

Partnership in connection with the recognition or unrecognition of contingent tax liabilities may have a material positive or negative effect on certain Partners and prospective investors, depending on the circumstances.

### **Changes in Regulatory Positions**

In addition to proposed and actual accounting changes, there have recently been certain well-publicized incidents of regulators unexpectedly taking positions which prohibited strategies which had been implemented in a variety of formats for many years. In the current unsettled regulatory environment, it is impossible to predict if future regulatory developments might adversely affect the Partnership.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Partnership. Prospective investors should read this entire Memorandum and consult with their own advisers before deciding whether to invest in the Partnership. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.**

### **MANAGEMENT FEE; EXPENSES**

The Partnership will pay a fixed management fee (the "Management Fee"), payable quarterly (prorated for partial quarters) in advance, to the Management Company. The Management Fee equals 0.50% (2.0% annualized) of the beginning value of the Capital Account of a Limited Partner (before the accrual of any Incentive Allocation). The Management Company may, without the consent of Limited Partners, cause the Management Fee to be charged to and paid by the Master Fund and the HB Fund (pro rata based on their relative net asset values), instead of the Partnership.

A pro rata portion of the Management Fee will be paid out of any capital contributions made by new or existing Limited Partners to the Partnership as of any date that does not fall on the first business day of a calendar quarter, based on the actual number of days remaining in such partial calendar quarter. In the case of a withdrawal by a Limited Partner other than as of the last business day of a calendar quarter, a pro rata portion of the Management Fee (based on the actual number of days remaining in such partial quarter) will be repaid by the Management Company to the Partnership and distributed to the withdrawing Limited Partner. The Management Fee will be amortized in equal installments as of the last day of each month during the applicable calendar quarter.

The Management Company may reduce, waive or calculate differently (and has done so on occasion) the Management Fee with respect to certain Limited Partners, including, without limitation, Limited Partners that are affiliates, consultants or current or former Principals or employees of the General Partner or the Management Company, members of the immediate families of such persons and trusts or other entities for their benefit.

In consideration for the Management Fee, the Management Company renders certain administrative and managerial services to the Partnership and bears certain administrative expenses of the Partnership. The Management Company provides to the Partnership computer