Investor Name: _____
Offering Memorandum #: _____

MLB Draft: 3/11/16

CONFIDENTIAL OFFERING MEMORANDUM

FLOWPOINT CAPITAL PARTNERS FUND LP

General Partner

FlowPoint Capital Partners, LP

March 2016

THIS CONFIDENTIAL OFFERING MEMORANDUM IS SUBMITTED TO YOU ON A CONFIDENTIAL BASIS SOLELY IN CONNECTION WITH YOUR CONSIDERATION OF AN INVESTMENT IN FLOWPOINT CAPITAL PARTNERS FUND LP. DUE TO THE CONFIDENTIAL NATURE OF THIS CONFIDENTIAL OFFERING MEMORANDUM, ITS USE FOR ANY OTHER PURPOSE MAY INVOLVE SERIOUS LEGAL CONSEQUENCES. THIS CONFIDENTIAL OFFERING MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART, AND IT MAY NOT BE DELIVERED TO ANY PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE GENERAL PARTNER.

PARTNERSHIP DIRECTORY

PARTNERSHIP	FlowPoint Capital Partners Fund LP c/o FlowPoint Capital Partners, LP 280 Summer Street, M1 Boston, MA 02210
GENERAL PARTNER	FlowPoint Capital Partners, LP 280 Summer Street Boston, MA 02210
MASTER FUND PRIME BROKER	[----] [----] [----]
ADMINISTRATOR	SS&C Technologies, Inc. 80 Lamberton Road Windsor, CT 06095
AUDITOR	KPMG LLP Two Financial Center 60 South Street Boston, MA 02111
U.S. COUNSEL	Morgan, Lewis & Bockius, LLP One Federal Street Boston, MA 02110

FLOWPOINT CAPITAL PARTNERS FUND LP

CONFIDENTIAL OFFERING MEMORANDUM

FlowPoint Capital Partners Fund LP (the "**Partnership**") is a Delaware limited partnership organized on December 28, 2015 to operate as a private investment partnership. The Partnership is currently offering limited partnership interests ("**Interests**") in reliance on an exemption from registration only to certain qualified investors who meet the criteria set forth in this Confidential Offering Memorandum (as revised or supplemented from time to time, the "**Memorandum**"). It is anticipated that the Interests will be offered primarily to U.S. taxable investors. Each investor in the Partnership must be an "accredited investor," as that term is defined in Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**"), and a "qualified client," as that term is defined in Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). The Partnership expects to commence investment operations in the first quarter of 2016.

The Partnership intends to invest substantially all of its assets in FlowPoint Capital Partners Master Fund, L.P. (the "**Master Fund**"), a Delaware limited partnership, through a "master-feeder" structure. In addition, the General Partner may also cause to be formed an exempted company in an offshore jurisdiction (an "**Offshore Fund**"), the shares of which would be offered to non-U.S. investors and U.S. tax-exempt investors.

FlowPoint Capital Partners, LP, a Delaware limited partnership (the "**General Partner**"), is the general partner of the Partnership and also serves as the investment manager to the Partnership. The General Partner currently is not registered with the Securities Exchange Commission (the "**SEC**") or with the Securities Division of the Office of the Secretary of the Commonwealth of Massachusetts, although it may become so registered in the future, in its discretion, or if required by applicable law. The General Partner currently relies on exemptions from registration under applicable federal and state law. The General Partner has filed certain sections of Form ADV Part 1 with the SEC as an Exempt Reporting Adviser. In connection with its exemption from registration in the Commonwealth of Massachusetts, the General Partner is required to provide the following disclosure:

The General Partner is responsible for the investment of the Partnership's assets pursuant to terms set forth in the he Limited Partnership Agreement of FlowPoint Capital Partners Fund LP (the "Partnership Agreement"). The General Partner serves in the foregoing capacity with respect to the Partnership, but does not provide any services to individual Limited Partners in the Partnership. Similarly, although the General Partner owes certain duties to the Partnership, as set forth in the Partnership Agreement, it does not owe any duties to individual Limited Partners in the Partnership.

The Partnership - indirectly through its investment in the Master Fund - pursues a long/short equity strategy. To achieve this objective, the Partnership invests long and short in a concentrated portfolio of less than sixty (60) positions in liquid, listed U.S. equity securities.

IMPORTANT INFORMATION FOR INVESTORS

LIMITED PARTNERSHIP INTERESTS ARE SUITABLE ONLY FOR SOPHISTICATED INVESTORS FOR WHICH AN INVESTMENT IN THE PARTNERSHIP DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM, THAT DO NOT REQUIRE IMMEDIATE LIQUIDITY FOR THEIR INVESTMENT AND THAT FULLY UNDERSTAND AND ARE WILLING TO ASSUME THE RISKS INVOLVED IN THE PARTNERSHIP'S INVESTMENT PROGRAM. THE PARTNERSHIP'S INVESTMENT PRACTICES, BY THEIR NATURE, INVOLVE A SUBSTANTIAL DEGREE OF RISK. SEE "*INVESTMENT PROGRAM*" AND "*CERTAIN RISK FACTORS*".

THIS MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE SEC OR ANY OTHER FEDERAL OR STATE AGENCY. NEITHER THE SEC NOR ANY STATE OR FEDERAL AGENCY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE INTERESTS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, BECAUSE THEY WILL BE OFFERED ONLY TO A LIMITED NUMBER OF QUALIFIED INVESTORS. THE INTERESTS WILL BE OFFERED AND SOLD UNDER THE EXEMPTION PROVIDED BY SECTION 4(A)(2) OF THE SECURITIES ACT AND RULE 506(b) OF REGULATION D AND REGULATION S PROMULGATED THEREUNDER, AND SIMILAR EXEMPTIONS IN THE LAWS OF THE STATES AND OTHER JURISDICTIONS WHERE THE OFFERING WILL BE MADE. EACH INVESTOR IN THE PARTNERSHIP MUST BE: (I) AN "ACCREDITED INVESTOR," AS THAT TERM IS DEFINED IN REGULATION D UNDER THE SECURITIES ACT; AND (II) A "QUALIFIED CLIENT", AS THAT TERM IS DEFINED IN RULE 203-5 UNDER THE INVESTMENT ADVISERS ACT OF 1940, AS AMENDED.

THE GENERAL PARTNER HAS CLAIMED AN EXEMPTION FROM REGISTRATION WITH THE COMMODITY FUTURES TRADING COMMISSION (THE "**CFTC**") AS A COMMODITY POOL OPERATOR PURSUANT TO RULE 4.13(A)(3) UNDER THE COMMODITY EXCHANGE ACT, AS AMENDED (THE "**CEA**"), BECAUSE (I) EACH LIMITED PARTNER IS AN "ACCREDITED INVESTOR," AS THAT TERM IS DEFINED IN REGULATION D UNDER THE SECURITIES ACT; (II) THE INTERESTS ARE EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND ARE OFFERED AND SOLD WITHOUT MARKETING TO THE PUBLIC IN THE UNITED STATES AND PARTICIPATIONS IN THE PARTNERSHIP ARE NOT MARKETED AS OR IN A VEHICLE FOR TRADING IN THE COMMODITY FUTURES OR COMMODITY OPTIONS MARKETS; AND (III) AT ALL TIMES THAT THE PARTNERSHIP ESTABLISHES A COMMODITY INTEREST OR SECURITIES FUTURE POSITION, EITHER (A) THE AGGREGATE INITIAL MARGINS AND PREMIUMS REQUIRED TO ESTABLISH COMMODITY INTEREST POSITIONS FOR THE PARTNERSHIP WILL NOT EXCEED 5% OF THE LIQUIDATION VALUE OF THE PARTNERSHIP'S PORTFOLIO OR (B) THE AGGREGATE NET NOTIONAL VALUE OF THE PARTNERSHIP'S COMMODITY INTEREST POSITIONS WILL NOT EXCEED 100% OF THE LIQUIDATION VALUE OF THE PARTNERSHIP'S PORTFOLIO. THEREFORE, UNLIKE A REGISTERED COMMODITY POOL OPERATOR, THE GENERAL PARTNER IS NOT REQUIRED TO DELIVER A DISCLOSURE DOCUMENT AND A CERTIFIED ANNUAL REPORT TO PARTICIPANTS IN THE PARTNERSHIP. THE GENERAL PARTNER HAS CLAIMED AN EXEMPTION FROM REGISTRATION WITH THE CFTC AS A COMMODITY TRADING ADVISOR PURSUANT TO RULE 4.14(A)(8) UNDER THE CEA. THE GENERAL PARTNER MAY, IN ITS SOLE DISCRETION, OR AS OTHERWISE REQUIRED BY APPLICABLE LAW OR REGULATION, BECOME REGISTERED WITH THE CFTC IN THE FUTURE. THIS MEMORANDUM HAS NOT BEEN REVIEWED OR APPROVED BY THE CFTC.

THERE WILL BE NO PUBLIC OFFERING OF INTERESTS. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH AN OFFER OR SOLICITATION IS NOT AUTHORIZED. IN ADDITION, THIS MEMORANDUM CONSTITUTES AN OFFER ONLY IF A NAME AND OFFERING MEMORANDUM IDENTIFICATION NUMBER APPEAR IN THE APPROPRIATE SPACE ON THE COVER PAGE HERETO.

NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED OR SHOULD BE INFERRED WITH RESPECT TO THE ECONOMIC RETURN OR THE TAX CONSEQUENCES RESULTING FROM AN INVESTMENT IN THE PARTNERSHIP. NO ASSURANCE CAN BE GIVEN THAT EXISTING LAWS WILL NOT BE CHANGED OR INTERPRETED ADVERSELY. PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, INVESTMENT OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL AND ACCOUNTANTS FOR ADVICE CONCERNING THE VARIOUS LEGAL, TAX AND ECONOMIC MATTERS RELATED TO ITS INVESTMENT IN THE PARTNERSHIP. EACH INVESTOR IS RESPONSIBLE FOR THE FEES AND EXPENSES OF ITS PERSONAL COUNSEL, ACCOUNTANTS AND OTHER ADVISORS. IT IS THE RESPONSIBILITY OF EACH INVESTOR TO ENSURE THAT THE PURCHASE OF AN INTEREST DOES NOT VIOLATE ANY APPLICABLE LAWS IN THE INVESTOR'S JURISDICTION OF RESIDENCE.

THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE INFORMATION OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY OR ON BEHALF OF THE PARTNERSHIP AND MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE. EACH PERSON ACCEPTING THIS MEMORANDUM HEREBY AGREES TO RETURN IT TO THE GENERAL PARTNER PROMPTLY UPON REQUEST.

AN INVESTMENT IN THE PARTNERSHIP MAY BE DEEMED SPECULATIVE AND IS NOT INTENDED AS A COMPLETE INVESTMENT PROGRAM. IT IS DESIGNED ONLY FOR EXPERIENCED AND SOPHISTICATED PERSONS WHO ARE ABLE TO BEAR THE RISK OF THE SUBSTANTIAL IMPAIRMENT OR LOSS OF THEIR INVESTMENT IN THE PARTNERSHIP.

NO OFFERING LITERATURE OR ADVERTISING IN ANY FORM SHALL BE EMPLOYED IN THE OFFERING OF THE INTERESTS DESCRIBED HEREIN EXCEPT FOR THIS MEMORANDUM AND OTHER MATERIAL TO BE PROVIDED BY THE GENERAL PARTNER. NO PERSONS OTHER THAN THE GENERAL PARTNER HAVE BEEN AUTHORIZED TO MAKE REPRESENTATIONS OR GIVE ANY INFORMATION WITH RESPECT TO THE INTERESTS, AND ANY INFORMATION OR REPRESENTATION NOT CONTAINED HEREIN OR OTHERWISE SUPPLIED BY THE GENERAL PARTNER MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE PARTNERSHIP OR ANY OF ITS PARTNERS. ANY DISTRIBUTION OR REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS IS PROHIBITED.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PARTNERSHIP AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE INTERESTS HAVE NOT BEEN RECOMMENDED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR ANY U.S. OR NON-U.S. REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE PARTNERSHIP SHALL MAKE AVAILABLE TO EACH INVESTOR OR ITS REPRESENTATIVE, DURING THIS OFFERING AND PRIOR TO THE SALE OF ANY INTERESTS TO SUCH INVESTOR, THE OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS

FROM A PERSON AUTHORIZED TO ACT ON BEHALF OF THE PARTNERSHIP CONCERNING ANY ASPECT OF THE PARTNERSHIP AND ITS PROPOSED BUSINESS AND TO OBTAIN ANY ADDITIONAL INFORMATION TO THE EXTENT THE PARTNERSHIP POSSESSES SUCH INFORMATION. A PROSPECTIVE INVESTOR SHOULD NOT SUBSCRIBE FOR AN INTEREST UNLESS SATISFIED THAT IT AND/OR ITS REPRESENTATIVE HAVE ASKED FOR AND RECEIVED ALL INFORMATION THAT WOULD ENABLE THEM TO EVALUATE THE MERITS AND RISKS OF THE PROPOSED INVESTMENT.

THE INTERESTS OFFERED PURSUANT TO THIS MEMORANDUM ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM, AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE REQUIREMENTS AND CONDITIONS SET FORTH IN THIS MEMORANDUM AND IN THE LIMITED PARTNERSHIP AGREEMENT OF THE PARTNERSHIP, AS IT MAY BE AMENDED AND RESTATED FROM TIME TO TIME. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

IN THIS MEMORANDUM (1) "**BUSINESS DAY**" MEANS ANY DAY ON WHICH THE FEDERAL RESERVE BANK OF NEW YORK IS OPEN FOR BUSINESS OR SUCH OTHER DAY AS THE GENERAL PARTNER MAY DETERMINE AND (2) "DOLLARS" OR "$" SHALL MEAN U.S. DOLLARS.

INVESTMENTS BY U.S. TAX-EXEMPT INVESTORS AND EMPLOYEE BENEFIT PLANS:

THE GENERAL PARTNER DOES NOT GENERALLY ANTICIPATE ACCEPTING SUBSCRIPTIONS FOR INTERESTS IN THE PARTNERSHIP BY INSTITUTIONS OR OTHER ENTITIES THAT ARE EXEMPT FROM TAXATION UNDER SECTION 501 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. NOTWITHSTANDING THE FOREGOING, AN INVESTOR THAT IS A BENEFIT PLAN INVESTOR, OR A U.S. TAX-EXEMPT INVESTOR, IS URGED TO CONSULT WITH ITS LEGAL, FINANCIAL AND TAX ADVISORS CONCERNING CERTAIN CONSIDERATIONS APPLICABLE TO MAKING AN INVESTMENT IN THE PARTNERSHIP. SEE "*CERTAIN FEDERAL INCOME TAX MATTERS – INVESTMENT BY ERISA AND OTHER TAX-EXEMPT ENTITIES*".

"EMPLOYEE BENEFIT PLANS" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), WHETHER OR NOT SUBJECT TO TITLE I OF ERISA, "PLANS" AS DEFINED IN SECTION 4975 OF THE CODE, WHETHER OR NOT SUBJECT TO SECTION 4975 OF THE CODE, AND ANY ENTITIES IN WHICH SUCH EMPLOYEE BENEFIT PLANS OR PLANS INVEST WHOSE ASSETS ARE DEEMED TO HOLD THE "PLAN ASSETS" OF THE FOREGOING UNDER SECTION 3(42) OF ERISA, THE U.S. DEPARTMENT OF LABOR REGULATIONS SET FORTH AT 29 C.F.R. 2510.3-101 (AS AMENDED BY SECTION 3(42) OF ERISA) OR ANY OTHER APPLICABLE FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW WILL NOT BE PERMITTED TO PURCHASE INTERESTS IN THE PARTNERSHIP.

SPECIAL NOTICE TO FLORIDA INVESTORS:

THE FOLLOWING NOTICE IS PROVIDED TO COMMUNICATE TO FLORIDA INVESTORS THE PROVISIONS SET FORTH IN SUBSECTION 11(A)(5) OF SECTION 517.061 OF THE FLORIDA STATUTES, 1987, AS AMENDED:

UPON THE SALE TO FIVE (5) OR MORE FLORIDA INVESTORS, THE SALE OF AN INTEREST TO THE FLORIDA INVESTOR IS VOIDABLE BY THE FLORIDA INVESTOR EITHER WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE FLORIDA INVESTOR TO THE PARTNERSHIP, AN AGENT OF THE PARTNERSHIP, OR TO AN ESCROW AGENT, OR WITHIN THREE (3) DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO THE FLORIDA INVESTOR, WHICHEVER OCCURS LATER.

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OFFERING SUMMARY

*The following is a summary of this Confidential Offering Memorandum (as revised or supplemented from time to time, the "**Memorandum**") and certain provisions of the Limited Partnership Agreement of FlowPoint Capital Partners Fund LP (the "**Partnership**") (as amended or restated from time to time, the "**Partnership Agreement**"). It is intended only for quick reference and is qualified in its entirety by reference to more detailed information appearing elsewhere in this Memorandum and to the full terms of the Partnership Agreement, a copy of which will be provided to investors. An investment in the Partnership is also subject to the terms of a subscription agreement to be entered into between the Partnership and each investor in connection with such investor's subscription for a limited partnership interest (a "**Subscription Agreement**").*

The Partnership

FlowPoint Capital Partners Fund LP was organized as a Delaware limited partnership on December 28, 2015. The Partnership expects to commence investment operations in the first quarter of 2016.

Limited partnership interests in the Partnership (each, an "**Interest**") will be offered primarily to U.S. taxable investors.

The Partnership intends to invest substantially all of its assets in FlowPoint Capital Partners Master Fund, L.P. (the "**Master Fund**"), a British Virgin Islands limited partnership, through a "master-feeder" structure. It is anticipated that the General Partner will cause to be formed in the future a British Virgin Islands exempted company (the "**Offshore Fund**") that is expected to offer its shares to non-U.S. investors and U.S. tax-exempt investors and will also invest substantially all of its assets in the Master Fund. The Partnership and the Master Fund expect to be treated as partnerships for U.S. federal income tax purposes.

Although the Partnership does not anticipate making and holding investments directly, the Partnership may, in the General Partner's sole discretion, make and hold investments directly and not through the Master Fund in instances including, but not limited to, where holding such investments in the Master Fund would result in a material tax or regulatory disadvantage. However, notwithstanding any provision of this Memorandum to the contrary, during any period in which any assets of the Partnership or the Offshore Fund, if formed, are treated as Plan Assets (as defined below) all of the Partnership's Investible Assets (as defined below) will be invested in the Master Fund. See "*ERISA and Other U.S. Benefit Plan Considerations*". The General Partner (as defined below) may permit, in its sole discretion, additional feeder funds to invest in the Master Fund, as well as direct investments by certain other investors in the Master Fund.

For purposes of clarity and convenience, this Memorandum refers to the investment program and portfolio transactions of the Partnership. However, the Partnership intends to invest

substantially all of its assets through the Master Fund. Therefore, where appropriate, references to "the Partnership" will be construed to mean, the Partnership or the Master Fund, as the case may be.

Management

FlowPoint Capital Partners, LP (the "**General Partner**"), a Delaware limited partnership, is the general partner of the Partnership and the Master Fund and is responsible for their overall management. The General Partner is also the investment manager to the Partnership and has responsibility for the management of the Partnership's portfolio. The General Partner also serves as the investment manager to the Master Fund, and it is anticipated that the General Partner will serve as the investment manager to the Offshore Fund. The General Partner is controlled by Kenneth Goodreau, Charles Trafton and Nicholas Trotman. See "*Partnership Management - Management*" for the professional biographies of Mr. Goodreau, Mr. Trafton and Mr. Trotman.

Investment Objective and Strategy

The Partnership - indirectly through its investment in the Master Fund - pursues a long/short equity strategy. To achieve this objective, the Partnership invests long and short in a concentrated portfolio that it anticipates will consist of less than sixty (60) positions in liquid, listed U.S. equity securities. Gross invested position is capped at 200% and net ranges from -20% to +50%. The Partnership's portfolio construction techniques and money management rules were used in [great] effect before, during and after the financial crisis of 2008. Security selection combines the strengths of "bottoms-up" fundamentals, statistical analysis of "Big Data," and a model-driven technical process. Innovative use of financial technology, institutional risk management, operations and relationship management augment the process.

The General Partner may trade the following instruments for and on behalf of the Partnership:

- Equity Securities (including but not limited to common stocks, preferred stocks and exchange traded funds) that are traded on established exchanges, for which actual transaction prices are published at least daily on Bloomberg, Reuters or Telerate systems and with a market capitalization of at least USD $100 million, provided that the General Partner, in its sole discretion, may allow temporary exceptions.

- Equity options, provided they are listed and actively traded on established exchanges, for which actual transaction prices are published at least daily on Bloomberg, Reuters or Telerate systems.

- Cash and cash equivalents.

There can be no assurance that the Partnership's investment objective will be achieved. See "*Investment Program*" and "*Certain Risk Factors*".

Interests Offered; Investor Suitability

The Partnership is currently offering series A limited partnership interests ("**Series A Interests**"), series B limited partnership interests ("**Series B Interests**"), and series C limited partnership interests ("**Series C Interests**" and collectively with the Series A Interests and the Series B Interests, the "**Interests**"). Each series of Interests will be subject to the terms and conditions set forth herein and to such terms as more fully described in the applicable supplement to this Memorandum (each, a "**Supplement**"). The Interests have equal rights and privileges with each other, except as set forth in the relevant Supplement. The General Partner may determine at any time and in its discretion to no longer offer a particular series of Interests.

The General Partner may establish or provide for the establishment of additional series or classes of Interests, sub-series, sub-classes or segregated accounts with such rights and characteristics (which may differ from the rights and characteristics attached to any existing series of Interests), as the General Partner may determine in its discretion without notice to, or the consent of, any other Limited Partners. The General Partner may also determine at any time and in its discretion to no longer offer a particular series of Interests.

The minimum initial investment that must be made with respect to an Interest in a series is set forth in the relevant Supplement. The Partnership will offer Interests to prospective investors on the last Business Day of each month or at such other times as the General Partner, in its discretion, may allow. Upon admission to the Partnership an investor will become a limited partner (a "**Limited Partner**").

Interests may only be purchased by investors that are "accredited investors," as defined in Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**"), and a "qualified client," as that term is defined in rule 205-3 under the Investment Advisers Acts of 1940, as amended (the "**Advisers Act**"). The General Partner, in its sole discretion, may decline to accept the subscription of any prospective investor. The General Partner reserves the right to enter into agreements with a Limited Partner providing for rights, privileges and other terms that vary from those generally applicable to other Limited Partners.

	With the consent of the General Partner, a Limited Partner may make additional capital contributions to the Partnership with respect to a series of Interests in such amounts and on such terms as set forth in the relevant Supplement, subject to the discretion of the General Partner to accept lesser amounts. No Partner will be required or obligated at any time to contribute additional capital to the Partnership.
Sales Charges	There will be no sales charges payable to the Partnership in connection with the sale of Interests. The General Partner may pay other forms of consideration to other qualified persons in connection with the sale of Interests, which will not be paid by the Partnership.
Capital Accounts	The Partnership will establish a capital account for each series of Interests held by a Limited Partner. Each capital account maintained for a series of Interests held by such Limited Partner will be credited with any capital contributions to the Partnership from such Limited Partner for such series of Interests and credited or debited, as the case may be, with any appreciation or depreciation thereon, Partnership income and expenses, and adjusted for withdrawals. Each capital contribution made by a Limited Partner with respect to a series of Interests (and any appreciation or depreciation thereon) will be credited to a single capital account maintained for such series of Interests. Notwithstanding the foregoing, each capital contribution made by a Limited Partner with respect to a series of Interests (and any appreciation or depreciation thereon) will be deemed to be credited to a separate capital account with respect to such series of Interests solely for purposes of tracking the Initial Withdrawal Date (as defined below) applicable to such capital contribution.
Allocation of Gains and Losses; Sub-Accounts	At the end of each accounting period of the Partnership, net profits or net losses (as applicable) will be allocated to the Limited Partners and the General Partner (collectively, the "**Partners**") in proportion to each Partner's opening capital account balance maintained with respect to each applicable series of Interests in the Partnership for such accounting period. An "accounting period" shall end on the last day of each calendar month and also (i) immediately prior to the dates capital contributions are made to the Partnership during the fiscal year, (ii) on the dates withdrawals are made from the Partnership during the fiscal year, or (iii) such other date as determined by the General Partner, in its sole discretion. Net profits and net losses are calculated for an accounting period by combining the aggregate net realized and unrealized changes in the value of the Partnership's assets with all other income and expenses of any kind for such period, including the Management Fee (as defined below) without reduction for the Performance Allocation (as defined below). Net profits and net

losses from "new issues" (as defined in Financial Industry Regulatory Authority, Inc. ("**FINRA**") Rule 5130, or any successor provision thereto ("**Rule 5130**")) will be allocated only to those Partners eligible to participate therein pursuant to Rule 5130 and FINRA Rule 5131 (or any successor provision thereto, "**Rule 5131**").

For bookkeeping purposes, the Master Fund shall maintain memorandum sub-capital accounts (each, a "**Sub-Account**" and collectively, the "**Sub-Accounts**") that correspond to, and are adjusted in tandem with, each Limited Partner's capital account maintained for each series of Interests in the Partnership. The Sub-Accounts established for each Limited Partner's capital account(s) shall permit the Master Fund to properly determine the Performance Allocation for each Limited Partner in the Partnership while permitting the Performance Allocation to be taken at the Master Fund level.

The General Partner's Performance Allocation at the Master Fund

Generally, at the end of each fiscal year of the Master Fund, the General Partner will have reallocated to its capital account in the Master Fund a portion (subject to recovery of net losses allocated to such Limited Partner's Loss Recovery Sub-Account (as defined below)) of the Net Increase for such fiscal year (such reallocated portion, the "**Performance Allocation**"). For purposes hereof, "**Net Increase**" shall mean the Partnership's excess realized and unrealized net profits (after reduction for the Management Fee and other expenses and fees incurred by the Partnership, including its pro rata portion of the fees and expenses incurred by the Master Fund) over realized and unrealized net losses allocated to the capital accounts of the Limited Partners of the Partnership for such fiscal year (or other such fiscal period, if applicable) prior to any Performance Allocation. The Performance Allocation, while generally not taken at the Partnership level, will still be made with respect to each of the Partnership's Limited Partners through reductions to each Limited Partner's Sub-Account maintained with respect to a series of Interests and corresponding adjustments to each such Limited Partner's capital account maintained for such series of Interests in the Partnership. As the General Partner shall generally take the Performance Allocation at the Master Fund level, no additional performance allocation will be taken at the Partnership level; provided, however, that to the extent that the Partnership makes and holds an investment directly, the applicable Performance Allocation with respect to such investment will only be taken at the Partnership level. The determination of any Performance Allocation at the Partnership level with respect to any such investment made and held directly by the Partnership shall be calculated by treating such investment as having been made by the Master Fund. For the avoidance of

doubt, no Performance Allocation with respect to such investment shall also be taken at the Master Fund level. If a Limited Partner is permitted or required to withdraw capital from the Partnership other than at the end of a fiscal year, the Performance Allocation with respect to the portion being withdrawn will be determined through the applicable withdrawal date.

The Performance Allocation, with respect to each series of Interests held by a Limited Partner, will be as set forth in the relevant Supplement.

The Master Fund will maintain a memorandum loss recovery sub-account (sometimes referred to as a "high watermark") (a "**Loss Recovery Sub-Account**") that corresponds to the Sub-Account (which for purposes of this paragraph will also take into account the net profits and net losses attributable to any investments that are directly made and held by the Partnership) maintained for each series of Interests held by each Limited Partner in the Partnership. For each fiscal year, or each interim accounting period when a calculation of the Performance Allocation is required pursuant to the terms of the Partnership Agreement, each Limited Partner's Loss Recovery Sub-Account maintained for a series of Interests will be increased by the aggregate net losses, if any, allocated to such Limited Partner's capital account (and corresponding Sub-Account) maintained for such series of Interests for such fiscal year. The balance in each Limited Partner's Loss Recovery Sub-Account maintained for a series of Interests will subsequently be reduced (but not below zero) by any net profits allocated to such Limited Partner's capital account (and corresponding Sub-Account) (before any Performance Allocation) maintained for such series of Interests. In the event that a Limited Partner withdraws all or a portion of its capital account maintained for a series of Interests when there is an unrecovered balance in the Loss Recovery Sub-Account established in respect of the Sub-Account corresponding to such capital account, the unrecovered balance in such Loss Recovery Sub-Account will be reduced as of the beginning of the accounting period following such withdrawal by an amount equal to the product obtained by multiplying the balance in such Loss Recovery Sub-Account by a fraction, the numerator of which is the amount withdrawn from such capital account and the denominator of which is the balance in such capital account immediately prior to such withdrawal. Additional capital contributions will not affect a Limited Partner's Loss Recovery Sub-Account(s). The General Partner will not be allocated any Performance Allocation with respect to a Limited Partner's Sub-Account maintained for a series of Interests until such Limited Partner has recovered any net losses allocated to its Loss Recovery Sub-Account maintained for such series of Interests.

The General Partner may reduce or waive the Performance Allocation with respect to certain Limited Partners, including affiliates of the General Partner; provided, however, that no such reduction or waiver will adversely impact any other Limited Partner or cause them to bear a higher portion of the Performance Allocation than they would bear absent such reduction or waiver.

Management Fee

[**As subscriptions and withdrawals are processed at each month end, we thought it might make sense for the management fee to be paid monthly. Is this consistent with current practice for FlowPoint?**] In consideration for the investment management services to be provided by the General Partner, the Master Fund will pay the General Partner a [monthly] management fee (the "**Management Fee**") as set forth in the relevant Supplement. As the General Partner will generally be paid the Management Fee at the Master Fund level, no additional management fee will generally be paid to the General Partner at the Partnership level.

The capital account for each series of Interests held by a Limited Partner admitted to the Partnership other than on the first Business Day (as defined below) of a calendar quarter (and the capital account for each series of Interests held by a Limited Partner that makes an additional capital contribution on a day other than the first Business Day of a calendar quarter) will be subject to a pro rata portion of the Management Fee paid for such quarter based upon the portion of the quarter for which it is a Limited Partner. If a Limited Partner makes a withdrawal on a date other than the end of a calendar quarter, a pro rata portion of the Management Fee paid in respect of such calendar quarter will be refunded (without interest) based upon the portion of the Interest withdrawn and the portion of the quarter for which the withdrawn Interest was held. For purposes of this Memorandum, "**Business Day**" means any day on which the Federal Reserve Bank of New York is open for business or such other day as the General Partner may determine.

The General Partner may reduce or waive the Management Fee with respect to the capital accounts of certain Limited Partners, including affiliates of the General Partner; provided, however, that no such reduction or waiver will adversely impact any other Limited Partner or cause them to bear a higher portion of the Management Fee than they would bear absent such reduction or waiver.

The General Partner will bear all of its own normal and recurring operating expenses and overhead costs incurred in connection with the investment and other management services that it will provide to the Partnership, including rent, personnel, travel, entertainment and marketing expenses, except that research and

brokerage products and services expenses incurred by the General Partner may be paid for through the permitted use of "soft dollars" (as described below). The Management Fee may exceed the expenses borne by the General Partner on behalf of the Partnership.

Operating and Organizational Expenses

The Partnership will pay, whether directly or through reimbursement of the General Partner or one of its affiliates, all costs and expenses related to its investments and its operations (including the retention and attraction of capital), including, without limitation: (i) initial and ongoing offering costs; (ii) trading, investment and all other expenses (such as brokerage commissions, clearing fees, all other costs of executing transactions, interest charges, financing charges and applicable withholding and other taxes) related to the purchase, sale, transmittal or custody of investment assets and related items; (iii) the General Partner's reasonable out-of-pocket expenses directly associated with the operation and investment activities of the Partnership; (iv) legal, accounting, auditing, risk aggregation, tax reporting and other professional fees and expenses; (v) administrative and service provider fees and expenses; (vi) the costs of preparing, printing and distributing annual and periodic reports and other investor communications; (vii) insurance costs; (viii) any other operating or administrative expenses related to accounting, research, due diligence or reporting; (ix) costs and expenses relating to the Partnership's and the General Partner's regulatory and compliance costs, including, without limitation, costs of compliance programs, third-party compliance consultation, actual and "mock" examinations, regulatory filings (including Form PF, FATCA, Forms 13D and G and Form CPO-PQR filings), reporting, registrations, memberships, regulatory and governmental inquiries, subpoenas and proceedings (in each case, whether involving the Partnership or the General Partner in its capacity as the general partner the Partnership); (x) costs associated with the possible reorganization or restructurings of the Partnership, and (xi) any extraordinary expenses (e.g., litigation, taxes and duties incurred in connection with the Partnership's operations and indemnification payments). Expenses are generally shared by all of the Partners, while expenses related to one or more particular series or classes of Interests will be allocated accordingly by the General Partner.

The Partnership will also be responsible for its pro rata portion of the Master Fund's costs and expenses, the nature of which costs and expenses are anticipated to be similar to those of the Partnership. A portion of the Partnership's and/or the Master Fund's operating expenses may be shared with other investment entities or accounts managed by the General Partner or its affiliates on an equitable basis and the Partnership may likewise

	share a portion of the operating expenses of such other investment entities and accounts. A portion of expenses for certain research and brokerage products and services incurred by the General Partner might be paid with "soft dollars" generated through the Master Fund's trading activities. It is anticipated that the use of commissions or "soft dollars" to pay for research and brokerage products and services will fall within the safe harbor created by Section 28(e) of the Exchange Act. Under Section 28(e) of the Exchange Act, research and brokerage products and services obtained with soft dollars generated by the Master Fund may be used by the General Partner to service accounts other than the Master Fund and the Partnership. Where a product or service obtained with soft dollars provides "mixed-use" research or brokerage products or services to the General Partner, the General Partner will make a reasonable allocation of the cost which may be paid for with soft dollars. Organizational costs of the Partnership and the costs incurred in connection with the initial issuance of Interests, including legal and accounting fees, document production and printing costs, federal and state filing fees, and other related expenses, will be paid for by the Partnership. In addition, the Partnership will bear its pro rata portion of the organizational costs of the Master Fund. The General Partner or one of its affiliates may elect from time to time to pay certain of the Partnership's expenses. It is anticipated that organizational costs will be amortized by the Partnership, in the discretion of the General Partner, for financial reporting purposes over a period of five years. The General Partner believes that amortizing such expenses is more equitable than expensing the entire amount during the first year of operations, as is required by U.S. generally accepted accounting principles (**GAAP**), and also conforms to industry practice.
Conflicts of Interest	Certain conflicts of interest may arise from the involvement of the General Partner and its affiliates are or may be involved in other investment related businesses and carry on other investment activities in which the Partnership has no interest. See "*Partnership Management – Conflicts of Interest.*"
Distribution of Income	Subject to the Limited Partners' withdrawal rights, under most circumstances all earnings of the Partnership will be reinvested, and the Partnership will not ordinarily make distributions to the Limited Partners. Accordingly, Limited Partners may be taxed on income allocated to them but which they have not actually received.
Withdrawals	A Limited Partner may generally withdraw all or a portion of the balance in each of its capital accounts maintained for purposes of withdrawals as of the Initial Withdrawal Date (as defined in the

relevant Supplement) and as of the end of each Subsequent Withdrawal Date (as defined in the relevant Supplement) thereafter. A Subsequent Withdrawal Date, together with the Initial Withdrawal Date and such other withdrawal date as may be permitted by the General Partner in its discretion, shall be hereinafter referred to as a "**Withdrawal Date**".

Each capital contribution by a Limited Partner (and any appreciation or depreciation thereon) will be deemed to be credited to a separate capital account solely for purposes of tracking the Initial Withdrawal Date applicable to such capital contribution. Withdrawals by Limited Partners made with respect to any series of Interests with more than one capital account with respect to such series of Interests will be made on a "first in-first out" basis. Requests for withdrawals must be provided to the General Partner in writing (a "**Withdrawal Request**") at least twenty (20) days prior to the requested Withdrawal Date, stating the Limited Partner's intention to withdraw and the amount of such withdrawal (which Withdrawal Request shall indicate a dollar amount to be withdrawn, rather than a percentage, unless such Limited Partner is requesting to withdraw all of its capital account), if less than such Limited Partner's total capital account. Withdrawal Requests shall be irrevocable unless otherwise determined by the General Partner, in its sole discretion.

Except in the sole discretion of the General Partner, the Partnership will not accept the partial Withdrawal Request or may require a Limited Partner to fully withdraw the remaining balance in its capital account maintained for a series of Interests in instances where such Limited Partner submits a partial Withdrawal Request that would reduce the aggregate balance in such capital account below such amount as set forth in the relevant Supplement with respect to such series to the Partnership.

Limited Partners generally will receive the proceeds from any withdrawal (less any applicable Management Fee, Performance Allocation, holdbacks for reserves and/or actual or estimated expenses incurred by the Partnership in connection with the disposition of any of its investments required to fund such withdrawal (in each case determined in accordance with GAAP)) within five (5) days of the effective date of the withdrawal. If, after the completion of the Partnership's year-end audit, the General Partner determines that the amount previously distributed to a Limited Partner exceeded the amount to which such Limited Partner was actually entitled, then the Limited Partner shall be required to return such excess amount to the Partnership within ten (10) days of notification of such excess payment. Except where the full amount of a withdrawal is not available for payment to the Limited Partner as described below, the entire withdrawal amount shall be deemed to be withdrawn as of the effective date

of the withdrawal and no interest shall be paid on amounts held back. All withdrawal amounts will be subject to the General Partner's establishment of necessary reserves (determined in accordance with GAAP) for loss contingencies and liabilities existing as of the effective date of the withdrawal. In addition, the General Partner may, if required by anti-money laundering or other governmental rules or regulations, retain a Limited Partner's distributions until such time as the funds may be released under such rules or regulations.

Distributions to a Limited Partner on withdrawal generally will be made in cash (by wire transfer); however, at the discretion of the General Partner, such distributions may be made, in whole or in part, in-kind. In-kind distributions may be made directly to the withdrawing Limited Partner and will be made pro rata to all withdrawing Partners (including the General Partner, as applicable). Alternatively, in-kind distributions may in certain circumstances be made through the use of a liquidating entity (a "**Liquidating Entity**"), in which case (i) payment to such Partner of that portion of its withdrawal attributable to such securities will be delayed until such time as such securities can be liquidated, and (ii) the amount otherwise due such Partner will be increased or decreased to reflect the performance of such securities through the date on which the liquidation of such securities is effected, and any applicable fees and expenses.

The General Partner may require any Limited Partner to withdraw all or any part of the balance in its capital accounts for any reason, at any time upon five (5) days prior written notice. The General Partner may also suspend the determination of net asset value of the Partnership or suspend or limit withdrawal rights for any and all Limited Partners upon the occurrence of certain events. See "*Summary of the Limited Partnership Agreement – Withdrawals by Limited Partners*".

The General Partner may withdraw all or any portion of the balance in its capital account at the Partnership (or the Master Fund) on the same terms as the Limited Partners holding Series A Interests; provided that the General Partner may not withdraw capital from the Partnership (or the Master Fund) if the General Partner suspends withdrawal rights in accordance with the immediately preceding paragraph or unless all liabilities of the Partnership (or Master Fund) have been paid or the Partnership (or Master Fund) has sufficient assets to pay such liabilities. Notwithstanding the foregoing, the General Partner may withdraw the Performance Allocation from its capital account in the Master Fund or the Partnership, as applicable, at any time in the General Partner's sole discretion.

Transfers	Interests are not transferable except with the prior written consent of the General Partner, which consent may be granted or withheld by the General Partner in its sole discretion.
Certain Risk Factors	An investment in the Partnership is speculative and involves substantial risks. Interests are intended for sale to a limited number of experienced and sophisticated investors. Investors must be willing to bear the risks of this investment, including the possible loss of all or a substantial part of their investment, for an indefinite period of time. Each prospective investor should therefore carefully review this Memorandum before deciding whether to invest in the Partnership. See "*Certain Risk Factors*" for a more detailed, but in no way comprehensive, description of these risks.
Tax Matters	The Partnership and the Master Fund expect to be treated as partnerships for federal income tax purposes and, accordingly, each Partner will be taxed annually on its allocable portion of the Partnership's taxable income, whether or not such amount is distributed to, or withdrawn by, the Partner. Prospective investors should consult their own tax advisors with specific reference to their own situations. See "*Certain Federal Income Tax Matters*."
Regulatory Matters	The Partnership is not and does not intend to be registered as an investment company under the Investment Company Act of 1940, as amended (the "**1940 Act**"). The Partnership relies on the exception from the definition of "investment company" provided in Section 3(c)(1) of the 1940 Act. Therefore, each prospective investor that wishes to subscribe for an Interest must be an "accredited investor," as that term is defined in Regulation D under the Securities Act and a "qualified client," as that term is defined in Rule 205-3 under the Advisers Act, and the Partnership may have no more than 100 beneficial owners of its limited partnership interests. The General Partner is not currently registered as an investment adviser with the Securities Exchange Commission (the "**SEC**") or with the Securities Division of the Office of the Secretary of the Commonwealth of Massachusetts, although it may become so registered in the future, in its discretion, or if required by applicable law. In both cases, the General Partner currently relies on exemptions from registration under applicable federal and state law. The General Partner expects to file certain sections of Form ADV Part 1 with the SEC as an Exempt Reporting Adviser. In connection with its exemption from registration in the Commonwealth of Massachusetts, the General Partner is required to provide the following disclosure: The General Partner is responsible for the investment of the Partnership's assets pursuant to terms set forth in the he Limited Partnership Agreement of FlowPoint Capital Partners Fund LP

(the "Partnership Agreement"). The General Partner serves in the foregoing capacity with respect to the Partnership, but does not provide any services to individual Limited Partners in the Partnership. Similarly, although the General Partner owes certain duties to the Partnership, as set forth in the Partnership Agreement, it does not owe any duties to individual Limited Partners in the Partnership.

While the Partnership may trade in commodity futures and/or commodity options contracts, the General Partner has claimed an exemption from registration with the Commodity Futures Trading Commission (the "**CFTC**") as a commodity pool operator pursuant to Rule 4.13(a)(3) under the Commodity Exchange Act, as amended (the "**CEA**"), because (1) either the aggregate initial margins and premiums required to establish commodity interest positions for the Partnership do not exceed five percent (5%) of the liquidation value of the Partnership's portfolio or the aggregate net notional value of the Partnership's commodity interest positions do not exceed one hundred percent (100%) of the liquidation value of the Partnership's portfolio and (2) participation in the Partnership is limited to certain classes of investors recognized under the federal securities and commodities laws. Therefore, unlike a registered commodity pool operator, the General Partner is not required to deliver a disclosure document and a certified annual report to participants in the Partnership. The General Partner has claimed an exemption from registration with the CFTC as a commodity trading advisor pursuant to Rule 4.14(a)(8) under the CEA. The General Partner may decide, in its sole and absolute discretion, or as otherwise required by applicable law or regulation, to rely on another exemption, if available, or register with the CFTC in the future.

ERISA and Other Benefit Plan Investors

Although employee benefit plans subject to the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), individual retirement accounts ("**IRAs**"), Keogh plans and other benefit plans may subscribe for Interests in the Partnership, the Partnership generally anticipates that such investors will prefer to invest in the Offshore Fund, which is expected to be established to give such U.S. tax-exempt investors the opportunity to pursue a parallel investment strategy to that of the Partnership.

The Master Fund does not currently intend to permit investments in the Master Fund by "**Benefit Plan Investors**" (as defined in Section 3(42) of ERISA and U.S. Department of Labor Regulations Section 2510.3-101, as modified by Section 3(42) of ERISA) (the "**Plan Asset Rules**") to equal or exceed twenty-five percent (25%) of the total value of any class of equity interests in the Master Fund in order to avoid the assets of the Master Fund

from being treated as "plan assets" of any Benefit Plan Investor under ERISA ("**Plan Assets**"). However, the Master Fund reserves the right, in its sole discretion, to permit investments by Benefit Plan Investors in the Master Fund to exceed the twenty-five percent (25%) threshold at any time and to comply thereafter with the applicable provisions of ERISA and the Code.

The Partnership does not anticipate that investment by Benefit Plan Investors in the Partnership will equal or exceed the twenty-five percent (25%) threshold. The Partnership may, in its discretion permit Benefit Plan Investors to equal or exceed the twenty-five percent (25%) threshold, so that the assets of the Partnership will be treated as Plan Assets. However, during any periods during which any assets of the Partnership or the Offshore Fund are treated as Plan Assets, all of the "Investible Assets" (as defined in "*ERISA and Other U.S. Benefit Plan Considerations*" below) of the Partnership will be invested in the Master Fund and certain other restrictions will be imposed upon the operation of the Partnership as described in "*ERISA and Other U.S. Benefit Plan Considerations*" below. As a result, during any period in which the assets of the Partnership or the Offshore Fund are treated as Plan Assets, the Partnership does not anticipate that the General Partner or any other entity providing services to the Partnership will act as a fiduciary with respect to the assets of any Benefit Plan Investor in the Partnership.

Trustees, administrators and other fiduciaries considering the investment of benefit plan assets in the Partnership are urged to carefully review the matters discussed in this Memorandum and to consult their own legal advisors. See "*ERISA and Other U.S. Benefit Plan Considerations*".

Tax Exempt Investors

The Partnership expects to use leverage and otherwise borrow in pursuing its investment strategy. Accordingly, U.S. tax-exempt Limited Partners may incur an income tax liability with respect to their share of the Partnership's "unrelated business taxable income" (otherwise known as UBTI) arising from its investment in the Partnership. Trustees and administrators of U.S. tax-exempt investors (and their trustees or administrators, if applicable) should consider these and other factors and consult their own legal and tax advisers before making an investment in the Partnership. Accordingly, an investment in the Partnership may not be appropriate for U.S. IRAs, pension plans and other tax-exempt entities because it may produce debt-financed income that would be taxable to such entities. It is anticipated that such potential investors will prefer to invest in the Offshore Fund, which is expected to be established to give U.S. tax-exempt investors (as well as non-U.S. investors) the opportunity to pursue a parallel investment strategy to that of the Partnership.

Reports to Partners	The fiscal year-end of the Partnership is December 31. Audited financial statements of the Partnership will be prepared and the Partnership will send (or cause to be sent) such statements to each Limited Partner as soon as practicable following the close of each fiscal year. The Partnership's first audited financial statements will be prepared for the period ending on December 31, 2016. The Partnership will also provide each Limited Partner with a monthly report which will include unaudited performance information with respect to the Partnership. The General Partner will provide each Partner with a Schedule K-1 for tax purposes. If the General Partner is unable to deliver such Schedule K-1 by April 15, the General Partner will provide Limited Partners with estimates of the taxable income or loss allocated to their investment in the Partnership. Unless otherwise restricted by law, all reports, financial statements and other information may be delivered to Limited Partners electronically.
Key Service Providers	
Prime Broker	[*]
Administrator	SS&C Technologies, Inc. (located in Windsor, Connecticut), together with its affiliates, is the Partnership's administrator.
U.S. Legal Counsel	Morgan, Lewis & Bockius, LLP (located in Boston, Massachusetts), is the Partnership's and the Master Fund's legal counsel with respect to U.S. legal matters.
British Virgin Islands Legal Counsel	Ogier (located in the British Virgin Islands), is the Master Fund's legal counsel with respect to the British Virgin Islands legal matters.
Auditor	KPMG LLP is the Partnership's and Master Fund's auditor.
Subscription Procedure	The Interests are being offered to certain qualified investors who meet the criteria set forth in this Memorandum under "*Subscription for Interests.*" The General Partner reserves the right to accept or reject any subscription. Investors may be required to provide the Partnership and/or the Administrator at the time of subscription or at any time thereafter with certain information to permit the Partnership to comply with applicable laws, rules and regulations, including with respect to anti-money laundering. The Partnership will provide prospective investors with Subscription Documents, which will include detailed subscription instructions. In order to purchase an Interest, a subscriber must: (i) complete and execute a Subscription Agreement and (ii) execute (in duplicate) under notary seal a Limited Partner Signature Page.

Additional Information

Prospective investors are invited to speak with the General Partner for further explanation of the terms and conditions of the offering and to obtain any additional information reasonably available to the General Partner. Requests for such information should be directed to:

FlowPoint Capital Partners, LP
280 Summer Street, M1
Boston, MA 02210
Tel: 617-951-9390
Email: pdecaprio@fppinvest.com

INVESTMENT PROGRAM

*For purposes of clarity and convenience, this Confidential Offering Memorandum (as revised or supplemented from time to time, the "**Memorandum**") refers to the investment program and portfolio transactions* of *FlowPoint Capital Partners Fund LP (the "**Partnership**"). However, the Partnership will invest substantially all of its assets through FlowPoint Capital Partners Master Fund, L.P. (the "**Master Fund**"). Therefore, where appropriate, references to "the Partnership" will be construed to mean, the Partnership or the Master Fund, as the case may be.*

Investment Objective

The Partnership - indirectly through its investment in the Master Fund - pursues a long/short equity strategy. To achieve this objective, the Partnership invests long and short in a concentrated portfolio that it anticipates will consist of less than sixty (60) positions in liquid, listed U.S. equity securities. Generally speaking, the General Partner seeks to cap gross invested positions at 200% and net ranges from -20% to +50%. The Partnership's portfolio construction techniques and money management rules were used in [great] effect before, during and after the financial crisis of 2008. Security selection combines the strengths of "bottoms-up" fundamentals, statistical analysis of "Big Data," and a model-driven technical process. Innovative use of financial technology, institutional risk management, operations and relationship management augment the process.

Investment Instruments

The instruments that may be traded by the General Partner for and on behalf of the Partnership (the "**Investment Instruments**") include, but are not limited to:

(a) Equity Securities (including but not limited to common stocks, preferred stocks and exchange traded funds) that are traded on established exchanges, for which actual transaction prices are published at least daily on Bloomberg, Reuters or Telerate systems and with a market capitalization of at least USD $100 million, provided that the General Partner, in its sole discretion, may allow temporary exceptions.
(b) Equity options, provided they are listed and actively traded on established exchanges, for which actual transaction prices are published at least daily on Bloomberg, Reuters or Telerate systems.
(c) Cash and cash equivalents.

Investment Restrictions and Guidelines

Prohibited Investments. The General Partner is not authorized to acquire the following instruments, in particular (but not limited to), on behalf of the Partnership:

(a) Non-publicly traded securities.
(b) OTC instruments and investments.
(c) Non-securitized or illiquid debt instruments such as bank loans, "Reg. D" securities and other contingent claims, mortgage-backed and structured securities.
(d) Non-listed equities, such as private equities and venture capital.
(e) Non-financial instruments, such as real estate and physical commodities.

(f) Long or short positions in any securities for which a third party research provider is utilized and for which additional fees relating to the provision of such recommendations are passed on by the General Partner to investors.

Investment Guidelines. The General Partner will seek to manage the capital of the Partnership within the following restrictions and limits:

(a) The Gross Exposure shall not exceed 200%.
(b) The Net Exposure shall not exceed 50%.
(c) The Net Exposure shall not be lower than -20%.
(d) The Long Small Cap Exposure shall not be higher than 30%.
(e) The Short Small Cap Exposure shall not be lower than -30%.
(f) The Net Security Exposure shall not be higher than 8%, provided this limit does not apply in relation to diversified instruments used for hedging purposes as reasonably determined by the General Partner.
(g) The Net Security Exposure shall not be lower than -5%, provided this limit does not apply in relation to diversified instruments used for hedging purposes as reasonably determined by the General Partner.
(h) The Net Industry Sector Exposure shall not be higher than 25%.
(i) The Net Industry Sector Exposure shall not be lower than -25%.
(j) The Top Ten Positions Exposure shall not be higher than 60%.
(k) The Liquidity Five Days shall be higher than 95%.
(l) The Non-Designated Jurisdiction Gross Exposure shall not be higher than 20%.
(m) The General Partner will ensure that (A) the aggregate net notional value of the Partnership's commodity interest positions (as defined in the US Commodity Exchange Act, as amended) will not exceed 100% of the liquidation value of the Partnership's portfolio; or (B) the aggregate notional futures margin and options premium required to establish the Partnership's commodity interest positions will not exceed 5% of the liquidation value of the Partnership's portfolio.

In determining the General Partner's compliance with the restrictions and limits set forth in paragraphs (a) – (l) immediately above, the General Partner shall exclude the Investment Instruments permitted in paragraph (c) in the "Investment Strategy" section above.

Certain Defined Terms for Purposes of the Investment Restrictions and Guidelines

Adjusted Daily Beginning Net Capital	The value obtained by adding (a) and (b) as calculated by the Administrator at the beginning of each Business Day: (i) the Net Asset Value of each Sub-Account; and (ii) the aggregate of subscriptions with respect to such Sub-Account for that Business Day less redemptions with respect to such Sub-Account for that Business Day.
Allocated Assets:	The sum of the Adjusted Daily Beginning Net Capital of all Sub-Accounts.

Gross Exposure:	The sum of the sum of all Long Positions and the sum of all Short Positions (each expressed as an absolute value) (other than cash positions or cash equivalent instruments) in the Partnership as reasonably determined by the General Partner, expressed as a percentage of the Allocated Assets.
Gross Small Cap Exposure:	The sum of the sum of all Long Positions and the sum of all Short Positions (each expressed as an absolute value) (other than cash positions or cash equivalent instruments) in the Partnership, where the underlying company has a market capitalization of less than USD $1 billion, as reasonably determined by the General Partner, expressed as a percentage of the Allocated Assets.
Industry Sector:	As defined by the Global Industry Classification Standard ("**GICS**") Industry Sector classification level.
Liquidity Five Days:	The sum of the sum of all Long Positions and the sum of all Short Positions (each expressed as an absolute value) which can be liquidated within X days assuming that 20% of the Average Twenty Day Trading Volume can be liquidated on each trading day, expressed as a percentage of the Gross Exposure.
Long Position:	An Investment Instrument that appreciates in value when the value of the underlying or reference asset increases. (i) In respect of an Investment Instrument that is not a derivative, the Long Position is the market value of such Investment Instrument; and (ii) In respect of an Investment Instrument that is a derivative, the Long Position is the market value of the underlying asset or reference asset to which the Partnership is exposed through the Investment Instrument.
Long Small Cap Exposure:	The sum of all Long Positions (each expressed as an absolute value) (other than cash positions or cash equivalent instruments) in the Partnership, where the underlying company has a market capitalization of less than USD $1 billion, as reasonably determined by the General Partner, expressed as a percentage of the Allocated Assets.
Net Exposure:	The difference of the sum of all Long Positions and the sum of all Short Positions (each expressed as an absolute value) (other than cash positions or cash equivalent instruments) in the Partnership as reasonably determined by the General Partner, expressed as a percentage of the Allocated Assets.
Net Industry Sector Exposure:	The difference of the sum of all Long Positions and the sum of all Short Positions (each expressed as an absolute value) (other than cash positions or cash equivalent instruments) in the Partnership,

	where the underlying company is categorized in the same Industry Sector, expressed as a percentage of the Allocated Assets.
Net Security Exposure:	In connection with a specific underlying or reference asset, the difference between the sum of all Long Positions and the sum of all Short Positions (each expressed as an absolute value) within the Partnership, expressed as a percentage of the Allocated Assets.
Non-Designated Jurisdiction Gross Exposure:	The sum of the sum of all Long Positions and the sum of all Short Positions (each expressed as an absolute value) (other than cash positions or cash equivalent instruments) in the Partnership as reasonably determined by the General Partner, which have as the reference entity any issuer that is not domiciled in the United States, expressed as a percentage of the Allocated Assets.
Position:	In respect of the Partnership, either of the following: (i) Long Position; or (ii) Short Position.
Short Position:	An Investment Instrument that appreciates in value when the value of the underlying or reference asset decreases. (i) In respect of an Investment Instrument that is not a derivative, the Short Position is the market value of such Investment Instrument; and (ii) In respect of an Investment Instrument that is a derivative, the Short Position is the market value of the underlying asset or reference asset (using a delta adjusted calculation) to which the Partnership is exposed through the Investment Instrument.
Short Small Cap Exposure:	The sum of all Short Positions (each expressed as an absolute value) (other than cash positions or cash equivalent instruments) in the Partnership, where the underlying company has a market capitalization of less than USD $1 billion, as reasonably determined by the General Partner, expressed as a percentage of the Allocated Assets.
Top Ten Positions Exposure:	The sum of the ten largest Net Security Exposures in the Partnership (other than cash positions or cash equivalent instruments), expressed as a percentage of the Allocated Assets.

Notwithstanding the investment objectives, strategies, guidelines and general policies set out above, the General Partner may pursue any other objective or strategy, or employ other techniques and work within other guidelines where it considers it appropriate and in the best interests of the Partnership. The Partnership cannot assure investors that the Partnership will achieve its investment objectives. Further, many of the investment techniques and activities described above are high-risk activities that could result in substantial

losses under certain circumstances. The risks of the Partnership's business are considerable and an investor could realize substantial losses, rather than gains, from some or all of the investments and strategies described herein.

There can be no assurance that the Partnership's investment objective will be achieved. Certain investment practices (*e.g.*, the use of leverage, short sale and the concentration of investments) may, in some circumstances, increase any adverse impact to which the Partnership's investment portfolio may be subject.

The descriptions contained herein of specific strategies that are or may be engaged in by the Partnership should not be understood as in any way limiting the Partnership's investment activities. The Partnership may engage in investment strategies not described herein that the General Partner considers appropriate. The foregoing discussion includes and is based upon numerous assumptions and opinions of the General Partner concerning world financial markets and other matters, the accuracy of which cannot be assured.

The investment program of the Partnership is speculative and entails substantial risks. Since market risks are inherent in all investments to varying degrees, there can be no assurance that the Partnership's investment objective will be achieved or that substantial losses will not be incurred. Each potential investor should carefully review the section entitled "*Certain Risk Factors*" for a discussion of the risks associated with investing in the Partnership.

The above discussion is of a general nature and is not intended to be exhaustive.

PARTNERSHIP MANAGEMENT

Management

FlowPoint Capital Partners, LP (the "**General Partner**"), a Delaware limited partnership, is the general partner of the Partnership and the Master Fund and is responsible for their overall management. The General Partner is also the investment manager to the Partnership and has responsibility for the management of the Partnership's portfolio. The General Partner also serves as the investment manager to the Master Fund, and it is anticipated that the General Partner will serve as the investment manager to the Offshore Fund. The General Partner is controlled by Kenneth Goodreau, Charles Trafton and Nicholas Trotman. The portfolio managers and their backgrounds are provided below:

Charles Trafton, CMT — Managing Partner and Lead Portfolio Manager
Chuck is responsible for implementing the Partnership's investment strategy. He has responsibility for the Financial, Healthcare and Information Technology sectors. From 2006-2013, Chuck was at The Boston Company Asset Management, a $45 billion asset management boutique, most recently as Portfolio Manager in the Portfolio Engineering Group managing a $500 million U.S. equity fund and a $65 million U.S. Manufacturing sector fund.

At the Boston Company, he partnered with fundamental research and quantitative research teams on portfolio management, product development, manager analysis, risk monitoring and management, systems development, trading tactics, strategy simulations, and client relations. He was a member of the Small Cap Growth team 2006-2012 that managed $2 billion U.S. small-cap, $1 billion U.S. mid-cap, and $100 million U.S. mid-cap funds as well as a $200 million market neutral fund (sleeve), and a $220 million microcap long-short fund.

He's authored dozens of studies, tools, screens and processes in use today e.g., stop-loss, trend, factor and exposure models, and has mentored PM's and Analysts on the fusion of fundamental and technical analysis for a decade. From 1994-2006 Chuck was an award-winning equity research analyst at Cowen & Co., Canaccord Genuity and America's Growth Capital, LLC., including being voted as an Institutional Investor magazine "All-America Health Care Research Analyst" and a Greenwich Associates "4-Star" Analyst in 1997.

Ken Goodreau, CMT — Chief Investment Officer, Portfolio Manager
Ken is responsible for the FlowPoint investment strategy, consultant relations and marketing. He has primary responsibility for Macro research and the Consumer Discretionary and Consumer Staples sectors. Before joining FlowPoint, Ken was Chief Investment Officer for Tiedemann Investment Group, a $1.8 billion multi-strategy hedge fund.

From 2006-2012, Ken was Chief Investment Officer for the State of Rhode Island Employees' Retirement System $8 billion fund. During his tenure, Ken constructed a $1 billion alternatives portfolio, and the RI State Pension was highly-ranked vs. peers in overall performance, including nominations by Institutional Investor magazine as "Small State Pension of the Year" twice, including 2012. During 2005-2006, Ken was Portfolio Manager and owner, Knollwood Capital Partners, LLC an independent hedge fund, and from 2001-2005 Ken was a senior analyst at Leerink Swan, LLC.

Nicholas Trotman — Chief Operating Officer, Portfolio Manage

Nick is responsible for operations, compliance, and portfolio management. He has primary research responsibility in Energy, Industrial, Materials and Utility sectors.

From 2009-2013 Nick was Equity Income Portfolio Manager at Greenwich Investment Management and sub advisor for RPM Capital. From 2007-2008, Nick was Co-Manager at Calimar Capital Management, LLC a long-short equity fund, where he managed positions in the Energy, Materials and Industrials sectors. From 2004-2007, he was Co-Manager of long-short equity fund High Street Advisors. From 2000-2004 Nick worked with Mr. Trafton in equity research at Canaccord Genuity, where he built and maintained financial models and conducted primary equity research. Nick is also a two-time world champion sailor.

The General Partner is not currently registered as an investment adviser with the Securities Exchange Commission (the "**SEC**") or with the Securities Division of the Office of the Secretary of the Commonwealth of Massachusetts, although it may become so registered in the future, in its discretion, or if required by applicable law. In both cases, the General Partner currently relies on exemptions from registration under applicable federal and state law. The General Partner expects to file certain sections of Form ADV Part 1 with the SEC as an Exempt Reporting Adviser. In connection with its exemption from registration in the Commonwealth of Massachusetts, the General Partner is required to provide the following disclosure:

The General Partner is responsible for the investment of the Partnership's assets pursuant to terms set forth in the he Limited Partnership Agreement of FlowPoint Capital Partners Fund LP (the "Partnership Agreement"). The General Partner serves in the foregoing capacity with respect to the Partnership, but does not provide any services to individual Limited Partners in the Partnership. Similarly, although the General Partner owes certain duties to the Partnership, as set forth in the Partnership Agreement, it does not owe any duties to individual Limited Partners in the Partnership.

While the Partnership may trade in commodity futures and/or commodity options contracts, the General Partner has claimed an exemption from registration with the Commodity Futures Trading Commission (the "**CFTC**") as a commodity pool operator pursuant to Rule 4.13(a)(3) under the Commodity Exchange Act, as amended (the "**CEA**"), because (1) either the aggregate initial margins and premiums required to establish commodity interest positions for the Partnership do not exceed five percent (5%) of the liquidation value of the Partnership's portfolio or the aggregate net notional value of the Partnership's commodity interest positions do not exceed one hundred percent (100%) of the liquidation value of the Partnership's portfolio and (2) participation in the Partnership is limited to certain classes of investors recognized under the federal securities and commodities laws. Therefore, unlike a registered commodity pool operator, the General Partner is not required to deliver a disclosure document and a certified annual report to participants in the Partnership. The General Partner has claimed an exemption from registration with the CFTC as a commodity trading advisor pursuant to Rule 4.14(a)(8) under the CEA. The General Partner may decide, in its sole and absolute discretion, or as otherwise required by applicable law or regulation, to rely on another exemption, if available, or register with the CFTC in the future.

Conflicts of Interest

There are certain actual and potential conflicts of interest that should be considered by prospective investors before subscribing for Interests (as defined below). The General Partner and its members, partners and employees may engage in other activities, including providing investment management and advisory services to the Master Fund, the Offshore Fund and other accounts, and shall not be required to refrain from any activity, to disgorge profits from any such activity or to devote all or any particular amount of time or effort of any of their officers, directors or employees to the Partnership and its affairs. Such accounts may

pursue a substantially similar investment strategy as that of the Partnership, including the Master Fund and the Offshore Fund. The principals of the General Partner may also render investment management services to a number of other accounts (the "**Other Accounts**"), the investment strategies of which may or may not be similar to that of the Partnership. If Other Accounts invest in the same securities as the Partnership, the investments of the Partnership and the Other Accounts will generally be made pari passu, subject to the availability of funds in the Other Accounts to make any such investments and any applicable clearing agency or exchange requirements. In addition, the General Partner may have a conflict of interest in rendering advice to a client because the financial benefit from managing some other client's account may be greater (e.g., such account generates higher fees or allocations tied to either higher percentages earned or larger amounts of capital investment by the General Partner or its affiliates), which may provide an incentive to favor the other account.

Allocation of investment opportunities among the Partnership and such Other Accounts will be made in the General Partner's judgment based upon the investment objectives and investment portfolio of the Partnership and such Other Accounts. When the purchase and sale of securities and other instruments is considered to be in the best interest of both the Partnership and Other Accounts, the securities or other instruments to be purchased or sold may be aggregated in order to obtain superior execution and/or lower brokerage expenses. Execution prices for identical securities purchased or sold on behalf of multiple accounts in any one day may be (but are not required to be) averaged. In such instances, allocation of prices, as well as expenses incurred in the transaction, will be made in a manner that the General Partner considers to be equally as favorable to the Partnership as to any other party.

To the extent permitted under applicable law, the Partnership may engage in certain transactions with its affiliates provided the terms thereof are commercially reasonable, as determined by the General Partner. In furtherance thereof, the General Partner may, on behalf of the Partnership, for liquidity, portfolio rebalancing, trade allocation or other reasons, purchase investments from, sell investments to or enter into agreements with Other Accounts (i.e., "cross transactions"). The terms of any such cross transactions will be commercially reasonable and will not be materially less favorable to the Partnership than those available in the market. The General Partner will receive no special fees or other compensation in connection with cross transactions. Expenses incurred in a cross transaction will be allocated equitably in the sole discretion of the General Partner between the Partnership and the Other Accounts that are parties to the cross transaction. Similarly, if a transaction is cancelled, any costs incurred will be allocated equitably in the sole discretion of the General Partner between the Partnership and the Other Accounts that are parties to the cross transaction.

The General Partner and its respective members, partners and employees will devote as much of their time to the activities of the Partnership as the General Partner deems necessary and appropriate. The members, partners and employees of the General Partner and its affiliates may, in limited circumstances, trade in publicly traded securities and privately held securities for their own accounts, in accordance with the compliance policies of the General Partner and subject to such restrictions and reporting requirements as may be required by law. As a result of differing trading and investment strategies or constraints, positions may be taken by members, partners or employees of the General Partner that are the same as, different from, or made at a different time than positions taken for the Partnership.

Representatives of the General Partner may serve on the board of directors of one or more companies (including publicly traded companies), including, but not limited to, companies in which the Partnership may invest. As a result, the Partnership may be restricted from transacting in securities of such issuers.

The use of a master-feeder structure may also create a conflict of interest in that different tax considerations for the Partnership and the Offshore Fund may cause the Master Fund to structure or dispose of an investment in a manner that is more advantageous to one feeder fund. The General Partner has certain responsibilities with respect to valuing securities See "*Summary of Limited Partnership Agreement – Valuations*". A conflict may arise with respect to this responsibility given the Management Fee (as defined below) and the Performance Allocation (as defined below) earned by the General Partner, each of which is based on such valuations.

The use of brokerage commissions to obtain research and brokerage products and services and to pay for the administrative costs and expenses of the General Partner creates a conflict of interest between the General Partner and the Partnership because the Partnership will pay for such products and services that are not exclusively for the benefit of the Partnership and that may be primarily or exclusively for the benefit of the General Partner. See also "*Certain Risk Factors – Conflicts of Interest*". To the extent that the General Partner is able to acquire these products and services without expending its own resources (including Management Fees ultimately paid by the Partnership), the General Partner's use of "soft-dollars" (or cash in lieu thereof) would tend to increase its profitability. In addition, the availability of these benefits may influence the General Partner to select one broker rather than another to perform services for the Partnership. The Partnership Agreement specifically authorizes these practices to the fullest extent permitted by law.

In addition, from time to time, representatives of the General Partner may speak at conferences and programs for investors interested in investing in hedge funds that are sponsored by prime brokers. These conferences and programs may provide opportunities by which the General Partner is introduced to potential investors in the Partnership and other investment vehicles it manages. Generally, prime brokers are not compensated by the General Partner, the Partnership or potential investors for providing such "capital introduction" opportunities. In addition, prime brokers may provide financing and other services to the Partnership and the General Partner. Consequently, such additional services and opportunities by a prime broker may influence the General Partner in deciding whether to use the services of such prime broker in connection with the activities of the Partnership.

Investors in the Partnership should be aware that it is impossible to predict the full range of situations in which actual or potential conflicts of interest may arise between the Partnership and other accounts. Accordingly, this discussion cannot be, and is not intended to be, exhaustive.

Allocation of Gains and Losses; Sub-Accounts

At the end of each accounting period of the Partnership, net profits or net losses (as applicable) will be allocated to the Limited Partners and the General Partner (collectively, the "**Partners**") in proportion to each Partner's opening capital account balance maintained with respect to each applicable series of Interests in the Partnership for such accounting period. An "accounting period" shall end on the last day of each calendar month and also (i) immediately prior to the dates capital contributions are made to the Partnership during the fiscal year, (ii) on the dates withdrawals are made from the Partnership during the fiscal year, or (iii) such other date as determined by the General Partner, in its sole discretion. Net profits and net losses are calculated for an accounting period by combining the aggregate net realized and unrealized changes in the value of the Partnership's assets with all other income and expenses of any kind for such period, including the Management Fee (as defined below) without reduction for the Performance Allocation (as defined below). Net profits and net losses from "new issues" (as defined in Financial Industry Regulatory Authority, Inc. ("**FINRA**") Rule 5130, or any successor provision thereto ("**Rule 5130**")) will be allocated only to those Partners eligible to participate therein pursuant to Rule 5130 and FINRA Rule 5131 (or any successor provision thereto, "**Rule 5131**").

For bookkeeping purposes, the Master Fund shall maintain memorandum sub-capital accounts (each, a "**Sub-Account**" and collectively, the "**Sub-Accounts**") that correspond to, and are adjusted in tandem with, each Limited Partner's capital account maintained for each series of Interests in the Partnership. The Sub-Accounts established for each Limited Partner's capital account(s) shall permit the Master Fund to properly determine the Performance Allocation for each Limited Partner in the Partnership while permitting the Performance Allocation to be taken at the Master Fund level.

The General Partner's Performance Allocation at the Master Fund

Generally, at the end of each fiscal year of the Master Fund, the General Partner will have reallocated to its capital account in the Master Fund a portion (subject to recovery of net losses allocated to such Limited Partner's Loss Recovery Sub-Account (as defined below)) of the Net Increase for such fiscal year (such reallocated portion, the "**Performance Allocation**"). For purposes hereof, "**Net Increase**" shall mean the Partnership's excess realized and unrealized net profits (after reduction for the Management Fee and other expenses and fees incurred by the Partnership, including its pro rata portion of the fees and expenses incurred by the Master Fund) over realized and unrealized net losses allocated to the capital accounts of the Limited Partners of the Partnership for such fiscal year (or other such fiscal period, if applicable) prior to any Performance Allocation. The Performance Allocation, while generally not taken at the Partnership level, will still be made with respect to each of the Partnership's Limited Partners through reductions to each Limited Partner's Sub-Account maintained with respect to a series of Interests and corresponding adjustments to each such Limited Partner's capital account maintained for such series of Interests in the Partnership. As the General Partner shall generally take the Performance Allocation at the Master Fund level, no additional performance allocation will be taken at the Partnership level; provided, however, that to the extent that the Partnership makes and holds an investment directly, the applicable Performance Allocation with respect to such investment will only be taken at the Partnership level. The determination of any Performance Allocation at the Partnership level with respect to any such investment made and held directly by the Partnership shall be calculated by treating such investment as having been made by the Master Fund. For the avoidance of doubt, no Performance Allocation with respect to such investment shall also be taken at the Master Fund level. If a Limited Partner is permitted or required to withdraw capital

from the Partnership other than at the end of a fiscal year, the Performance Allocation with respect to the portion being withdrawn will be determined through the applicable withdrawal date.

The Performance Allocation, with respect to each series of Interests held by a Limited Partner, will be as set forth in the relevant Supplement.

The Master Fund will maintain a memorandum loss recovery sub-account (sometimes referred to as a "high watermark") (a "**Loss Recovery Sub-Account**") that corresponds to the Sub-Account (which for purposes of this paragraph will also take into account the net profits and net losses attributable to any investments that are directly made and held by the Partnership) maintained for each series of Interests held by each Limited Partner in the Partnership. For each fiscal year, or each interim accounting period when a calculation of the Performance Allocation is required pursuant to the terms of the Partnership Agreement, each Limited Partner's Loss Recovery Sub-Account maintained for a series of Interests will be increased by the aggregate net losses, if any, allocated to such Limited Partner's capital account (and corresponding Sub-Account) maintained for such series of Interests for such fiscal year. The balance in each Limited Partner's Loss Recovery Sub-Account maintained for a series of Interests will subsequently be reduced (but not below zero) by any net profits allocated to such Limited Partner's capital account (and corresponding Sub-Account) (before any Performance Allocation) maintained for such series of Interests. In the event that a Limited Partner withdraws all or a portion of its capital account maintained for a series of Interests when there is an unrecovered balance in the Loss Recovery Sub-Account established in respect of the Sub-Account corresponding to such capital account, the unrecovered balance in such Loss Recovery Sub-Account will be reduced as of the beginning of the accounting period following such withdrawal by an amount equal to the product obtained by multiplying the balance in such Loss Recovery Sub-Account by a fraction, the numerator of which is the amount withdrawn from such capital account and the denominator of which is the balance in such capital account immediately prior to such withdrawal. Additional capital contributions will not affect a Limited Partner's Loss Recovery Sub-Account(s). The General Partner will not be allocated any Performance Allocation with respect to a Limited Partner's Sub-Account maintained for a series of Interests until such Limited Partner has recovered any net losses allocated to its Loss Recovery Sub-Account maintained for such series of Interests.

The General Partner may reduce or waive the Performance Allocation with respect to certain Limited Partners, including affiliates of the General Partner; provided, however, that no such reduction or waiver will adversely impact any other Limited Partner or cause them to bear a higher portion of the Performance Allocation than they would bear absent such reduction or waiver.

Partnership Expenses

The Partnership will pay, whether directly or through reimbursement of the General Partner or one of its affiliates, all costs and expenses related to its investments and its operations (including the retention and attraction of capital), including, without limitation: (i) initial and ongoing offering costs; (ii) trading, investment and all other expenses (such as brokerage commissions, clearing fees, all other costs of executing transactions, interest charges, financing charges and applicable withholding and other taxes) related to the purchase, sale, transmittal or custody of investment assets and related items; (iii) the General Partner's reasonable out-of-pocket expenses directly associated with the operation and investment activities of the Partnership; (iv) legal, accounting, auditing, risk aggregation, tax reporting and other professional fees and expenses; (v) administrative and service provider fees and expenses; (vi) the costs of preparing, printing and distributing annual and periodic reports and other investor communications; (vii) insurance costs; (viii) any other operating or administrative expenses related to accounting, research, due diligence or reporting; (ix) costs and expenses relating to the Partnership's and the General Partner's regulatory and compliance costs, including, without limitation, costs of compliance programs, third-party compliance

consultation, actual and "mock" examinations, regulatory filings (including Form PF, FATCA, Forms 13D and G and Form CPO-PQR filings), reporting, registrations, memberships, regulatory and governmental inquiries, subpoenas and proceedings (in each case, whether involving the Partnership or the General Partner in its capacity as the general partner the Partnership); (x) costs associated with the possible reorganization or restructurings of the Partnership, and (xi) any extraordinary expenses (e.g., litigation, taxes and duties incurred in connection with the Partnership's operations and indemnification payments). Expenses are generally shared by all of the Partners, while expenses related to one or more particular series or classes of Interests will be allocated accordingly by the General Partner.

The Partnership will also be responsible for its pro rata portion of the Master Fund's costs and expenses, the nature of which costs and expenses are anticipated to be similar to those of the Partnership. A portion of the Partnership's and/or the Master Fund's operating expenses may be shared with other investment entities or accounts managed by the General Partner or its affiliates on an equitable basis and the Partnership may likewise share a portion of the operating expenses of such other investment entities and accounts.

A portion of expenses for certain research and brokerage products and services incurred by the General Partner might be paid with "soft dollars" generated through the Master Fund's trading activities. It is anticipated that the use of commissions or "soft dollars" to pay for research and brokerage products and services will fall within the safe harbor created by Section 28(e) of the Exchange Act. Under Section 28(e) of the Exchange Act, research and brokerage products and services obtained with soft dollars generated by the Master Fund may be used by the General Partner to service accounts other than the Master Fund and the Partnership. Where a product or service obtained with soft dollars provides "mixed-use" research or brokerage products or services to the General Partner, the General Partner will make a reasonable allocation of the cost which may be paid for with soft dollars.

Organizational costs of the Partnership and the costs incurred in connection with the initial issuance of Interests, including legal and accounting fees, document production and printing costs, federal and state filing fees, and other related expenses, will be paid for by the Partnership. In addition, the Partnership will bear its pro rata portion of the organizational costs of the Master Fund. The General Partner or one of its affiliates may elect from time to time to pay certain of the Partnership's expenses. It is anticipated that organizational costs will be amortized by the Partnership, in the discretion of the General Partner, for financial reporting purposes over a period of five years. The General Partner believes that amortizing such expenses is more equitable than expensing the entire amount during the first year of operations, as is required by U.S. generally accepted accounting principles (GAAP), and also conforms to industry practice. Amortization of the Partnership's organizational costs may result in a qualification of the auditor's opinion of the Partnership's financial statements. In such instances, the General Partner may decide to (i) avoid the qualification by recognizing the unamortized expenses or (ii) make GAAP conforming changes for financial reporting purposes, but amortize expenses for purposes of calculating the Partnership's net asset value. There will be a divergence in Partnership's fiscal year-end net asset value and in the net asset value reported in the Partnership's financial statements in any year where, pursuant to clause (ii), GAAP conforming changes are made only to the Partnership's financial statements for financial reporting purposes. If the Partnership is terminated within five years of its commencement, any unamortized expenses will be recognized. If a Limited Partner withdraws all or part of its capital account prior to the end of the period during which the Partnership is amortizing expenses, the General Partner may, but is not required to, accelerate a proportionate share of the unamortized expenses based upon the amount being withdrawn and reduce withdrawal proceeds by the amount of such accelerated expenses.

In consideration of the Management Fee, the General Partner will bear all of its own normal and recurring operating expenses and overhead costs incurred in connection with the investment and other management services that it will provide to the Partnership, including rent, personnel, travel, entertainment and

marketing expenses, except that research and brokerage products and services expenses incurred by the General Partner may be paid for through the permitted use of "soft dollars" (as described below). The Management Fee may exceed the expenses borne by the General Partner on behalf of the Partnership.

BROKERAGE

Brokerage and Execution; "Soft Dollar" Matters

The General Partner is responsible for selecting broker-dealers to execute trades and negotiating any commissions paid on such transactions. The General Partner's primary consideration in placing transactions with particular broker-dealers is to obtain execution in the most effective manner possible. The General Partner also takes into account a variety of other factors, including the financial strength, integrity and stability of the broker-dealer and the commissions to be paid. The General Partner may also consider the quality comprehensiveness and frequency of available research and other products and services considered to be of value. Such products and services may include, among other things, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, statistics and pricing or appraisal services, discussion with research personnel, special execution capabilities, order of call and the availability of stocks to borrow for short trades. The General Partner is authorized to pay higher prices for the purchase of securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with such research and trading related products and services or to pay higher commissions to such firms if the General Partner determines such prices or commissions are reasonable in relation to the overall services provided. Accordingly, the Partnership and the Master Fund may be deemed to be paying for research and other products and services with "soft" or commission dollars. It is anticipated that the use of commissions or "soft dollars" to pay for research and brokerage products and services will fall within the safe harbor created by Section 28(e) of the Exchange Act. Under Section 28(e) of the Exchange Act, research and brokerage products and services obtained with soft dollars generated by the Partnership and the Master Fund may be used by the General Partner to service accounts other than the Partnership or the Master Fund. Where a product or service obtained with soft dollars provides "mixed-use" research and brokerage products and services to the General Partner, the General Partner will make a reasonable allocation of the cost that may be paid for with soft dollars.

Although the General Partner believes that the Partnership and the Master Fund benefit from many of the products and services obtained with soft dollars generated by the Partnership's or the Master Fund's trades, the Partnership or the Master Fund may not benefit exclusively or at all. In addition, the General Partner may, in its discretion, determine to use one or more third party service providers to perform certain trading functions for the Master Fund, and in connection therewith the Master Fund may pay higher brokerage commissions than might be paid if the General Partner performed this function, particularly in the case of trades that the General Partner directs to be executed with a broker other than the third party service provider. Such service provider may be subject to certain restrictions and conflicts that may limit its ability to perform such trading services.

Prime Broker

[*] together with its respective affiliates (the "**Prime Broker**") will serve as the prime broker for the Master Fund and will clear and settle the Master Fund's securities transactions that are effected through other brokerage firms. Settlement functions normally include, among other matters, arranging for (i) the receipt and delivery of securities purchased, sold, borrowed and loaned, (ii) the making and receiving of payments, (iii) custody of securities fully paid for or not fully paid for and, therefore, compliance with margin and maintenance requirements, (iv) custody of all cash, dividends and exchanges, distributions and rights accruing to the Master Fund's account, (v) the delivery of cash to the Master Fund's bank accounts and (vi) tendering securities in connection with cash tender offers, exchange offers, mergers or other corporate reorganizations. In addition, the Prime Broker may also provide the General Partner with capital introduction services aimed to assist the General Partner and its affiliates in raising capital for the Master

Fund. The Master Fund is not committed to continue its relationship with the Prime Broker for any minimum period and the General Partner may, in its sole discretion, switch prime brokers or select multiple brokers, in each case, to the extent permitted by law, including foreign prime brokers or their equivalents thereof, to act as prime broker to the Master Fund. The Prime Broker will generally maintain custody of the Master Fund's securities and cash, although in certain instances other brokers that execute transactions for the Master Fund will maintain custody of the Master Fund's assets. The Master Fund may, in the sole discretion of the General Partner, also enter into other arrangements with one or more custodians, pursuant to which such custodians may maintain custody for all or a portion of the Master Fund's assets.

The Master Fund may enter into various agreements with the Prime Broker and other brokers to effectuate the foregoing and its trading activities. Pursuant to such agreements, the Master Fund's assets may be subject to security interests in favor of the Prime Broker or other brokers and the Master Fund will agree to indemnify the Prime Broker and other brokers against losses, costs and damages subject to certain conditions. Assets held as collateral by a broker will be deemed pledged to the broker and its affiliates and may be re-hypothecated or otherwise used by the broker for its own purposes to the extent permitted under applicable law, which may result in the Master Fund being delayed in recovering such assets if at all. The fees and compensation paid to the Prime Broker will be set forth in a separate agreement with the Prime Broker but are generally anticipated to be consistent with industry standards.

CERTAIN SERVICE PROVIDERS

Administrator

The Partnership has entered into an agreement (the "**Administration Agreement**") with SS&C Technologies, Inc. (the "**Administrator**") pursuant to which the Administrator shall provide the Partnership with certain transfer agency and accounting services including, without limitation, computation of the Partnership's net asset value, in exchange for a fee.

[Pursuant to the terms of the Administration Agreement, the services provided by the Administrator include the following: (i) acceptance and processing of subscriptions; (ii) receipt of requests for withdrawals and authorization of payments of withdrawal proceeds; (iii) maintenance of the books and records of the Partnership (iv) coordination of the Partnership's annual audit; (v) preparation of limited partner account statements; (vi) calculation of net asset value of the Partnership and (vii) other services as agreed on by the parties.

Pursuant to the Administration Agreement, the Partnership has agreed to indemnify and hold harmless the Administrator from and against any third party claims, liabilities, costs and expenses arising from or relating to the Administrator's provision of services under the Administration Agreement, except to the extent finally determined by a court of competent jurisdiction to have resulted from the gross negligence, willful misconduct or bad faith of the Administrator; and except with respect to damages finally determined by a court of competent jurisdiction to have resulted directly from the gross negligence, willful misconduct or bad faith of the Administrator, neither the Administrator nor any other Indemnified Party shall be liable to the Partnership, the General Partner or any Limited Partner or any other person on account of any action taken, omitted or suffered by the Administrator pursuant to the Administration Agreement in the performance of the services to be performed by the Administrator.

The Administrator is not responsible for any trading or valuation decisions of the Partnership all of which decisions will be made by the General Partner. The Administrator will not provide any investment advisory or management service to the Partnership and therefore will not be in any way responsible for the Partnership's performance. The Administrator will not be responsible for monitoring any investment restrictions or compliance with the investment restrictions and therefore will not be liable for any breach thereof.] ***[**Subject to review of the administration agreement.**]***

Counsel

Morgan, Lewis & Bockius, LLP ("**Morgan Lewis**") acts as legal counsel to the Partnership in connection with its offering of Interests. It also acts as legal counsel to the General Partner and U.S. counsel to the Master Fund. Representation by Morgan Lewis is limited to specific matters as which it has been consulted by the Partnership, the Master Fund, and/or the General Partner. Ogier acts as British Virgin Islands counsel to the Master Fund. No independent counsel has been engaged to represent the Limited Partners.

In connection with the Partnership's offering of Interests and subsequent advice to the Partnership and the Master Fund, neither Morgan Lewis nor Ogier will represent the Limited Partners. No independent legal counsel has been retained to represent the Limited Partners. Morgan Lewis' representation of the Partnership is limited to specific matters as to which it has been consulted by the Partnership, Master Fund, and/or the General Partner. There may exist other matters that could have a bearing on the Partnership and

the Master Fund as to which Morgan Lewis and Ogier have not been consulted. In addition, Morgan Lewis and Ogier do not undertake to monitor compliance by the General Partner and its affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor do Morgan Lewis and Ogier monitor ongoing compliance with applicable laws. In connection with the preparation of this Memorandum, Morgan Lewis' responsibility is limited to matters of U.S. law, and it does not accept responsibility in relation to any other matters referred to or disclosed in this Memorandum. In the course of advising the Partnership and the Master Fund, there are times when the interests of Limited Partners may differ from those of the Partnership. Morgan Lewis and Ogier do not represent the Limited Partners' interests in resolving these issues. In reviewing and preparing this Memorandum, Morgan Lewis has relied upon information furnished to it by the Partnership and the General Partner and have not investigated or verified the accuracy and completeness of information set forth herein concerning the Partnership.

Auditor

The Partnership has retained KPMG LLP as its independent auditor, who will also serve as the Master Fund's independent auditor.

CERTAIN RISK FACTORS

The Partnership may be deemed to be a speculative investment and is not intended as a complete investment program. The Partnership is designed only for sophisticated persons who are able to bear the risk of an investment in the Partnership. The following does not purport to be a summary of all of the risks associated with an investment in the Partnership. Rather, the following describes certain specific risks to which the Partnership (and, therefore, each Partner) is subject and with respect to which the General Partner strongly encourage potential investors to carefully consider and to consult regarding the same with their professional advisors, as they deem necessary.

For purposes of clarity and convenience, this Memorandum refers to the investment program and portfolio transactions of the Partnership. However, the Partnership will invest substantially all of its assets through the Master Fund. Therefore, where appropriate, references to "the Partnership" will be construed to mean, the Partnership or the Master Fund, as the case may be.

Market and Investment Risks

Investment and Trading Risks. An investment in the Partnership involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Partnership's investment program will be successful or that the Partnership will achieve its objective. The General Partner will be investing substantially all of the Partnership's assets in securities, some of which may be particularly sensitive to economic, market, industry and other variable conditions. The markets in which the Partnership expects to invest may experience significant volatility and losses. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Partnership.

Investments in Equity Securities Generally. The Partnership may invest in equity and equity-related securities in the U.S. and other countries. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Partnership may suffer losses if it invests in equity instruments of issuers whose performance diverges from the General Partner's expectations or if equity markets generally move in a single direction and the Partnership has not hedged against such a general move.

Concentration of Investments. The Partnership's portfolio may, from time to time, be concentrated in a particular type of security, industry, geographic location or market capitalization. This may be the result of the Partnership's opportunistic investing, external market forces or the lack of liquidity in one security as compared to other securities the Partnership holds. Losses incurred in a position making up a significant percentage of the Partnership's capital could have a material adverse effect on the Partnership's overall financial condition. This limited diversity could expose the Partnership to significantly greater volatility than in a more diversified portfolio.

Undervalued and Overvalued Equity Securities. The Partnership's investment strategy will also focus on investing in companies that the General Partner believes are undervalued and overvalued. Opportunities in undervalued equity securities arise from market inefficiencies or due to a lack of wide recognition of the potential impact (positive or negative) that earnings events or trends may have on the value of a security. Opportunities in overvalued equity securities may arise when a stock's earnings will be less than analysts' published consensus, and, therefore, the stock price is expected to drop. Overvaluation may result from an emotional buying spurt, which inflates the stock's market price, or from a deterioration in a company's financial strength. The identification of investment opportunities in undervalued and overvalued securities

is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investing long in undervalued securities and investing short in overvalued securities present opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Furthermore, investing in these securities carries additional risk as other managers with similar positions could be forced to unwind and drive security pricing in a manner adverse to the Partnership.

Short Sales. The General Partner expects to engage in short sales as part of hedging transactions or when it believes securities are overvalued. Short sales are sales of securities the Partnership borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and the Partnership will be able to make a profit by purchasing the securities at a later date at the lower prices. The Partnership will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a "long" position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

Short sale transactions have been subject to increased regulatory scrutiny in response to market events in recent years, including the imposition of restrictions on short selling certain securities and reporting requirements. The Partnership's ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of the Partnership. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may impose restrictions that adversely affect the Partnership's ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, the Partnership may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. The Partnership may also incur additional costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and the Partnership is subject to strict delivery requirements. The inability of the Partnership to deliver securities within the required time frame may subject the Partnership to mandatory close out by the executing broker-dealer. A mandatory close out may subject the Partnership to unintended costs and losses. Certain action or inaction by third-parties, such as executing broker-dealers or clearing broker-dealers, may materially impact the Partnership's ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale effected by a third-party unrelated to the Partnership.

Small-Cap and Mid-Cap Risks. The Partnership may invest in equities of small- and mid-capitalization companies. While, in the General Partner's opinion, the securities of small- and mid-cap issuers may offer the potential for greater capital appreciation than investment in securities of larger-cap issuers, securities of small- and mid-capitalization issuers may also present greater risks. For example, some small- and mid-cap issuers have limited product lines, markets, or financial resources and may be dependent for

management on one or a few key persons. In addition, such issuers may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. In addition, due to thin trading in many smaller capitalization stocks, an investment in such stocks may be characterized by reduced liquidity. Further, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is potentially higher than for larger, "blue-chip" companies. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, corporate developments, and market rumors than are the market prices of larger-cap issuers. Transaction costs in securities of small- and mid-cap issuers may be higher than in those of large-cap issuers. There may be less information about small and mid-cap companies than larger cap companies.

Inside Information. From time to time, the General Partner or its affiliates may be in possession of material, non-public information concerning the issuer of securities or other instruments in which the Partnership has invested, or as to which it is evaluating an investment. The possession of such information may limit the ability of the General Partner to cause the Partnership to buy or sell such securities or other instruments. Accordingly, the Partnership may be required to refrain from buying or selling such securities or other instruments at times when the General Partner might otherwise wish to cause the Partnership to buy or sell such securities or other instruments. The General Partner has policies and procedures in place that seek to ensure that its investment practices do not violate federal and state securities law prohibitions on trading on inside information.

Use of Leverage. The General Partner expects to use leverage the Partnership's portfolio through margin and other debt in order to increase the amount of capital available for investments. Although leverage increases returns to the Partners if the Partnership earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns to the Partners if the Partnership fails to earn as much on such incremental investments as it pays for such funds. In the event that the Partnership leverages its portfolio, fluctuations in the market value of the Partnership's portfolio will have a significant effect in relation to the Partnership's capital and the risk of loss and the possibility of gain will each be increased. In addition, when the Partnership utilizes leverage, the level of interest rates generally, and the rates at which the Partnership can borrow in particular, will be an expense of the Partnership and therefore affect the operating results of the Partnership. Leverage increases the risk of substantial losses (including the risk of a total loss of capital), and leverage can significantly magnify the volatility of the Partnership's portfolio.

The Partnership may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks to the Partnership. For example, should the securities pledged to brokers to secure the Partnership's margin accounts decline in value, the Partnership could be subject to a "margin call" pursuant to which the Partnership would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of the Partnership's assets, the Partnership might not be able to liquidate assets quickly enough to pay off its margin debt.

Fixed Income Securities. The Partnership may invest in investment grade and below investment grade bonds or other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, sovereign debt issued or guaranteed by foreign governments; and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Partnership invests will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of

credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

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

Preferred Shares. The Partnership may invest in the preferred shares of certain companies. Preferred shares may pay dividends at a specific rate and generally have preference over common stock in the payment of dividends in a liquidation of assets but rank after debt securities. Unlike interest payments on debt securities, dividends on preferred shares are generally payable at the discretion of the board of directors of the issuer. The market prices of preferred shares are subject to changes in interest rates and are more sensitive to changes in the issuer's creditworthiness than are the prices of debt securities.

Short Sales. The General Partner may engage in short sales as part of hedging transactions or when it believes securities are overvalued. Short sales are sales of securities the Partnership borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and the Partnership will be able to make a profit by purchasing the securities at a later date at the lower prices. The Partnership will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a "long" position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

Short sale transactions have been subject to increased regulatory scrutiny in response to market events in recent years, including the imposition of restrictions on short selling certain securities and reporting requirements. The Partnership's ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of the Partnership. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may impose restrictions that adversely affect the Partnership's ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, the Partnership may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. The Partnership may also incur additional costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and the Partnership is subject to strict delivery requirements. The inability of the Partnership to deliver securities within the required time frame may subject the Partnership to mandatory close out by the executing broker-dealer. A mandatory close out may subject the Partnership to unintended costs and losses. Certain action or inaction by third-parties, such as executing broker-dealers or clearing broker-dealers, may materially impact the Partnership's ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale effected by a third-party unrelated to the Partnership.

Investments in Options. The Partnership may invest in options. In addition, the Partnership may write and sell covered call and put option contracts. The Partnership does not anticipate writing or selling uncovered call or put option contracts, but may do so from time to time. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Options written by the Partnership may be wholly or partially covered (meaning that the Partnership holds an offsetting position) or uncovered. Options on specific investments may be used by the Partnership to seek enhanced profits with respect to a particular investment. Alternatively, they may be used for various defensive or hedging purposes. For example, they may be used to protect against a future adverse change in the market price of particular portfolio investments held by the Partnership without requiring a sale of the investments.

Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

Use of put and call options may result in losses to the Partnership, force the sale or purchase of portfolio investments at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the Partnership can realize on their investments or cause the Partnership to hold an investment it might otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended by the Partnership to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by the Partnership. The use of uncovered option writing techniques may entail greater risks of potential loss to the Partnership than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in the Partnership realizing a loss on the calls written,

which would not be offset by the increase in the value of the underlying investments to the extent the call option position was uncovered.

Investments in Other Derivative Investments. The Partnership may invest in certain derivative instruments. Derivative instruments or "derivatives" include futures, options, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement may expose the Partnership to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the General Partner from promptly liquidating unfavorable positions and subject the Partnership to substantial losses.

The General Partner has claimed an exemption from registration with the CFTC as a commodity pool operator pursuant to Rule 4.13(a)(3) under the CEA. Unlike a registered commodity pool operator, the General Partner is not required to deliver a disclosure document and a certified report to participants in the Partnership. The General Partner has claimed an exemption from registration with the CFTC as a commodity trading advisor pursuant to Rule 4.14(a)(8) under the CEA.

Investments in Preferred Shares. The Partnership may invest in the preferred shares of certain companies. Preferred shares may pay dividends at a specific rate and generally have preference over common stock in the payment of dividends in a liquidation of assets but rank after debt securities. Unlike interest payments on debt securities, dividends on preferred shares are generally payable at the discretion of the board of directors of the issuer. The market prices of preferred shares are subject to changes in interest rates and are more sensitive to changes in the issuer's creditworthiness than are the prices of debt securities.

Investments in Exchange Traded Funds. The Partnership may invest in and sell short shares of exchange traded funds ("**ETFs**") and other similar instruments. These transactions may be used to adjust the Partnership's exposure to the general market or industry sectors and to manage the Partnership's risk exposure. ETFs and other similar instruments involve risks generally associated with investments in a broadly based portfolio of common stocks, including the risk that the general level of stock prices, or that the prices of stocks within a particular sector, may increase or decrease, thereby affecting the value of the shares of the ETF or other instruments.

Investments in Closed End Funds. The Partnership may invest in closed end investment funds whose shares may trade at a premium or discount to their net asset value. Closed end funds differ from open end

investment funds in that holders of interests in a closed end fund do not have the right to redeem their interests on a daily basis at a price based on net asset value. The Partnership will generally not have any control over the investments made by closed end funds and will generally only have limited access to information about the closed end funds and their investments. The closed end funds often trade independently of each other and, at times, may hold economically offsetting positions. At times closed end funds may make in kind distributions which could result in the Partnership owning securities that were in the closed end fund's portfolio. These securities may be illiquid and may take considerable time to sell. If a fund is converted to open end status, there may be fees for withdrawal. These fees often decline over time; consequently the Partnership may hold shares in an open end fund. Publicly traded investment funds frequently have anti-takeover provisions that make it difficult to convert them to open end funds, which would allow the fund's shareholders to realize the full value of that fund's assets.

Investments in Money Market Instruments. The Partnership may invest in high quality fixed-income securities, money-market instruments, and foreign money-market mutual funds, or hold cash or cash equivalents in such amounts as the General Partner deems appropriate under the circumstances. Money market instruments are high quality, short-term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. government securities, commercial paper, certificates of deposit and bankers' acceptances issued by domestic branches of United States banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements. However, there can be no assurances that such investments will not be subject to significant risks.

Investments in Index-Linked Securities. The Partnership may invest in index-linked securities whose prices are indexed to the prices of securities indices, currencies, or other financial statistics. Indexed securities typically are debt securities or deposits whose value at maturity and/or coupon rate is determined by reference to a specific instrument or statistic. The performance of indexed securities fluctuates (either directly or inversely, depending upon the instrument) with the performance of the index, security or currency. At the same time, indexed securities are subject to the credit risks associated with the issuer of the security, and their value may substantially decline if the issuer's creditworthiness deteriorates. Recent issuers of indexed securities have included banks, corporations and certain US government agencies.

Investments in American Depository Securities & Receipts. In certain instances, rather than directly holding securities of non-U.S. companies, the Partnership may hold these securities through an American Depository Receipt (an "**ADR**"). An ADR is issued by a U.S. bank or trust company to evidence its ownership of securities of a non-U.S. company. The currency of an ADR may be U.S. dollars rather than the currency of the non-U.S. company to which it relates. The value of an ADR will not be equal to the value of the underlying non-U.S. securities to which the ADR relates as a result of a number of factors. These factors include the fees and expenses associated with holding an ADR, the currency exchange relating to the conversion of foreign dividends and other foreign cash distributions into U.S. dollars, and tax considerations such as withholding tax and different tax rates between the jurisdictions. In addition, the rights of the Partnership, as a holder of an ADR, may be different than the rights of holders of the underlying securities to which the ADR relates, and the market for an ADR may be less liquid than that of the underlying securities. The foreign exchange risk will also affect the value of the ADR and, as a consequence, the performance of the investor holding the ADR.

Cash Holdings. The Partnership may hold substantial cash balances which will vary depending on the General Partner's view of available investment opportunities. During times in which substantial capital is held in cash or cash equivalents, such capital may not be subject to the same returns as the rest of the Partnership's portfolio.

Suspension of Trading. For all securities traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for the Partnership to liquidate its positions and thereby expose it to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for the Partnership to close out positions.

Hedging. The Partnership may utilize certain financial instruments and investment techniques for risk management or hedging purposes. There is no assurance that such risk management and hedging strategies will be successful, as such success will depend on, among other factors, the General Partner's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Partnership's hedging strategies may also be subject to the General Partner's ability to correctly readjust and execute hedges in an efficient and timely manner. There is also a risk that such correlation will change over time rendering the hedge ineffective. It may be more difficult to hedge a position in a smaller cap issuer than a larger-cap issuer. The Partnership's portfolio is not expected to be completely hedged at all times and at various times the General Partner may elect to be more fully hedged and at other times hedged only to a limited extent, if at all. Accordingly, the Partnership's assets may not be adequately protected from market volatility and other conditions.

Concentration of Investments. The Partnership anticipates that its portfolio may, from time to time, be concentrated in a particular type of security, industry, geographic location or market capitalization. This may be the result of the Partnership's opportunistic investing, external market forces or the lack of liquidity in one security as compared to other securities the Partnership holds. Losses incurred in a position making up a significant percentage of the Partnership's capital could have a material adverse effect on the Partnership's overall financial condition. This limited diversity could expose the Partnership to significantly greater volatility than in a more diversified portfolio.

Use of Leverage. The General Partner does not expect to borrow to seek to enhance the Partnership's returns. However, the Partnership may engage in trading on margin by borrowing funds and pledging securities as collateral, thereby utilizing leverage. Although leverage increases returns if the Partnership earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns if the Partnership fails to earn as much on such incremental investments as it pays for such funds. The effect of leverage in a declining market would also result in a greater decrease in the net asset value of the Partnership than if the Partnership were not so leveraged. If the assets, if any, used to secure the borrowing decrease in value, the Partnership may be required to pledge additional collateral to the lender in the form of cash or securities to avoid liquidation of those assets. The Partnership does not currently intend to use leverage other than non-recourse borrowings associated with specific transactions, although it reserves the right to do so in the General Partner's sole discretion.

Reliance on Corporate Management and Financial Reporting. The General Partner may select investments for the Partnership in part on the basis of information and data filed by issuers of securities with various government regulators or made directly available to the General Partner by the issuers of securities or through sources other than the issuers such as collateral pool servicers. Although the General Partner will evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, the General Partner will not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information will not be readily available. The General Partner is dependent upon the integrity of the management of these issuers and of such servicers and the financial and collateral performance reporting processes in general. Recent events have demonstrated the material losses which investors, such as the Partnership, can incur as a result of corporate mismanagement, fraud and accounting irregularities.

Position Limits. "Position limits" imposed by various regulators may limit the Partnership's ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular financial instrument. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if the Partnership does not intend to exceed applicable position limits, it is possible that different accounts managed by the General Partner may be aggregated. If at any time positions managed by the General Partner were to exceed applicable position limits, the General Partner would be required to liquidate positions, which might include positions of the Partnership, to the extent necessary to come within those limits. Further, to avoid exceeding the position limits, the Partnership might have to forego or modify certain of its contemplated trades.

Execution of Orders. The Partnership's trading strategy may depend on its ability to establish and maintain an overall market position in a combination of financial instruments selected by the General Partner. The Partnership's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to the Partnership, its brokers, agents or other service providers. In such event, the Partnership might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Partnership might not be able to make such adjustment. As a result, the Partnership would not be able to achieve the market position selected by the General Partner, and might incur a loss in liquidating its position. In addition, the Partnership relies on electronic execution systems, and such systems may be subject to failure, causing the interruption of trading orders made by the Partnership.

Purchasing Securities of Initial Public Offering. From time to time the Partnership may purchase securities that are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for the Partnership to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities. The Partnership may invest in securities that are "new issues", as defined in Rule 5130. Rule 5130 and Rule 5131 restricts certain persons from participating in "new issues". The Partnership Agreement will provide a mechanism for the purchase of new issues that excludes participation in such investment by any Partner that is deemed restricted. See "*Summary of the Limited Partnership Agreement - Purchases of New Issues*".

Investment in Small Companies. There is no limitation on the size or operating experience of the companies in which the Partnership may invest. Some small companies in which the Partnership may invest may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Such companies may be small factors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

General Economic and Market Conditions. The success of the Partnership's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Partnership's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility of securities' prices, the liquidity of the Partnership's investments and the availability of certain securities and investments. Volatility or illiquidity could impair the Partnership's profitability or result in losses. The Partnership may maintain substantial trading positions

that can be materially adversely affected by the level of volatility in the financial markets–the larger the positions, the greater the potential for loss.

The Partnership may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Partnership from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to the Partnership. Market disruptions may from time to time cause dramatic losses for the Partnership, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Market Disruptions; Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act. The global financial markets have in recent years gone through pervasive and fundamental disruptions that have led to extensive governmental intervention. Such intervention was in certain cases implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, certain of these interventions have been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which aims to reform various aspects of the U.S. financial markets, covers a broad range of market participants including investment advisers (registered and unregistered) such as the General Partner. The Dodd-Frank Act may directly affect the General Partner by mandating additional new reporting requirements, including, but not limited to, position information, use of leverage and counterparty and credit risk exposure. Until the SEC implements all of the new reporting requirements, the full burden of such reporting obligations will not be known.

The Dodd-Frank Act may also affect the Partnership in a number of other ways. Pursuant to the Dodd-Frank Act, banks and other financial firms (like the Partnership and the General Partner) may be designated as "Systemically Important Financial Institutions" or SIFIs. Any bank or financial firm so designated will be subject to regulation by the Federal Reserve Board. In the area of derivatives, the Dodd-Frank Act provides for the registration and comprehensive regulation of "major swap participants". Although the General Partner believes it is unlikely to be classified as SIFIs and are not subject to the requirements for "major swap participants", the consequences of being so classified could be substantial and adverse. In addition, the cost of derivative transactions may substantially increase as result of the Dodd-Frank Act as additional margin, capital and collateral obligations are implemented.

Transaction Execution and Costs. As the General Partner expects to actively manage the Partnership's portfolio, purchases and sales of investments may result in higher transaction costs to the Partnership. The successful application of the Partnership's investment strategy will depend, in part, upon the quality of execution of transactions, such as the ability of broker-dealers to execute orders on a timely and efficient basis. Although the Partnership will seek to utilize brokerage firms that will afford superior execution capability to the Partnership, there is no assurance that all of the Partnership's transactions will be executed with optimal quality. Furthermore, due to the degree of trading, total commission charges and other transaction costs may be expected to be high. The level of commission charges, as an expense of the Partnership, may therefore be expected to be a factor in determining future profitability of the Partnership.

Broker/Custodian Risk. The Partnership's assets may be held in one or more accounts maintained for the Partnership by its custodian bank, prime brokers or at other brokers or banks, which may be located in various jurisdictions, including emerging market jurisdictions. The custodian bank, prime brokers, other brokers (including those acting as sub-custodians) and banks are subject to various laws and regulations in the relevant jurisdictions that are designed to protect their customers in the event of their insolvency. Accordingly, the practical effect of the laws protecting customers in the event of insolvency and their application to the Partnership's assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions brokers could have title to the Partnership's assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a custodian bank, prime broker, other broker or bank, or a clearing corporation, it is impossible further to generalize about the effect of the insolvency of any of them on the Partnership and its assets. Investors should assume that the insolvency of any of the custodian bank, prime brokers, other brokers or banks or clearing corporations may result in the loss of all or a substantial portion of the Partnership's assets or in a significant delay in the Partnership having access to those assets.

Risks Associated with the Partnership

No Operating History and Dependence on Key Personnel. Although Mr. Trafton has significant investment experience, the General Partner and the Partnership have no financial and operating history upon which a prospective investor may base its investment decision. The past performance of the strategies and products managed by Mr. Trafton is no guarantee of future performance. If Mr. Trafton ceases to be involved in the management of the Partnership's portfolio, such event may have a material adverse effect on the business of the Partnership.

Partnership Interests are Illiquid. Because of the limitations on withdrawals and the fact that Interests are not tradable, an investment in the Partnership is relatively illiquid and involves a high degree of risk. A subscription for Interests should be considered only by sophisticated investors financially able to maintain their investment and who can afford to lose all or a substantial part of such investment. There is no public market for Interests.

Limitations on Limited Partner Withdrawals and Transfers. Subject to the Initial Withdrawal Date, withdrawal notices, and other withdrawal restrictions, a Limited Partner generally will not be permitted to withdraw all or any portion of its capital account balances from the Partnership except as set forth in the relevant Supplement. The General Partner may waive or reduce such limitations in its sole discretion. The General Partner may suspend withdrawal rights (including the payment of withdrawal proceeds and the calculation of the net asset value of the Partnership), in whole or in part, when there exists in the opinion of the General Partner a state of affairs where the disposal of the Partnership's assets, or the determination of the value of the Limited Partner's capital accounts, would not be reasonably practicable or would be seriously prejudicial to the non-withdrawing Limited Partners or if required under any applicable anti-money laundering laws or regulations. In addition, transfers of Interests will be permitted only in limited circumstances at the discretion of the General Partner. Accordingly, Interests should only be acquired by investors willing and able to commit their funds for an appreciable period of time.

A Limited Partner May Be Required to Withdraw Its Capital. Under the Partnership Agreement, the General Partner may, in its sole discretion at any time, require any Limited Partner to withdraw all or a portion of such Limited Partner's capital from the Partnership upon at least five (5) days' prior written notice. Such mandatory withdrawal may create adverse tax and/or economic consequences to the Limited Partner depending on the timing thereof.

Limited Partners Do Not Participate in Management. Limited Partners do not participate in the management of the Partnership or in the conduct of its business. Moreover, Limited Partners have no right to influence the management of the Partnership, whether by voting or otherwise. Any participation in the management of the Partnership could subject a Limited Partner to unlimited liability as a general partner.

Liability of Limited Partners for the Return of Capital Contributions. If the Partnership should become insolvent, the Partners may be required to return, with interest, any property distributed that represented a return of capital, repay any distributions wrongfully made to them and forfeit any undistributed profits.

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

Trade Errors. Although the General Partner exercises due care in making and implementing investment decisions, employees of the General Partner may from time to time make errors with respect to trades made on behalf of the Partnership. Subject to applicable law, the General Partner will not be liable to the Partnership or the Limited Partners for any trading losses, liabilities, damages, expenses or costs resulting from trade errors by the Partnership except those losses, costs, damages or expenses resulting from the General Partner's fraud, willful misconduct or gross negligence. Notwithstanding this limitation on liability, the General Partner may voluntarily reimburse the Partnership for certain other losses suffered as a result of trade errors identified by the General Partner.

In-Kind Distributions. The Partnership anticipates distributing cash to a Partner upon a withdrawal. However, there can be no assurance that the Partnership will have sufficient cash to satisfy withdrawal requests or that it will be able to liquidate investments at the time of such withdrawal requests at favorable prices. Under the foregoing circumstances, and under other circumstances deemed appropriate by the General Partner, a Partner may receive in-kind distributions from the Partnership's portfolio. Distributions in-kind will generally be made pro rata to all withdrawing Partners and may, in the discretion of the General Partner, be made through the use of a liquidating entity. The risk of loss and delay in liquidating these securities will be borne by the Partner, with the result that such Partner may receive less cash than it would have received as of the withdrawal date.

Master-Feeder Structure; Concentration of Investors. The Partnership intends to invest substantially all of its assets through the Master Fund. The Offshore Fund, if formed, also intends to invest substantially all of its assets in the Master Fund. The master-feeder fund structure presents certain risks to investors. For example, a smaller feeder fund investing in the Master Fund may be materially affected by the actions of a larger feeder fund investing in the Master Fund. If a larger feeder fund makes a withdrawal from the Master Fund, the remaining feeder funds may experience higher pro rata operating expenses, thereby producing lower returns. The Master Fund may become less diverse due to a withdrawal by a larger feeder fund, resulting in increased portfolio risk. The Master Fund will be a single entity and creditors of the Master Fund may enforce claims against all assets of the Master Fund. Furthermore, a significant portion of either feeder fund may come from one or a few large investors and any significant withdrawals thereof could have a material adverse effect on the other investors. The Partnership or the Offshore Fund (if formed) may, in their discretion, make certain arrangements with one or more such investors, to the extent permitted to do so under the applicable governing instruments and the applicable offering memorandum.

The General Partner does not intend to manage the Partnership to maximize tax benefits to investors; however, to the extent the Partnership's assets are invested in the Master Fund, certain conflicts of interest may exist relating to tax considerations applicable to one feeder fund that do not relate to others.

A Series of Interests is not a Separate Legal Entity. As among the Limited Partners, although the Partnership maintains only one portfolio of assets, the appreciation and depreciation attributable to any series of Interests will be allocated only to such series of Interests. Similarly, expenses attributable solely to a particular series of Interests will be allocated solely to that series of Interests. However, a creditor of the Partnership will generally not be bound to satisfy its claims from a particular series of Interests. Rather, such creditor generally may seek to satisfy its claims from the assets of the Partnership as a whole. Further, if the losses attributable to a series of Interests exceed its value, then such losses could negatively impact the value of other series of Interests.

Asset Growth. If the assets that the General Partner and its affiliates manage grow significantly, it may adversely affect the Partnership's investment performance. It becomes more difficult to find attractive investment opportunities as the amount of assets that the General Partner must invest increases. In such event, the General Partner may find it necessary to invest in a greater number of companies than it currently intends, which could dilute its focus on individual companies, impair its ability to monitor existing and potential investments and result in investments in companies that it otherwise would not select. In addition, with greater assets to invest, it will be increasingly difficult for the Partnership to make investments large enough to be meaningful to its overall portfolios.

Conflicts of Interest. As described under the heading "*Partnership Management – Conflicts of Interest",* there are certain actual and potential conflicts of interest that should be considered by prospective investors before subscribing for Interests. These include that the General Partner, the General Partner, their members, principals, managers, affiliates and employees may engage in other activities, including providing investment management and advisory services to other accounts, and shall not be required to refrain from any activity, to disgorge profits from any such activity or to devote all or any particular amount of time or effort of any of their officers, directors or employees to the Partnership and its affairs.

Supplementary Agreements with Limited Partners. In connection with an investor's subscription for an Interest (or for Shares in the Offshore Fund, if formed), the General Partner may enter into a side letter or similar agreement (a "**Supplementary Agreement**") with such investor. A Supplementary Agreement may provide for, among other things, (i) the General Partner's agreement to exercise its discretionary authority under the Partnership Agreement, (or the Offshore Fund's Memorandum and Articles of Association) in certain respects for the benefit of the investor; (ii) the General Partner's agreement to extend certain information rights or additional reporting to such investor, in some cases to accommodate special regulatory or other circumstances of the new investor; or (iii) restrictions on, or special rights of the new investor with respect to, the activities of the General Partner. The entry by the General Partner into any Supplementary Agreement would not require the vote or consent of any Limited Partner unless such Supplementary Agreement constituted or required an amendment to the Partnership Agreement (or Memorandum and Articles of Association) requiring such a vote or consent.

Soft Dollars. The use of brokerage commissions to obtain research and brokerage products and services creates a conflict of interest between the General Partner and the Partnership. This may result in the Partnership paying higher brokerage commissions than might be paid if transactions were effected through brokers that do not provide such services. To the extent that the General Partner is able to acquire these research and brokerage products and services without expending its own resources or at reduced prices, the General Partner's use of "soft-dollars" would tend to increase its profitability. Such research and brokerage products and services may also be used by the General Partner in its other investment activities, and

therefore, the Partnership may not, in any particular instance, be the direct or indirect beneficiary of the research and brokerage products and services provided. In addition, the availability of these non-monetary benefits may influence the General Partner to select one broker rather than another to perform services for the Partnership. Although the General Partner does not anticipate that it will generate a significant amount of "soft dollars", to the extent it does, it is anticipated that the use of commissions or "soft dollars" to pay for research and brokerage products and services will fall within the safe harbor created by Section 28(e) of the Exchange Act.

Valuation. Valuations of the Partnership's securities and other investments may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the net asset value of the Partnership could be adversely affected. Certain of the Partnership's investments may not be listed on established exchanges, which may make a determination of the fair market value of such securities difficult to accurately determine. Furthermore, even for listed securities, the General Partner may determine that the listed prices of the securities as determined in accordance with the valuation procedures set forth in the Partnership Agreement do not reflect the actual value of the securities and the General Partner may make such appropriate and reasonable modifications thereto to reflect the value of the securities, including to reflect liquidity conditions or other factors affecting such value. Third party pricing information may at times not be available regarding certain securities. Valuation determinations made by the General Partner which will be conclusive and binding, may affect the amount of the Management Fee and Performance Allocation.

Federal Income Tax Risks. Neither the Partnership nor the Master Fund has requested a ruling from the Internal Revenue Service (the "**IRS**") as to any tax matters, including whether the Partnership or the Master Fund will be treated as a partnership (and not as an association taxable as a corporation) for federal income tax purposes. If the Partnership were to be treated as a corporation rather than as a partnership for federal income tax purposes, the Partnership itself would be taxed on its taxable income at corporate tax rates, there would be no flow-through of items of Partnership income, gain, loss or deductions to the Partners, and Partnership distributions generally would be taxable as dividends. If the Master Fund were determined to be taxable as a corporation, it would be subject to regular federal corporate income tax, plus a thirty percent (30%) branch profits tax, on its income (if any) effectively connected with a U.S. trade or business, and any distributions to the Partnership would be taxable as dividends to the extent of the earnings and profits of the Master Fund. In addition, the Master Fund could be classified as a "controlled foreign corporation" and would be classified as a "passive foreign investment company" ("**PFIC**"), which could result in adverse tax consequences to the Partners, including in the case of a PFIC the imposition of an interest charge on certain amounts treated as having been deferred by the Partners. Under present laws and regulations and judicial interpretations thereof, the General Partner believes the Partnership and the Master Fund would be classified and treated as a partnership for federal income tax purposes, and not as an association taxable as a corporation.

Assuming that each of the Partnership and the Master Fund are treated as partnerships, the Partnership will take into account for federal income tax purposes its pro rata share of the Master Fund's income and loss and each Limited Partner must include in its own income, its allocable share of Partnership taxable income, whether or not any cash is distributed and, as a result of various limitations imposed by the tax laws regarding passive losses and otherwise, may be unable to currently deduct its allocable share of Partnership expenses and capital losses, if any. Because the General Partner currently does not anticipate the Partnership to make cash distributions to Limited Partners, a Limited Partner's tax liability with respect to its share of the Partnership's taxable income may exceed the cash distributions, if any, to such Partner in a particular year. Furthermore, special tax rules apply to certain categories of Limited Partners, including individual retirement accounts and other tax-exempt entities.

An audit of the Partnership or the Master Fund's federal informational tax return may cause a change in or precipitate an audit of the Limited Partners' federal income tax returns. Further, any such audit might result in adjustments by the IRS to items of non-Partnership income or loss. Any additional federal income tax due as a result of any such adjustment will bear interest (compounded daily) at rates established quarterly by the IRS (for individuals) equal to three percentage points above the federal short term rate determined in accordance with Section 1274(d) of the Internal Revenue Code of 1986, as amended (the "**Code**"), for the first month in the quarter (rounded to the nearest full percent).

Tax-Exempt Investors. Entities subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), as well as other investors that are exempt from taxation (or that are entities composed primarily of tax-exempt U.S. Persons), may be subject to federal, state and local laws, rules and regulations, which may regulate their participation in the Partnership or their engaging directly or indirectly through an investment in the Partnership in investment strategies of the types which the Partnership may utilize from time to time (e.g., short sales of securities and the use of leverage and limited diversification). Each type of exempt organization may be subject to different laws, rules and regulations, and prospective investors should consult with their own advisers as to the advisability and tax consequences of an investment in the Partnership. See "*Certain Federal Income Tax Matters*". Accordingly, an investment in the Partnership may not be appropriate for U.S. IRAs, pension plans and other tax-exempt entities because it may produce debt-financed income that would be taxable to such entities. It is anticipated that such potential investors will prefer to invest in the Offshore Fund, which is an exempted company formed under the laws of the British Virgin Islands and which has been established to give U.S. tax-exempt investors (as well as non-U.S. investors) the opportunity to pursue a parallel investment strategy to that of the Partnership.

Accounting for Uncertainty in Income Taxes. Pursuant to U.S. Financial Accounting Standards Codification Topic 740-10 ("**ASC 740-10**"), which provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in U.S. GAAP compliant financial statements, the Partnership is required to determine whether it is more likely than not that a given tax position will be sustained upon examination based on its technical merits. As a result of such a determination, the Partnership may be required to accrue a tax liability in its net asset value calculation and, conversely, may be required to reverse an accrual of a tax liability in its net asset value calculation in accordance with U.S. GAAP. Recognition and measurement of each tax position, including any tax position for which there is a lack of authority and audit experience, is determined by the General Partner in its sole discretion, based on the facts and circumstances known at the time. There can be no assurance that any such determination will not change over time. A prospective investor should be aware that, among other things, ASC 740-10 may require a reduction in the net asset value of the Partnership including reducing the net asset value of the Partnership to reflect an accrual for income taxes that may be payable in respect of prior periods by the Partnership. This could cause benefits or detriments to certain investors, depending upon the timing of their entry and exit from the Partnership. Accordingly, if such an accrual is subsequently reversed, the reversal may benefit only those Partners in the Partnership at the time of such reversal. Partners admitted to the Partnership after any such reserve is established may benefit by sharing in the proceeds upon reversal of such reserve, and Partners that have withdrawn from the Partnership prior to a reversal of such reserve may not share in the proceeds related to such reversal. Changes to accounting standards, policies or practices could have similar effects to those outlined above.

Benefit Plan Regulatory Risks. Although Benefit Plan Investors will generally prefer to invest in the Offshore Fund, Benefit Plan Investors may subscribe for Interests in the Partnership. The Master Fund does not currently intend to permit investments in the Master Fund by Benefit Plan Investors to equal or exceed twenty-five percent (25%) of the value of any class of equity interests in the Master Fund in order

to avoid the assets of the Master Fund from being treated as the Plan Assets of any Benefit Plan Investor. However, the Master Fund reserves the right, in its sole discretion, to permit investments by Benefit Plan Investors in the Master Fund to exceed the twenty-five percent (25%) threshold at any time and to comply thereafter with the applicable provisions of ERISA and the Code. If the Master Fund were at any point deemed to hold Plan Assets, the operations and investments of the Master Fund could be limited as a result, resulting in a lower return to the Master Fund, and indirectly to the Partnership than might otherwise be the case. Further, unless General Partner and the General Partner operated the Master Fund and its investments in accordance with ERISA and the prohibited transaction provisions of the Code, they could be exposed to litigation, penalties and liabilities which might adversely affect their ability to fully satisfy their obligations to the Master Fund.

It is not anticipated that the level of investment by Benefit Plan Investors in the Partnership will cause the Partnership to be treated as including Plan Assets. However, during any periods in which the assets of the Partnership or the Offshore Fund are treated as Plan Assets, because of the limited purpose of the Partnership, including the requirement that the Partnership follow the directions of the fiduciaries of each Benefit Plan Investor investing its assets in the Partnership to invest all Investible Assets (as defined herein, see "*ERISA and Other U.S. Benefit Plan Considerations*".) of the Partnership in the Master Fund and to conform to certain other restrictions as set forth below during any period in which any assets of the Partnership or the Offshore Fund are treated as Plan Assets, the Partnership does not anticipate that the General Partner, the General Partner or any other entity providing services to the Partnership will be acting as a fiduciary with respect to the assets of any Benefit Plan Investor in the Partnership. See "*ERISA and Other U.S. Benefit Plan Considerations*" and "*Absence of Certain Statutory Registrations"*.

General Partner's Compensation. The Performance Allocation allocated to the General Partner is based, in part, on unrealized investment gains that may never be realized in the event of adverse changes in the value of such investments. A performance-based allocation arrangement may create an incentive for riskier or more speculative investments by the General Partner than might be the case in the absence of such performance-based allocation arrangement.

Limitation of Liability and Indemnification of the General Partner Under the Partnership Agreement. The Partnership Agreement provides that the General Partner and its affiliates shall be indemnified and held harmless from and against any loss or expense suffered or sustained in connection with the General Partner's duties, so long as such loss, cost, damage or expense did not result from action or inaction adjudged to constitute fraud, willful misconduct or gross negligence. Therefore, a Limited Partner may have a more limited right of action against the General Partner than a Limited Partner would have had absent these provisions.

Systems and Operational Risks. The Partnership depends on the General Partner to develop and implement appropriate systems for the Partnership's activities. The Partnership relies heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions and to evaluate certain securities, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Partnership's activities. In addition, the Partnership relies on information systems to store sensitive information about the Partnership, the General Partner, their affiliates and the Limited Partners. Certain of the Partnership's and the General Partner's activities will be dependent upon systems operated by third parties, including custodians, prime brokers, administrators, market counterparties and other service providers, and the General Partner may not be in a position to adequately verify the risks or reliability of such third-party systems. Failures in the systems employed by the General Partner, custodians, prime brokers, administrators, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in the

Partnership's operations or breach of the Partnership's information systems may cause the Partnership to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory penalties or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Partnership and the Limited Partners' investments therein.

Absence of Certain Statutory Registrations. The Partnership will not be registered as an investment company under the Investment Company Act of 1940, as amended (the "**1940 Act**"), in reliance upon certain exemptions from the registration requirements of the 1940 Act. Accordingly, the Partnership will not be subject to the various statutory and SEC regulatory requirements applicable to registered investment companies. For example, the Partnership is not required to maintain custody of its securities or place its securities in the custody of a bank or a member of a U.S. securities exchange in the manner required of registered investment companies under rules promulgated by the SEC. In certain instances, brokerage firms will maintain custody of certain of the Partnership's assets. Brokerage firms generally are not required to segregate assets as would be required in the case of registered investment companies. Under the provisions of the U.S. Securities Investor Protection Act, the bankruptcy of any such brokerage firms might have a greater adverse effect on the Partnership than registered investment companies. Such registration or other regulations that may in the future be adopted could adversely affect the Partnership or create additional costs and expenses for the Partnership. The General Partner is not currently registered with the SEC or any other regulatory agency as an investment adviser under the Advisers Act, or any state laws or regulations; however, the General Partner intends to be registered as such in the future when required to do so pursuant to applicable law or regulation. It is possible in the future that the regulatory environment for hedge funds and their managers could change. This could result in new laws or regulations that could, for example, impose restrictions on the operation of the Partnership or the General Partner and its affiliates; impose disclosure or other obligations on those entities; or restrict the offering, sale or transfer of Interests. Accordingly, any such laws or regulations could adversely affect the investment performance of the Partnership or its access to additional capital, create additional costs and expenses for the Partnership or otherwise have an adverse impact on the Partnership and its Partners.

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

Private Offering Exemption. The Partnership relies on certain private offering exemptions to offer Interests on a continuing basis without registration under the Securities Act and without registration or qualification of the Interests under state laws. While the General Partner believes that reliance is justified, factors such as the manner in which offers and sales are made, concurrent offerings by other investment funds with which the General Partner and its affiliates are involved, the scope of disclosure provided, failures to file notices or renewals of claims for exemption, or changes in applicable laws, regulations or interpretations could cause the Partnership to fail to qualify for the exemption under federal or one or more states' laws. Loss of the exemption 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 Partnership's ability to conduct its business.

Retention and Motivation of Key Staff. The performance of the Partnership is largely dependent on the talents and efforts of highly skilled individuals retained by the General Partner. The success of the Partnership depends on the General Partner's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other staff. A period of sustained loss could hamper the General Partner's ability to attract and retain talented investment professionals and other staff. There can be no assurance that the General Partner's investment professionals will continue to be associated with the General Partner throughout the life of the Partnership, and the failure to attract or retain such investment professionals could have a material adverse effect on the Partnership and its Limited Partners, including, for example, by limiting the General Partner's ability to pursue particular investment strategies discussed herein. There is no guarantee that the talents of the General Partner's investment professionals could be replaced.

Change in Investment Strategies. The investment strategies, approaches and techniques discussed herein may evolve over time due to, among other things, market developments and trends, the emergence of new or enhanced investment products, changing industry practice and/or technological innovation. As a result, these investment strategies, approaches and techniques may not reflect the investment strategies, approaches and techniques actually employed by the Partnership. Nevertheless, the investments made on behalf of the Partnership will be consistent with the Partnership's investment objective.

Reserves. Under certain circumstances, the Partnership may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the Limited Partner's proceeds at the time of withdrawal. If the reserve is subsequently determined to have been excessive, such excess amount shall be returned to the net assets of the Partnership, but the amount paid upon a prior withdrawal will not be adjusted. On the other hand, if the reserve is subsequently determined to have been insufficient, the net assets of the Partnership will be used to pay such amounts and the Partnership may be limited in its right to recover any excess withdrawal proceeds from a Limited Partner. As the establishment of a reserve impacts the determination of the Partnership's net asset value, an incorrect reserve will impact the subscription prices for Interests purchased by Limited Partners.

Electronic Delivery of Information. Partnership information and information with respect to a Limited Partner's investment in the Partnership may be delivered to such Limited Partner electronically. There are risks associated with such electronic delivery including, but not limited to, that e-mail messages are not secure and may contain computer viruses or other defects, may not be accurately replicated on other systems, or may be intercepted, deleted or interfered with without the knowledge of the sender or the intended recipient.

Cybersecurity Risk. With the increased use of technologies such as the Internet to conduct business, the Partnership is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the General Partner's and other service providers (including, but not limited to, Partnership accountants, custodians, transfer agents and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the Partnership's ability to value its securities or other investments, impediments to trading, the inability of Limited Partners to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other

compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which the Partnership invests, counterparties with which the Partnership engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for Limited Partners) and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While the Partnership's service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Partnership cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect the Partnership or its Limited Partners. The Partnership and its Limited Partners could be negatively impacted as a result.

No Separate Counsel. Morgan Lewis acts as U.S. counsel to the Partnership, the Master Fund, and the General Partner (the "**Parties**") and Ogier acts as British Virgin Islands counsel to the Master Fund and the Offshore Fund. No separate counsel has been retained to act on behalf of the Limited Partners. Neither Morgan Lewis nor Ogier is responsible for any acts or omissions of the Parties (including their compliance with any guidelines, policies, restrictions or applicable law, or the selection, suitability or advisability of their investment activities) or any administrator, accountant, custodian, prime broker or other service provider to the Parties. This Memorandum was prepared based on information furnished by the General Partner; neither Morgan Lewis nor Ogier has independently verified such information.

Decisions made in the Sole Discretion of the General Partner. Whenever in this Memorandum the General Partner is permitted or required to make a decision in its "sole discretion" or "discretion", or under a similar grant of authority or latitude, the General Partner shall be entitled to consider only such interests and factors as it desires and deems appropriate and may consider its own interests and the interests of its affiliates in addition to the interests of the Partnership and the Limited Partners.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE RISKS INVOLVED IN THE OFFERING. POTENTIAL INVESTORS SHOULD READ THIS MEMORANDUM IN ITS ENTIRETY BEFORE DETERMINING WHETHER TO SUBSCRIBE FOR INTERESTS.

CERTAIN FEDERAL INCOME TAX MATTERS

This discussion was written to support the offering of the Interests. Each recipient of this Memorandum should seek advice based on that person's particular circumstances from an independent tax advisor.

The following discussion is a summary of certain federal income tax considerations that may be relevant to the acquisition, ownership and disposition of Interests by an investor that is (i) an individual citizen or resident of the United States, (ii) a corporation (including any entity treated as a corporation for federal income tax purposes) created or organized in or under the laws of the United States or of any state (including the District of Columbia), (iii) an estate the income of which is subject to United States federal income taxation regardless of its source, or (iv) a trust (a) if a United States court is able to exercise primary supervision over the administration thereof and if one or more "United States persons" (as defined in the Code) has the authority to control all substantial decisions thereof or (b) that has in effect a valid election under applicable Regulations to be treated as a United States person. The discussion does not take into account any considerations that may relate to special classes of taxpayers, including, among others, dealers in securities (or other persons not holding Interests as capital assets or that have elected mark-to-market treatment), investors receiving Interests as compensation, banks or other financial institutions, insurance companies, regulated investment companies, real estate investment trusts, S corporations, investors that are subject to the alternative minimum tax, investors that hold, directly or indirectly, a ten percent (10%) or greater interest in any entity in which the Partnership holds a direct or indirect interest, investors whose functional currency is not the U.S. dollar, investors who hold Interests as part of a straddle, hedge, conversion or other integrated transaction, investors classified as partnerships or other pass-through entities for federal income tax purposes (or persons holding indirect interests in the Partnership through such investors), non-U.S. investors (including, without limitation, non-U.S. investors subject to tax as U.S. expatriates and non-U.S. investors holding Interests in connection with a U.S. trade or business), governments or agencies or instrumentalities thereof, or, except as expressly discussed below, tax-exempt entities. This discussion also does not take into account any considerations that may be relevant to investors acquiring Interests other than pursuant to the offering described in this Memorandum.

The discussion below is based on the Code, judicial decisions and administrative regulations, rulings, and procedures, all of which are subject to change, possibly with retroactive effect. Neither the Partnership nor the Master Fund has applied for or obtained a ruling from the IRS as to any tax matters, nor have they obtained any opinions of counsel with respect to any federal tax issue, including whether they will be classified as partnerships for federal income tax purposes.

The Partnership will furnish each Limited Partner with necessary information for inclusion in their federal tax returns. It will be each Limited Partner's responsibility to prepare and file all appropriate tax returns which it may be required to file as a result of its participation in the Partnership. The General Partner and the Partnership assume no responsibility for the tax consequences of a Limited Partner's investment, nor for the disallowance, either partially or entirely, of any proposed deductions.

The discussion below is not intended to constitute tax advice, or to be a complete description of the tax effects of investing in the Partnership. It is provided solely as a partial illustration of certain tax matters and issues which may arise as a result of an investment in the Partnership. No attempt has been made to ensure that all applicable interpretations or applicable provisions are described herein, or to provide any evaluation of the likelihood or effect of any of the concerns described below. This summary does not discuss

all aspects of federal income taxation that may be relevant to a particular Limited Partner in light of its personal investment circumstances or to certain types of Limited Partners subject to special treatment under the Code, such as insurance companies. This summary also does not discuss any aspects of state, local, foreign or non-income tax laws which may be applicable to a Limited Partner. Accordingly, a prospective Limited Partner is urged to consult its own tax advisor regarding an investment in the Partnership.

Partnership Status. The Partnership has been structured to qualify for federal income tax purposes as a partnership, and not as an association or "publicly traded partnership" taxable as a corporation.

An entity that would otherwise be classified as a partnership for federal income tax purposes will nonetheless be classified as an association taxable as a corporation if it is a publicly traded partnership. A publicly traded partnership is any partnership in which the interests are traded on an established securities market or which are readily tradable on a secondary market (or the substantial equivalent thereof). Interests in the Partnership will not be traded on an established securities market. Regulations concerning the classification of partnerships as publicly traded partnerships provide certain safe harbors under which interests in a partnership will not be considered readily tradable on a secondary market (or the substantial equivalent thereof). The Partnership cannot provide any assurance that it will be eligible for any of those safe harbors.

The Partnership believes, however, that the Interests will not be readily tradable on a secondary market (or the substantial equivalent thereof) and, therefore, that the Partnership will not be treated as a publicly traded partnership taxable as a corporation. Even if the Interests were to be treated as readily tradable on a secondary market (or the substantial equivalent thereof), the Partnership might not be taxed as a corporation under an exemption that applies if ninety percent (90%) or more of its gross income consists of passive type "qualifying income" generally including, among other categories, dividends, interest, certain income from derivatives, gains from the disposition of a capital asset held for the production of dividends or interest, and, under certain circumstances, and certain income and gains from commodities or futures. It is not clear whether or to what extent the Partnership's income will consist of qualifying income.

If it were determined that the Partnership should be treated as an association or a publicly traded partnership taxable as a corporation for federal income tax purposes, the taxable income of the Partnership would be subject to corporate income tax when recognized by the Partnership; distributions of such income, other than with respect to certain withdrawals, would be treated as dividend income when received by the Partners to the extent of the current or accumulated earnings and profits of the Partnership; and Partners would not be entitled to report profits or losses realized by the Partnership on their own income tax returns.

An organization that is classified as a partnership for federal income tax purposes is not subject to federal income tax itself, although it must file an annual information return. Partners are required to report on their federal income tax returns their distributive shares of each item of the Partnership's income, gain, loss and deduction for each taxable year of the Partnership ending with or within the Partner's taxable year. If the Partnership were determined to be an association or a publicly traded partnership taxable as a corporation, the taxable income of the Partnership would be subject to corporate income tax and any distributions of profits from the Partnership would be treated as dividends.

The Partnership invests substantially all of its assets in the Master Fund, which is a British Virgin Islands limited partnership. The Master Fund has been structured to qualify as a partnership for federal income tax purposes and not as an entity taxable as a corporation. Assuming the Master fund qualifies as a partnership,

the Partnership will take into account for federal income tax purposes its pro rata share of the Master Fund's income and loss. Unless otherwise indicated, references in the following discussion to the tax consequences of the Partnership's investments, activities, income, gain and loss, include the direct investments, activities, income, gain and loss of the Partnership and those indirectly attributable to the Partnership as a result of it being a partner of the Master Fund.

If the Master Fund were determined to be taxable as a corporation, however, it would be subject to regular federal corporate income tax, plus a thirty percent (30%) branch profits tax, on its income (if any) effectively connected with a U.S. trade or business, and any distributions to the Partnership would be taxable as dividends to the extent of the earnings and profits of the Master Fund. In addition, the Master Fund could be classified as either a "controlled foreign corporation," or more likely, as a PFIC, which could result in adverse tax consequences to the Partners, including in the case of a PFIC the imposition of an interest charge on certain amounts treated as having been deferred by the Partners.

Taxation of Limited Partners on Profits and Losses. The Partnership, as an entity (assuming that it is treated as a partnership for federal income tax purposes), is a "pass-through" entity, and is not subject to any federal income tax. As a result, each Limited Partner, in computing its own federal income tax liability for a taxable year, is required to take into account its allocable share of all items of income, gain, loss, deduction or credit from the Partnership ending within or with the Limited Partner's taxable year, regardless of whether such Limited Partner has received any distributions from the Partnership. Thus, a Limited Partner's income tax liability in a particular year may exceed the amount of cash actually received by it. The character of an item of income or loss (*e.g.*, as capital gain or ordinary income) usually is the same for the Limited Partners as for the Partnership.

Under the Partnership Agreement, the General Partner has the discretion to allocate specially an amount of the Partnership's ordinary income and/or capital gain (including short-term capital gain) and ordinary loss and/or capital loss (including long-term capital loss) for federal income tax purposes to a withdrawing Partner to the extent that the Partner's capital account exceeds, or is less than, as the case may be, its federal income tax basis in its Interest. If the allocations provided by the Partnership Agreement (either regular or special allocations) are not accepted by the IRS for federal income tax purposes, the amount of income or loss, if any, allocated to any Limited Partner for federal income tax purposes may be increased or reduced.

The amount of any Partnership loss (including capital loss) allocated to a Limited Partner pursuant to the Partnership Agreement is includible on its personal income tax return subject to various limitations, discussed below. As a result of these limitations, a Limited Partner may not be able to deduct fully its distributive share of Partnership losses in the year such losses are incurred.

Adjusted Tax Basis of Interests. A Limited Partner may not deduct its allocable share of the Partnership's losses to the extent it exceeds the amount of its adjusted tax basis. Generally, the adjusted tax basis of an Interest equals the amount paid by a Limited Partner reduced (but not below zero) by the Limited Partner's allocable share of cash distributions from the Partnership and losses and increased by its share of taxable Partnership income and partnership indebtedness.

Cash Distributions and Withdrawals. The amount of cash distributions from the Partnership generally will not be equivalent to the amount of Partnership income as determined for federal income tax purposes. Cash distributions will not be reported as taxable income by a Limited Partner for federal income tax purposes, but will reduce (but not below zero) the adjusted tax basis of its Interest. Any cash distribution in excess of a Limited Partner's adjusted tax basis will be taxable as a gain from a sale or exchange of its

Interest and generally will be treated as gain from a sale of a capital asset. A Limited Partner will recognize a loss only to the extent of the excess of its adjusted tax basis over the amount of cash distributions received following the complete withdrawal of its Interest. A complete withdrawal of a Limited Partner's interest in the Partnership will generally be treated as if the Limited Partner sold his interest in the Partnership. *See "Sale or Taxable Exchange of Interests".*

Distributions of Property. A partner's receipt of a distribution of property from a partnership is generally not taxable. However, a distribution consisting of marketable securities generally is treated as a distribution of cash (rather than property) unless the distributing partnership is an "investment partnership" and the recipient is an "eligible partner", as those terms are defined in the Code. The Partnership will determine at the appropriate time whether it qualifies as an "investment partnership". Assuming it so qualifies, if a Limited Partner is an "eligible partner", which term should include a Limited Partner whose contributions to the Partnership consisted solely of cash, the rule treating a distribution of property as a distribution of cash would not apply.

Sale or Taxable Exchange of Interests. Upon the sale or taxable exchange of Interests or a complete withdrawal from the Partnership, a selling or withdrawing Limited Partner generally will recognize capital gain or loss measured by the difference between the consideration received and the adjusted tax basis of the Interests sold (adjusted for the Limited Partner's allocable share of Partnership income, gain, loss or deduction attributable to such Interests for the portion of the year such Interests are owned by the Limited Partner). To the extent capital gain or loss is recognized by a Limited Partner on a sale or withdrawal (or, as discussed in "Cash Distributions and Withdrawals of Interests" above, upon certain Partnership distributions), then the capital gain or loss recognized will be long-term or short-term or will be divided between long-term and short-term capital gain or loss depending on the timing of the Limited Partner's contribution or contributions to the Partnership. However, a selling or withdrawing Limited Partner will recognize ordinary income to the extent such Limited Partner's allocable share of the Partnership's "unrealized receivables" exceeds the Limited Partner's basis in such unrealized receivables (as determined pursuant to the Regulations). For these purposes, accrued but untaxed market discount, if any, on securities held by the Partnership will be treated as an unrealized receivable, with respect to which a withdrawing Limited Partner would recognize ordinary income. *See "Income and Losses from Passive Activities" below*, regarding the characterization of gains and losses resulting from the sale or transfer of Interests.

Capital Loss Provisions. A non-corporate taxpayer can deduct up to $3,000 ($1,500 for married taxpayers filing separately) of net capital losses against ordinary income in any year. Excess capital losses which are not used to reduce ordinary income in a particular taxable year may be carried forward to, and treated as capital losses incurred in, future years. A corporate taxpayer can deduct capital losses only against capital gains, and any net capital loss can generally be carried back three (3) years and carried forward five (5) years.

Qualified Dividend Income. Subject to certain elections, "qualified dividend income" is generally taxable to non-corporate taxpayers at reduced U.S. federal income tax rates. A Limited Partner's qualified dividend income may include the Limited Partner's indirect allocable share of certain dividends received by the Partnership from U.S. corporations and qualified foreign corporations. Subject to certain limitations, qualified foreign corporations include those incorporated in a possession of the United States and foreign corporations eligible for benefits under a comprehensive income tax treaty identified by the IRS, but do not include foreign corporations that are treated as a PFIC for federal income tax purposes. A dividend of a foreign corporation may also be treated as qualified dividend income if the stock with respect to which the dividend is paid is readily tradable on an established securities market in the U.S.

In order for Limited Partners to qualify for the lower tax rate with respect to their indirect allocable share of qualified dividends, however, the Partnership must hold the shares of stock producing the dividend for at least 61 days during the 121 day period beginning on the date that is 60 days before the date such shares become ex-dividend. For preferred stock, the required periods are increased from 61 days to 91 days and from 121 days to 181 days if the dividends are attributable to periods totaling more than 366 days; if the preferred dividends are attributable to periods totaling less than 367 days, the 60 day holding period discussed herein applies. A dividend is not qualified dividend income to the extent that the Partnership is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property. If the Partnership realizes qualified dividend income, the Partnership will report to the Limited Partners their respective shares of such income.

Notwithstanding the above, a Limited Partner's allocable share of qualified dividend income will not qualify for the reduced rate to the extent such Limited Partner elects to include such dividend income as investment income for purposes of the investment interest expense deduction discussed below. A Limited Partner's foreign tax credit may be limited to the extent it relates to qualified dividend income taxed at the reduced rates of tax.

Medicare Contribution Tax. A 3.8% Medicare contribution tax will generally apply to all or a portion of the net investment income of a U.S. Limited Partner that is an individual, that is not a nonresident alien for federal income tax purposes, and that has adjusted gross income (subject to certain adjustments) that exceeds a threshold amount ($250,000 if married filing jointly or if considered a "surviving spouse" for federal income tax purposes, $125,000 if married filing separately, and $200,000 in other cases). This 3.8% tax will also apply to all or a portion of the undistributed net investment income of certain Limited Partners that are estates and trusts. For these purposes, a U.S. Limited Partner's distributive share of income characterized as interest, dividend and capital gain income from the Partnership will generally be taken into account in computing such Limited Partner's net investment income.

Limitation on the Deduction of Certain Expenses. All or a portion of the Partnership's expenses may be treated as miscellaneous itemized deductions that are disallowed for individual, estate, and trust Limited Partners to the extent the deductions do not exceed two percent (2%) of adjusted gross income. The deductible portion, if any, of such expenses becomes part of the Limited Partner's total itemized deductions, which total is, in the case of individuals, subject to further reduction by an amount equal to the lesser of three percent (3%) of a Limited Partner's adjusted gross income over a threshold level or eighty percent (80%) of the Limited Partner's otherwise allowable total itemized. The limitation would apply to the Partnership's expenses if the Partnership is not considered to be a trader engaged in a trade or business but, instead, is considered an investor. The General Partner will review the Partnership's activities for each taxable year and take the position that the Partnership is either a trader or an investor based on the facts and circumstances existing at such time.

A Limited Partner will not be permitted to deduct syndication expenses, including placement fees, paid by such Limited Partner or the Partnership. Any such amounts will be included in the Limited Partner's adjusted tax basis of its Interest. The Partnership may elect to deduct up to $5,000 of start-up expenses and $5,000 of organizational expenses (each $5,000 amount subject to reduction (but not below zero) by the amount by which the cumulative cost of start-up or organizational expenditures exceeds $50,000, respectively) in the taxable year in which the Partnership begins investment operations. Start-up and organizational expenses not deductible in such year will be amortized over a fifteen (15)-year period.

Limitations on Deductions of Partnership Interest Expense. The deduction by a Limited Partner of its allocable share of interest expense of the Partnership, or of any interest expense of the Limited Partner paid or accrued on indebtedness properly allocable to its Interest, may be subject to the investment interest limitation rules of Section 163(d) of the Code. Section 163(d) of the Code limits an individual taxpayer's deduction of investment interest expense in any year to its net investment income from all investment activities (*i.e.*, the excess of income from interest, dividends and gain from the disposition of investment property over expenses incurred in earning such income) for such year. Subject to certain elections, the Code generally excludes net capital gains attributable to the disposition of investment property from investment income for purposes of computing this investment interest deduction limitation. For this purpose, property held for investment includes property that produces income that would be "portfolio income" under the passive activity loss rules and any interest in a trade or business activity that is not a passive activity and in which the holder does not materially participate. Any item of income or expense taken into account under the passive activity loss limitation is excluded from investment income and expense for purposes of computing net investment income. The amount disallowed may be carried over to and deducted in subsequent years to the extent it would be deductible if incurred in that year. This limitation, if applicable, will be computed separately by each Limited Partner and not by the Partnership.

For each taxable year, Section 1277 of the Code limits the deduction of the portion of any interest expense on indebtedness incurred by a taxpayer to purchase or carry a security with market discount which exceeds the amount of interest (including original issue discount) includible in the taxpayer's gross income for such taxable year with respect to such security ("**Net Interest Expense**"). In any taxable year in which the taxpayer has Net Interest Expense with respect to a particular security, such Net Interest Expense is not deductible except to the extent that it exceeds the amount of market discount which accrued on the security during the portion of the taxable year during which the taxpayer held the security. Net Interest Expense which cannot be deducted in a particular taxable year under the rules described above can be carried forward and deducted in the year in which the taxpayer disposes of the security. Alternatively, at the taxpayer's election, such Net Interest Expense can be carried forward and deducted in a year prior to the disposition of the security, if any, in which the taxpayer has net interest income from the security.

Section 1277 would apply to a Limited Partner's share of the Partnership's Net Interest Expense attributable to a security held by the Partnership with market discount. In such case, a Limited Partner would be denied a current deduction for all or part of that portion of its distributive share of the Partnership's ordinary losses attributable to such Net Interest Expense and such losses would be carried forward to future years, in each case as described above. Although no guidance has been issued regarding the manner in which an election to deduct previously disallowed Net Interest Expense in a year prior to the year in which a bond is disposed of should be made, it appears that such an election would be made by the Partnership rather than by the Limited Partner. Section 1277 would also apply to the portion of interest paid by a Limited Partner on money borrowed to finance its investment in the Partnership to the extent such interest was allocable to securities held by the Partnership with market discount.

Income and Losses from Passive Activities. Taxpayers that are individuals, trusts, estates, personal service corporations, or certain "closely-held corporations" are subject to significant restrictions on their ability to deduct losses incurred from business activities in which they do not materially participate ("passive activities"). Such losses generally will be deductible prior to the disposition of their interests in those activities only to the extent of income from other passive activities. A Limited Partner's allocable share of the Partnership's income or gain likely will be treated as income not derived from a passive activity and may not be offset by passive losses which the Limited Partner may have from other investments. However, portfolio income (such as dividends, interest, royalties and gains from the sale of property producing such

income or held for investment) is not treated as income from a passive activity. Under applicable U.S. Treasury regulations, an activity of trading personal property for the account of owners of an interest in the activity is not to be considered a passive activity. Therefore, a Limited Partner's allocable share of the Partnership's income or gain may be treated as income not derived from a passive activity and may not be offset by passive losses which the Limited Partner may have from other investments.

"At Risk" Limitations. A Limited Partner that is subject to the "at risk" limitations (generally, non-corporate taxpayers and closely held corporations) may not deduct losses of the Partnership to the extent that they exceed the amount such Limited Partner has "at risk" with respect to its Interest at the end of the year. The amount that a Limited Partner has "at risk" will generally be the same as its adjusted tax basis as described above, except that it will generally not include any amount attributable to liabilities of the Partnership, or any amount borrowed by the Limited Partner, on a non-recourse basis. Losses denied under the basis or "at risk" limitations will be suspended and may be carried forward in subsequent taxable years, subject to these and other applicable limitations.

Mandatory Basis Adjustment. Unless the Partnership is eligible to make, and makes, an election to be subject to certain alternative rules, the Partnership is mandatorily required to make downward basis adjustments where the Partnership has a "substantial built-in loss". Unless the Partnership makes such an election, the Partnership must make downward basis adjustments following (i) a transfer of an Interest if the Partnership's adjusted tax basis in its property exceeds the property's fair market value by more than $250,000 at such time; or (ii) a transfer or liquidation of a Limited Partner's Interest if such Limited Partner contributed property to the Partnership with a built-in loss and such transfer or liquidation occurs at a time when the Partnership holds property with more than a $250,000 built-in loss. In addition, the Partnership may make such adjustments following any distribution of Partnership property to a Limited Partner with respect to which there is a substantial basis reduction as would be required if a Code Section 754 election were in effect (*e.g.*, a downward adjustment of more than $250,000).

Possible Tax Audits. Under the Code, adjustments in tax liability with respect to Partnership items generally will be made at the Partnership level in a single Partnership proceeding rather than in separate proceedings with each Limited Partner. The General Partner will represent the Partnership as the "tax matters partner" during any audits and in any dispute with the IRS. Each Limited Partner will be informed by the General Partner of the commencement of an audit of the Partnership. In general, the General Partner may enter into a settlement agreement with the IRS on behalf of, and binding upon, the Limited Partners. Prior to settlement, however, a Limited Partner may file a statement with the IRS providing that the General Partner does not have authority to settle on behalf of such Limited Partner.

For tax years beginning after December 31, 2017, if the IRS makes audit adjustments to the income tax returns of the Partnership, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from the Partnership. The Partnership may make certain elections that may vary the effect of those rules, including an election to have its partners take such audit adjustment into account in accordance with their interests in the Partnership during the tax year under audit; however, there can be no assurance that any such election will be effective or available in all circumstances. If, as a result of any such audit adjustment, the Partnership is required to make payments of taxes, penalties and interest, the cash available for distribution to its partners might be substantially reduced. These rules are not applicable for tax years beginning on or prior to December 31, 2017.

If adjustments are made to items of Partnership income, gain, loss, deduction or credit as the result of an audit of the Partnership, the tax returns of the Limited Partners may be reviewed by the IRS, which could result in adjustments of non-Partnership items as well as Partnership items.

Foreign Taxes. It is possible that certain dividends, interest and other income directly or indirectly received by the Partnership from sources within foreign countries will be subject to withholding taxes imposed by such countries. In addition, the Partnership may also be subject to capital gains taxes in some of the foreign countries where it purchases and sells securities. Limited Partners will generally be entitled to a foreign tax credit with respect to creditable foreign taxes paid on the income and gains of the Partnership. However, there are complex rules contained in the Code which may, depending on each Limited Partner's circumstances, limit the availability or use of foreign tax credits. Tax treaties between certain countries and the United States may reduce or eliminate such taxes. It is impossible to predict in advance the rate of foreign tax the Partnership will pay since the amount of the Partnership's assets to be invested in various countries is not known. The ability of a Limited Partner to claim a foreign tax credit or deduction for U.S. income tax purposes is subject to limitations, and each Limited Partner should consult its own tax advisor about the imposition of foreign taxes with respect to its investment in the Partnership and the ability of such Limited Partner to claim a foreign tax credit or deduction, in light of such Limited Partner's specific circumstances.

Section 1256 Contracts, Straddles, and Conversion and Constructive Sale Transactions. In the case of Section 1256 Contracts, the Code generally applies a "mark to market" system of taxing unrealized gains and losses on such contracts and otherwise provides for special rules of taxation. A Section 1256 Contract includes certain regulated futures contracts, certain foreign currency forward contracts, and certain options contracts. Under these rules, Section 1256 Contracts held by the Partnership at the end of each taxable year of the Partnership are treated for federal income tax purposes as if they were sold by the Partnership for their fair market value on the last Business Day of such taxable year. The net gain or loss, if any, resulting from such deemed sales (known as "marking to market"), together with any gain or loss resulting from actual sales of Section 1256 Contracts, must be taken into account by the Partnership in computing its taxable income for such year. If a Section 1256 Contract held by the Partnership at the end of a taxable year is sold in the following year, the amount of any gain or loss realized on such sale will be adjusted to reflect the gain or loss previously taken into account under the "mark to market" rules.

Capital gains and losses from such Section 1256 Contracts generally are characterized as short-term capital gains or losses to the extent of forty percent (40%) thereof and as long-term capital gains or losses to the extent of sixty percent (60%) thereof. Such gains and losses will be taxed under the general rules described above. Gains and losses from certain foreign currency transactions will be treated as ordinary income and losses. If an individual taxpayer incurs a net capital loss for a year, the portion thereof, if any, which consists of a net loss on Section 1256 Contracts may, at the election of the taxpayer, be carried back three (3) years. Losses so carried back may be deducted only against net capital gain to the extent that such gain includes gains on Section 1256 Contracts.

Furthermore, any option, futures contract, currency swap, forward foreign currency contract, or other position entered into or held by the Partnership in conjunction with any other position held by the Partnership may constitute a "straddle" for federal income tax purposes. A straddle where at least one, but not all, of the positions is a section 1256 contract may constitute a "mixed straddle". Special rules may affect the timing, character and amount of income and loss recognized on straddles and mixed straddles.

Certain other special rules may apply to the Partnership, including, but not limited to, (i) the requirement that certain capital gains be treated as ordinary income in the case of a "conversion transaction" or a "constructive ownership transaction" and (ii) rules requiring the recognition of gain where there is a constructive sale of an "appreciated financial position".

Short Sales. Gain or loss from a short sale of property is generally considered as capital gain or loss to the extent the property used to close the short sale constitutes a capital asset in the Partnership's hands. Except with respect to certain situations where the property used to close a short sale has a long-term holding period on the date the short sale is entered into, gains on short sales generally are short-term capital gains. A loss on a short sale will be treated as a long-term capital loss if, on the date of the short sale, "substantially identical property" has been held by the Partnership for more than one year. In addition, these rules may also terminate the running of the holding period of "substantially identical property" held by the Partnership.

Gain or loss on a short sale will generally not be realized until such time that the short sale is closed. However, if the Partnership holds a short sale position with respect to stock or partnership interests that have appreciated in value and then acquires property that is the same as or substantially identical to the property sold short, the Partnership generally will recognize gain on the date it acquires such property as if the short sale were closed on such date with such property. Similarly, if the Partnership holds an appreciated financial position with respect to stock or partnership interests and then enters into a short sale with respect to the same or substantially identical property, the Partnership generally will recognize gain as if the appreciated financial position were sold at its fair market value on the date it enters into the short sale. The subsequent holding period for any appreciated financial position that is subject to these constructive sale rules will be determined as if such position were acquired on the date of the constructive sale. Furthermore, to the extent that a stock borrower owns (or acquires) the stock that is the subject of the short sale before the short sale is closed out, a straddle (as discussed below) may result.

Debt Obligations. The Partnership may hold debt obligations with "original issue discount." In such case, the Partnership would be required to include amounts in taxable income on a current basis even though receipt of such amounts may occur in a subsequent year. The Partnership may also acquire debt obligations with "market discount". Upon disposition of such an obligation, the Partnership generally would be required to treat gain realized as interest income to the extent of the market discount which accrued during the period the debt obligation was held by the Partnership.

Furthermore, there are a number of uncertainties in the federal income tax law relating to debt restructuring. In general, a "significant modification" of a debt obligation acquired by a Partnership at a discount is treated as a taxable event to the Partnership, with the resulting gain or loss measured by the difference between the principal amount of the debt after the modification and the Partnership's tax basis in such debt before the modification. However, other than for certain "safe harbor" modifications specified in U.S. Treasury regulations, the determination of whether a modification is "significant" is based on all of the facts and circumstances. Therefore, it is possible that the IRS could take the position that the restructuring of a debt obligation acquired by the Partnership at a discount amounts to a "significant modification" that should be treated as a taxable event even if the Partnership did not so treat the restructuring on its tax return.

Wash Sales. No deduction is allowed for losses arising from a "wash sale," defined as the sale or other disposition of "shares of stock or securities," where, within a period beginning thirty (30) days before such sale or disposition and ending thirty (30) days afterwards, the taxpayer acquires by purchase or by an exchange on which the entire amount of gain or loss is recognized "substantially identical" stock or

securities. The disallowance also applies where, within the 61-day period, the taxpayer enters into a contract or option to acquire substantially identical stock or securities. In instances where this rule applies, appropriate adjustments are made to the basis of the stock, securities or options the acquisition of which resulted in application of the rule. Hence, if the Partnership were to effect a "wash sale" the Partnership would not be able to recognize any loss realized in connection with the sale.

Passive Foreign Investment Companies. The Partnership (whether directly or indirectly through the Master Fund) may invest in stocks of foreign corporations most of whose income is dividends, interest, gains, or other passive income or most of whose assets produce passive income. Such a foreign corporation might be treated as a PFIC for federal income tax purposes. To the extent the Partnership owns stock of a PFIC, the Partnership's Limited Partners will be subject to the highest rate of tax on ordinary income in effect for the applicable taxable year and to an interest charge based on the value of deferral of tax for the period during which the stock of the PFIC is owned with respect to certain "excess distributions" on and dispositions of PFIC stock. However, if the Partnership makes a timely election to treat a PFIC as a qualified electing fund ("**QEF**") with respect to its interest therein for the first year of its holding period of the PFIC stock (or if the Partnership subsequently makes a QEF election and makes a "purging" election that could result in the recognition of gain in the year the election is made) and the PFIC provides required financial information, the above-described rules generally will not apply. Instead, by making the election, the Partnership and, hence, the Limited Partners, would include annually in gross income their pro rata shares of the PFIC's ordinary earnings and net capital gain regardless of whether such income or gain was actually distributed. Some of the foreign corporations that the Partnership may invest in (whether directly or indirectly through the Master Fund) may not provide the Partnership (or the Master Fund) with the information necessary for the purposes of making the election to treat such foreign corporation as a QEF. In addition, subject to certain limitations, if the Partnership owns, actually or constructively, marketable stock in a PFIC, it will be permitted to elect to mark to market that stock annually, rather than be subject to the excess distribution regime of Section 1291 of the Code. Amounts included in or deducted from income under this alternative (and actual gains and losses realized upon disposition, subject to certain limitations) will be treated as ordinary gains or losses.

Controlled Foreign Corporations. A Limited Partner may also suffer adverse tax consequences if the Partnership invests, directly or indirectly, in a non-U.S. entity that is a "controlled foreign corporation" within the meaning of the "Subpart F rules" of the Code (a "**CFC**"). If the Partnership makes such an investment, and owns (or is treated as owning) at least ten percent (10%) of the combined voting power of the CFC, Limited Partners may, under certain circumstances, be required to include in taxable income for U.S. federal income tax purposes, as a deemed dividend, amounts attributable to some or all of the earnings of the CFC in advance of the receipt of cash attributable to those earnings, and may under certain circumstances be required to treat as dividend income their distributive share of certain gains realized from a disposition of shares of the CFC. A foreign entity generally will be a CFC for U.S. federal income tax purposes if it is treated as a corporation for those purposes and if the direct and indirect ownership of the entity by "United States persons" (as defined for purposes of the Subpart F rules) each of whom owns (or is treated as owning) at least ten percent (10%) of the combined voting power of the entity exceeds in the aggregate fifty percent (50%) of the combined voting power or total value of the entity's equity interests. A domestic partnership such as the Partnership is treated as a "United States person" for purposes of the Subpart F rules. Amounts taken into account with respect to a CFC under the Subpart F rules may generally be applied by the Partnership to reduce the amount required to be taken into account as a dividend by reason of any distributions from the CFC. If the Partnership is required to include such amounts, then it will not be subject to the PFIC rules described above with respect to that income.

"Phantom Income" From Certain Partnership Investments in Non-U.S. Corporations. Pursuant to certain "anti-deferral" provisions of the Code related to so-called "controlled foreign corporations" and "passive foreign investment companies," investments (if any) by the Partnership in certain foreign corporations may cause a Limited Partner to (i) recognize taxable income prior to the Partnership's receipt of distributable proceeds, (ii) pay an interest charge on receipts that are deemed as having been deferred or (iii) recognize ordinary income that, but for the "anti-deferral" provisions, would have been treated as long-term or short-term capital gain.

Investment by ERISA and Other Tax-Exempt Entities. Before investing in the Partnership, a tax-exempt investor should consider the special income tax rules applicable to it. The following discussion relates solely to the federal income tax consequences to an investor that is tax-exempt and does not address state or local income tax matters.

Tax exempt entities, including ERISA-type plans and charitable remainder trusts ("**Exempt Investors**"), may be subject to federal income tax with respect to any unrelated business taxable income ("**UBTI**"). Under the Code, any gain or income earned from "debt financed" property is treated as UBTI, even if the income otherwise would have been excluded. The Partnership intends to incur debt in connection with the purchase of securities. The General Partner does not expect to borrow to enhance the Partnership's returns, however, its investments in options and similar instruments will have "imbedded" leverage given the amount of the premiums in comparison to the notional amount of such instruments. However, if an Exempt Investor incurs a debt in connection with the acquisition of its Interests, the income such Exempt Investor derives from the Partnership will be unrelated business income. Accordingly, an investment in the Partnership will likely result in UBTI for an Exempt Investor and any Exempt Investors are urged to consult their own tax advisors.

Accordingly, an investment in the Partnership may not be appropriate for U.S. IRAs, pension plans and other tax-exempt entities because it will likely produce debt-financed income that would be taxable to such entities. Such entities should consider investing in the Offshore Fund.

Tax Shelter Reporting. An investment in the Partnership is not intended to generate tax losses or credits and the Partnership will not be registered as a "tax shelter" under the applicable provisions of the Code. Under certain U.S. Treasury regulations, however, the activities of the Partnership may include one or more "reportable transactions" (as defined in Treasury Regulation Section 1.6011-4(b)), requiring the Partnership, and in certain circumstances, Partners to file information returns, as described below. In addition, the General Partner and other "material advisors" to the Partnership may each be required to maintain for a specified period of time a list containing certain information regarding the reportable transaction and the Partnership's investors, which information may be inspected, upon request, by the IRS.

If the Partnership engages in a reportable transaction, the U.S. Treasury regulations require the Partnership to complete and file Form 8886 with its tax return for each taxable year in which the Partnership participates in such reportable transaction. Each Partner treated as participating in a reportable transaction of the Partnership is also required to file Form 8886 with its tax return. The Partnership intends to notify those Partners that it believes (based on information available to the Partnership) are required to report a transaction of the Partnership, and intends to provide such Partners with any available information needed to complete and submit Form 8886 with respect to the Partnership's transactions. Generally, the amount of penalty with respect to the failure to disclose will be seventy five percent (75%) of the decrease shown on the tax return as a result of such transaction (or which would have resulted from such transaction if it had been respected for federal income tax purposes). The maximum penalty will not exceed (i), in the case

of a listed transaction, $100,000 for a natural person and $200,000 for all others, and (ii), for all other reportable transactions, $10,000 for natural persons and $50,000 for all others. The minimum penalty will not be less than $10,000 ($5,000 in the case of natural persons).

Under the above rules, a Limited Partner's recognition of a loss upon its disposition of an interest in the Partnership could also constitute a "reportable transaction" for such Limited Partner. Prospective investors should consult with their advisors concerning the application of these reporting obligations to their specific situations.

U.S. Withholding. The governments of the United States and the British Virgin Islands are expected to enter into an agreement (the "**IGA**") related to implementing the Foreign Account Tax Compliance Act ("**FATCA**"). Pursuant to the IGA, unless the Master Fund timely agrees to register with the IRS and to collect and disclose to the British Virgin Islands certain information with respect to their respective investors and to satisfy certain other obligations, payments made to the Master Fund on or after July 1, 2014 (or, in certain cases, after later dates) of interest and certain other categories of income from sources within the United States, and payments made on or after January 1, 2017 of proceeds from the sale of property that can produce interest or dividends from sources within the United States, will generally (subject to certain grandfathering rules) be subject to a thirty percent (30%) federal withholding tax. If the Master Fund timely agrees to collect and disclose the information required to be collected and disclosed pursuant to the IGA, the Master Fund may not be subject to such withholding; however, thirty percent (30%) withholding may then apply to certain payments by the Master Fund to its partners that fail to comply with reasonable requests for such information and to partners that are "foreign financial institutions" and that fail to agree to provide similar information to the British Virgin Islands or to the IRS, as applicable, with respect to their own (and possibly certain of their affiliates') account holders.

Reporting Requirements. Regulations generally impose an information reporting requirement on a United States person's direct and indirect contributions of cash or property to a foreign partnership or a foreign corporation (i) where, immediately after the contribution, the United States person owns (directly, indirectly or by attribution) at least a ten percent (10%) interest in the foreign partnership or corporation[1] or (ii) the value of the cash and/or property transferred during the twelve-month period ending on the date of the contribution by the transferor (or any related person) exceeds $100,000.[2] Under these rules, a Limited Partner will be deemed to have transferred a proportionate share of the cash and property contributed by the Partnership to a foreign corporation. Furthermore, if a United States person was required to report a transfer to a foreign partnership or corporation of appreciated property under the first sentence of this paragraph, and the foreign partnership or corporation disposes of the property while such United States person remains a direct or indirect partner or shareholder, that United States person must report the disposition by the partnership or corporation. However, a Limited Partner will not be required to file information returns with respect to the events described in this paragraph if the Partnership complies with the reporting requirements. The General Partner intends to file the required reports with the IRS so as to relieve the Limited Partners of these reporting obligations.

State and Local Taxes. Prospective investors should consider, in addition to the federal income tax consequences described, potential state and local tax considerations in investing in the Partnership, which consequences are not addressed herein.

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1 A U.S. person who is required to report under the above rules must file Form 8865 or 5471.

2 A U.S. person who is required to report under the above rules must file Form 8865 or 926.

The foregoing statements are not intended as tax advice or as a substitute for careful tax planning, particularly since certain of the income tax consequences of an investment in the Partnership may not be the same for all taxpayers. In addition, the foregoing does not discuss state and local tax, estate tax, gift tax or other estate planning aspects of the investment. There can be no assurance that the Partnership's or a Limited Partner's tax returns will not be audited by the IRS, or that no adjustments to the returns will be made as a result of such an audit. Accordingly, prospective investors in the Partnership are urged to consult their tax advisors with specific reference to their own tax situations under federal law and the provisions of applicable state laws before subscribing for Interests.

ERISA AND OTHER U.S. BENEFIT PLAN CONSIDERATIONS

This discussion was written to support the offering of the Interests. Each recipient of this Memorandum should seek advice based on that person's or entity's particular circumstances from an independent tax advisor.

THE FOLLOWING SUMMARY OF CERTAIN ASPECTS OF ERISA AND OF THE CODE, IS BASED UPON ERISA, THE CODE, JUDICIAL DECISIONS, AND DEPARTMENT OF LABOR REGULATIONS AND RULINGS IN EXISTENCE ON THE DATE HEREOF, ALL OF WHICH ARE SUBJECT TO CHANGE. THIS SUMMARY IS GENERAL IN NATURE AND DOES NOT ADDRESS EVERY ISSUE THAT MAY BE APPLICABLE TO THE PARTNERSHIP OR A PARTICULAR INVESTOR. ACCORDINGLY, EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL IN ORDER TO UNDERSTAND THE ERISA AND TAX ISSUES AFFECTING THE PARTNERSHIP, THE MASTER FUND AND THE LIMITED PARTNER.

Investment in the Partnership or Offshore Fund. The General Partner does not generally anticipate accepting subscriptions for Interests in the Partnership by either ERISA Plans, Qualified Plans or other Benefit Plan Investors, as those terms are defined below. It is anticipated that such potential investors will prefer to invest in the Offshore Fund, an exempted company expected to be formed under the laws of the British Virgin Islands, which has been established to give U.S. tax-exempt investors (as well as non-U.S. investors) the opportunity to pursue a parallel investment strategy to that of the Partnership, and which will also invest substantially all its assets in the Master Fund. However, Benefit Plan Investors who are otherwise eligible may, in the discretion of the General Partner, purchase Interests in the Partnership.

In General. In considering whether to invest assets of any benefit plan in the Partnership, and indirectly in the Master Fund, the persons acting on behalf of the plan should consider in the plan's particular circumstances whether the investment will be consistent with their responsibilities and any special constraints imposed by the terms of the plan and by applicable U.S., state or other law, including ERISA and the Code. Some of the responsibilities and constraints imposed by ERISA on employee benefit plans subject to the fiduciary responsibility provisions of Title I of ERISA ("**ERISA Plans**") and by the Code on retirement plans subject to Code Section 4975, including plans covering only partners or other self-employed individuals ("**Keogh**" plans) and individual retirement accounts (collectively, "**Qualified Plans**" and, together with ERISA Plans, "**Plans**"), are summarized below. The following is merely a summary of those particular laws, however, and should not be construed as legal advice or as complete in all relevant respects. In addition, governmental plans, certain church plans, non-U.S. plans and other benefit plans not subject to ERISA or the prohibited transaction provisions of the Code may nevertheless be subject to similar federal, state, foreign or other laws. **All investors are urged to consult their legal advisors before investing assets of a benefit plan, including an ERISA Plan or Qualified Plan, in the Partnership, and must make their own independent decisions**. In addition, ERISA Plans and Qualified Plans should consider the applicability to them of the Code provisions relating to unrelated business taxable income or "**UBTI**" (see above under "*Certain Federal Income Tax Matters - Investment by ERISA and Other Tax-Exempt Entities*").

Fiduciary Responsibilities With Respect to ERISA Plans. Persons acting as fiduciaries on behalf of an ERISA Plan are subject to specific standards of behavior in the discharge of their responsibilities pursuant to Section 404(a)(1) of ERISA. Consequently, in determining whether to invest assets of an ERISA Plan

in the Partnership, and, as a result, the Master Fund, the Plan's fiduciaries must conclude that an investment in the Partnership and, as a result, the Master Fund, would be prudent and in the best interests of Plan participants and their beneficiaries. They must also determine that any such investment would be in accordance with the documents and instruments governing the ERISA Plan, would provide the Plan with sufficient liquidity in light of the limitations upon a Limited Partner's ability to withdraw or transfer Interests in the Partnership, and would satisfy applicable diversification requirements. In making those determinations, such persons should take into account, among the other factors described in this Memorandum, that the Partnership and the Master Fund will invest their assets in accordance with the investment objectives and policies expressed in this Memorandum without regard to the particular objective or investment policies of any class of investors, including ERISA Plans and Qualified Plans. Such persons should also take into account, as discussed below, that it is not expected that the Partnership's or the Master Fund's assets will constitute the "plan assets" of any investing ERISA Plan or Qualified Plan, and none of the Partnership, the Master Fund, the General Partner, nor any of their principals, agents, employees, or affiliates, will be a fiduciary as to any investing ERISA Plan or Qualified Plan. See also "*Identification of Plan Assets*" below.

Prohibited Transactions. ERISA Plans and Qualified Plans are subject to special rules limiting direct and indirect transactions involving the assets of the Plan and certain persons related to the Plan, termed "parties in interest" under ERISA and "disqualified persons" under the Code. Disqualified persons and parties in interests include any fiduciary to a Plan, any service provider to a Plan, the employer sponsoring a Plan, and certain persons affiliated with a fiduciary, service provider or employer. In addition, ERISA and the Code prohibit fiduciaries of a Plan from engaging in various acts of self-dealing. A party in interest engaging in a "prohibited transaction" may be subject to substantial excise tax penalties and possibly personal liability. Further, any fiduciary to an ERISA Plan taking or permitting any action which the fiduciary knows or should know constitutes a "prohibited transaction" may be personally liable for any loss resulting to the ERISA Plan from such transaction, and subject to forfeiture of any gain derived by the fiduciary from the transaction. The persons acting on behalf of an investing Plan should consider whether an investment of Plan assets in the Partnership might constitute such a prohibited transaction, as might occur for example if the General Partner or one of its affiliates were a fiduciary to the investing Plan with respect to the purchase of Interests in the Partnership.

Identification of Plan Assets. Under Section 3(42) of ERISA and U.S. Department of Labor Regulations Section 2510.3-101, as modified by Section 3(42) of ERISA (together, the "**Plan Asset Rules**"), an investing Plan's assets will include its investment in the Partnership but will not generally include any of the underlying assets of the Partnership. Under the Plan Asset Rules, however, assets of the Partnership may be considered to include assets of the investing Plans ("**Plan Assets**") if, immediately after any acquisition of an equity interest in the Partnership, twenty-five percent (25%) or more of the value of any class of equity interests in the Partnership is held by "**Benefit Plan Investors**." This Benefit Plan Investor percentage of ownership test applies at the time of an acquisition, transfer or redemption by any person of his Interests. For this purpose, a Benefit Plan Investor means an ERISA Plan, a Qualified Plan, or an entity deemed to hold Plan Assets by reason of investment in the entity by ERISA Plans or Qualified Plans. However, entities which hold Plan Assets are generally considered to be Benefit Plan Investors only to the extent that their equity interests are held by Benefit Plan Investors, although special rules apply to certain entities, including insurance companies investing assets of their separate accounts and bank collective trust funds. In performing the twenty-five percent (25%) calculation, interests in the Partnership held by persons (and their affiliates) who provide investment advice to the Partnership for a fee, direct or indirect (including the General Partner), or have discretionary authority over the Partnership's assets, are disregarded. Similar rules will apply to investment by Benefit Plan Investors in the Master Fund.

Consequences of Plan Asset Status. If the assets of the Partnership or the Master Fund were determined to include plan assets under the Plan Asset Rules, there could be a number of adverse consequences under ERISA and the Code. Under ERISA and the Code, a person who exercises any discretionary authority or discretionary control respecting the management or disposition of the assets of a Plan or who renders investment advice for a fee to a Plan is generally considered to be a fiduciary of such Plan. Consequently, should the twenty-five percent (25%) threshold be exceeded as to any class of equity interest in the Partnership or the Master Fund, and the General Partner could be characterized as fiduciaries of the investing Plans. As a result, various transactions between the Partnership or the Master Fund on the one hand and the General Partner or its affiliates or other parties in interest or disqualified persons with respect to the investing Plans on the other hand could constitute prohibited transactions under ERISA or the Code. In addition, the prudence standards and other provisions of Title I of ERISA applicable to investments by ERISA Plans and their fiduciaries would extend to investments made by the Partnership and the Master Fund, and the ERISA Plan fiduciaries who made a decision to invest the Plan's assets in the Partnership and indirectly in the Master Fund could, under certain circumstances, be liable as co-fiduciaries for actions taken by the Partnership, the Master Fund, or the General Partner. Finally, certain other requirements of ERISA, such as the "indicia of ownership" rules (see below under "*Holding of Indicia of Ownership*"), may become applicable to, but not be satisfied as to, the assets of the Partnership.

Limitation on Investment by Benefit Plan Investors in the Master Fund. In order to ensure that the assets of the Master Fund are not deemed to include Plan Assets, the Master Fund does not currently intend to permit the investment by Benefit Plan Investors in any class of the Master Fund's equity interests through indirect investment in the Partnership or otherwise to equal or exceed twenty-five percent (25%) at any time. Accordingly, the Partnership and the Master Fund have the right, in their sole and absolute discretion, to reject any proposed investment by a prospective or existing investor, which may indirectly affect the ability of a Limited Partner to transfer its Interest, to deny approval for a transfer of Interests, and to require any Limited Partner to withdraw all or any portion of its Interests. However, the Master Fund reserves the right, in its sole discretion, to permit investments by Benefit Plan Investors in the Master Fund to exceed the twenty-five (25%) threshold at any time and to comply thereafter with the applicable provisions of ERISA and the Code.

Limitation on Investment by Benefit Plan Investors in the Partnership. The Partnership does not generally anticipate accepting subscriptions for Interests in the Partnership by either ERISA Plan or Qualified Plan investors, as it is anticipated that such potential investors will prefer to invest in the Offshore Fund which has been established to give U.S. tax-exempt investors (as well as non-U.S. investors), the opportunity to pursue a parallel investment strategy to that of the Partnership. However, notwithstanding any provision of this Memorandum to the contrary, during any period in which any assets of the Partnership or the Offshore Fund are treated as Plan Assets: (i) all of the Partnership's assets, other than cash and short-term investments awaiting or otherwise pending contribution to the Master Fund, distributions to Limited Partners or payment of expenses and other reserves for similar contingencies) (collectively, "**Investible Assets**") will be invested in the Master Fund, (ii) all assets of the Partnership other than Investible Assets will be maintained in the account of the Partnership at the bank currently used by the Partnership for this purpose or another nationally recognized banking institution, (iii) the Partnership may not invest a portion of its assets directly rather than investing through the Master Fund, (iv) any Management Fee and Performance Allocation paid to the General Partner shall be paid with respect to their respective services or positions with respect to the Master Fund, (v) the General Partner may not reduce or modify its Management Fee or Performance Allocation payable with respect to the Partnership, but either may waive it, (vi) the Partnership will make distributions in cash, except in circumstances when the proceeds of the Partnership's corresponding withdrawals from the Master Fund are illiquid and are paid in-kind, (vii) no

portion of the marketing expenses of the Partnership will be borne by Limited Partners, respectively, who are ERISA Plans or Qualified Plans; (viii) net asset valuations of the Partnership will be determined by reference to the value of the Partnership's interest in the Master Fund, and by reference to third party sources with respect to the other assets of the Partnership; (ix) all leveraging will take place, at the Master Fund level; and (x) all investments of Investible Assets that were previously made at the Partnership level will be maintained.

The Partnership believes that, given the limited purpose and role of the Partnership and given the requirement that the Partnership follow the directions of the fiduciaries of each Benefit Plan Investor investing in the Partnership, as set forth in the subscription agreement, which require such investment of the Investible Assets of the Partnership in the Master Fund, neither the Partnership nor any other entity providing services to the Partnership is exercising any discretionary authority or control with respect to the assets of the Partnership. Accordingly, the Partnership believes that no entity providing services to the Partnership will act as a fiduciary (as defined in Section 3(21) of ERISA or Section 4975(e) of the Code) with respect to the assets of the Partnership or any Benefit Plan Investor in the Partnership. Rather, the Partnership believes that the fiduciaries of each Benefit Plan Investor in the Partnership have retained the exclusive fiduciary authority and responsibility with respect to such Limited Partner's initial and continuing investment in the Partnership.

Representations by Benefit Plan Investors. The fiduciaries of each ERISA Plan and each Qualified Plan proposing to invest in the Partnership will be required to represent that they have been informed of and understand the Partnership's and the Master Fund's investment objectives, policies and strategies and that the decision to invest such Plan's assets in the Partnership is consistent with the Plan's terms and the applicable provisions of ERISA and the Code, including, without limitation, terms and provisions that require diversification of Plan assets and impose other fiduciary responsibilities. The fiduciaries of investing Plans will also be required to represent that they are not relying upon the investment or other advice of the General Partner or its affiliates in investing in the Partnership, and that the acquisition and holding of Interests in the Partnership will not constitute a non-exempt "prohibited transaction" under ERISA or the Code. Finally, any entity that is a Benefit Plan Investor immediately prior to its acquisition of an interest in the Partnership or at any time thereafter while it continues to hold any interest in the Partnership must notify the Partnership of its status as a Benefit Plan Investor prior to its initial acquisition of an interest in the Partnership, or, if it first becomes a Benefit Plan Investor after its initial acquisition of an interest in the Partnership, a reasonable time in advance of becoming a Benefit Plan Investor. Each entity that is a Benefit Plan Investor must also advise the Partnership of the percentage of its assets which are considered to constitute Plan Assets, and must notify the Partnership a reasonable time in advance of any change in such percentage. Each Investor investing the assets of a Plan in the Partnership will also be required to acknowledge and agree that (i) by investing in the Partnership, it is deemed to direct the Partnership to invest the amount of the Investible Assets of the Partnership directly in the Master Fund during any period in which the assets of the Partnership or the Offshore Fund include Plan Assets; and (ii) during any period in which the underlying interests of the Partnership or the Offshore Fund are deemed to constitute Plan Assets, the General Partner is not intended to be a fiduciary with respect to the assets of the Plan.

Holding of Indicia of Ownership. Assets of ERISA Plans must at all times comply with the "indicia of ownership" rules set forth in Section 404(b) of ERISA which require the fiduciaries of ERISA Plans to maintain the indicia of ownership of any assets of the Plans within the jurisdiction of the United States district courts. For purposes of ERISA, a Limited Partner's ownership will be evidenced by its fully

executed subscription document. Fiduciaries of ERISA Plans who are considering an investment of ERISA Plan assets in the Partnership should consult their own legal advisers regarding compliance with these rules.

Reporting Requirements. ERISA Plans and Qualified Plans are required to determine the fair market value of their assets as of the close of each Plan's fiscal year. ERISA Plans and certain Qualified Plans are also required to file annual reports (Form 5500 series and Form 5498) with the Department of Labor. To facilitate fair market value determinations, and to enable fiduciaries of Plans to satisfy their annual reporting requirements as they relate to an investment in the Partnership, Limited Partners will be furnished annually with audited financial statements as described in this Memorandum. There can be no assurance (i) that any value established on the basis of such statements could or will actually be realized by Limited Partners upon the Partnership's liquidation, (ii) that Limited Partners could realize such value if they were able to, and were to sell their Interests, or (iii) that such value will in all circumstances satisfy the applicable ERISA or Code reporting requirements. In addition, the information in this Memorandum in relation to the compensation or other amounts received and to be received by the General Partner (including the nature of the services provided by the General Partner and the position of the General Partner relating to such other amounts, the formulae used to determine the compensation and other amounts and the identity of the persons paying and receiving the compensation and other amounts) is intended to satisfy the alternative reporting option for "eligible indirect compensation" for purposes of an investing Plan's Form 5500 Schedule C reporting.

SUMMARY OF THE LIMITED PARTNERSHIP AGREEMENT

The rights and obligations of the Partners are governed by the Limited Partnership Agreement of the Partnership (as amended or restated from time to time, the "Partnership Agreement"), a form of which shall be provided to each investor. Each prospective investor should review the entire Partnership Agreement carefully before investing in the Partnership. The statements herein concerning the Partnership Agreement are merely a brief summary of certain provisions thereof, do not purport to be complete and are qualified in their entirety by reference to the Partnership Agreement itself.

Certain capitalized terms used but not otherwise defined in this section have the respective meanings set forth in the Partnership Agreement.

Term

The Partnership has been organized as a limited partnership under Delaware law and will continue indefinitely, subject to termination upon the removal, resignation, bankruptcy or withdrawal of the last general partner without replacement by a successor as provided in the Partnership Agreement, the election of the General Partner to dissolve the Partnership, the business of the Partnership becoming unlawful, or an order of dissolution by a court of competent jurisdiction.

General Partner of the Partnership

The General Partner has, and will continue to have, full and complete management and control of the business and operations of the Partnership. The General Partner may admit additional general partners to the Partnership. The Limited Partners do not participate in the management or control of the Partnership's business or affairs.

The General Partner will devote such of its time during normal Business Days and hours as the General Partner, in its discretion, shall deem necessary and sufficient for the management of the affairs of the Partnership. The General Partner and any member, officer or affiliate of the General Partner shall not be precluded from (i) engaging, presently or in the future, consistent with the foregoing, and without accountability to the Partnership, in any other business venture or ventures of any nature and description including, without limitation, the management, financing, syndication or development of other ventures similar to the Partnership, or from acting as an investment manager or advisor to others, a trustee of any trust or a general partner of another limited partnership, or (ii) directly or indirectly purchasing, selling and holding securities for its own account or the accounts of such other business, irrespective of whether any such securities are purchased, sold or held for the account of the Partnership. Neither the Partnership nor any Partner shall have any rights in or to such other business ventures or the income or profits derived therefrom by virtue of the Partnership Agreement nor shall the General Partner or any member, officer or affiliate of the General Partner be under any obligation to first offer any investment opportunities to the Partnership or to allocate investments, as between the Partnership, other persons, or otherwise, in any particular manner, other than as it in its sole discretion shall determine. When the General Partner deems the purchase and sale of securities to be in the best interest of the Partnership and of other clients, it may aggregate the securities to be purchased or sold.

The General Partner may at any time determine to liquidate and dissolve the Partnership without any action by the Limited Partners. A general partner may only be removed upon an affirmative vote of the Limited

Partners holding at least ninety percent (90%) of the aggregate Capital Account balances of the Limited Partners after a determination by a court of competent jurisdiction of Cause (as defined below).

"**Cause**" shall include the occurrence of any of the following: (i) action by the General Partner constituting fraud, gross negligence, or willful misconduct in the performance of, or failure or refusal by it to perform, its duties in connection with the terms and conditions of the Partnership Agreement; (ii) acts of dishonesty by the General Partner that involve embezzlement or misappropriation of the funds of the Partnership that result in or are intended to result in personal gain or enrichment the members of the General Partner or any of their affiliates; or (iii) material breach of any of the terms or conditions of the Partnership Agreement.

A general partner may resign at any time, except that the resignation of the last remaining general partner will not be effective for ninety (90) days after notice is given to the Limited Partners. Upon the voluntary resignation, withdrawal or the adjudication of bankruptcy or insolvency of the last of the general partners, the Limited Partners may, upon the written consent of the Limited Partners holding a majority of the aggregate balances in the Capital Accounts of Limited Partners, continue the Partnership and appoint a successor General Partner (and each Limited Partner shall have the right to withdraw its Capital Account for a period of thirty (30) days thereafter). In the absence of such written consent, the Partnership will be dissolved.

Management Fee

In consideration for the investment management services to be provided by the General Partner, the Master Fund will pay the General Partner a [monthly] management fee (the "Management Fee") as set forth in the relevant Supplement. As the General Partner will generally be paid the Management Fee at the Master Fund level, no additional management fee will generally be paid to the General Partner at the Partnership level.

The capital account for each series of Interests held by a Limited Partner admitted to the Partnership other than on the first Business Day (as defined below) of a calendar quarter (and the capital account for each series of Interests held by a Limited Partner that makes an additional capital contribution on a day other than the first Business Day of a calendar quarter) will be subject to a pro rata portion of the Management Fee paid for such quarter based upon the portion of the quarter for which it is a Limited Partner. If a Limited Partner makes a withdrawal on a date other than the end of a calendar quarter, a pro rata portion of the Management Fee paid in respect of such calendar quarter will be refunded (without interest) based upon the portion of the Interest withdrawn and the portion of the quarter for which the withdrawn Interest was held. For purposes of this Memorandum, "Business Day" means any day on which the Federal Reserve Bank of New York is open for business or such other day as the General Partner may determine.

The General Partner may reduce or waive the Management Fee with respect to the capital accounts of certain Limited Partners, including affiliates of the General Partner; provided, however, that no such reduction or waiver will adversely impact any other Limited Partner or cause them to bear a higher portion of the Management Fee than they would bear absent such reduction or waiver.

Use of Third Parties and Other Activities

The General Partner and the Partnership may use the services of one or more third parties, including analysts, traders, consultants and other professionals to research market trends, perform comparative analysis and perform other functions to assist the General Partner in identifying, evaluating and trading securities and other instruments.

The Partnership Agreement recognizes that the General Partner and the members, partners, employees and affiliates thereof are associated with other investment entities and may engage in investment management for others. Except to the extent necessary to perform its obligations under the Partnership Agreement, the General Partner and the members, partners, employees and affiliates thereof are not limited or restricted from engaging in or devoting time and attention to the management of any other business, whether of a similar or dissimilar nature, or to rendering services of any kind to any other corporation, firm, individual or association.

Partner Liability

The General Partner generally has unlimited liability for Partnership obligations to third parties not otherwise satisfied by the Partnership. The Limited Partners are not liable for Partnership obligations except to the extent of their respective Capital Accounts and not in excess thereof. A Limited Partner has no obligation to make contributions to the Partnership beyond its initial Capital Contribution. The Interests are nonassessable, except as may otherwise be provided under Delaware law.

Under the exculpatory provisions of the Partnership Agreement, the General Partner, its affiliates and members and any of their respective principals, shareholders, members, partners, officers and employees, and the legal representatives of any of them (collectively, the "**Affiliated Parties**") shall not be liable to any Partner or the Partnership for any losses, damages or expenses arising out of (i) any trade errors, acts or omissions, or alleged acts or omissions, arising out of, related to or in connection with the Partnership or any entity in which the Partnership has an interest, any transaction or activity relating to the Partnership or any entity in which it has an interest, any investment or proposed investment made or held, or to be made or held by the Partnership, or arising out of the Partnership Agreement or any similar matter, unless such trade error, action or inaction constitutes fraud, willful misconduct or gross negligence by any Affiliated Party, or (ii) any trade errors, acts or omissions, or alleged acts or omissions, of any broker or agent of any Affiliated Party, provided that the selection, engagement or retention of such broker or agent was not done in a manner that constitutes fraud, willful misconduct or gross negligence. Each of the Affiliated Parties may consult with counsel and accountants in respect of the Partnership's affairs and be fully protected and justified in any action or inaction that is taken in accordance with the advice or opinion of such counsel or accountants, provided that they were not selected in a manner that constitutes fraud, willful misconduct or gross negligence.

The Partnership has agreed to indemnify and hold harmless the Affiliated Parties from and against any loss, cost, damage or expense suffered or sustained by an Affiliated Party by reason of (i) trade errors, acts or omissions, alleged acts or omissions arising out of or in connection with the Partnership or any entity in which it has an interest, any investment or proposed investment made or held, or to be made or held by the Partnership or any similar matter, including, without limitation, any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding, investigation or claim, provided that such trade errors, acts, omissions, or alleged acts or omissions upon which such actual or threatened action, proceeding, investigation or claim did not constitute fraud, willful misconduct or gross negligence by any Affiliated Party, or (ii) any trade errors, acts or omissions, or alleged acts or omissions, of any broker, agent, independent contractor or other third party providing services to the Partnership or the General Partner, provided that the selection, engagement and retention of such broker, agent, independent contractor or other third party providing services to the Partnership or the General Partner was not done in a manner that constitutes fraud, willful misconduct or gross negligence. The rights of indemnification provided in the Partnership Agreement will be in addition to any rights to which such Affiliated Party may otherwise be entitled by contract or as a matter of law and shall extend to its successors and assigns. The Partnership may, in the discretion of the General Partner, advance to any Affiliated Party reasonable attorneys' fees and other costs and expenses

incurred in connection with the defense of any action or proceeding that arises out of the foregoing whether or not the provisos of (i) or (ii) apply. In the event that such an advance is made by the Partnership, the Affiliated Party shall agree to reimburse the Partnership for such fees, costs and expenses to the extent that it shall be finally determined by non-appealable order of a court of competent jurisdiction that it was not entitled to indemnification.

Partner Capital Accounts

The Partnership will establish and maintain a Capital Account for each series of Interests held by a Partner. Each such Capital Account maintained for a series of Interests shall be adjusted as provided in the Partnership Agreement and in such other manner as the General Partner shall determine to be necessary or desirable to fairly account for segregated portfolios or other variations in Capital Accounts between Partners, including, where deemed appropriate, by the creation of separate series of interests, classes, reserve accounts, or otherwise. The Master Fund shall establish for each Limited Partner's Capital Account maintained for a series of Interests, a Sub-Account that corresponds such Capital Account in the Partnership. As such, the description of the allocation of profits and losses described herein will also generally apply to the Sub-Accounts. A Partner's Capital Account maintained for a series of Interests will initially consist of its initial Capital Contribution made with respect to such series of Interests. The amount in each Capital Account maintained for a series of Interests will be increased by any Partner's Additional Capital Contributions made with respect to such series of Interests and allocable share of Net Profits attributable to such series of Interests (after the General Partner receives such a pro rata share of any Performance Allocation from the Master Fund) and decreased by the amount of the Partner's capital withdrawals made with respect to its Capital Account maintained for such series of Interests, distributions and allocable share of Net Losses attributable to such series of Interests, if any. Additional Capital Contributions made by a Limited Partner with respect to a series of Interests will result in a separate Capital Account with respect to such series of Interests that will be considered separately for purposes of calculating the applicable Initial Withdrawal Date. Two or more Capital Accounts maintained for a series of Interests held by the same Limited Partner in the Partnership may be combined after the expiration of the applicable Initial Withdrawal Date or at such other times as the General Partner may determine. No Limited Partner will be required or obligated at any time to contribute any additional amount to its Capital Account(s). Limited Partners may, with the consent of the General Partner, make Additional Capital Contributions as of the last Business Day of each month or at such other times as the General Partner shall determine, in its sole discretion.

Allocation of Net Profits and Net Losses

For each fiscal year (a "**Valuation Period**") in which a Limited Partner has a Net Profit from the Partnership, such Net Profit shall first be allocated to all Partners (including the General Partner) in proportion to each Partner's respective Opening Capital Balance as of the start of the year. Thereafter, from the amount allocated to each Limited Partner's Capital Account, a Performance Allocation shall be re-allocated to the General Partner. If in any fiscal year the Partnership has a Net Loss, such Net Loss generally will be allocated one hundred percent (100%) to all Partners (including the General Partner) in proportion to their respective Opening Capital Balances for that fiscal year. If Capital Contributions or withdrawals are made during a fiscal year, an interim allocation of Net Profit and Net Loss will be made for the period preceding such Capital Contribution or withdrawal (an "**Interim Valuation Period**"). Such interim allocation will be made to all Partners based upon their Opening Capital Balances at the start of such Interim Valuation Period. Except with respect to a Limited Partner withdrawing capital, no Performance Allocation to the General Partner will be made on account of an Interim Valuation Period. Performance Allocations will be made at the close of the fiscal year, based upon the aggregate of all Interim Valuation Periods for each Limited Partner in the year.

Net Profits and Net Losses are calculated for a period by combining the aggregate net realized and unrealized changes in the value of the Partnership's assets with all other income and expenses of any kind for such period, including the Management Fee (without reduction for the Performance Allocation). Net Profits and Net Losses from "new issues", as defined in Rule 5130, will be allocated only to Partners eligible to participate therein.

Tax Allocations

For federal income tax purposes, all items of deduction other than realized capital losses, and all items of income other than realized capital gains, shall be allocated, as nearly as is practicable, in accordance with the manner in which such items of deduction or income affected the amounts which were either deducted from or added to the Capital Accounts of the Partners. Capital gains and capital losses (short term and long term, as the case may be) recognized by the Partnership shall be allocated, as nearly as is practicable, in accordance with the manner in which the aggregate of the increase or decrease in the value of the Securities positions giving rise to such gains or losses was added to or deducted from the Capital Accounts of the Partners in the Partnership.

Under the Partnership Agreement, the General Partner has the discretion to allocate specially an amount of the Partnership's ordinary income/loss and capital gain/loss (including short-term capital gain/loss) for federal income tax purposes to a withdrawing Limited Partner to the extent that the Limited Partner's Capital Account exceeds such Limited Partner's federal income tax basis in his or her Interest, or such Limited Partner's federal income tax basis exceeds such Limited Partner's Capital Account, as the case may be. No assurance can be given that, if the General Partner makes such a special allocation, the IRS will accept the allocation. If the IRS successfully challenges the allocation, the Partnership's income/gains or losses allocable to the remaining Limited Partners would be increased or decreased, as the case may be.

Distributions

The General Partner is not required to make any distributions of Net Profits, and except as otherwise set forth below, it is not anticipating that any distributions will be made. Any distribution of Net Profits is in the sole discretion of the General Partner and, unless otherwise determined by the General Partner, shall be made ratably to all Limited Partners in accordance with their Capital Accounts at the time of such

distribution. Distributions may be in cash or other assets of the Partnership, or any combination thereof, in the sole discretion of the General Partner. Each Limited Partner is required to take into account its allocable share of all items of income, gain, loss, deduction or credit for the Partnership regardless of whether such Limited Partner has received any distributions from the Partnership. Because the General Partner is not required to make any distributions of Net Profits, a Limited Partner's income tax liability in a particular year may exceed the amount of cash actually received by it.

Purchases of "New Issues"

From time to time the Partnership may purchase "**New Issues**", as defined in Rule 5130. Rules 5130 and 5131 identify certain persons that are restricted from participating in new issues ("**Restricted Persons**"), including FINRA members, other broker-dealers and their affiliates, certain personnel of broker-dealers, certain finders and fiduciaries and portfolio managers of certain entities and accounts, including collective investment accounts (which include hedge funds) and directors and executive officers of U.S. public companies and other companies that meet certain financial thresholds.

Rule 5130 and Rule 5131 each permit a collective investment account, such as the Partnership, that desires to purchase New Issues to segregate the interests of Restricted Persons from non-Restricted Persons so that Restricted Persons do not participate in New Issues purchased by the account. However, FINRA did not prescribe a particular manner for segregating such interests. The Partnership intends to utilize such "carve-out" mechanisms as are necessary to comply with Rules 5130 and Rule 5131 to permit the Partnership to participate in New Issues without allowing Restricted Persons to benefit therefrom. Partners may also elect to "opt-out" of participating in profits and losses from new issues by so indicating in their respective Subscription Agreement.

The procedures and policies of the Partnership regarding New Issues may be changed from time to time in the General Partner's discretion, including based upon the General Partner's evaluation of FINRA rules and relevant interpretations.

Rules 5130 and 5131 also allow for a de minimis exemption to accommodate accounts with only a small percentage of Restricted Persons. This exemption will permit an account to purchase New Issues without employing the carve-out mechanisms described above if Restricted Persons, in the aggregate, own less than ten percent (10%) of the account, with respect to Rule 5130, and twenty-five percent (25%) of the account, with respect to Rule 5131. Although it is not anticipated that the Partnership will rely on such exemption, the General Partner reserves the right to vary its policy with respect to the allocation of new issues as it deems appropriate for the Partnership as a whole, in light of, among other things, existing interpretations of, and amendments to, Rule 5130 and Rule 5131 and practical considerations, including administrative burdens and principles of fairness and equity.

As a matter of fairness to Partners that do not participate in the Partnership's investments in new issues, a use-of-funds charge may be debited to the Capital Account(s) of those Partners that participate in new issues and credited to all other Partners, pro rata in accordance with the aggregate Capital Account balances of such other Partners as of the beginning of each period in which the Partnership's investment portfolio includes investments in new issues. The debited amount would be equal to the interest on the funds used to purchase the new issues at a commercially reasonable rate as determined by the General Partner in its discretion. For the avoidance of doubt, the General Partner is not required to debit any such use-of-funds charge as described above.

Valuations

The Partnership will make investments primarily through the Master Fund, therefore, the General Partner may rely on the valuations of such securities provided by the Master Fund. The Net Asset Value (as defined below) of the Partnership comprises the value of the assets directly held by the Partnership (or indirectly held through the Master Fund) together with the Net Asset Value of any other separate entity or account holding Partnership assets. All such Net Asset Values are valued in accordance with the following valuation principles described herein. "**Net Asset Value**" means the value of all assets (including all cash and cash-equivalents, accrued interest and amortization of original issue discount, and the market value of all open securities, commodities and currency positions and other investments and assets); less all liabilities (including, but not limited to, brokerage and floor commissions and fees and other transaction costs, any legal, accounting and auditing fees, advisory fees, administrative, operating and accounting expenses, offering expenses and any extraordinary expenses) of the Partnership, or of a capital account or of a Partner (as the context may require), in accordance with GAAP, applied on a consistent basis. The Net Asset Value of the Partnership and the net asset value of each series of Interests will be calculated as of the last day of each calendar month, with fair market valuation applied to all assets and liabilities of the Partnership, such that these net asset values will be in accordance with GAAP, excepting for the treatment of organizational expenses to be amortized over five years, as discussed above in "*Compensation and Expenses; Partnership Expenses*."

The General Partner has delegated to the Administrator the computation of the Net Asset Value of the Partnership and the capital accounts, which shall be based on the assets and liabilities reported to the Administrator by the Partnership, its prime brokers, custodians and/or the General Partner and shall be subject to the overall supervision and direction of the General Partner. In determining the Net Asset Value, the Administrator will follow the valuation policies and procedures adopted by the Partnership as described below. See "*Certain Service Providers - Administrator*". During any period in which the assets of the Partnership or the Offshore Fund are considered to include the "plan assets" of investing ERISA Plans and Qualified Plans, the Partnership will invest its assets exclusively in the Master Fund, and all valuations of investments will be made at the Master Fund level. The valuation guidelines to be used by the Master Fund are identical to the valuation guidelines below.

For purposes of determining the unrealized gains and losses on the Partnership's securities, except as otherwise determined by the General Partner in its discretion, securities and other assets shall generally be valued as follows:

(a) Normally the value of any investment listed or dealt in on any regulated investment exchange or market place as determined by the General Partner (each a "**Recognized Investment Exchange**") will be the closing market or settlement price.

(b) Where a listed investment attracts only thin trading but for which a secondary market exists between securities dealers who offer prices in conformity with the market, the Administrator may, with the approval of the General Partner, base its valuation on the prices quoted by such securities dealer.

(c) Unlisted investments will be valued by the Administrator either by reference to valuations provided by stockbrokers or other professional persons approved by the General Partner or in such other way as the Administrator, with the approval of the General Partner, consider(s) fair and reasonable and wherever practicable the Administrator will seek to obtain valuations from brokers.

(d) There will also be taken into account interest accrued on investments unless it is already included in the quoted or listed price.

(e) The value of money market instruments which are not traded daily may be determined as follows: the valuation price of such investments will be gradually assimilated to their withdrawal price, starting from the net price of acquisition, in such a way that the investment yield calculated on the basis of the valuation price is maintained at a constant level. If market conditions undergo significant changes, the valuation basis of the individual investment will be adjusted to the new yields to be obtained on the market.

All other assets of the Partnership will be valued in the manner determined by the General Partner, or its delegate(s) to reflect their fair market value.

The foregoing valuations and methods may be modified by the General Partner. Portfolio securities shall be valued as set forth above, provided that the General Partner may determine that the listed prices of the securities and instruments as determined in accordance with the valuation procedures set forth above do not reflect the actual value of the securities or instruments and the General Partner may make such appropriate and reasonable modifications thereto to reflect the value of the instruments and securities, including to reflect liquidity conditions or other factors affecting such value. Valuation of securities or other assets not specifically described above similarly shall be as determined by the General Partner, which determination shall be final.

The Partnership's accounts are maintained in U.S. Dollars. Assets and liabilities denominated in other currencies are translated at the exchange rates in effect at the relevant valuation date and translation adjustments are reflected in the results of operations. Portfolio transactions and income and expenses are translated at the exchange rates in effect at the time of each transaction.

The Administrator has been retained to, amongst other things, calculate the net asset value of the Interests and to disseminate that information to the Partnership and its Partners. In connection with the determination of the value of the assets of the Partnership, the General Partner may consult with and is entitled to rely upon the advice of the Partnership's brokers, custodians or other advisers and in calculating the net asset value of the Shares, the Administrator is also entitled to rely on the instructions of the General Partner, the Partnership's brokers, custodians or other advisers. In no event and under no circumstances will the Administrator or the General Partner incur any individual liability or responsibility for any determination or calculation made, advice given or other action taken or omitted by them in good faith with respect to the determination or calculation of the value of the Partnership's assets or the Capital Account balances of the Limited Partners, as the case may be.

Withdrawals by Limited Partners

A Limited Partner may generally withdraw all or a portion of the balance in each of its capital accounts maintained for purposes of withdrawals as of the Initial Withdrawal Date (as defined in the relevant Supplement) and as of the end of each Subsequent Withdrawal Date (as defined in the relevant Supplement) thereafter. A Subsequent Withdrawal Date, together with the Initial Withdrawal Date and such other withdrawal date as may be permitted by the General Partner in its discretion, shall be hereinafter referred to as a "**Withdrawal Date**".

Each capital contribution by a Limited Partner (and any appreciation or depreciation thereon) will be deemed to be credited to a separate capital account solely for purposes of tracking the Initial Withdrawal Date applicable to such capital contribution. Withdrawals by Limited Partners made with respect to any

series of Interests with more than one capital account with respect to such series of Interests will be made on a "first in-first out" basis. Requests for withdrawals must be provided to the General Partner in writing (a "**Withdrawal Request**") at least twenty (20) days prior to the requested Withdrawal Date, stating the Limited Partner's intention to withdraw and the amount of such withdrawal (which Withdrawal Request shall indicate a dollar amount to be withdrawn, rather than a percentage, unless such Limited Partner is requesting to withdraw all of its capital account), if less than such Limited Partner's total capital account. Withdrawal Requests shall be irrevocable unless otherwise determined by the General Partner, in its sole discretion.

Except in the sole discretion of the General Partner, the Partnership will not accept the partial Withdrawal Request or may require a Limited Partner to fully withdraw the remaining balance in its capital account maintained for a series of Interests in instances where such Limited Partner submits a partial Withdrawal Request that would reduce the aggregate balance in such capital account below such amount as set forth in the relevant Supplement with respect to such series to the Partnership.

Limited Partners generally will receive the proceeds from any withdrawal (less any applicable Management Fee, Performance Allocation, holdbacks for reserves and/or actual or estimated expenses incurred by the Partnership in connection with the disposition of any of its investments required to fund such withdrawal (in each case determined in accordance with GAAP)) within five (5) days of the effective date of the withdrawal. If, after the completion of the Partnership's year-end audit, the General Partner determines that the amount previously distributed to a Limited Partner exceeded the amount to which such Limited Partner was actually entitled, then the Limited Partner shall be required to return such excess amount to the Partnership within ten (10) days of notification of such excess payment. Except where the full amount of a withdrawal is not available for payment to the Limited Partner as described below, the entire withdrawal amount shall be deemed to be withdrawn as of the effective date of the withdrawal and no interest shall be paid on amounts held back. All withdrawal amounts will be subject to the General Partner's establishment of necessary reserves (determined in accordance with GAAP) for loss contingencies and liabilities existing as of the effective date of the withdrawal. In addition, the General Partner may, if required by anti-money laundering or other governmental rules or regulations, retain a Limited Partner's distributions until such time as the funds may be released under such rules or regulations.

Distributions to a Limited Partner on withdrawal generally will be made in cash (by wire transfer); however, at the discretion of the General Partner, such distributions may be made, in whole or in part, in-kind. In-kind distributions may be made directly to the withdrawing Limited Partner and will be made pro rata to all withdrawing Partners (including the General Partner, as applicable). Alternatively, in-kind distributions may in certain circumstances be made through the use of a liquidating entity (a "**Liquidating Entity**"), in which case (i) payment to such Partner of that portion of its withdrawal attributable to such securities will be delayed until such time as such securities can be liquidated, and (ii) the amount otherwise due such Partner will be increased or decreased to reflect the performance of such securities through the date on which the liquidation of such securities is effected, and any applicable fees and expenses.

The General Partner may require any Limited Partner to withdraw all or any part of the balance in its capital accounts for any reason, at any time upon five (5) days prior written notice. The General Partner may also suspend the determination of net asset value of the Partnership or suspend or limit withdrawal rights for any and all Limited Partners upon the occurrence of certain events.

The General Partner may withdraw all or any portion of the balance in its capital account at the Partnership (or the Master Fund) on the same terms as the Limited Partners holding Series A Interests; provided that the General Partner may not withdraw capital from the Partnership (or the Master Fund) if the General Partner suspends withdrawal rights in accordance with the immediately preceding paragraph or unless all

liabilities of the Partnership (or Master Fund) have been paid or the Partnership (or Master Fund) has sufficient assets to pay such liabilities. Notwithstanding the foregoing, the General Partner may withdraw the Performance Allocation from its capital account in the Master Fund or the Partnership, as applicable, at any time in the General Partner's sole discretion.

Suspension of Withdrawals

The General Partner, by written notice to the Limited Partners, may suspend the determination of net asset value of the Partnership or suspend or limit the right of any Limited Partner to withdraw the balance in each of such Limited Partner's Capital Accounts, including the payment of withdrawal proceeds, in whole or in part, during (i) any breakdown in the means of minimum communication normally required in reasonably determining the price of any of the investments comprised in the Partnership beyond the reasonable control of the Administrator or when for any reason beyond the reasonable control of the Administrator the prices of any investments cannot be reasonably promptly and reasonably accurately ascertained, (ii) any period when the making or the realization of a substantial portion of the investments comprised in the Partnership (including currency hedges) cannot, in the opinion of the Administrator or the General Partner, be effected due to suspension of trading of such investments on the relevant markets, (iii) during any period in which the General Partner determines not doing so would have a material adverse effect on the Partnership or the Limited Partners, or (iv) if a notice has been circulated to the Limited Partners proposing that the Partnership be wound up. Upon the determination by the General Partner that any of the above mentioned conditions no longer applies, the calculation of the Partnership's net asset value and withdrawal rights shall be promptly reinstated, and any pending Withdrawal Requests shall be honored as of such date as is reasonably practicable as determined by the General Partner. In addition, the General Partner, by written notice to any Limited Partner, may suspend payment of withdrawal proceeds to such Partner if the General Partner deems it necessary to do so to comply with anti-money laundering laws and regulations applicable to the Partnership, the General Partner or its affiliates, subsidiaries or associates or any of the Partnership's other service providers.

Compulsory Withdrawal

The General Partner may require any Limited Partner to withdraw all or any part of the balance in its Capital Account for any reason, at any time upon five (5) days prior written notice. Payment shall be made in accordance with the procedure applicable to voluntary Withdrawal Requests.

Transfer or Assignment of Interests

A Limited Partner may not sell, assign, pledge or transfer its Interest without the prior written consent of the General Partner, which consent may be granted or refused by the General Partner in its sole discretion. A transferee of all or any part of an Interest shall become a substituted Limited Partner only with the consent of the General Partner, which consent may be granted or refused in the sole discretion of the General Partner, and only upon compliance with all applicable provisions of law. All costs and expenses incurred in connection with the transfer of an Interest, including, but not limited to, the legal fees of the Partnership, shall be paid by the transferee.

The death, incompetency or dissolution of a Limited Partner will not terminate the Partnership, but such Limited Partner's share of Partnership profits and losses and its obligations under the Partnership Agreement will devolve on its representatives. Such representatives or their assignee may become a substituted Limited Partner only with the written consent of the General Partner.

The Limited Partners have not been, and will not be, granted the right to require the registration of the Interests under the Securities Act or any state securities laws, and the Partnership has no intention to so register the Interests.

Partnership Amendments

The Partnership Agreement may be amended at any time upon the written consent of the General Partner solely for the purpose of (i) reflecting new Partners; (ii) changing the name of the Partnership or the location of its office; (iii) creating and admitting one or more additional classes or series of Interests of Partners; (iv) correcting ambiguities, inconsistencies or incompleteness in the Partnership Agreement; (v) conforming the Partnership Agreement and Partnership operations to federal or state tax, legal, securities or other requirements or regulations, including amendments necessary to preserve the Partnership's qualification to be taxed as a partnership, to preserve the Partnership's eligibility to purchase New Issues and to prevent the Partnership from in any manner being deemed an "investment company" subject to the provisions of the 1940 Act; (vi) reflecting changes validly made in the membership of the Partnership and the Capital Contributions and interests of the Partners; (vii) making a change in any provision of the Partnership Agreement that requires any action to be taken by or on behalf of the General Partner or the Partnership pursuant to applicable Delaware law if the provisions of applicable Delaware law are amended, modified or revoked so that the taking of such action is no longer required; and (viii) effecting such other amendments as may be deemed by the General Partner to be necessary and/or desirable to conduct the Partnership's business, and not adverse in any material respects to the interests of existing Limited Partners.

The Partnership Agreement may also be amended at any time by written consent of the General Partner and of Limited Partners holding a majority of the aggregate balances in the Capital Accounts of all the Limited Partners to the extent permitted by law; provided, however, that without the specific consent of each Partner adversely affected thereby, no amendment may (i) reduce the Capital Account of any Partner or impair its rights of withdrawal with respect thereto, (ii) change the respective liabilities of the General Partner and the Limited Partners, (iii) have the effect of allocating Net Profits and Net Losses generally other than in proportion to the respective Opening and Closing Capital Balances of the Partners, subject to the existing allocation provisions, or (iv) change the provisions of the Partnership Agreement regarding such amendments.

Except as expressly provided in the Partnership Agreement, if any provision thereof or of the Delaware Revised Uniform Limited Partnership Act requires the consent or approval of any one or more Partners, the General Partner may elect to either request the written consent or approval of a Partner or to obtain consent or approval as follows: a Partner shall be conclusively deemed to have given such consent or approval if (a) the General Partner sends such Partner a notice setting forth the matter on which its consent or approval is requested; (b) such notice requests that such Partner grants its consent or approval; (c) such notice states that, if such Partner fails within thirty (30) days (or such later date as the General Partner may determine) of its receipt of such notice to give a notice to the General Partner expressly withholding such consent or approval, such Partners shall be deemed to have granted such consent or approval; and (d) such Partner fails to give the General Partner such a notice within such thirty (30) day period (or such later date as the General Partner may determine). Accordingly, prospective Limited Partners should be aware that other than the specific amendments enumerated above, amendments to the Partnership Agreement affecting their Interests may be made without necessarily obtaining their individual consent.

Financial Records and Reports

The fiscal year-end of the Partnership is December 31. Audited financial statements of the Partnership will be prepared and the Partnership will send (or cause to be sent) such statements to each Limited Partner as

soon as practicable following the close of each fiscal year. The Partnership's first audited financial statements will be prepared for the period ending on December 31, 2016. The Partnership will also provide each Limited Partner with a monthly report which will include unaudited performance information with respect to the Partnership. The General Partner will provide each Partner with a Schedule K-1 for tax purposes. If the General Partner is unable to deliver such Schedule K-1 by April 15, the General Partner will provide Limited Partners with estimates of the taxable income or loss allocated to their investment in the Partnership. Unless otherwise restricted by law, all reports, financial statements and other information may be delivered to Limited Partners electronically.

Tax Matters Partner / Partnership Representative

The Partnership Agreement designates the General Partner as the "Tax Matters Partner" of the Partnership. As such, the General Partner would receive the IRS's initial notice with respect to any Partnership administrative adjustment initiated by the IRS. Although each Limited Partner is entitled to participate in the administrative proceedings at the Partnership level, the General Partner will determine whether the Partnership, as such, will challenge any adjustment proposed by the IRS. For tax years beginning after December 31, 2017, the General Partner will be the "partnership representative" of the Partnership. As "partnership representative", the General Partner will be responsible for handling all administrative tax proceedings at the Partnership level, and its decisions and actions in connection therewith will be final and binding upon the Partnership and the Partners.

SUBSCRIPTION FOR INTERESTS

The Offering

The Partnership is currently offering series A limited partnership interests ("**Series A Interests**"), series B limited partnership interests ("**Series B Interests**"), and series C limited partnership interests ("**Series C Interests**" and collectively with the Series A Interests and the Series B Interests, the "**Interests**"). Each series of Interests will be subject to the terms and conditions set forth herein and to such terms as more fully described in the applicable supplement to this Memorandum (each, a "**Supplement**"). Interests have equal rights and privileges with each other, except as set forth in the relevant Supplement. The General Partner may determine at any time and in its discretion to no longer offer a particular series of Interests.

The General Partner may establish or provide for the establishment of additional series or classes of Interests, sub-series, sub-classes or segregated accounts with such rights and characteristics (which may differ from the rights and characteristics attached to any existing series of Interests), as the General Partner may determine in its discretion without notice to, or the consent of, any other Limited Partners. The General Partner may also determine at any time and in its discretion to no longer offer a particular series of Interests.

The minimum initial investment that must be made with respect to an Interest in a series is set forth in the relevant Supplement. The Partnership will offer Interests to prospective investors on the last Business Day of each month or at such other times as the General Partner, in its discretion, may allow. Upon admission to the Partnership an investor will become a limited partner (a "**Limited Partner**").

The offering is being made only to a limited number of qualified persons, is not being registered under the Securities Act in reliance upon an exemption from registration provided in Section 4(a)(2) of the Securities Act and Regulation D thereunder, and is not being qualified for public sale under the securities laws of any states of the United States. The decision whether and, if so, when to continue to offer Interests will be made by the General Partner, in its sole discretion. The General Partner may terminate the offering of Interests at any time. The General Partner, in its sole discretion, may decline to accept the subscription of any prospective investor and may permit a Limited Partner (including, without limitation, an affiliate of the General Partner) to make an initial or additional capital contribution, in whole or in part, in the form of marketable or other securities. For purposes of determining such Limited Partner's capital contribution, any such securities will be valued in a manner and amount determined by the General Partner in its sole discretion.

There will be no sales charges payable to the Partnership in connection with the sale of Interests. The General Partner may pay other forms of consideration to other qualified persons in connection with the sale of Interests, which will not be paid by the Partnership.

Interests may only be purchased by investors that are "accredited investors," as defined in Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**"), and a "qualified client," as that term is defined in rule 205-3 under the Investment Advisers Acts of 1940, as amended (the "**Advisers Act**"). The General Partner, in its sole discretion, may decline to accept the subscription of any prospective investor. The General Partner reserves the right to enter into agreements with a Limited Partner providing for rights, privileges and other terms that vary from those generally applicable to other Limited Partners. The General Partner reserves the right to request from each investor information with respect to the occurrence of certain disciplinary events as set forth in Rule 506(d) under the Securities Act.

Each prospective investor must complete the Subscription Agreement included in the subscription materials and meet certain financial criteria that the Partnership has established as an indication of an investor's financial sophistication and ability to bear the risk of an investment in the Partnership.

With the consent of the General Partner, a Limited Partner may make additional capital contributions to the Partnership with respect to a series of Interests in such amounts and on such terms as set forth in the relevant Supplement, subject to the discretion of the General Partner to accept lesser amounts. No Partner will be required or obligated at any time to contribute additional capital to the Partnership.

The Subscription Agreement also provides for certain representations and undertakings to be given by prospective investors, including an agreement to indemnify and hold harmless the Partnership and its directors, officers and agents and other representatives against any loss, liability, cost or expense (including attorneys' fees, taxes and penalties) which may result, directly or indirectly, from any misrepresentation or breach of any warranty, condition, covenant or agreement set forth therein or in any other document delivered by the subscriber to the Partnership.

This investment involves a high degree of risk and is suitable only for persons having substantial financial resources that understand the long-term nature of, the consequences of and the risks associated with the investment. A subscription for Interests will be accepted only from a person with respect to whom the General Partner has reasonable grounds to believe (generally based solely on the Subscription Agreement of such Limited Partner), and shall believe immediately prior to sale, after making reasonable inquiry, either (a) has knowledge and experience in financial and business matters such that he/she is capable of evaluating the merits and risks of this investment, or (b) alone or together with his/her Purchaser Representative (as that term is defined in Regulation D promulgated under the Securities Act) has such knowledge and experience in financial and business matters that he/she is capable of evaluating the merits and risks of this investment and that such person is able to bear the economic risk of this investment. The General Partner shall have the right to accept or reject, or accept for a lesser amount, any subscription for Interests, in its sole discretion.

Subscription Documents

To subscribe for Interests, prospective subscribers must:

1. submit a completed, dated and executed Subscription Agreement;

2. submit two dated, executed and notarized Limited Partner signature pages; and

3. arrange for a wire transfer for the amount of the subscription in accordance with the instructions in the Subscription Agreement.

These documents (which are all contained in the Subscription Documents given to you contemporaneously with this Memorandum) should be delivered to FlowPoint Capital Partners Fund LP at:

c/o FlowPoint Capital Partners, LP
280 Summer Street, M1
Boston, MA 02210
Attn: Peter DeCaprio

Executed copies of the Subscription Documents and any withdrawal, transfer or other instructions (such as change of address) should be sent to the Administrator at: pdecaprio@fppinvest.com.

Notwithstanding the method of communication, the Partnership and/or the Administrator reserve the right to ask for the production of original documents or other information to authenticate the communication. In the case of mis-receipt or corruption of any message, you will be required to re-send the documents. Note that you must use the form document provided by the Partnership in respect of the subscription, withdrawal or transfer, unless such condition is waived by the Partnership and/or the Administrator. Please note that messages sent via email must contain a duly signed document as an attachment.

Each subscriber for Interests will be requested to acknowledge and consent that the Partnership, the Administrator and/or the General Partner may disclose to each other, to any regulatory body, to a delegate, agent or any other service provider in any jurisdiction, including those outside of the U.S. or the European Economic Area, copies of the subscriber's subscription application and any information concerning the subscriber provided by the subscriber to the Partnership, the Administrator and/or the General Partner. Any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on such person by law or otherwise.

The Administrator will use its reasonable efforts to acknowledge in writing all subscription and withdrawal requests which are received in good order. A subscriber failing to receive such written acknowledgement from the Administrator within five (5) Business Days should contact the Administrator to obtain the same. Failure to obtain such a written acknowledgement from the Administrator may delay or render the request void, unless otherwise permitted by the General Partner. Prospective investors are invited to speak with the General Partner so that it may answer any questions raised by them or their representatives in connection with the offering and may provide them with any additional related information available to the General Partner or which can be acquired without unreasonable effort or expense.

Copies of the Partnership Agreement and the Amended and Restated Limited Partnership Agreement of the Master Fund may be inspected at the offices of the General Partner upon the advance written notice to the General Partner.

THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT. THE INTERESTS ARE BEING OFFERED AND WILL BE SOLD IN THE ABSENCE OF ANY REGISTRATION BY REASON OF AN EXEMPTION UNDER SECTION 4(A)(2) OF THE SECURITIES ACT. THE AVAILABILITY OF SUCH EXEMPTION IS DEPENDENT, IN PART, UPON THE "**INVESTMENT INTENT**" OF EACH LIMITED PARTNER AND THE SUITABILITY OF SUCH AN INVESTMENT. ACCORDINGLY, EACH SUBSCRIBER OF INTERESTS IS REQUIRED TO MAKE CERTAIN REPRESENTATIONS AND WARRANTIES TO THE GENERAL PARTNER AND THE PARTNERSHIP AND TO AGREE TO INDEMNIFY, HOLD HARMLESS AND PAY ALL JUDGMENTS AND CLAIMS AGAINST THE GENERAL PARTNER FOR ANY LIABILITY INCURRED AS A RESULT OF ANY REPRESENTATION OR ANY WARRANTY NOT PERFORMED BY THE SUBSCRIBER. EACH SUBSCRIBER'S ATTENTION IS DIRECTED TO THE SUBSCRIPTION AGREEMENT FOR A COMPLETE DESCRIPTION OF THESE WARRANTIES AND REPRESENTATIONS. HOWEVER, THE FOLLOWING ARE OF SPECIAL IMPORTANCE: EACH SUBSCRIBER MUST WARRANT THAT IT MEETS THE SUITABILITY STANDARDS SET FORTH ABOVE, HAS THE ABILITY AND EXPERIENCE TO ANALYZE THE MERITS AND RISKS OF THIS INVESTMENT, AND HAS RECEIVED AND READ A COPY OF THIS MEMORANDUM. EACH SUBSCRIBER MUST ALSO REPRESENT THAT IT IS AWARE THAT THERE ARE RESTRICTIONS

ON THE WITHDRAWAL AND THE TRANSFER OF INTERESTS THAT WILL MAKE THEIR SALE VERY DIFFICULT; THAT THERE IS THE POSSIBILITY THAT THE SUBSCRIBER WILL LOSE ITS ENTIRE INVESTMENT; AND THAT THE TAX EFFECTS THAT MAY BE EXPECTED BY THE PARTNERSHIP ARE NOT SUSCEPTIBLE TO PRECISE PREDICTION, AND NEW DEVELOPMENTS IN RULINGS OF THE IRS, COURT DECISIONS OR LEGISLATIVE CHANGES MAY HAVE AN ADVERSE EFFECT ON THE TAX TREATMENT ELECTED BY THE PARTNERSHIP.

OTHER MATTERS

Regulatory Matters

The Partnership is not and does not intend to be registered as an investment company under the Investment Company Act of 1940, as amended (the "**1940 Act**"). The Partnership relies on the exception from the definition of "investment company" provided in Section 3(c)(1) of the 1940 Act. Therefore, each prospective investor that wishes to subscribe for an Interest must be an "accredited investor," as that term is defined in Regulation D under the Securities Act and a "qualified client," as that term is defined in Rule 205-3 under the Advisers Act, and the Partnership may have no more than 100 beneficial owners of its limited partnership interests. The General Partner is not currently registered as an investment adviser with the SEC or with the Securities Division of the Office of the Secretary of the Commonwealth of Massachusetts, although it may become so registered in the future, in its discretion, or if required by applicable law. In both cases, the General Partner currently relies on exemptions from registration under applicable federal and state law. The General Partner expects to file certain sections of Form ADV Part 1 with the SEC as an Exempt Reporting Adviser. In connection with its exemption from registration in the Commonwealth of Massachusetts, the General Partner is required to provide the following disclosure:

The General Partner is responsible for the investment of the Partnership's assets pursuant to terms set forth in the he Limited Partnership Agreement of FlowPoint Capital Partners Fund LP (the "Partnership Agreement"). The General Partner serves in the foregoing capacity with respect to the Partnership, but does not provide any services to individual Limited Partners in the Partnership. Similarly, although the General Partner owes certain duties to the Partnership, as set forth in the Partnership Agreement, it does not owe any duties to individual Limited Partners in the Partnership.

The General Partner has claimed an exemption from registration with the CFTC as a commodity pool operator pursuant to Rule 4.13(a)(3). Therefore, unlike a registered commodity pool operator, the General Partner is not required to deliver a disclosure document and a certified annual report to participants in the Partnership. The General Partner has claimed an exemption from registration with the CFTC as a commodity trading advisor pursuant to Rule 4.14(a)(8) under the CEA.

Anti-Money Laundering

In order to comply with applicable regulations aimed at the prevention of money laundering, the Partnership or its designee may require verification of identity and the source of funds from all prospective investors and current Partners from time to time. The Partnership or its designee also reserves the right to request such identification evidence in respect of a transferee of a Partnership interest. In the event of delay or failure to produce any information and/or documentation required for verification purposes, the Partnership may refuse to accept and the Administrator may refuse to process a subscription, approve a transfer or process a withdrawal request and (in the case of a subscription for Interests) any funds received will be returned without interest to the account from which the monies were originally debited.

The Partnership also reserves the right to refuse to make any withdrawal payment or other distribution to a Partner, other than to the account from which the corresponding subscription funds were paid, if the Partnership or its designee suspects or is advised that the payment of any withdrawal moneys or other distribution to such Partner might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Partnership with any such laws or regulations in any relevant jurisdiction. Investors should note specifically that withdrawal proceeds will be paid to the

same account from which the investor's investment in the Partnership was originally remitted (in the name of the investor) or to an alternate account in the investor's name (if so requested by the investor) subject to sole discretion of the Partnership and the Partnership's administrator. The withdrawal proceeds will not be paid to a third party account.

Each applicant for interests will be required to make such representations as may be required by the Partnership in connection with anti-money laundering programs, including, without limitation, representations that such applicant is not a prohibited country, territory, individual or entity listed on the United States Department of Treasury's Office of Foreign Assets Control ("**OFAC**") website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programs. Each applicant will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene United States federal or state, or international, laws and regulations, including anti-money laundering laws and regulations.

Additional Information

The General Partner will make available to any prospective Limited Partner any additional information that it possesses, or which it can acquire without unreasonable effort or expense, necessary to verify or supplement the information set forth herein. Please direct inquiries to:

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