

# **SPYDER CAPITAL PARTNERS, LP**

(a Delaware Partnership)

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**Private Placement Memorandum**

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**General Partner**

**SPYDER CAPITAL GROUP, LLC**

COUNTERPART NO.: \_\_\_\_\_

TO: \_\_\_\_\_

THESE SECURITIES ARE BEING OFFERED UNDER AN EXEMPTION FROM REGISTRATION PURSUANT TO SECTION 4(2) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR SECURITIES AND EXCHANGE COMMISSION REGULATION D PROMULGATED THEREUNDER. WHETHER THESE SECURITIES ARE EXEMPT FROM REGISTRATION PURSUANT TO REGULATION D OR OTHERWISE HAS NOT BEEN PASSED UPON BY THE SECURITIES AND EXCHANGE COMMISSION, THE ATTORNEY GENERAL OF ANY STATE OR ANY OTHER REGULATORY AGENCY, NOR HAS ANY SUCH AGENCY PASSED UPON THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY OR ANY REPRESENTATION THAT ANY REGULATORY AGENCY HAS PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM OR THE LIMITED PARTNERSHIP AGREEMENT ACCOMPANYING IT IS A CRIMINAL OFFENSE.

**SPYDER CAPITAL PARTNERS, L.P.**  
(A Delaware Limited Liability Partnership)

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**CONFIDENTIAL**

**PRIVATE PLACEMENT  
MEMORANDUM**

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**January 2014**

for an offer of  
Limited Partnership Interests

Spyder Capital Partners, LP is a private investment limited partnership formed under the laws of the State of Delaware. This Amended Confidential Private Placement Memorandum (the "Memorandum") relates to an offering of limited partnership interests in the Partnership. Prospective Limited Partners should carefully read and retain this Memorandum.

IN NO EVENT SHALL THIS MEMORANDUM BE DEEMED TO BE AN OFFER TO ANY PERSON OTHER THAN THE PERSON TO WHOM IT IS ADDRESSED.

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THIS MEMORANDUM IS SUBMITTED IN CONNECTION WITH THE PRIVATE PLACEMENT OF THESE LIMITED PARTNERSHIP INTERESTS AND MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE.

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THIS PARTNERSHIP WILL ONLY BE AVAILABLE TO LIMITED PARTNERS WHO ARE "QUALIFIED PURCHASERS" UNDER SECTION 3(C)7 OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED ("1940 ACT"), AND PURSUANT THERETO, THE PARTNERSHIP MAY HAVE IN EXCESS OF ONE HUNDRED LIMITED PARTNERS AS BENEFICIAL OWNERS. FURTHER, THE PARTNERSHIP IS NOT PRESENTLY, AND DOES NOT PROPOSE IN THE FUTURE TO BECOME, REGISTERED AS AN INVESTMENT COMPANY UNDER THE 1940 ACT. LIMITED PARTNERS WILL NOT, THEREFORE, BE ACCORDED THE PROTECTIONS EMBODIED IN SUCH LEGISLATION.

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OWNERSHIP OF THE LIMITED PARTNERSHIP INTERESTS OFFERED HEREBY INVOLVES A SIGNIFICANT DEGREE OF RISK.

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THE GENERAL PARTNER HAS AGREED TO MAKE AVAILABLE, PRIOR TO THE CONSUMMATION OF THE TRANSACTION CONTEMPLATED HEREIN, TO EACH OFFEREE OF INTERESTS AND ITS REPRESENTATIVE(S) THE OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, THE GENERAL PARTNER OR ANY PERSON ACTING ON ITS BEHALF CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING, AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT IT POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION SET FORTH HEREIN.

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THE GENERAL PARTNER MAY TAKE SHORT POSITIONS ON BEHALF OF THE PARTNERSHIP. PROSPECTIVE LIMITED PARTNERS SHOULD BE AWARE THAT THE POTENTIAL RISKS INHERENT IN SHORT SELLING OF SECURITIES ARE GREATER THAN THOSE ASSUMED IN CONNECTION WITH MANY OTHER TYPES OF SECURITIES INVESTMENTS.

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THE LIMITED PARTNERSHIP INTERESTS MAY NOT BE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT OR AN OPINION OF COUNSEL THAT AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

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THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVES OF THE PARTNERSHIP WILL BE ACHIEVED. IN FACT, PRACTICES THAT MAY BE UTILIZED BY THE PARTNERSHIP, SUCH AS SHORT SELLING, LEVERAGE AND TAKING SIGNIFICANT POSITIONS IN A LIMITED NUMBER OF SECURITIES, CAN, IN CERTAIN CIRCUMSTANCES, EXACERBATE THE ADVERSE IMPACT OF PARTICULAR TRANSACTIONS OR CONDITIONS ON THE PARTNERSHIP'S INVESTMENT PROGRAM.

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THERE ARE NO TAX BENEFITS FROM AN INVESTMENT IN THE PARTNERSHIP AND ANY INVESTMENT SHOULD BE MADE SOLELY FOR ECONOMIC REASONS.

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PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATION FROM THE PARTNERSHIP, GENERAL PARTNER, ITS AFFILIATES, OR ANY PROFESSIONAL ASSOCIATED WITH THIS OFFERING, AS LEGAL, TAX OR INVESTMENT ADVICE. EACH INVESTOR SHOULD CONSULT WITH AND RELY ON ITS OWN PERSONAL COUNSEL, ACCOUNTANT AND OTHER ADVISORS AS TO LEGAL, TAX AND ECONOMIC IMPLICATIONS OF THE INVESTMENT DESCRIBED HEREIN AND ITS SUITABILITY FOR IT. NO REPRESENTATION OR WARRANTY IS OR CAN BE MADE AS TO THE ECONOMIC RETURN THAT MAY ACCRUE TO A LIMITED PARTNER.

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NO DISTRIBUTION OF THIS MEMORANDUM IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, IS PERMITTED UNLESS AUTHORIZED BY THE GENERAL PARTNER. NO OFFERING LITERATURE OR ADVERTISING IN WHATEVER FORM SHALL BE EMPLOYED IN THE OFFERING OF THESE LIMITED PARTNERSHIP INTERESTS, EXCEPT THE INFORMATION CONTAINED HEREIN OR AUTHORIZED BY THE GENERAL PARTNER. NO PERSON HAS BEEN AUTHORIZED TO MAKE REPRESENTATIONS, OR GIVE ANY INFORMATION, WITH RESPECT TO THESE LIMITED PARTNERSHIP INTERESTS, EXCEPT THE INFORMATION CONTAINED HEREIN.

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

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REFERENCE SHOULD BE MADE TO THE LIMITED PARTNERSHIP AGREEMENT, SUPPORTING DOCUMENTS AND OTHER INFORMATION FURNISHED HERewith FOR THE COMPLETE INFORMATION CONCERNING THE RIGHTS AND OBLIGATIONS OF THE PARTIES THERETO. CERTAIN PROVISIONS OF SUCH AGREEMENTS ARE SUMMARIZED IN THIS MEMORANDUM, BUT IT SHOULD NOT BE ASSUMED THAT THE SUMMARIES ARE COMPLETE.

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FOR GEORGIA INVESTORS

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

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FOR FLORIDA INVESTORS

PURSUANT TO THE LAWS OF THE STATE OF FLORIDA, IF SALES ARE MADE TO FIVE (5) OR MORE INVESTORS IN FLORIDA, ANY FLORIDA INVESTOR MAY, AT ITS OPTION, WITHDRAW, UPON WRITTEN (OR TELEGRAPHIC) NOTICE, ANY PURCHASE HEREUNDER WITHIN A PERIOD OF THREE (3) DAYS AFTER (A) THE INVESTOR FIRST TENDERS OR PAYS TO THE PARTNERSHIP, AN AGENT OF THE PARTNERSHIP OR AN ESCROW AGENT THE CONSIDERATION REQUIRED HEREUNDER, (B) THE INVESTOR DELIVERS ITS EXECUTED SUBSCRIPTION AGREEMENT, OR (C) THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH INVESTOR, WHICHEVER OCCURS LATER.

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NASAA UNIFORM LEGEND

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

**SPYDER CAPITAL PARTNERS, LP**

**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

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## SUMMARY OF OFFERING

THIS SUMMARY OF CERTAIN PROVISIONS OF THE CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THE “MEMORANDUM”) IS INTENDED ONLY FOR GENERAL REFERENCE. NOT ALL THE MATERIAL FACTS RELATING TO THIS INVESTMENT APPEAR IN THIS SUMMARY. THE MEMORANDUM AND EXHIBITS ATTACHED HERETO DESCRIBE IN DETAIL NUMEROUS ASPECTS OF THE TRANSACTION WHICH ARE MATERIAL TO PROSPECTIVE INVESTORS, INCLUDING ASPECTS SUMMARIZED HERE. THIS MEMORANDUM, THE LIMITED PARTNERSHIP AGREEMENT AND OTHER DOCUMENTS ATTACHED HERETO SHOULD BE READ AND UNDERSTOOD IN THEIR ENTIRETY BY THE PROSPECTIVE INVESTORS. IN ADDITION, REFER TO THE LIMITED PARTNERSHIP AGREEMENT FOR DEFINITIONS OF TERMS USED HEREIN.

PARTNERSHIP INTERESTS ARE SUITABLE ONLY FOR SOPHISTICATED INVESTORS FOR WHOM AN INVESTMENT IN THE PARTNERSHIP DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM AND WHO FULLY UNDERSTAND AND ARE ABLE TO ASSUME THE RISKS INVOLVED IN THE PARTNERSHIP’S INVESTMENT PROGRAM. (SEE “CERTAIN RISK FACTORS” AND “LIMITATIONS ON TRANSFERABILITY; SUITABILITY REQUIREMENTS”). THE PARTNERSHIP’S INVESTMENT PRACTICES, BY THEIR NATURE, MAY BE CONSIDERED TO INVOLVE A SUBSTANTIAL DEGREE OF RISK.

TAX-EXEMPT ORGANIZATIONS CONSIDERING AN INVESTMENT IN THE PARTNERSHIP INTERESTS SHOULD CONSULT WITH THEIR OWN ADVISORS AS TO THE TAX IMPACT AND OTHER EFFECTS UPON THEM OF THE PARTNERSHIP’S INVESTMENT POLICIES, INCLUDING ITS USE OF LEVERAGE IN CONNECTION WITH ITS INVESTMENT ACTIVITY. (SEE “TAX ASPECTS.”)

**THE PARTNERSHIP:**

Spyder Capital Partners, LP, a Delaware limited partnership (the “Partnership”), is offering limited partnership interests (the “Limited Partnership Interests”) in the Partnership to a limited number of qualified investors.

The Limited Partnership Interests being offered have not been registered under the Securities Act of 1933, as amended (the “1933 Act”), the securities laws of any state of the United States or the Investment Company Act of 1940, as amended (the “1940 Act”).

**INVESTMENT OBJECTIVE:**

The Partnership’s investment approach begins with a global view of the world economy and seeks to identify trends that will affect countries, industries, companies and commodities. The Partnership then generally uses a “bottom up” approach to select individual positions that are poised to benefit from the identified trends.

**GENERAL PARTNER;  
INVESTMENT MANAGER:**

Spyder Capital Group, LLC, a Delaware limited liability company, is the General Partner of the Partnership (“General Partner”). Mr. Howard Stolzer and Ms. Donna Stolzer are the managing members of the General Partner.

Stolzer Rothschild Levy, LLC, a Delaware limited liability company, is the investment manager of the Partnership (“Investment Manager”). The Investment Manager is not registered with the U.S. Securities and

Exchange Commission (“SEC”) as an investment advisor pursuant to the Investment Advisers Act of 1940 (“Advisers Act”).

Anything to the contrary notwithstanding herein, all decisions with respect to the investment and trading of the Partnership’s portfolio shall be made solely and exclusively by the Investment Manager.

**INITIAL CAPITAL CONTRIBUTIONS:**

The minimum capital contribution (“Minimum Capital Contribution”) required of a Limited Partner on initial subscription for Limited Partnership Interests is one hundred thousand dollars (US\$100,000) subject to the General Partner’s discretion to make exceptions, provided however, in no circumstances will an initial subscription of less than twenty five thousand dollars (US\$25,000) be accepted. All subsequent contributions may be designated as capital contributions (“Capital Contributions”). The General Partner may, in its absolute discretion, decline to accept the subscription of any prospective investor or the additional subscription of an existing Limited Partner. A capital account (“Capital Account”) shall be established for each Limited Partner upon receiving such Limited Partner’s Minimum (or lesser initial) Capital Contribution.

**PERFORMANCE SHARE:**

The General Partner is allocated a performance share (the “Performance Share”) calculated (i) at the end of a fiscal year; (ii) upon a Limited Partner’s complete withdrawal or upon a partial withdrawal and shall be equal to ten percent (10%) of the increase in a Limited Partner’s Capital Account above a hurdle rate of six percent (6%) on an annualized basis (the “Hurdle Rate”). The Hurdle Rate will be pro-rated for any period of less than one year. In addition, the Hurdle Rate will be adjusted for any redemption made during the year (the “Adjusted Capital Account”). The Incentive Fee will only be paid with respect to the realized and unrealized appreciation in the Adjusted Capital Account in excess of the Limited Partner’s Capital Account as of the first Business Day immediately following the date as of which the last Performance Fee with respect to such Capital Account was determined. The Hurdle Rate will be computed on an annualized basis only with respect to the Adjusted Capital Account and not the Capital Account of the Limited Partner as of the first Business Day immediately following the date as of which the last Performance Fee was determined. To further clarify, the Hurdle Rate is deducted from the increase or adjusted increase in a Limited Partner’s Capital Account in computing the Performance Fee, but such calculations are made each year and do not carry over from one year to another.

The General Partner reserves the right, in its sole discretion, to reduce or waive the Performance Share allocation or Management Fee set forth herein in connection with a Limited Partnership Interest acquired by the General Partner, its principals or affiliate(s), or a strategic investor in the Partnership.

**ADMISSION OF NEW  
LIMITED PARTNERS AND  
CAPITAL CONTRIBUTIONS:**

Limited Partners which the General Partner may allow, in its sole discretion, will be admitted by the General Partner on the last day of a calendar month or at such other times as the General Partner may determine at its sole discretion (each such date a “Discretionary Closing Date”). In addition, the General Partner may, for “capacity purposes,” give priority to existing Limited Partners for purposes of making additional contributions. The General Partner, in its sole discretion, may decline to accept the contribution of any prospective Limited Partner, or any additional contribution from an existing Limited Partner.

Additional contributions for Limited Partners may be accepted monthly during each fiscal year and on such other dates as the General Partner may determine.

**WITHDRAWAL OF A  
LIMITED PARTNER:**

A Limited Partner may completely or partially withdraw its Capital Account as of the end of each calendar quarter on at least thirty (30) days prior written notice of the requested withdrawal to the General Partner.

In the case of a partial withdrawal, the withdrawing Limited Partner may remain a Limited Partner provided that such withdrawal does not, unless otherwise agreed by the General Partner, reduce the Limited Partner’s Capital Account to less than the Minimum Capital Contribution. If the General Partner accepts an initial Capital Contribution less than the Minimum Capital Contribution, then a withdrawal shall not reduce the Capital Account to less than the amount initially accepted. No distribution of any portion of a requested withdrawal from a Private Investment Sub-Account shall be made until the last day of the calendar quarter, after which a Recognition Event occurs. Such distribution shall be net of any costs or expenses related to such Limited Partnership Interest and owed either to the Partnership or the General Partner.

In the event that a Limited Partner elects to withdraw its Capital Account (whether completely or partially) within twenty-four (24) months of its initial investment the General Partner may require the withdrawing Limited Partner to pay to the Partnership a fee (the “Redemption Fee”), equal to five percent (5%) of the amount withdrawn, if such withdrawal is made within the first twelve months from the initial investment, or three percent (3%) if such withdrawal is made between the thirteenth month and twenty-fourth month from the initial investment. The Redemption Fee shall be waived in the event that a Limited Partner elects to withdraw, no more often that once per calendar year during the first twenty four (24) months from the time of its initial investment, an amount equal to or less than five percent (5%) of the Net Asset Value of such Limited Partner’s Capital Account at the time of such withdrawal, provided however, that thirty (30) days prior written notice of such election to withdraw is given to the General Partner.

No Redemption Fee shall be charged to a Limited Partner on withdrawals made after twenty-four (24) months of such Limited Partner's initial investment.

The General Partner will distribute ninety percent (90%) of the marketable portion of the withdrawal request by a Limited Partner within approximately ten (10) business days of the withdrawal date and the balance within approximately ten (10) business days of receipt by the Partnership of its annual audited financial statements, without interest.

The General Partner may, in its determination, pay distributions in securities, in cash or partly in securities and partly in cash. The General Partner may also withhold taxes on any payment to a Limited Partner to the extent required by the Internal Revenue Code of 1986, as amended (the "Code") or other applicable law.

**EXPENSES AND  
MANAGEMENT FEE:**

**The entire proceeds of this offering will be available for the Partnership's investment program and operating expenses. No brokerage commissions or fees will be payable directly from any Limited Partner's Capital Account in connection with this offering.**

**The Partnership has paid directly, or continues to reimburse the General Partner or the Investment Manager for advancing the legal, compliance, accounting and other expenses of the organization of the Partnership. Such expenses are being treated as a non-interest bearing loan to the Partnership and are being amortized over a 60-month period.**

The General Partner or the Investment Manager will provide to, or incur on behalf of the Partnership, office space, utilities and general office expenses.

In lieu of reimbursing the General Partner or the Investment Manager for these expenses, each Limited Partner shall pay a fee to the General Partner or its designee in advance on the first day of each quarter (the "Management Fee"), to be debited pro rata from the Capital Account of such Limited Partner, in an amount equal to **one-fourth (1/4) of one and half percent (1.5%)** of the Capital Account of such Limited Partner as of such date, and from Private Investment Sub-Account(s), adjusted for contributions or withdrawals.

The Capital Account of a Limited Partner who makes a Capital Contribution on a date other than the first day of each quarter will be charged a prorated Management Fee as of the date of such contribution.

The Partnership will pay, in addition to the Management Fee, any and all research fees, exchange fees, interest on margin accounts, legal, compliance, accounting and other professional fees, borrowing charges on securities sold short, custodial fees, insurance premiums, brokerage commissions, bank service fees, interest on loans and debit balances, any taxes applicable to the Partnership on account of its

operations, and shall also pay any and all other reasonable expenses related to the management and operation of the Partnership as well as the purchase, sale or transmittal of Partnership assets, as the General Partner shall determine in its sole discretion.

In connection with the Investment Manager's services to the Partnership, the Investment Manager may be required to register as an investment adviser with the SEC in order to continue to provide investment advisory services. As part of the registration process, the Investment Manager may incur certain fees and expenses ("Registration Expenses"), including, but not limited to, legal, compliance, and accounting expenses. The Partnership will reimburse the Investment Manager for a portion of these Registration Expenses. The portion of such Registration Expenses to be paid by the Investment Manager is determined by the Investment Manager, in its sole discretion.

Certain research and execution related products and services that benefit the Partnership may be paid for with commissions or "soft dollars" that are generated from the fund's brokerage transactions. The Investment Manager and/or General Partner will limit the use of "soft dollars" to those products and services that fall within the scope of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934 (the "1934 Act").

**PRIVATE INVESTMENTS:**

The General Partner or Investment Manager may, from time to time, invest a portion of the capital of the Partnership in Private Investments, provided that at the time of acquisition and on a cost basis, the total of such Private Investments will not exceed ten percent (10%) of the Partnership's capital. Private investments made by the General Partner or Investment Manager are generally defined as any investment which the General Partner or the Investment Manager designates as not readily marketable ("Private Investment") until some event occurs which, in the General Partner's or the Investment Manager's sole discretion, changes the nature of such investment including, but not limited to: (i) a sale of the Private Investment for cash; (ii) in the discretion of the General Partner, an exchange of the Illiquid Investment for marketable securities; (iii) any in-kind distribution of the Private Investment to Limited Partners; or (iv) in the discretion of the General Partner, a market quote becomes readily available or some event occurs which makes possible the unrestricted public resale of the Private Investment in the principal market where such quotations are available (individually a "Recognition Event" or "Events").

**ACCESS TO INFORMATION**

The address of the General Partner is 40 Winding Lane, Basking Ridge, NJ 07920; telephone: 1 (347) 455-1779; facsimile: 1 (847) 701-9238 and e-mail: [howards@spydercap.com](mailto:howards@spydercap.com). Prospective investors are invited to review any materials available from the General Partner relating to the Partnership, the operations of the Partnership, this offering, the background, experience and any trading history of the General Partner and/or

affiliates of the General Partner and any other matters related to this offering. The General Partner will answer all reasonable inquiries from prospective investors related thereto. All such materials will be made available at the office of the General Partner during business hours and upon reasonable prior notice. The General Partner will provide prospective investors with any additional information necessary to verify the accuracy of any representations or information set forth in this Memorandum, at least to the extent that the Partnership or the General Partner possesses such information or can acquire it without unreasonable effort or expense. Such review is limited only by the proprietary and confidential nature of the investment analysis and strategy to be utilized by the General Partner and by the confidentiality of personal information relating to investors.

Due to the financial sophistication of the persons to whom this offering is directed, this Memorandum sets forth certain information material to evaluating the merits of an investment in the Partnership in summary form only. Prospective investors are urged to consult with their own advisors prior to deciding whether to invest in the Partnership.

### **SUBSCRIPTIONS – PROCEDURES AND PAYMENTS**

A person desiring to invest as a Limited Partner is required to accept and adopt the provisions of the Limited Partnership Agreement (a copy of which is annexed hereto as Exhibit A) and satisfy eligibility requirements by:

1. Completing and executing the applicable Subscription Agreement;
2. If required by the General Partner, having its purchaser representative complete and execute a Purchaser Representative Questionnaire; and
3. Delivering all such documents to the Partnership.

Except as provided by the securities laws of certain states, a subscription is irrevocable and may be accepted on behalf of the Partnership upon the countersignature of the General Partner.

The General Partner has the absolute right to reject any subscription which is tendered. In the event a subscription is rejected, all amounts paid to the Partnership will be promptly returned to the prospective subscriber without interest or deduction, together with all related documents duly canceled.

#### **Eligible Subscribers**

The Limited Partnership Interests offered hereunder will be offered pursuant to an exemption from registration provided in Section 4(2) of the 1933 Act, as amended, or Regulation D promulgated thereunder.

Each investor acquiring such Limited Partnership Interests must represent, by executing the Subscription Agreement, that it is acquiring the Limited Partnership Interest for its own account for investment without any present intention to resell, distribute, or in any way transfer or dispose of its Limited Partnership Interest in the Partnership and, if the investor is an individual investor, the investor must be at least twenty-one (21) years of age.

EACH INVESTOR, BY SIGNING THE SUBSCRIPTION AGREEMENT, WILL AGREE TO BE BOUND BY THE LIMITED PARTNERSHIP AGREEMENT AND AGREES TO INDEMNIFY AND HOLD HARMLESS THE PARTNERSHIP, THE GENERAL PARTNER AND ALL LIMITED PARTNERS FROM AND AGAINST ANY AND ALL LOSS, DAMAGE, OR LIABILITY, INCLUDING REASONABLE ATTORNEYS' FEES THAT THE GENERAL PARTNER, PARTNERSHIP OR ANY OF THE LIMITED PARTNER(S) SUSTAINS OR INCURS, BY REASON OF, OR IN CONNECTION

WITH, ANY MISREPRESENTATION OR BREACH OF ANY WARRANTY OR AGREEMENT BY SUCH INVESTOR UNDER THE SUBSCRIPTION AGREEMENT, THE QUESTIONNAIRE OR ANY OTHER DOCUMENT DELIVERED BY THE INVESTOR TO THE PARTNERSHIP IN CONNECTION WITH ITS INVESTMENT IN THE PARTNERSHIP, THE RESALE OR REDISTRIBUTION OF THE INTERESTS BY SUCH INVESTOR IN VIOLATION OF THE 1933 ACT OR ANY OTHER APPLICABLE FEDERAL OR STATE SECURITIES LAW.

### **Qualified Purchaser**

Qualified Purchasers of the Interests are individuals who own at least \$5,000,000 in “Investments,” (as defined below) and institutional investors that own and invest on a discretionary basis at least \$25,000,000 in such Investments. The following general rules apply in determining whether an Investor is a Qualified Purchaser:

- **Joint Investments** - In determining the amount of a natural person’s Investments, any investment held jointly with a spouse may be included in calculating whether such natural person qualifies as a Qualified Purchaser. In addition, spouses can qualify to hold jointly the Interests if the aggregate value of their individually and jointly held Investments is at least \$5,000,000.
- **Retirement Investments** - The amount in a retirement account may be included as an Investment if the Limited Partner makes all of the investment decisions for the account; this generally would include IRAs and 401(k) plans.
- **Investments by Affiliates** - A company may aggregate its own investments with any investments owned by its parent company and its majority-owned subsidiaries in determining whether it qualifies as a Qualified Purchaser.
- In calculating the dollar amount of Investments, the total must be net of all outstanding indebtedness incurred to acquire the Investments.

### **Accredited Investors**

In order to qualify as an “accredited investor,” an investor will be required to certify that it comes within any one of the categories of accredited investors set forth in Rule 501(a) of Regulation D promulgated under the 1933 Act, including, without limitation, any one of the following:

- (i) any natural person whose individual net worth (or joint net worth with his or her spouse) exceeds one million dollars (\$1,000,000) at the time of purchase. For purposes of this paragraph, an individual’s net worth shall be calculated as follows:
  - a. a natural person’s primary residence shall not be included as an asset;
  - b. the amount of any indebtedness that is secured by the natural person’s primary residence up to the fair market value of such primary residence, except for the amount of indebtedness secured by the natural person’s primary residence at the time of purchase that exceeds the amount of such indebtedness sixty (60) days before the time of purchase, shall be excluded unless such excess was the result of the acquisition of the primary residence; and
  - c. the amount of any indebtedness that is secured by the natural person’s primary residence in excess of the estimated fair market value of the primary residence at the time of purchase shall be included.

- (ii) any natural person whose individual net worth (or joint net worth with his or her spouse) exceeds one million dollars (\$1,000,000), including the value of the natural person's primary residence, at the time of purchase if such natural person:
  - a. held interests in the Partnership on July 20, 2010;
  - b. held the right to purchase interests in the Partnership on July 20, 2010; and
  - c. was qualified as an accredited investor on the basis of his/her net worth at the time such natural person acquired such right to purchase the securities.
- (iii) any entity in which all of the equity owners are accredited investors under (i) above;
- (iv) an organization described in Section 501(c)(3) of the Code, a corporation, a Massachusetts or similar business trust, or a partnership, in each case not formed for the specific purpose of acquiring the securities being offered, and with total assets in excess of five million dollars (\$5,000,000);
- (v) a trust, with total assets in excess of five million dollars (\$5,000,000), not formed for the specific purpose of acquiring the securities, whose purchase is directed by a person who, either alone or with a purchaser representative, has such knowledge and experience in business and financial matters that he is capable, as defined by the 1933 Act, of evaluating the merits and risks of the prospective investment;
- (vi) a bank as defined in Section 3(a)(2) of the 1933 Act, acting in its fiduciary capacity as a trustee, or subscribing for the purchase of securities being offered on its own behalf;
- (vii) an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA") where investment decisions are made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment advisor, or has total assets in excess of five million dollars (\$5,000,000), or is a self-directed plan, with investment decisions made solely by persons that are accredited investors as defined under the 1933 Act; or
- (viii) an individual retirement account established in the name(s) of a person or persons who is or are accredited investors.

### **Qualified Clients**

Each investor in the Partnership will be required to represent that he is a "qualified client" as defined in Rule 205-3(d) under the Advisers Act, including, without limitation, any of the following:

- (i) A natural person who, or a company that, immediately upon acceptance of his or its investment in the Partnership, will have an investment of at least \$750,000 in the Partnership;
- (ii) A natural person who, or a company that, has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$1,500,000;

### **THE GENERAL PARTNER**

The managing member of the General Partner is Mr. Howard Stolzer and Ms. Donna Stolzer is a member.



*Howard Stolzer*

[Obtain biography.]

*Donna Stolzer*

[Obtain biography.]

## **INVESTMENTS OF THE PARTNERSHIP**

The Partnership are empowered to engage in the purchase and sale of securities, to engage in leverage and hedging transactions with respect to U.S. and foreign securities, and to sell securities short and cover such sales. For this purpose, the term “securities” includes, but is not limited to equities, convertible securities, bonds, and other fixed income securities, options, warrants, and puts and calls on stocks and warrants. In addition, the Partnership may invest in commodities futures or other derivative securities. The Partnership shall have the power to engage in investment activities which shall include utilizing various arbitrage strategies, investing in special situations, including without limitation, companies involved in bankruptcies or liquidations, buying and selling, both long and short, money market and other financial instruments, including without limitation, U.S. Treasury bills, notes, corporate and municipal bonds, certificates of deposit, money market funds, and any other interests in any of the foregoing.

### **Investment Restrictions**

The Partnership has no fixed policy with respect to portfolio composition or turnover. The Partnership may acquire securities which, at the time of acquisition, are unlisted or are subject to restriction(s) as to the disposition thereof. However, at the time of acquisition and on a cost basis, the total of such Private Investments will not exceed ten percent (10%) of the Partnership’s capital.

## **INVESTMENT PHILOSOPHY AND OBJECTIVES**

The Partnership’s investment approach begins with a global view of the world economy and seeks to identify trends that will affect countries, industries, companies and commodities. The Partnership then generally use a “bottom up” approach to select individual positions that are poised to benefit from the identified trends.

The Partnership uses a research-intensive investing approach that places a special emphasis on the free cash flow generation and balance sheet strength of individual companies, and on the strategic nature of various industries, companies and currencies. The objective of the investment strategy is to produce substantial returns using minimal if any leverage while maintaining diversification across a number of industries and countries.

It is anticipated that the majority of the investments will be in liquid global equities, but there may be opportunities in individual commodity, debt, or currency positions and in buying or selling option contracts. The Partnership will endeavor not to risk more than 15% of its assets at the time of commitment on any non-security investment.

## **USE OF PROCEEDS**

The entire proceeds from the sale of Limited Partnership Interests and from the General Partner's Capital Contribution will be available for the Partnership's investment program. The Partnership will reimburse the General Partner or the Investment Manager for advancing the legal, compliance, accounting and other expenses of the organization of the Partnership. Such expenses are being treated as a non-interest bearing loan to the Partnership and are being amortized over a 60-month period.

## **BROKERAGE COMMISSIONS**

The Investment Manager is authorized to determine the broker-dealers that will effect transactions and clear securities for the Partnership. The Investment Manager does not have an obligation to seek the lowest bid or solicit competitive bids. Generally, the Partnership's portfolio transactions will be allocated by the Investment Manager to broker-dealers on the basis of best execution, considering factors such as price, the expertise and responsiveness of the broker-dealer, the broker-dealer's access to certain markets, and the quality of their brokerage services (e.g., special execution capabilities, clearance, settlement and custodial services) that are beneficial to the Partnership. In addition, the Investment Manager may also consider the value of any research provided by the broker-dealer and the ability to make payment with "soft dollars" or commissions for products or services which are within the scope of Section 28(e) of the 1934 Act, and which may be utilized for the benefit of the Partnership.

The Partnership uses Interactive Brokers as its Prime Broker. A core consideration of this selection is that Interactive Brokers uses Principal Trust Company as its primary custodian. The Partnership may engage other custodians or brokers to provide similar services. A broker will not be excluded from receiving brokerage business merely because it has not been identified as providing research services.

The investment information received from brokers may be used by the Investment Manager in servicing other entities to which the Investment Manager provides investment advice and all such information need not be used by the Investment Manager in connection with the Partnership.

## **CERTAIN RISK FACTORS**

Prospective Limited Partners should consider the following factors in determining whether an investment in the Partnership is a suitable investment:

### **General**

The transactions in which the Partnership will generally engage involve significant trading risks. No assurance can be given that Limited Partners will realize a profit on their investment. Moreover, each Limited Partner may lose some or all of its investment. Because of the nature of the Partnership's investment activities, the results of the Partnership's operations may fluctuate from month to month and from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results in future periods.

### **Limited Liquidity, No Current Income**

An investment in the Partnership provides limited liquidity since a Limited Partner's Capital Account is not freely transferable, and a Limited Partner may only withdraw from their Capital Account quarterly, subject to delivering thirty (30) days prior written notice to the General Partner. In the event that a Limited Partner

elects to withdraw its Capital Account (whether completely or partially), no less than ninety percent (90%) of the marketable portion of the withdrawal request will be paid within approximately ten (10) Business Days of the applicable withdrawal date with the balance paid without interest within approximately ten (10) Business Days of receipt by the Partnership of its annual audited financial statements. The Partnership has the right to make payment on such redemption in cash or in securities, or partly in cash and partly in securities owned by the Partnership.

In the event that a Limited Partner elects to withdraw its Capital Account (whether completely or partially) within twenty-four (24) months of its initial investment, the General Partner may, at its discretion, require the withdrawing Limited Partner to pay to the Partnership the Redemption Fee, equal to five percent (5%) of the amount withdrawn, if such withdrawal is made within the first twelve months from the initial investment, or three percent (3%) if such withdrawal is made between the thirteenth month and twenty-fourth month from the initial investment. The Redemption Fee shall be waived in the event that a Limited Partner elects to withdraw, no more often than once per calendar year during the first twenty four (24) months from the time of its initial investment, an amount equal to or less than five percent (5%) of the Net Asset Value of such Limited Partner's Capital Account at the time of such withdrawal, provided however, that thirty (30) days prior written notice of such election to withdraw is given to the General Partner.

### **Risk of Loss**

An investment in the Partnership creates a risk of the loss of capital and is designed for sophisticated persons who are able to bear such risk. The General Partner believes that the Partnership's investment program and research techniques moderate this risk to some degree, but can make no warranty or representation in this regard.

### **Investments in "New Issues"**

The Partnership may invest in new issues, as defined in the Rules of the Financial Industry Regulatory Authority (the "FINRA"). Subject to certain 10% de minimis restrictions, those Limited Partners that are not "restricted," as defined by FINRA, may participate in the receipt of new issues. To the extent that a potential Limited Partner is restricted, an investment in the Partnership may not yield the same performance results as may be achieved by investors who are entitled to receive new issues.

### **Lack of Regulatory Oversight**

While the Partnership may be considered similar to an investment company, it is not presently registered, and does not propose in the future to so register, under the 1940 Act. It presently relies upon an exemption available to privately offered investment companies. If the Partnership were deemed to be subject to such laws and the regulations promulgated thereunder, the complexity thereof could require the General Partner to discontinue the conduct of the Partnership's business. The General Partner and Investment Manager are not registered as an investment advisor under the Advisers Act.

### **Short Selling**

The Partnership may sell short securities of an issuer in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received from the short sale. If the price of the issuer's securities declines, the Partnership will then cover its short position with securities purchased in the market, with the profit realized on the short sale being the difference between the price received from the sale and the cost of the securities purchased to cover the sale.

The possible losses to the Partnership from selling securities short differ from losses that could be incurred from a cash investment in the securities; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by United States securities laws and the various United States securities exchanges, which restrictions may adversely affect the investment activities of the Partnership.

### **Put and Call Options**

Options trading is a highly specialized activity which entails greater than ordinary investment risk. Options may be more volatile than the underlying instruments, and therefore, on a percentage basis, an investment in options may be subject to greater fluctuation than an investment in the underlying instruments themselves. There are several additional risks associated with transactions in options. For example, there are significant differences between the securities, currency and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives. In addition, a liquid secondary market for particular options, whether traded over-the-counter or on an exchange, may be absent for reasons which include the following: there may be insufficient trading interest in certain options; restrictions may be imposed by an exchange on opening transactions or closing transactions or both; trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options or underlying securities or currencies; unusual or unforeseen circumstances may interrupt normal operations on an exchange; the facilities of an exchange or the Options Clearing Corporation may not at all times be adequate to handle current trading value; or one or more exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue the trading of options (or a particular class or series of options), and they would cease to exist, although outstanding options that had been issued by the Options Clearing Corporation as a result of trades on that exchange would continue to be exercisable in accordance with their terms.

### **Leverage**

The Partnership may borrow from banks, brokerage firms and other institutions, commonly known as margin, at prevailing interest rates and invest such Partnerships in additional securities. Gains made with additional funds borrowed will generally cause the Net Asset Value of the Partnership's portfolio to rise faster than would be the case without borrowing. Conversely, if investment results fail to cover the cost of borrowing, the Net Asset Value of the Partnership's portfolio could decrease faster than if there had been no borrowing. In connection with borrowing limited by applicable margin limitations imposed by the Federal Reserve Board, the Partnership may be required to reduce such borrowing on a timely basis in the event the value of the Partnership's assets falls below the coverage requirement of the margin limitations. In the event of such a required reduction of borrowing, the Partnership could be required to liquidate securities positions at times when it might not be desirable or advantageous from the Partnership's standpoint to do so. However, the Investment Manager intends that leverage will not exceed the greater of a one and a quarter to one ratio, measured as of the date of market close on each trading day, but may, in certain circumstances, briefly exceed this close-of-market ratio on an intraday basis.

### **Changes in Investment Strategies**

The Limited Partnership Agreement gives the General Partner broad discretion to expand, revise or contract the Partnership's business without the consent of the Limited Partners. Thus, the investment strategies of the Partnership may be altered without the prior approval of, or notice to, the Limited Partners. Any such decision to engage in a new activity could result in the exposure of the Partnership's capital to additional risks that may be substantial.

## **Counterparty and Broker Credit Risk**

Certain assets of the Partnership will be exposed to the credit risk of the counterparties with whom, or the dealers, brokers and exchanges through which, the Investment Manager deals, or of parties which have general custody of the assets of the Partnership, whether the Investment Manager engages in exchange-traded or off-exchange transactions. The Partnership may be subject to risk of loss of its assets on deposit with or in the custody of a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Partnership, or the bankruptcy of an exchange clearinghouse. In the case of any such bankruptcy, the Partnership might recover, even in respect of property specifically traceable to the Partnership, only a pro rata share of all property available for distribution to all of the broker's customers. Such an amount may be less than the amounts owed to the Partnership. Such events would have an adverse effect on the Partnership's Net Asset Value.

With respect to the Investment Manager's trading of securities, option contracts, derivatives and other principal transactions for the Partnership, the Partnership will be subject to the risk of the inability or refusal to perform with respect to such transactions on the part of the principals with which the Investment Manager trades. Any such failure or refusal, whether due to insolvency, bankruptcy or other causes, could subject the Partnership to substantial losses. The Partnership may not be excused from performance on any such actions due to the default of third parties in respect of other trades which in the Investment Manager's trading strategy were to have substantially offset such contracts.

## **Performance Share and Management Fee**

The Performance Share allocable to the General Partner may create an incentive for the Investment Manager, an affiliate of the General Partner, to cause the Partnership to make investments that are riskier or more speculative than would be the case if this Performance Share were not so allocable. In addition, since the Performance Share is calculated on a basis that includes unrealized appreciation of the Partnership's assets, it may be greater than if such allocation were based solely on realized gains.

## **Concentration of Investments**

From time to time, a significant portion of the Partnership's assets may be concentrated in a particular security, industry, market or country. Should such security, industry, market or country become subject to adverse financial conditions, the Partnership's assets shall not be afforded the protection otherwise available through greater diversification of its investments.

## **Investment Restrictions on Certain Limited Partners**

Certain prospective Limited Partners (such as tax-exempt foundations and employee benefit plans) may be subject to federal and state laws, rules and regulations which may regulate their participation in the Partnership, or their engaging directly, or indirectly through an investment in the Partnership, in investment strategies of the types which the Partnership may utilize from time to time (e.g., short sales of securities, the use of leverage, the purchase and sale of options and limiting the diversification of assets). Such investors should consult with their professional advisors prior to making an investment in the Partnership.

## **Tax Risks and Payment of Taxes**

There is a number of tax risks associated with an investment in the Partnership. In particular, Limited Partners should be aware that they will be taxed annually on the Partnership's income and realized gains, if any, whether or not they receive any distributions from the Partnership and whether or not their investment has increased in value. The General Partner does not intend to make regular annual cash distributions to the Limited Partners. In addition, the Partnership's tax treatment of the Performance Share allocation could be challenged and if any such challenge were successful, it may result in adverse tax consequences to the Limited Partners.

## **Audit Risks**

An audit of a tax return of the Partnership for any given year might result in an adjustment to a Limited Partner's tax liability for the year in question. Furthermore, such an audit might result in the audit of the tax return of each Limited Partner and could result in the adjustment of items not related to the Partnership as well as items related to the Partnership. The cost of an audit, if any, at the Partnership level will be borne by the Partnership. However, the cost of any resulting audits of a Limited Partner will be borne solely by the affected Limited Partner.

## **Reliance on the Investment Manager**

The success of the Partnership is heavily dependent on the activities, judgment and availability of the managing member of the Investment Manager, Mr. Howard Stolzer. An investor in the Partnership must rely upon the ability of the Investment Manager to make investment decisions consistent with the Partnership's investment objectives and policies. Investors will not have the opportunity to personally evaluate the relevant economic, financial and other information that the Investment Manager will use when selecting and monitoring investments.

## **Disclosure of Positions**

In an effort to protect the confidentiality of its positions and the interests of all Limited Partners, the Partnership discourages the routine disclosure of its non-public portfolio holdings and other information to Limited Partners. However, the Investment Manager will provide the Partnership's positions and estimated performance on a semi-monthly basis to any Limited Partner upon request. It is the Investment Manager's understanding that the shareholder(s) will maintain the Partnership's non-public information in confidence and will not, directly or indirectly, trade on the information provided. Additionally, neither the Partnership nor the Investment Manager have the ability to monitor the use of the Partnership's information once provided and consequently, the Partnership and/or its Limited Partners may be disadvantaged if the information provided is used inappropriately.

## **Foreign Securities Markets**

The securities markets of most foreign countries, including emerging countries, have substantially less trading volume than the securities markets of the United States, and securities of some foreign companies are less liquid and more volatile than securities of comparable United States companies. As a result, foreign securities markets may be subject to greater influence by adverse events generally affecting the market, by large investors trading significant blocks of securities, or by large dispositions of securities, than is the case in the United States. The limited liquidity of some foreign markets may affect the Partnership's ability to acquire or dispose of securities at a price and time that the General Partner or the Investment Manager

believes is advisable. Further, many foreign governments are less stable than that of the United States. There can be no assurance that any significant, sustained instability would not increase the risks of investing in the securities markets of certain countries.

### **Other Activities**

The members and principals of the General Partner, and the Investment Manager, will devote such time to manage the Partnership, as they, in their sole discretion, deem necessary. The managing member and member of the General Partner, Mr. and Mrs. Stolzer respectively, may invest in, have investment responsibilities for, render investment advice to or perform other services, including investment advisory services, for personal and family accounts, house accounts, managed accounts for individuals or entities, including, without limitation, other investment partnerships. The activities of such other accounts may be similar to or may differ from the activities of the Partnership, and neither the Partnership nor the Limited Partners shall have any rights in respect of investments for, and profits or other income earned from, such accounts.

As a result of the foregoing, the General Partner, the Investment Manager, their principal(s), and/or affiliate(s) may have conflicts of interest in: (i) allocating their time and activity among the Partnership and other entities; (ii) allocating investments among the Partnership and other entities; and (iii) effecting transactions among the Partnership and other entities, including ones in which the General Partner, its principal(s), and/or affiliate(s) may have a greater financial interest.

The General Partner, the Investment Manager, their principal(s), and affiliate(s) may give advice or take action with respect to such other entities or accounts that differs from the advice given with respect to the Partnership. To the extent a particular investment is suitable for both the Partnership and other clients of the General Partner, the Investment Manager, their principal(s), and affiliate(s), such investments will be allocated between the Partnership and the other clients in a manner which the General Partner determines to be fair and equitable under the circumstances to all clients, including the Partnership.

The General Partner and the Investment Manager evaluate, for the Partnership and the other entities, a variety of factors that may be relevant in determining whether a particular situation or strategy is appropriate or feasible for the Partnership or a particular entity at a particular time, including the nature of the investment opportunity taken in the context of other available investment opportunities, the investment or regulatory limitations on the Partnership or particular entity and the transaction costs involved. Because these considerations may differ for the Partnership and other entities in the context of any particular investment opportunity, investment activities of the Partnership and other entities may differ considerably from time to time.

### **No Authority by Limited Partners**

Decisions with respect to the management of the Partnership's assets and the overall management of the Partnership will be made by the General Partner and the Investment Manager. Limited Partners will have no right or power to take part in the management of the Partnership. As a result, the success of the Partnership for the foreseeable future depends largely upon the abilities of the General Partner and the Investment Manager.

### **Private Investments**

The Investment Manager may, from time to time, invest a portion of the capital of the Partnership in Private Investments that may be illiquid and difficult to value prior to a Recognition Event. A Limited Partner who

withdraws from the Partnership will not be able to withdraw his interest in any of his Private Investment Sub-Account(s) until a Recognition Event occurs with respect to such Private Investment (such as cash sale, exchanges for marketable securities, in-kind distributions or initial public offering). Consistent with this approach, the General Partner will not take any Performance Share with respect to any Private Investment until a Recognition Event occurs with respect thereof. In addition, any distribution to such withdrawing Limited Partner shall be net of any costs or expenses owed either to the Partnership or the General Partner as of the date of such distribution.

### **Qualified Purchasers**

The Partnership is only available to Limited Partners who are “qualified purchasers” under Section 3(c)(7) of the 1940 Act, and the General Partner will be entitled to rely on representations and warranties from potential Limited Partners in the Subscription Agreement that each such Limited Partner satisfied the criteria as a “qualified purchaser.” In addition, the Partnership may have in excess of one hundred (100) Limited Partners as beneficial owners who are “qualified purchasers,” in reliance on an exemption under Section 3(c)(7) of the 1940 Act.

### **Capacity Decisions**

The Partnership intends to provide, for “capacity purposes,” a priority to existing Limited Partners with respect to their right to make additional subscriptions to the Partnership.

### **Handling of Mail**

Mail addressed to the Partnership and received at its registered office will be forwarded unopened to the Administrator to be dealt with. None of the Partnership, the General Partner, Investment Manager or other service providers will bear any responsibility for any delay howsoever caused in mail reaching the Administrator. **In particular, the General Partner will not receive, open or deal directly with mail addressed to the Partnership.**

## **REGULATORY MATTERS**

The Partnership is not registered as an investment company under the 1940 Act. The General Partner and Investment Manager are not registered as an investment advisor under the Advisers Act, but may so register in the future. Neither the General Partner nor the Investment Manager is registered as a Commodity Pool Operator or Commodity Trading Advisor, but may so register in the future.

## **TAX ASPECTS**

The General Partner believes that the Partnership will be treated as a partnership and not a corporation for federal income tax purposes.

### **Filing of Tax Returns**

The General Partner will be the “Tax Matters Partner” and will determine, among other things, how to report the Partnership items on the Partnership’s tax returns. All Limited Partners will be required under the Code to treat the items consistently on their own returns, unless they file a statement with the Internal Revenue Service disclosing the inconsistency. In the event the income tax returns of the Partnership are audited, the Partnership’s income and deductions will generally be determined at the Partnership level in a



single proceeding rather than by individual audits of the Limited Partners. The General Partner will have considerable authority to make decisions affecting the tax treatment and procedural rights of all of the Limited Partners. In addition, the General Partner, acting as the Tax Matters Partner, will have the right, on behalf of all of the Limited Partners, to extend the statute of limitations relating to the Limited Partners' tax liability with respect to the Partnership items.

The Partnership will file an annual federal partnership information tax return. Following the end of each fiscal year of the Partnership, each Limited Partner will be sent a report setting forth its share for tax purposes of, among other things, the Partnership's capital gain or loss, and all other items of operating profit or loss and dividend income.

### **Allocation for Tax and Related Purposes**

All allocations for tax purposes shall be made pursuant to the principles of the Code and in conformity with Treasury regulations promulgated thereunder or the successor provisions to any section or regulation.

In the event a Limited Partner withdraws all of its Capital Account, the General Partner may, in its sole discretion, make a special allocation to said Limited Partner for Federal income tax purposes of the capital gains realized by the Partnership in such a manner as will reduce the amount, if any, by which such Limited Partner's Capital Account exceeds its Federal income tax basis in its interest in the Partnership before such allocation.

### **Partnership Engaged in Trade or Business**

If the Partnership is deemed to be engaged in a trade or business for U.S. federal income tax purposes, a Limited Partner who is an individual will be able to deduct his share of the Partnership's expenses without regard to a limitation on miscellaneous itemized deductions. If the Partnership is instead considered to be engaged in an investment activity, a Limited Partner who is an individual will be able to deduct his share of the Partnership's expenses only to the extent that these expenses (together with other miscellaneous itemized deductions of an individual Limited Partner) exceed two percent (2%) of that Limited Partner's adjusted gross income. In addition, these expenses will not be deductible in computing the alternative minimum taxable income for purposes of the alternative minimum tax.

Whether the Partnership is deemed to be engaged in a trade or business or in an investment activity depends on the nature and extent of the Partnership's trading activity in any taxable year. Based upon the Partnership's planned investment program, the Partnership may take the position that it is engaged in a trade or business.

However, because the issue will largely be resolved on an analysis of facts, many of which will be known only in the future, and because the legal standards that would be applied in assessing these facts are unclear, there can be no assurance that the Partnership will be considered to be engaged in a trade or business in future periods or that the position would be sustained in the event of an audit by the Internal Revenue Service. Should the Partnership's planned investment program change significantly, however, the Partnership may take the position that it is not engaged in a trade or business but is engaged in an investment activity.

### **Non-US Investors**

A non-US individual or entity which becomes a Limited Partner in the Partnership will be subject to US income tax withholding with respect to dividends and certain interest income applicable to such Limited

Partner. The Foreign Account Tax Compliance Act (“FATCA”) provides that, beginning on January 1, 2014, a thirty percent (30%) withholding tax will be imposed on payments to certain persons, which may include the Partnership, on certain U.S. source income and proceeds from the sale of property that give rise to U.S. source interest or dividends, unless the affected taxpayer enters into an agreement with the IRS to provide specified taxpayer-related information. Under procedures that have not yet been established by the IRS, it is unclear how this requirement will apply, if at all, to the Partnership and its Limited Partners. Limited Partners are encouraged to consult with their own tax advisers regarding the possible applicability of the FATCA on their investment in the Partnership, with respect to the specific tax consequences to such person of such an investment under United States federal, state and local income tax laws, and with respect to the treatment of income and gain from such investment under the tax laws of any foreign jurisdiction in which such person is subject to tax.

**THIS CONFIDENTIAL OFFERING MEMORANDUM DOES NOT SET FORTH COMPLETE INFORMATION RELATING TO THE TAX EFFECTS OF AN INVESTMENT IN THE PARTNERSHIP.**

**EACH PROSPECTIVE LIMITED PARTNER SHOULD CONSULT WITH ITS OWN COUNSEL, ACCOUNTANTS OR OTHER ADVISORS AS TO THE FEDERAL (AS WELL AS STATE AND LOCAL) TAX CONSEQUENCES OF ITS INVESTMENT IN THE PARTNERSHIP, WHICH MAY DIFFER SUBSTANTIALLY FOR DIFFERENT TYPES OF TAXPAYERS (INDIVIDUALS, CORPORATIONS, ETC.). IN PARTICULAR, INVESTMENT IN THE PARTNERSHIP BY ENTITIES SUBJECT TO ERISA AND BY OTHER TAX EXEMPT ENTITIES REQUIRES SPECIAL CONSIDERATION. TRUSTEES OR ADMINISTRATORS OF SUCH ENTITIES ARE URGED TO CAREFULLY REVIEW THE MATTERS DISCUSSED IN THIS MEMORANDUM. SINCE THE PARTNERSHIP IS PERMITTED TO BORROW, TAX EXEMPT LIMITED PARTNERS MAY INCUR SOME INCOME TAX LIABILITY TO THE EXTENT OF THEIR SHARE OF “UNRELATED BUSINESS TAXABLE INCOME.”**

### **FISCAL YEAR**

The Partnership will close its fiscal year on December 31 of each calendar year.

### **ERISA CONSIDERATIONS**

#### **General**

When deciding whether to invest a portion of the assets of a qualified profit-sharing, pension or other retirement trust in the Partnership, a fiduciary should consider whether: (i) the investment is in accordance with the documents governing the particular plan; (ii) the investment satisfies the diversification requirements of Section 404(a)(1)(c) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”); and (iii) the investment is prudent and in the exclusive interest of participants and beneficiaries of the plan.

#### **Plan Assets**

Under ERISA, whether the assets of the Partnership are considered “plan assets” is also critical. ERISA generally requires that “plan assets” be held in trust and that the trustee or a duly authorized investment manager have exclusive authority and discretion to manage and control the assets.

ERISA also imposes certain duties on persons who are “fiduciaries” of employee benefit plans and prohibits certain transactions between such plans and parties in interest (including fiduciaries) with respect to the assets of such plans. Under ERISA and the Code, “fiduciaries” with respect to a plan include persons who: (i) have any power of control, management or disposition over the Partnership or other property of the plan; (ii) actually provide investment advice for a fee; or (iii) have discretion with regard to plan administration.

If the underlying assets of the Partnership are considered to be “plan assets,” then the General Partner could be considered a fiduciary with respect to an investing employee benefit plan, and various transactions between the General Partner or any affiliate and the Partnership, such as the payment of fees to the General Partner, might result in prohibited transactions. A regulation adopted by the Department of Labor generally defines plan assets as not to include the underlying assets of the issuer of the securities held by a plan. However, where a plan acquires an equity interest in an entity that is neither a publicly offered security nor a security issued by certain registered investment companies, the plan’s assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless: (i) the entity is an operating company or; (ii) equity participation in the entity by benefit plan investors (as defined in the regulations) is not significant (i.e., less than twenty-five percent (25%) of any class of equity interests in the entity is held by benefit plan investors). Benefit plan investors are not expected to acquire twenty-five percent (25%) or more of the Limited Partnership Interests. The General Partner intends to preclude significant investment in the Partnership by such plans. Employee benefit plans (including IRAs), however, are urged to consult with their legal advisors before subscribing for the purchase of Limited Partnership Interests.

#### **Unrelated Business Taxable Income**

The Partnership may derive income that would be considered unrelated business taxable income, as defined in Section 512(a) of the Code, if derived directly by a Limited Partner exempt from taxation. Under Section 511(a) of the Code, such Limited Partner’s allocable share of such income is taxable. In addition, a Limited Partner that is a tax-exempt organization described in Section 511(a) will be taxed with respect to its “unrelated debt financed income” pursuant to Section 514 of the Code. If, and to the extent, the Partnership borrows to finance its securities transactions, a tax-exempt investor will be taxed on all the debt-financed portion of its income from an investment in the Partnership. Each such potential investor is urged to consult its own tax advisor with respect to the tax consequences of an investment in the Partnership.

ACCEPTANCE OF SUBSCRIPTIONS ON BEHALF OF EMPLOYEE BENEFIT PLANS IS IN NO RESPECT A REPRESENTATION BY THE GENERAL PARTNER OR THE PARTNERSHIP THAT THIS INVESTMENT MEETS ALL RELEVANT LEGAL REQUIREMENTS WITH RESPECT TO INVESTMENTS BY ANY PARTICULAR PLAN OR THAT THIS INVESTMENT IS APPROPRIATE FOR ANY PARTICULAR PLAN.

#### **OUTLINE OF SELECTED ITEMS IN THE LIMITED PARTNERSHIP AGREEMENT**

The following outline of the Limited Partnership Agreement briefly summarizes certain major provisions, some of which are not discussed elsewhere in this Memorandum. This outline is not definitive and each prospective Limited Partner should carefully read the Limited Partnership Agreement annexed hereto as Exhibit A, in its entirety. Terms used in the following outline that are not otherwise defined therein shall have the meaning set forth in the Limited Partnership Agreement.

## **Limited Liability**

A Limited Partner will be liable for debts and obligations of the Partnership only to the extent of its Limited Partnership Interest in the Partnership in the fiscal period to which such debts and obligations are attributable. A Limited Partner who withdrew Partnership Interests or received distributions from the Partnership representing, in whole or in part, a return of its Capital Contribution, is liable to the Partnership for any sum (but only to the extent of such returned amount, plus interest) necessary to discharge the liabilities of the Partnership to creditors who have extended credit or whose claims have arisen before such return.

## **Term**

The Partnership will terminate on the earlier of: (i) December 31, 2037; (ii) a determination by the General Partner that the Partnership should dissolve; (iii) the insolvency, bankruptcy or dissolution of the General Partner; (iv) the death or disability of all principal(s) of the General Partner; (v) the withdrawal of the General Partner unless, upon said withdrawal, the Limited Partners select a General Partner to continue the Partnership; or (vi) any other event causing the dissolution under the laws of the State of Delaware.

## **Capital Accounts**

Each Partner will have a Capital Account maintained by the Partnership that will be credited with its capital contributions (“Capital Contributions”). A Partnership Percentage will be determined for each Partner for each “fiscal period,” defined below, by dividing its Capital Account, including Private Investment Sub-Account(s), as of the beginning of such fiscal period by the aggregate Opening Capital Accounts of all Partners as of the beginning of such fiscal period. For purposes of this agreement, a fiscal period shall be the interval between the first day of a fiscal year or the date of a Discretionary Closing, if applicable, and the earlier of (i) the date before the Discretionary Closing, (ii) the date of the complete or partial withdrawal of a Limited Partner, or (iii) the beginning of the next fiscal year.

Each Partner’s Closing Capital Account will be calculated as of the last day of each fiscal period by crediting or debiting to such Capital Account, according to its respective Partnership Percentage, the difference between the total capital of all Partners at the beginning of such fiscal period and the total capital of all Partners as of the last day of such fiscal period, then making any Performance Share re-allocation (see below), if applicable: (i) on the last day of the fiscal year; or (ii) upon the complete or partial withdrawal of a Limited Partner; and then deducting any withdrawals made by each Partner.

Each Limited Partner will have a Maximum Capital Account maintained by the Partnership in order to calculate the Performance Share to which the General Partner is entitled (see below). Sometimes referred to as a “high water mark” for purposes of computing the General Partner’s Performance Share allocation, the Maximum Capital Account shall reflect a Limited Partner’s actual Capital Contributions, reduced for any withdrawals and increased by any appreciation.

## **Performance Share**

The General Partner is allocated a Performance Share calculated (i) at the end of a fiscal year; (ii) upon a Limited Partner’s complete withdrawal or upon a partial withdrawal and shall be equal to fifteen percent (15%) of the increase in a Limited Partner’s capital account (“Capital Account”) above a hurdle rate of six percent (6%) on an annualized basis (the “Hurdle Rate”). The Hurdle Rate will be pro-rated for any period of less than one year. In addition, the Hurdle Rate will be adjusted for any redemption made during the year (the “Adjusted Capital Account”). The Incentive Fee will only be paid with respect to the realized and

unrealized appreciation in the Adjusted Capital Account in excess of the Limited Partner's Capital Account as of the first Business Day immediately following the date as of which the last Performance Fee with respect to such Capital Account was determined. The Hurdle Rate will be computed on an annualized basis only with respect to the Adjusted Capital Account and not the Capital Account of the Limited Partner as of the first Business Day immediately following the date as of which the last Performance Fee was determined. To further clarify, the Hurdle Rate is deducted from the increase or adjusted increase in a Limited Partner's Capital Account in computing the Performance Fee, but such calculations are made each year and do not carry over from one year to another.

### **Partnership Expenses and Management Fee**

The Partnership may incur certain fees and expenses associated with the initial offering of Limited Partnership Interests and the organization of the Partnership (collectively the "Organization Expenses"). Some or all of the Organization Expenses were advanced by the Investment Manager. The Partnership will reimburse the Investment Manager for any such Organization Expenses that were incurred on behalf of the Partnership. Such advance by the Investment Manager is treated as a non-interest bearing loan to the Partnership by the Investment Manager, which is being amortized over a 60-month period. The Investment Manager may, in its sole discretion, waive the Partnership's reimbursement to the Investment Manager of any expenses described herein.

The General Partner or the Investment Manager will provide to, or incur on behalf of the Partnership, office space, utilities and general office expenses. In lieu of reimbursing the General Partner or the Investment Manager for these expenses, each Limited Partner shall pay a Management Fee in advance to the General Partner, the Investment Manager or its designee, on the first day of each quarter, to be debited from the Capital Account of such Limited Partner, in an amount equal to the sum of one fourth (1/4) of two percent (2%) of the Capital Account of such Limited Partner as of such date and from Private Investment Sub-Account(s), adjusted for contributions or withdrawals.

The Capital Account of a Limited Partner who makes a Capital Contribution on a date other than the first day of each quarter will be charged a prorated Management Fee as of the date of such contribution.

The Partnership will pay, in addition to the Management Fee, any and all research fees, exchange fees, interest on margin accounts, legal, compliance, accounting and other professional fees, borrowing charges on securities sold short, custodial fees, insurance premiums, brokerage commissions, bank service fees, interest on loans and debit balances, any taxes applicable to the Partnership on account of its operations, and any and all reasonable expenses related to the management and operation of the Partnership as well as the purchase, sale or transmittal of Partnership assets, as the General Partner shall determine in its sole discretion.

As noted above, the Partnership will pay any and all research fees and expenses relating to the Partnership's investment program. Certain research and execution related products and services that benefit the Partnership may be paid with commissions or "soft dollars" that are generated from the Partnership's brokerage transactions. The products and services received by the Investment Manager that are obtained through the use of the Partnership's "soft dollars" or commissions are not required to be for the sole benefit of the Partnership. The Investment Manager will limit the use of "soft dollars" to those products and services that fall within the scope of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934 (the "1934 Act").

With respect to insurance premiums, the Investment Manager anticipates it will obtain Professional Liability Coverage and Directors and Officers Liability Coverage ("D&O Insurance") for itself and the Partnership when the Partnership reaches twenty-five million \$25,000,000 in assets under management.

The Partnership will reimburse the Investment Manager for a portion of these expenses. The Investment Manager determines the amount of insurance premiums to be paid by the Partnership in its sole discretion, in a manner that it deems equitable.

In connection with the Investment Manager's services to the Partnership, the Investment Manager maybe required to register as an investment adviser with the SEC in order to continue to provide investment advisory services. As part of the registration process, the Investment Manager may incur certain fees and expenses ("Registration Expenses"), including, but not limited to, legal, compliance, and accounting expenses. The Partnership may reimburse the Investment Manager for a portion of these expenses. The portion of such Registration Expenses to be paid by the Investment Manager is determined by the Investment Manager, in its sole discretion, in a manner that it deems equitable. In making this allocation, the Investment Manager has a conflict of interest because such Registration Expenses are the direct liability and obligation of the Investment Manager to pay and because certain benefits associated with the Investment Manager's SEC registration may not be shared, in whole or in part, with the Partnership

The General Partner reserves the right, in its sole discretion, to reduce or waive the Performance Share allocation or Management Fee set forth herein in connection with a Limited Partnership Interest acquired by the General Partner, its principals or affiliate(s), or a strategic investor in the Partnership.

#### **Purchase of "New Issues"**

The Partnership has the right to invest in New Issues, as is defined in the Rules of FINRA. Subject to certain 10% de minimis restrictions, only those Limited Partners that are not "restricted," as defined by FINRA, may participate in the receipt of New Issues. To the extent that a potential Limited Partner is restricted, an investment in the Partnership may not yield the same performance results as may be achieved by investors who are entitled to receive New Issues.

#### **Valuation of Partnership Assets; Determinations by General Partner, Including "Net Asset Value"**

The value of positions in securities, including options will be determined by the Administrator:

(i) Securities listed on a national securities exchange or national market will be valued at their last sale price on their principal exchange or market on the date of determination, or if no sales occurred on such day, at the mean between the "bid" and "asked" prices on such day.

(ii) Securities not listed on a national securities exchange or national market will be valued at their last closing "bid" prices if held "long" and their last closing "asked" prices if sold "short."

(iii) Securities without an active trading market, as hereinafter defined, will be assigned fair value by the Administrator based upon: (a) a comparison with market values for similar companies; (b) recent sale price(s); (c) investment risk and/or potential; (d) opinions of qualified investment bankers; (e) marketability (if any); or (f) such other factors as the Administrator, in its sole discretion, deems appropriate. For purpose of valuation, an "active trading market" is deemed to be one in which quotations are available on NASDAQ or a national securities exchange or, if not available on NASDAQ or a national securities exchange, from one or more dealers in the Pink or Yellow sheets on a reasonably consistent basis.

(iv) Options and over-the counter securities will be valued at the midpoint of the close bid/offer spread on the date of determination.

(v) Private Investments within the Private Investment Sub-Account(s) shall be carried on the Partnership's books at their fair market value as the Administrator shall determine in its sole discretion, until the occurrence of a Recognition Event.

Investment transactions will be accounted for as of their trade date. Gains or losses on positions will be realized when contracts are liquidated. Unrealized gains and losses on open contracts (the difference between contract trade price and market price) will be reported in the Partnership's accounting statements as a net gain or loss, as there exists a right of offset of unrealized gains or losses in accordance with Financial Account Standards Board Interpretation No. 39 – "Offsetting of Amounts Related to Certain Contracts."

All matters concerning valuation of securities or contract positions, as well as accounting procedures, not expressly provided for herein may be determined or calculated by the Administrator, whose determination or calculation is final and conclusive as to all shareholders. In the event that the Administrator relies on the Investment Manager to provide valuation for securities held by the Partnership, the Investment Manager shall retain a reputable independent third party to provide such valuation.

In calculating the net asset value of the Partnership's portfolio the Administrator may rely upon, and will not be responsible for the accuracy of, financial data furnished to it by third parties including automatic processing services, third party financial models, brokers, market makers or intermediaries, the Investment Manager, and any administrator or valuations agent of other collective investments into which the Partnership invests. To the extent that the Administrator relies on information supplied by the Investment Manager, or any brokers or other financial intermediaries engaged by the Partnership, or by the Administrator, in connection with calculating the net asset value of the Partnership, the Administrator's liability for the accuracy of such calculation is limited to the accuracy of its computations. The Administrator is not liable for the accuracy of the underlying data provided to it. The Administrator exercises no discretion in calculating the net asset value of the Partnership's portfolio and relies entirely on third party pricing vendors or models.

If and to the extent that the Investment Manager is responsible for or otherwise involved in the pricing of any of the Partnership's assets, the Administrator may accept, use and rely on such prices, without verification, in determining the Net Asset Value of the Partnership and shall not be liable to the Partnership, any shareholder or any other person in doing so.

The term "Net Asset Value" will mean the value of all assets of the Partnership determined in accordance herewith, less all Partnership liabilities and reserves established by the General Partner in its sole discretion.

### **Withdrawals of Capital from the Capital Account of a Limited Partner**

A Limited Partner may completely or partially withdraw its Capital Account as of the end of each calendar quarter on at least thirty (30) days prior written notice of the requested withdrawal to the General Partner.

In the case of a partial withdrawal, the withdrawing Limited Partner may remain a Limited Partner provided that such withdrawal does not, unless otherwise agreed by the General Partner, reduce the Limited Partner's Capital Account to less than the Minimum Capital Contribution. If the General Partner accepts an initial Capital Contribution less than the Minimum Capital Contribution, then a withdrawal shall not reduce the Capital Account to less than the amount initially accepted. No distribution of any portion of a requested withdrawal from a Private Investment Sub-Account shall be made until the last day of the calendar quarter, after which a Recognition Event occurs. Such distribution shall be net of any costs or expenses related to such Limited Partnership Interest and owed either to the Partnership or the General Partner.

In the event that a Shareholder elects to withdraw its Capital Account (whether completely or partially) within twenty-four (24) months of its initial investment, the General Partner may require the withdrawing Limited Partner to pay to the Partnership a fee (the "Redemption Fee"), equal to five percent (5%) of the amount withdrawn, if such withdrawal is made within the first twelve months from the initial investment, or three percent (3%) if such withdrawal is made between the thirteenth month and twenty-fourth month

from the initial investment. The Redemption Fee shall be waived in the event that a Limited Partner elects to withdraw, no more often than once per calendar year during the first twenty four (24) months from the time of its initial investment, an amount equal to or less than five percent (5%) of the Net Asset Value of such Limited Partner's Capital Account at the time of such withdrawal, provided however, that thirty (30) days prior written notice of such election to withdraw is given to the General Partner.

No Redemption Fee shall be charged to a Limited Partner on withdrawals made after twenty-four (24) months of such Limited Partner's initial investment.

The General Partner will distribute ninety percent (90%) of the marketable portion of the withdrawal request by a Limited Partner within approximately ten (10) business days of the withdrawal date and the balance within approximately ten (10) business days of receipt by the Partnership of its annual audited financial statements, without interest.

The General Partner may, in its determination, pay distributions in securities, in cash or partly in securities and partly in cash. The General Partner may also withhold taxes on any payment to a Limited Partner to the extent required by the Internal Revenue Code of 1986, as amended (the "Code") or other applicable law.

The General Partner may, at any time and in its sole discretion, deliver seven (7) days prior notice to a Limited Partner requiring that such Limited Partner withdraw from the Partnership as of the end of such calendar quarter or end of the fiscal year. If, however, the General Partner, in its sole discretion, believes that the continued participation of any Limited Partner might cause the Partnership to violate any law, such Limited Partner may be required to withdraw immediately. Upon the date in said notice, the Limited Partner shall be deemed to have resigned from the Partnership without any further action on the part of said Limited Partner.

### **Admission of New Limited Partners**

New Limited Partners will be admitted by the General Partner in its sole discretion on the last day of a calendar month or at such other times as the General Partner may determine at its sole discretion (each such date a "Discretionary Closing Date"). In addition, the General Partner may, for "capacity purposes," give priority to existing Limited Partners for purposes of making additional contributions. The General Partner, in its sole discretion, may decline to accept the contribution of any prospective Limited Partner, or any additional contribution from an existing Limited Partner.

### **Substitute General Partner**

The General Partner will have the right by written notice to the Limited Partners, without any action by the Limited Partners, to add or delete members of the General Partner or to substitute for itself a new general partner, if such new General Partner is affiliated with, controls, is controlled by, or is under common control with the General Partner herein.

### **Amendments to Agreement**

The Limited Partnership Agreement may be amended by the General Partner pursuant to its Power of Attorney in any manner that does not adversely affect the Limited Partners, including any amendment to reflect changes validly made in the membership of the Partnership and the Capital Contributions of the Limited Partners.



The Limited Partnership Agreement may also be modified or amended at any time in writing, signed by the General Partner and by Partners who hold Limited Partnership Interests representing in the aggregate more than fifty percent (50%) of the Capital of all Partners relating to the applicable fiscal period in which the vote takes place. However, without the specific consent of each Partner, no such modification or amendment will reduce the Capital Account of any Partner or its rights of contribution or withdrawal with respect thereto.

### **Reports to Limited Partners**

The General Partner will use its best efforts to have prepared and mailed to each Limited Partner, within one hundred and twenty (120) days after the close of each fiscal year: (i) financial statements audited by the Partnership's independent auditors and prepared in accordance with U.S. GAAP; and (ii) any other information necessary to enable such Limited Partner to prepare its individual income tax returns.

The "books of account" of the Partnership will be kept in accordance with U.S. GAAP, subject to exceptions (e.g., amortization of organizational expenses), by or under the supervision of the General Partner at the principal place of business of the Partnership, and will be open to inspection, no more frequently than once per year, by any Limited Partner or its representative at any reasonable time during regular business hours upon no less than sixty (60) days prior written notice. Such inspection, however, shall be limited to information reasonably related to such Limited Partner's interest in the Partnership.

While the Partnership's financial statements will be prepared in accordance with U.S. GAAP, the Partnership's organizational expenses will be amortized over the first sixty (60) months of the Partnership's commencement of operations because the General Partner believes such treatment is more equitable than expensing the entire amount of the organizational expenses in the Partnership's first year of operations. The amortization of organizational expenses, however, is generally considered an immaterial departure from U.S. GAAP, and consequently, the audit of the Partnership's financial statements should not result in a qualified opinion. If this practice, however, results in a qualified audit opinion, the General Partner and/or Investment Manager will take any and all steps necessary to correct the deficiency.

The General Partner may also prepare and deliver to each Limited Partner, a semiannual unaudited report on the overall performance of the Partnership, together with any other information the General Partner deems pertinent. Additionally, upon request, the General Partner or Investment Manager will provide the Partnership's positions and estimated performance information on a semi-monthly basis to any Limited Partner.

### **Limited Partner's Indemnification of the Partnership**

Nothing in the Limited Partnership Agreement, nor any action taken under the Limited Partnership Agreement, including the withdrawal by a Limited Partner of some or all of its Capital Contributions, shall affect the right of the Partnership to claim a return of that part of a withdrawn Limited Partner's Capital Contribution up to the maximum of such Contribution necessary to discharge applicable debts, taxes, and obligations which arose prior to any such withdrawal from the Partnership. All rights of the Partnership will be exercised in accordance with applicable statutes and regulations applying to the Partnership.

No waiver of a provision of the Limited Partnership Agreement will be deemed a waiver of any other provisions nor will a waiver of the performance of a provision in one or more instances be deemed a waiver of future performance thereof.

In the event the Partnership is made a party to any claim, dispute or litigation or otherwise incurs any loss or expense, including reasonable attorneys' fees, as a result of or in connection with any Limited Partner's (or Limited Partner's assignee's) obligations or liabilities unrelated to the Partnership's business, such Limited Partner (or assignees cumulatively) will indemnify and reimburse the Partnership for all loss and expense incurred, including attorneys' fees.

### **Standard of Liability and Indemnification**

None of the General Partner or its principals, affiliate(s), manager(s), member(s), stockholder(s), director(s), partner(s), officer(s), employee(s) and/or agent(s) (collectively "Indemnified Persons") will be liable to the Partnership or any Limited Partner for: (i) mistakes of judgment or for any act taken, or omission suffered by it or by him, or for any "Losses," defined herein, arising out of or relating to any mistakes, action or inaction, except to the extent of the willful misconduct or gross negligence of such Indemnified Person as determined by a final judgment (after all appeals and the expiration of time to appeal) of a court of competent jurisdiction; or (ii) the willful misconduct or gross negligence of any officer, director, employee, representative, consultant, independent contractor, broker or agent of the Partnership or any Indemnified Person, provided that such officer, director, employee, representative, consultant, independent contractor, broker or agent (including any who may be a Limited Partner), was selected, engaged or retained in good faith and in a manner reasonably believed to be in, or not opposed to, the best interest of the Partnership. Each Indemnified Person will be entitled to rely in good faith on the advice of counsel, accountants or other such independent persons experienced in the matter at issue and (subject to the immediately preceding sentence) any act or omission of any Indemnified Person in reasonable reliance on such advice will in no event subject any Indemnified Person to any liability to the Partnership or to any Limited Partner.

The Partnership will, out of Partnership assets, including, without limitation, any insurance proceeds, to the fullest extent permitted by applicable laws, indemnify and hold harmless each Indemnified Person from and against any and all claims, damages, losses, expenses, penalties, judgments or liabilities of any nature whatsoever, including, but not limited to, legal fees, expenses and costs associated with investigating or preparing the defense of any proceeding or investigation, giving testimony or furnishing documents in response to a subpoena (collectively, the "Losses") to which any such Indemnified Person may become subject in connection with, arising out of or related to this Agreement or to the operation and affairs of the Partnership provided, however, that foregoing indemnification will not apply to any Losses that are determined by final judgment (after all appeals and the expiration of time to appeal) of a court of competent jurisdiction to have resulted from the willful misconduct or gross negligence of such Indemnified Person.

### **LIMITATIONS ON TRANSFERABILITY; SUITABILITY REQUIREMENTS**

Each purchaser of a Limited Partnership Interest must bear the economic risk of its investment for an indefinite period of time (subject to its right to withdraw capital from the Partnership) because the Limited Partnership Interests have not been registered under the 1933 Act and, therefore, cannot be sold unless they are subsequently registered under the 1933 Act or an exemption from such registration is available. It is not contemplated that any such registration would ever be effected, or that certain exemptions provided by rules promulgated under the 1933 Act (such as Rule 144) will ever be available. The Limited Partnership Agreement provides that a Limited Partner may not assign or encumber its Limited Partnership Interest (except by operation of law), nor substitute another person as a Limited Partner, without the prior consent of the General Partner, which consent may be withheld for any reason. The Limited Partnership Agreement also restricts substantial withdrawals from the Partnership and withdrawals of capital by the Limited Partners. The foregoing restrictions on transferability must be regarded as substantial, and will be clearly reflected in the Partnership's records.

Each purchaser of a Limited Partnership Interest will be required to represent that the Limited Partnership Interest is being acquired for its own account, for investment, and not with a view to resale or distribution. The Limited Partnership Interests are suitable investments only for sophisticated investors for whom an investment in the Partnership does not constitute a complete investment program and who fully understand, are willing to assume and have the financial resources necessary to withstand the risks involved in the Partnership's specialized investment program, and who are able to bear the potential loss of their investment in the Limited Partnership Interests.

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

### **FINANCIAL STATEMENTS**

Audited financial statements for the Partnership, when available, can be obtained from the General Partner and will be mailed to each Limited Partner within one hundred and twenty (120) days after the close of the Partnership's fiscal year.

### **LITIGATION**

During the past five years, there has been no litigation involving the General Partner.

### **LEGAL MATTERS**

Legal counsel to the Partnership is: Olshan Frome Wolosky LLP, Park Avenue Tower, 65 East 55<sup>th</sup> Street, New York, NY 10022.

### **COMPLIANCE MATTERS**

Compliance advisor to the Partnership and Investment Manager is: Mission Critical Services, 641 Lexington Avenue, 15th Floor, New York, NY 10022.

### **ACCOUNTING**

Tax Counsel and Independent Certified Public Accountant for the Partnership is: James Van Epps, 7 Cedar Street, Suite C, Summit, NJ 07901

### **ADMINISTRATOR**

Administrator for the Partnership is: Mission Critical Services, 641 Lexington Avenue, 15th Floor, New York, NY 10022.

### **ADDITIONAL INFORMATION**

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

The General Partner maintains due diligence records on the Partnership's Prime Broker and Custodian. The General Partner will make that information available to you at your request.