that complies with Regulations under Section 704(c) to allocate gains and losses relating to its Securities and will allocate all other tax items in accordance with Partnership Percentages. If the Partnership were to deviate from the "safe harbor" methods as to certain items, it is possible that the Service could consider the allocation inappropriate and require a different allocation of those tax items. This could result in a Partner recognizing a greater or smaller amount of income, gain, loss or deduction than was reported.

To achieve tax results similar to those that would be achieved if the Partnership made a Section 754 election upon such events as a Limited Partner withdrawal (*see* "Section 754 Election," below), without actually making the election (thereby avoiding certain accounting costs and complexities), the General Partner intends to allocate to withdrawing Partners income and gain equal to the difference between those Partners' Capital Account balances at the time of the withdrawal and the tax bases for their Interests at that time. To the extent such special allocations are made, a withdrawing Partner will be allocated income or gain from Partnership activities in the year in which the withdrawal is effective, rather than recognizing a capital gain in the same amount in the year in which the payment for the withdrawal is received. This could result in some acceleration of taxable income if the withdrawal is close to the end of a taxable year, and could also result in the withdrawing Partner being taxed at ordinary income rates on some or all of the amounts that might otherwise be taxed at favorable long term capital gain rates. Furthermore, the Service may challenge such an allocation as being without "substantial economic effect" and not in accordance with Partners' interests. If such a challenge were successful, the remaining Partners could be considered to have underreported income and gains for the year for which the allocation was made and the Partnership and those Partners could be subject to additional taxes as well as interest and penalties.

Characterization of Securities Activities. Under the Code, people or entities that buy securities for resale to customers (as market-makers do), are considered "dealers." Dealers must recognize gains and losses differently, and are entitled to different deductions, than others who buy and sell securities. The General Partner believes the Partnership should not be considered a "dealer" for tax purposes.

Those who are not "dealers" are either "traders" or "investors." In general, traders engage in a "trade or business" of buying and setting securities for their own accounts to take advantage of short-term price changes. Investors buy securities for longer-term appreciation. Whether one is a "trader" or an "investor" is not determined by a specific formula or set of objective criteria; it depends on an analysis of all the facts and circumstances involved in one's activities, taken as a whole. This characterization will affect, among other things, the extent to which Partners may deduct certain items of Partnership expense for Federal income tax purposes. *See* "Limitations on Deductions," below.

The Partnership engages in significant short-term investment strategies that involve significant turnover (including short selling). The Partnership also may also hold positions long enough to cause a portion of its realized gains to be long-term in character. The mix of short- and long-term activities may vary significantly from year to year. As a result, it is not possible to predict accurately whether, in any given tax

year, the Partnership will be considered a "trader" or an "investor." However, the General Partner expects the Partnership to take the position in most years that it is a "trader."

If the Service or a court were to disagree with the Partnership's characterization of its status in a particular year, the Service could determine that some Partners had underreported their taxable income and the Partnership and those Partners could be subject to interest and penalties on the resulting tax deficiencies.

Character of Gains and Losses Generally. The Partnership expects that its recognized gains and losses from securities transactions will generally be characterized as short-term capital gain or loss. Generally, gain or loss will be "short-term" and will not be eligible for preferential long-term capital gain rates.

Securities traders may elect to apply certain mark-to-market accounting rules generally applicable to securities dealers. Under these rules, all securities are deemed to have been sold at year end at their fair market value and all gains and losses that would be realized on such deemed sales are taken into account for that year as ordinary (as opposed to capital) gains. Any such election applies to all future tax years and can be revoked only with the consent of the Service.

The following rules may affect the Partnership's holding period for a Security or may otherwise affect the characterization of certain gains and losses and the timing of realization:

Short Sales. Gains and losses from short sales are generally considered short-term capital gains and losses. However, under certain circumstances, they will be considered long-term if the Partnership covers the short position with securities it had held for the long-term holding period at the time it made the short sale. Making a short sale will terminate the holding period for "substantially identical property" (e.g., securities of the same class) the Partnership holds long.

Anti-Conversion Rules. What would otherwise be capital gain from certain types of transactions (such as "straddles") may be taxed at ordinary income rates to the extent the gain results primarily from the time value of the taxpayer's investment.

Effect of Straddle Rules on Partners' Securities Positions. Under the Code, the Service 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 these "straddle" rules could affect a Partner's holding period for the securities involved and could defer the recognition of losses as to such securities.

Constructive Sale Rules. Many common hedging transactions are treated as "constructive sales" for tax purposes. In particular, if the Partnership holds a Security that has appreciated in value and sells Securities of the same class short, enters into a futures or forward contract as to such Securities, or engages in similar transactions, it will be treated as if it had sold the appreciated Securities.

Options. For options on certain broad-based stock indices, options on stock index futures, and certain other options (collectively "Section 1256 Contracts"), the Code generally applies a "mark-to-market" system of annually taxing unrealized gains and losses and otherwise provides for special rules of taxation. Under this system, Section 1256 Contracts held by the Partnership at the end of each taxable year will be treated for federal income tax purposes as if they were sold by the Partnership for their fair market value at that time. The net gain or loss, if any, resulting from such "deemed sales," together with any gain or loss resulting from actual sales of Section 1256 Contracts during the year, must be taken into account by the Partnership in computing its taxable income for that year. If a Section 1256 Contract held by the Partnership at the end of a taxable year is sold in the next year, the amount of any gain or loss realized on that sale will be adjusted to reflect the gain or loss previously taken into account under the "mark-to-market" rules. Forty percent of the aggregate net capital gain or loss for each year from such Section 1256 Contracts "deemed" sold is characterized as short-term capital gain or loss and 60% is characterized as long-term capital gain or loss. These gains and losses will be taxed under the general rules described above, and, in the case of losses, will be subject to the limitations generally applicable to capital losses.

The character of income and loss received in connection with stock options that are *not* Section 1256 Contracts involves a number of income tax rules. In general, gain or loss from the sale or exchange of an option has the same character as would gain or loss from a sale of the property underlying the option. The Partnership generally will treat options on securities as capital assets. The remainder of this discussion assumes that treatment is appropriate.

If the Partnership were to *write* options on stock (or on certain narrow-based stock indices), certain gains and losses would be treated as short-term capital gains or losses, regardless of the Partnership's holding period for the option. Thus, for example, if an option granted by the Partnership expired, the Partnership would recognize a short-term capital gain equal to the amount of the premium it received for issuing the option. Similarly, if the Partnership "closes" an option it has written, any gain or loss will be treated as short-term capital gain or loss.

If an option on stock (or on narrow-based stock indices) *purchased* by the Partnership expires, the Partnership generally will realize a short-term or long-term capital loss equal to the cost of the option, depending upon the holding period for the option. Similarly, if the Partnership were to resell that option, it generally would realize a short-term or long-term capital gain or loss, depending on the holding period for the option. The acquisition of a put option is treated as a short sale (discussed below), and thus may affect the holding period of any Securities the Partnership owns at the time it buys the put that are of the same class as those underlying the put.

Contributions. Generally, a contribution of cash to the Partnership will not be a taxable event to the contributing Partner or to the Partnership.

Basis. A Limited Partner's adjusted basis for his or her Interest will equal his or her initial basis in the Interest (*i.e.*, cash contributed) increased by (a) any further capital contributions, (b) his or her distributive share of Partnership income (including tax-exempt income) and (c) any increase in his or her share of any debt of the Partnership and decreased (but not below zero) by (x) distributions (including withdrawals) made to him or her, (y) his or her distributive share of any Partnership deductions or losses, and (z) any decrease in his or her share of any debt of the Partnership.

Distributions. A Limited Partner may be taxed on his or her "distributive" share of the Partnership's taxable income or gain regardless of whether he or she has received any distribution from the Partnership. Because no regular distributions are contemplated, a Partner may have to withdraw capital from the Partnership in order to pay tax liabilities arising from the allocation of his or her share of Partnership taxable income. Furthermore, in light of the restrictions on withdrawals imposed by the Partnership Agreement, and the possibility that a withdrawal may be funded with Securities (which may be illiquid) rather than cash, it is possible that, notwithstanding the withdrawal provisions, the only source for payment of such tax liabilities would be from the Partner's funds from sources other than the Partnership.

Whether a particular distribution (generally upon a withdrawal of capital) causes the Partner receiving it to realize taxable income or loss depends on whether assets other than cash are distributed, whether the Partner remains a Partner after the distribution / withdrawal (*i.e.* whether the distribution "liquidates" the Partner's Interest), and the relation of the cash distributed to the Partner's basis in his or her Interest in the Partnership.

Non-Liquidating Distributions. Where a Partner remains a Partner after a withdrawal or other distribution, a distribution generally will cause him or her to realize taxable income *only* if and to the extent the cash distributed exceeds the Partner's adjusted basis in his or her Interest. For these purposes, any decrease in a Partner's share of Partnership debt will be treated as a distribution of cash to the Partner. Distributions to continuing Partners will *not* cause taxable losses to be realized. Cash distributions will reduce the receiving Partner's basis in his or her Interest. Taxable gain upon a distribution would generally be taxable as short-term or long-term capital gain, depending on the Partner's holding period for the Interest. However, as discussed above, the General Partner intends, upon partner withdrawals to specially allocate income, gain and losses to the withdrawing Partners in a manner that could convert what would otherwise be capital gains to ordinary income or long-term capital gains into short-term capital gains. See "Partnership

Allocations" above. In addition, in the unlikely event the Partnership is deemed to have "unrealized receivables" (including unrealized income from certain bonds acquired at a discount) or "inventory" at the time of a distribution, Section 751 of the Code could require different treatment. *See* "Section 751" below.

A distribution of property other than cash (*i.e.*, Securities) to a continuing Partner should not result in taxable income or loss to the Partnership or to the receiving Partner (again, except to the extent Section 751 applies). The receiving Partner's basis in the distributed property will be the lesser of (i) the adjusted basis of the property in the hands of the Partnership and (ii) the adjusted basis of the Partner's Interest (after reduction for any cash he or she received as part of the distribution). The basis of a Partner's Interest will be reduced by the basis of the property distributed to that Partner.

Liquidating Distributions. When a Partner withdraws from the Partnership completely (or his or her Interest is terminated because the Partnership is liquidated), as with non-liquidating distributions, he or she will recognize gain only to the extent the cash distributed exceeds the adjusted basis in his or her Interest in the Partnership. Unlike with non-liquidating distributions, loss may be recognized if no property other than cash is distributed and the cash distributed is less than the Partner's adjusted basis in his or her Interest. If property other than cash is distributed, although gain will be recognized to the extent the cash exceeds the Partner's adjusted basis, no loss will be recognized, regardless of the value of the non-cash property distributed. The Partner's basis in non-cash property so distributed will be equal to the adjusted basis of his or her Interest immediately before the distribution decreased (but not below zero) by any cash received in the liquidation. *But see* "Section 751," below.

Section 754 Election. Section 754 of the Code allows a partnership to elect to adjust the basis of its assets upon (a) certain distributions of money or property to a Partner or (b) a transfer of an Interest by sale or as a result of the death of a Partner. The general effect of making that election when a Partner has received a distribution of cash would be that the adjusted basis of the Partnership's capital assets would be increased by any capital gain (or decreased by any loss) recognized by the Partner who receives the distribution. Where other property is distributed, the adjustments would reflect the difference, if any, between the adjusted basis of the distributed property in the hands of the Partnership and the adjusted basis of the property in the hands of the Partner who receives it. There would be no effect on the Partner who receives the distribution in either event. In the case of a transfer of an Interest, when the Partnership later sells assets that were held at the time of the transfer, the transferee would be treated as if he or she had directly acquired a share of each of the Partnership's assets, with a basis for those assets equal in the aggregate to the basis of his or her Interest immediately after the transfer. In light of the nature and extent of the Partnership's expected buying and selling activities, and the likelihood that capital contributions and withdrawals will occur throughout the term of the Partnership, it could be impracticable for the Partnership to comply strictly with the basis adjustment rules that would apply if the Partnership were to make a Section 754 election.

The General Partner has discretion whether or not to make a Section 754 election, but once such an election has been made, it remains in effect for all subsequent taxable years unless revoked with the consent of the Service, and each subsequent distribution or transfer will result in the adjustments described above.

If the General Partner does not elect to make adjustments under Section 754, any benefits that might be available to a transferee of an Interest, or to remaining Partners after a substantial withdrawal, by reason of a possible "step-up" in the basis of the Partnership's assets may not be available. However, in the case of withdrawals, the remaining Partners may receive a comparable benefit if the General Partner chooses to specially allocate items of income and gain to the withdrawing Partner. *See* "Partnership Allocations," above.

Limitations on Deductions. The ability of certain Limited Partners to deduct or otherwise utilize Partnership losses or deductions allocated to them may be limited by special provisions of the Code, including, but not limited to, the following:

Adjusted Basis of an Interest. A Limited Partner may not deduct losses in excess of the adjusted basis of his or her Interest at the end of the year in which the loss is incurred. Losses in excess of a Partner's adjusted

basis may be carried over to succeeding taxable years when the same limitation will apply. See "Basis," above.

Amounts at Risk. The amount of loss an individual or a closely-held "C" corporation may deduct is limited to the amount that Limited Partner has "at risk" as to the Partnership. Where such a Limited Partner has financed an investment in the Partnership with certain types of non-recourse borrowing, that Partner's amount "at risk" could be less than his or her adjusted basis in his or her Interest. In addition, in the unlikely event the Partnership borrowed on a non-recourse basis, certain of those borrowings could increase a Limited Partner's basis without increasing his or her amount at risk.

Capital Gains and Losses. Partnership net capital losses allocated to a Limited Partner for a taxable year will be deductible by a Limited Partner that is a corporation to the extent of the Partner's capital gains and by an individual Limited Partner to the extent of his or her capital gains plus \$3,000. An individual Limited Partner may carry forward any unused capital loss indefinitely to succeeding taxable years and a corporate Limited Partner generally will be entitled to a three-year carry-back and a five-year carry-forward of any unused capital loss.

Passive Losses and Income. Income or loss of the Partnership should be characterized as "portfolio" income or loss and therefore as not arising from a "passive activity."

Limitations on Interest Deductions. An individual may deduct "investment interest" in a given year only to the extent of his or her "net investment income" for that year. Margin and other similar interest expense the Partnership incurs should be treated as investment interest irrespective of whether the Partnership is considered to be a trader or investor. And because an Interest should be considered to give rise to "portfolio" income, interest on amounts an individual Limited Partner borrows to buy an Interest should be considered "investment interest." An individual Limited Partner may be denied a deduction for all or part of either of these types of interest expense unless the Limited Partner has sufficient investment income from the Partnership and other sources. Income of the Partnership, such as dividend and interest income but excluding net capital gains (absent a special election), allocable to an individual Limited Partner should be treated as investment income for purposes of this limitation.

Limitations on Miscellaneous Itemized Deductions. In years in which the Partnership is treated as a "trader," each Partner should be allowed fully to deduct his or her allocable share of the ordinary and necessary expenses incurred by the Partnership in connection with the Partnership's "trade or business," including management expenses. If the Partnership is treated as an "investor" for any year, individual Limited Partners will not be entitled to deduct their share of the Partnership's investment expenses, including operating and advisory expenses and certain other expenses that relate to investment activities, unless, and only to the extent, their share of those expenses, together with their other "miscellaneous" itemized deductions, exceed 2% of their adjusted gross income for the year. This limitation would also apply to Limited Partners that are "pass-through" entities, such as partnerships, to the extent the owners of those entities were individuals.

Section 751. The tax consequences of partially or completely terminating an interest in a partnership (either through distributions, or sales to third parties) can be quite complex if the provisions of Section 751 of the Code applies. Because substantially all the Partnership's assets are expected to be characterized as capital assets, the General Partner does not believe Section 751 should apply. However, if the Partnership were to have "unrealized receivables" or "inventory" at the time of a distribution, withdrawal, or sale of a Partner's Interest, Section 751 might transform non-taxable distributions into taxable distributions and/or convert capital gain into ordinary income. "Unrealized receivables" would include, among other things, unrealized income for the year from certain bonds the Partnership acquired at a discount from the bond's stated redemption price. In addition, were the Partnership deemed to be a "dealer" in securities, its Securities could constitute "inventory."

Any Limited Partner who sells or exchanges an Interest at a gain must notify the Partnership in writing if any of that gain is attributable to his or her share of the Partnership's Section 751 Property. The Partnership must notify the Service of any sale or exchange of an Interest implicating Section 751. Limited Partners are

urged to consult their own tax advisers regarding the potential adverse effect of Section 751 on such transactions.

Administrative Matters

Partnership Audits. Each Partner must either report all Partnership items consistently with the treatment by the Partnership or disclose specifically in his or her tax return any differences between the manner in which a Partnership item is treated on his or her return and on the Partnership return. Such disclosure may be necessary to avoid the penalty for understatement. Since the General Partner does not expect to notify Limited Partners as to the basis for items reported on the Partnership's return or the Schedules K-1. Limited Partners, or their tax advisors, may wish to ask the General Partner about significant reported items if they wish to make a systematic evaluation of their exposure to this penalty. If it is finally determined that a taxpayer has underpaid tax for any taxable year, the taxpayer must pay the amount of underpayment plus interest on the underpayment from the date the tax was originally due.

In general, the tax treatment of all partnership items will be determined in a unified partnership audit rather than in an audit of the individual Partners. Partnership audits will generally be handled by the Tax Matters Partner (the "TMP"). The General Partner will be the TMP for the Partnership. If a deficiency is proposed by the Service, a notice of final partnership administrative adjustment will be issued. The TMP can contest that determination on behalf of the Partnership in the Tax Court or other court of its choice. If the TMP chooses to contest the deficiency, other Partners can join the proceeding but cannot bring separate actions.

The statute of limitations applicable to partnership items differs from the statute applicable to each Limited Partner's individual return. The TMP has the authority to extend the statute of limitations on behalf of the Partnership. Any extension will be binding on the Partners.

An audit, by the Service, of the Partnership's return may result in the disallowance, reallocation or deferral of deductions claimed by the Partnership. The audit may also result in transactions being treated as taxable which the Partnership treated as nontaxable or in treatment as ordinary income or capital loss of items which the Partnership reported as long-term capital gain or ordinary loss. Any such change may trigger additional tax and interest. An audit by the Service also could affect a Limited Partner's liability for state and local taxes.

If the Service audits the Partnership's tax returns, an audit of the Partners' own returns may result, and adjustment may be made to items reported on the Partners' tax returns unrelated to the Partnership. The legal and accounting costs incurred in connection with any audit of the Partnership's tax return will be borne by the Partnership. The cost of any audit of a Partner's tax return will be borne solely by the Partner.

Penalties and Interest on Deficiencies. The Code imposes a penalty of 20% for certain underpayments of tax liability, including those caused by negligence or disregard of the rules or regulations and substantial understatements of tax liability. An understatement is "substantial" if it exceeds the greater of 10% of the tax required to be shown on the return or \$5,000 (\$10,000 for corporations other than S corporations and personal holding companies).

Interest on deficiencies is compounded daily from the date the tax was due until it is paid. For individuals, the rate will equal the federal short-term rate plus three percentage points and is redetermined quarterly. Interest paid on tax deficiencies is not deductible by individuals. For an underpayment by a corporation exceeding \$100,000, the interest rate may be the federal short-term rate plus five percentage points.

State and Local Taxes

LIMITED PARTNERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE APPLICATION OF INCOME, INTANGIBLE AND OTHER TAXES IMPOSED IN THEIR STATES OF RESIDENCE, AND IN STATES WHERE THEY ARE ENGAGED IN BUSINESS, WITH RESPECT TO THEIR INVESTMENT IN THE PARTNERSHIP.

Foreign Taxes

The Partnership may invest in Securities of entities that do business in foreign countries. Many foreign sovereigns impose a withholding tax on payments of interest, dividends and capital gains to investors residing in other countries and not otherwise subject to tax by that sovereign. Some potential withholding taxes may be reduced or eliminated under tax treaties. Any withholding taxes imposed will be treated as distributions to the appropriate Partners in the period in which such taxes are withheld. The corresponding foreign tax payments will be allocated to Partners based on the deemed distribution for purposes of claiming a foreign tax credit or deduction.

<h2>SECURITIES REGULATORY MATTERS</h2>
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The Partnership and the General Partner are subject to various federal and state securities and other laws and regulations that may limit the Partnership's activities. Failure to comply with such laws and regulations could subject the Partnership to substantial sanctions. The Partnership is not registered as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The General Partner is currently is not eligible for registration as an investment adviser with the Securities and Exchange Commission (the "SEC"); and is exempt from the investment advisor registration requirements of the Pennsylvania Division of Securities.

The Investment Company Act. If the Partnership were considered an "investment company" within the meaning of the Investment Company Act it would be subject to numerous requirements and restrictions relating to its structure and operation. If it were required to register as an investment company under the Investment Company Act and to comply with these requirements and restrictions, it would have to make significant changes in its proposed structure and operations, which could adversely affect its business.

The Partnership intends to operate under an exclusion from investment company regulation for "private investment companies." The exclusion is available to issuers whose securities are beneficially owned by not more than 100 persons and have not been offered publicly. If a Limited Partner that is itself a "private investment company" owns 10% or more of the outstanding Interests, each of that Limited Partner's equity owners will be considered a "beneficial owner" of the Partnership's Securities for purposes of counting the beneficial owners. The General Partner generally expects to limit the amount any private investment company may invest in the Partnership to below 10%. The General Partner may require a limited Partner to withdraw some or all of its Interest should the Limited Partner's continued investment in the Partnership, in the General Partner's sole discretion, jeopardize the Partnership's exemption from registration and regulation under the Investment Company Act. Each prospective investor must make certain representations and undertakings to assure the private investment company exclusion will be available.

The interpretations relating to beneficial ownership under Section 3(c)(1) are complex and, in some cases, unclear. Under certain interpretations, it is possible that multiple investment partnerships with the same investment objectives can be "integrated" for purposes of determining whether they have more than 100 beneficial owners. The General Partner may manage additional investment funds with objectives similar to those of the Partnership. There can be no assurances that the Partnership would be considered to have no more than 100 "beneficial owners."

Due to the complexities involved in the interpretation of the Investment Company Act, there can be no assurance that the Partnership's eligibility for exclusion from regulation under the Investment Company Act will not be challenged. Should the private investment company exclusion cease to be available, the Partnership and the General Partner could be subject to legal action by the SEC and others, possibly resulting in financial losses and the termination of the Partnership's business.

Although the General Partner believes registration and regulation under the Investment Company Act would impair the Partnership's ability to achieve its investment objectives, the Investment Company Act

does provide protections that will not be available to investors in the Partnership. For example, a registered investment company must have a board of directors, a majority of which, as a practical matter, must be independent of its investment adviser (the General Partner), and is restricted in its relationship with and compensation to its affiliates (such as the General Partner) and in its capital structure. In addition, the Investment Company Act requires an investment company to state definite policies as to certain enumerated types of activities and, in some cases, forbids the investment company from changing those policies without shareholder approval. By contrast, the Partnership's investment activities, as described above in "Investment Objectives And Policies," provide the General Partner with extremely broad discretion to determine *and to change* the Partnership's investment program without consulting Limited Partners.

"Hot" Public Offerings. Although the General Partner does not expect the purchase of Securities in public offerings to be a significant part of the Partnership's Activities, it may make such purchases from time to time. An interpretation (the "Interpretation") of the rules of the National Association of Securities Dealers, Inc. (the "NASD") limits the ability of underwriters to sell securities in public offerings to certain classes of "restricted persons" (either directly or through investment vehicles such as the Partnership) when the offerings are considered "hot issues" - i.e., the securities sell at a premium immediately after trading begins. "Restricted persons" include: employees of brokers and dealers, certain family members of such persons, senior officers or investment-level employees of banks, registered investment advisers, registered investment companies, insurance companies, and other institutional investors; and certain equity owners of broker-dealers. Employees and related persons of broker-dealers ("absolutely restricted" persons) are *prohibited* from participating in "hot issues"; other, "conditionally restricted persons" may participate if certain conditions are met. Investors must provide information in the Subscription Agreement as to their potential "restricted" status.

To permit the Partnership to participate in hot issues, the Partnership will establish "hot issue accounts" in which persons who are *prohibited* from participating will not share and in which, in many (perhaps most) cases, persons who are conditionally "restricted" also will not share. Because the Partnership's assets are not generally segregated and allocated on a Partner-by-Partner basis, this practice will involve the use of assets of the entire Partnership for the benefit of only some of the Partners. The Partnership will attempt to avoid retaining Securities in the "hot issue accounts" for extended periods. Where the General Partner considers a Security an appropriate long-term investment for the Partnership, it may sell Securities out of the "hot issue accounts" and contemporaneously buy the Securities for the Partnership as a whole. If Securities are held in the "hot issue accounts" for an extended period, the General Partner may, in its discretion, cause the "hot issue" account to pay interest to the Partnership or make other arrangements to compensate Partners who do not participate in hot issues for their portion of the Partnership assets that were used to buy such hot issues. Because the General Partner will probably be considered a "conditionally restricted person" under the Interpretation, it could have an incentive to avoid purchasing in public offerings in which it would be precluded from participating, even though such purchases could be profitable for unrestricted Partners.

Since the Partnerships' investment strategies generally require some inputs with respect to historical market prices and liquidity, limitations on "hot issues" investments are not expected to be material to the operations of the Partnership.

Securities Dealer Status. The General Partner believes the Partnership is not a "dealer" within the meaning of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and, accordingly, does not intend to register the Partnership as such. However, it is possible that the SEC or a court could reach a different conclusion. In such an event, the Partnership could be fined and could be prevented from continuing its business, either temporarily or permanently. If the Partnership were required to register as a "dealer," its operating expenses would increase significantly, its activities would be restricted, and its profitability would suffer.

Investment Advisor Regulation. The General Partner is not eligible for registration with the SEC as an investment adviser under the Investment Advisers Act of 1940. However, that act continues to apply to state registered investment advisers and subjects them to a variety of requirements and prohibitions as to

substantive activities. The General Partner currently is relying on the "Private Adviser" exemption provided under the Rules of the Investment Advisers Act of 1940. It is also relying on, and intends to rely on state exemptions from investment advisor registration. If it registers or is required to register at either the state or federal level, as previously stated there are numerous other requirements and limitations that will affect, among other things, its ability to receive performance based compensation. In that event the General Partner may require certain non-qualified purchasers to withdrawal as Limited Partners pursuant to §6.2 of the Partnership Agreement.

If an investment adviser has "custody" of clients' assets, it must, among other things, adhere to more stringent record keeping requirements, have its financial statements audited annually and filed with certain regulators, and have the Securities and other assets of which it has custody verified annually on a "surprise" basis by an independent accountant. Generally, an investment adviser will be deemed to have "custody" of the assets of a limited partnership of which it is a general partner unless it follows certain procedures whenever it removes assets from the partnership, for example through payments of its management fees or withdrawals of capital. Such procedures rely on an "independent representative" of the partnership verifying the general partner's entitlement to receive those payments or withdrawals. The Partnership has made arrangements with the Prime Broker and the Partnership's independent accountants to employ such procedures (*see* "Brokerage and Transactional Practices") and, in reliance on those arrangements, is not taking the steps required of advisers that have "custody" of client assets. If those arrangements are not sufficient, within current or future interpretations by the SEC of the term "custody," or if the General Partner does not adhere to the procedures specified in the arrangements, the General Partner could be considered to have custody of the Partnership's assets. In that event, unless the General Partner revises its practices, it would be in violation of the requirements specially imposed on "custodial" investment advisers.

Notwithstanding the forgoing, the General Partner intends to rely on exemption from state and federal regulation of investment advisors. The SEC initiated changes to the rules promulgated under the Adviser's Act that, if they had not been challenged successfully, would have required changes to the Partnership Agreement in order for the General Partner to remain exempt from registration as an investment advisor. The rules and regulations are complex and are subject to continuing regulatory scrutiny and change. As a result, there may be changes that are unclear in their application to the General Partner or the Partnership. Any misinterpretation could adversely impact the General Partner and its ability to conduct its operations.

If, in the course of its activities (both those relating to the Partnership and others), the General Partner were found to have violated the custody-related requirements or any other applicable laws or regulations applicable to investment advisers, it could be subject to significant penalties and sanctions and its ability to manage the Partnership's investment portfolio could be impaired.

SUMMARY OF THE PARTNERSHIP AGREEMENT

The rights and obligations of Partnership's Partners are governed by the Partnership Agreement, a copy of which has been included with this Memorandum. The following briefly summarizes certain provisions of the Partnership Agreement that are not described elsewhere in this Memorandum. Prospective investors are urged to read the Partnership Agreement in its entirety before subscribing.

General

The Partnership has been organized as a limited partnership under the Delaware Revised Limited Partnership Act. I Financial Marketplace, LLC, a Pennsylvania limited liability company, is the sole General Partner of the Partnership. The Partnership Agreement provides that the General Partner has complete control of the business of the Partnership and that the Limited Partners have no power to take part in the management of the Partnership. Limited Partners have no right to remove or replace the General Partner.

Upon admission to the Partnership, each Limited Partner acquires a percentage interest in the Partnership equal to his or her capital contribution as of the date of admission divided by the sum of the capital accounts of all Partners (including such Limited Partner) as of that day. A Limited Partner's percentage interest is adjusted to take account of each additional capital contribution using the same technique. Each Partner's percentage interest should be expected to increase or decrease proportionally as additional capital contributions or withdrawals of capital are made, or as Performance Allocations cause the General Partner's capital account balance to grow relative to Limited Partners' capital accounts.

Allocation of Net Profit and Net Loss

Generally, except to the extent the General Partner receives Performance Allocations, and subject to special allocations for "hot issues," as described below, Partners share in the Net Profit and Net Loss of the Partnership for each accounting period in proportion to their relative Capital Account balances as of the beginning of that period. For these purposes Article V of the Partnership Agreement provides detailed procedures for maintaining each Partner's Capital Account and allocating Net Profit and Net Loss to such accounts. Whenever allocations are made, the Partnership's portfolio Securities will be "marked to market" so that profit and loss will include all portfolio gains and losses, whether realized or unrealized. All other Partnership income (such as interest) and all expenses (excluding the Management Fee and other amounts that are specially allocated to particular Partners) are calculated to arrive at Net Profit or Net Loss for that period. All Securities are valued as described below under the heading "Net Asset Valuation."

Capital Accounts generally are adjusted at the beginning and the end of each quarter (or shorter period, if capital is contributed or withdrawn in mid-quarter) to reflect allocations arising out of various events. As of the *beginning* of each period, each Limited Partner's Capital Account is (i) increased to reflect additional capital contributions made as of the beginning of the period (less any special administrative charge the General Partner assesses or expenses arising out of contributions of Securities), (ii) decreased to reflect withdrawals effective as of the end of the prior period (regardless of whether the amount of the withdrawal has actually been delivered to the limited Partner) and (iii) decreased by the amount of the Management Fee (if any) specially allocated as to that Partner as of the beginning of the period. As of the *end* of each period, each Limited Partner's Capital Account is (i) decreased to reflect most types of distributions during the period and certain other special allocations (such as expenses directly related to withdrawals by the Limited Partner) and (ii) increased or decreased to reflect the Limited Partner's share of Net Profit or Net Loss. If the end of the period is a performance allocation determination time as to a Limited Partner, the Limited Partner's Capital Account is also reduced by the amount of the Incentive Allocation (if any) then due, and the General Partner's Capital Account is increased by the same amount. Profits or losses on "hot issues" are allocated separately to Partners who have demonstrated to the General Partner's satisfaction that they are eligible to participate in them under the Interpretation on Free-Riding and Withholding adopted by the NASD's Board of Governors, as amended from time to time, and the policies of underwriters from which the "hot issue" Securities are purchased. *See* "Securities Regulatory Matters -Hot' Public Offerings."

Allocation of Taxable Income and Loss

The Partnership attempts to allocate all items of *taxable* income, gain, loss, deduction and credit among the Partners in a manner that the General Partner, in consultation with tax advisers, believes is consistent with the manner in which the *economic* benefits and burdens of the Partnership are shared. The General Partner retains discretion to use any technique it considers appropriate and consistent with applicable income tax laws and regulations. *See* "Income Tax Considerations - Taxation of the Partnership and its Partners - Partnership Allocations."

Distributions

Distributions (other than in connection with withdrawals) are not expected, but may be made at such time and in such amounts as the General Partner may determine in its discretion. Any distributions (other than in connection with withdrawals) will be made in accordance with the Partners' relative Capital Account balances. In the General Partner's discretion, distributions, including in connection with withdrawals, may be made in Securities held by the Partnership.

Asset Valuation

The Partnership's Net Asset Value is determined for all purposes (such as calculating profits and losses) by or at the direction of the General Partner as of the close of business on the last day of each period for which calculations are required. Generally, Securities are valued: (i) at their last published sale price, if they are listed on an established securities exchange or on Nasdaq; or (ii) if last sales prices are not published, at the mean of the highest reported closing bid, and the lowest reported closing asked price, in certain established quotation systems. Where the General Partner determines that market prices or quotations do not fairly represent the value of a Security in the Partnership's portfolio (for example, if a Security is a restricted Security of a class that is publicly traded, or if the Partnership owns a large block of a Security), the General Partner may assign a different value. The General Partner also determines the value of Securities and other assets that are not publicly traded. In these cases, the General Partner may, but is not required to, cause the Partnership to obtain independent valuations of assets and to establish procedures by which Limited Partners may be entitled to approve or replace the person performing the valuation. Where an asset for which no established market exists has been valued in any of these ways, the Partnership could, under some circumstances, suffer adverse effects if the Partnership were unable to obtain the value for that asset assigned by the General Partner or by the person performing the independent valuation. Determinations of Net Asset Value are conclusive and binding on all Partners unless the General Partner has been found to have used bad faith or there is a manifest error involved. *See* Section 3.1 of the Partnership Agreement.

Reserves; Adjustments for Contingencies

The General Partner is authorized to create reserves against contingent liabilities the General Partner may identify or become aware of and to accrue expenses and effect charges against Partners' Capital Accounts in such amounts as the General Partner, in its sole discretion, considers appropriate. Amounts designated for such reserves in any fiscal period will generally be deducted from the Capital Accounts of the Partners in proportion to the amounts of their Capital Account balances as of the beginning of that period, and any decreases in reserves in a period will generally be added to Capital Accounts of Partners as of the beginning of that period. However, the General Partner is authorized to make special allocations to capital accounts for any large reserves, expenditures, or receipts by the Partnership that relate to earlier periods (and were not reflected in the calculation of Net Asset Value or profits and losses at the time), and to give appropriate benefits to, and make appropriate assessments against, Partners who were Partners at the time of the event giving rise to the reserve, expenditure, or receipt, in proportion to their Capital Accounts at the time. In some cases, allocations may be made to persons who are no longer Partners. If the allocations are of reserves or expenditures and would reduce the amount those persons received upon withdrawal from the Partnership, the General Partner may demand that the former Partners repay the applicable amount, with interest at a rate of 3% *per annum.*, from the time the General Partner determines that the allocation is to be made. However, no former Partner will be required to pay more than the amount of his or her capital account balance at the end of the period to which the charge relates, and no demand may be made more than four years after the former Partner withdrew from the Partnership. If the Partnership is unable to collect any of these amounts, the uncollected amount will be reallocated among the current Partners who were Partners at the time of the event giving rise to the charge.

Term

The Partnership will continue until dissolved at the election of the General Partner or upon the occurrence of certain events specified in the Partnership Agreement, including the General Partner ceasing to be a general partner (through the General Partner's dissolution, withdrawal, or otherwise) where no successor has been installed. Upon its dissolution, the Partnership will liquidate its positions and distribute the net proceeds to its Partners in an orderly and prudent fashion. The General Partner may select a "liquidating agent" to wind up the Partnership's affairs if the Partnership is dissolved because the General Partner has ceased to be a general partner.

Admission of Additional Partners and Acceptance of Additional Capital

The General Partner may admit additional Limited Partners and accept additional capital contributions. Additional Limited Partners will share in the Net Profit or Net Loss of the Partnership on the same basis as the existing Limited Partners in proportion to their Capital Accounts. The General Partner may also admit additional or successor general partners without the consent of any Limited Partner. If, as a result, there are multiple general partners, they will share discretionary authority, the Management Fee, and the Performance Allocation in whatever manner they agree between or among themselves.

Limitations on Transferability

Limited Partners may not transfer their Interests except as permitted in Article XII of the Partnership Agreement. All transfers require the prior consent of the General Partner, which may be withheld for any reason and/or conditioned upon opinions of counsel satisfactory to the General Partner that, among other things, registration under the Securities Act and applicable state securities laws is not required. Neither the Partnership nor the General Partner is under any obligation to, nor does the Partnership intend to, register the Interests for resale. If a Limited Partner (after obtaining the appropriate consents) transfers its Interest, the transfer will be recognized for the purpose of making distributions (if any) and allocating Net Profit or Net Loss as of the first day of the next quarter following receipt and acceptance by the General Partner of all required documentation. If the transfer occurs in the middle of a period, all Net Profit or Net Loss for the period in which the transfer occurs generally will be pro rated between the transferor and the transferee based upon the number of days in the period that each was a holder of the Interest.

An assignee of an Interest will not be admitted as a substituted Limited Partner unless the General Partner specifically consents, which the General Partner may do or refuse to do in its absolute discretion.

Voting Rights; Amendments

Limited Partners' voting rights are set forth in Article X of the Partnership Agreement and are very limited. Other than as explicitly set forth in the Partnership Agreement, Limited Partners have no voting rights as to the Partnership or its management. In particular, Limited Partners have no right to remove or replace the General Partner and only limited rights to consent to the admission of a successor general partner.

Generally, amendments must be approved by the General Partner and a majority in interest of the Limited Partners. However, the General Partner may amend the Partnership Agreement without the consent of or notice to any of the Limited Partners if, in the General Partner's opinion, the amendment does not have a material adverse effect on Limited Partners generally. In no event may any amendment be adopted that subjects Limited Partners to liability as a General Partner or that causes the Partnership to cease to be treated as a partnership for federal income tax purposes.

Actions requiring consent of the Limited Partners must be accomplished by written consent of the limited Partners holding the requisite percentage interests; the Partnership Agreement does not contemplate Partners' meetings. If an action is proposed by the General Partner, the General Partner may request such consents, require that responses be provided within a specified period (not less than 15 days) and provide that failures to respond within the specified period will be deemed consents.

Liability of Limited Partners

The Partnership Agreement provides that no Limited Partner will be personally liable for any of the debts of the Partnership or for any losses of the Partnership beyond the amount contributed by such Limited Partner to the Partnership, plus such Limited Partner's share of the undistributed profits of the Partnership; except that when a Limited Partner has received a distribution from the Partnership or made a withdrawal, the Limited Partner will be liable to return such amount to the Partnership to the extent that, immediately after giving effect to the distribution or withdrawal, the liabilities of the Partnership, other than to Partners on account of their interests in the Partnership and those as to which recourse of creditors is limited to specified assets of the Partnership, exceed the fair value of the Partnership's assets (other than those assets subject to liabilities as to which recourse of creditors is so limited, to the extent of such liabilities).

General Partner Exculpation; Indemnification

Neither the General Partner nor any employee, agents or affiliate of the General Partner will be liable to the Partnership or to any Limited Partner for any act or omission based upon errors of judgment or other fault in connection with the business or affairs of the Partnership, and no such act or omission will in and of itself constitute a breach of any duty owed by any such person to the Partnership or any Limited Partner under the Partnership Agreement or the Act, *provided* the act or omission did not constitute gross negligence or a willful violation of law. The Partnership is obligated to indemnify the General Partner (and the employees, agents, members and affiliates of the General Partner) for any loss, claim, damage, liability or expense ("losses") incurred by it (or them) in connection with their management of the Partnership's affairs, participation in such management, or rendering of advice or consultation with respect to such management, or that relate to, the Partnership, its business or its affairs, except to the extent the acts or failures to act that gave rise to those losses are specifically and finally found by a court of competent jurisdiction to have constituted gross negligence or a willful violation of law. In addition, the Partnership must pay the expenses incurred by such persons in defending or responding to any threatened, pending or contemplated action, suit or proceeding, whether civil or criminal, administrative, arbitral or investigative, or any appeal in such an action, suit or proceeding, as incurred, in advance of the final disposition of such action, suit or proceeding, provided such persons agree to repay such expenses to the extent such expenses were incurred defending or responding to claims or allegations for which he or she or it is specifically and finally found by a court of competent jurisdiction not to be entitled to indemnification. *See* Article IX of the Partnership Agreement.

Certain securities laws and ERISA impose liabilities on investment advisers, issuers of securities and others under certain circumstances. While the General Partner does not believe the indemnification provisions of the Partnership Agreement are inconsistent with those laws, to the extent, under particular circumstances, those laws would limit the enforceability of the indemnification and liability limiting provisions of the Partnership Agreement, the Partnership Agreement provides that it will not be deemed to waive or limit any right the Partnership or any Partner may have under any of those laws.

Arbitration

The Partnership Agreement and Subscription Agreement provide that any dispute involving the Partnership, the Partnership Agreement or any subscription for Interests (except controversies relating to the General Partner's or its Affiliates' entitlement to indemnification or obligation to return defense costs advanced by the Partnership) will be settled by arbitration in the county and state in which the General Partner maintains its principal office at the time of such dispute in accordance with the commercial arbitration rules of the Arbitration Association of America ("AAA"). By signing those agreements, each Limited Partner agrees to waive his or her right to seek remedies in court, including any right to a jury trial. Among other things, this means that discovery will not be permitted except as required by the AAA's rules, that no punitive damages will be awarded and that a party's right to appeal or seek modification of any arbitration ruling or award will be severely limited. Judgment may be entered upon any arbitration award in any court of competent jurisdiction in the county and state in which the General Partner maintains its principal office at the time the award is rendered or as otherwise provided by law.

Reports

Limited Partners will receive an annual report within 120 days following the close of each calendar year or as soon thereafter as possible. Tax information will be provided to Limited Partners within 90 days following the close of each calendar year or as soon thereafter as possible. For a more complete description of the books, records, and reports to be made available or to be provided by the Partnership to the Limited Partners, *see* Article XIII of the Partnership Agreement.

ADDITIONAL INFORMATION

The General Partner is available to answer prospective investors' questions and will make available any additional information to the extent such information can be obtained without unreasonable effort or expense.

Prospective investors and/or their advisors are invited to communicate with the General Partner at the office, or by telephone at the above telephone number, identified in the Directory.

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