

# FORM ADV PART 2A

## FIRM BROCHURE

### Omega Advisors, Inc.

Wall Street Plaza  
88 Pine Street, 31<sup>st</sup> floor  
New York, NY 10005  
212-495-5200 tel  
212-495-5236 fax

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This brochure provides information about the qualifications and business practices of Omega Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 212-495-5200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Omega Advisors, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration as an investment advisor with the SEC or by any state securities authority does not imply a certain level of skill or training.

#### **Item 2 Material Changes**

There have been no material changes since the last annual update of this Brochure, which was dated April 1, 2011.

### Item 3 Table of Contents

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## **Item 4 Advisory Business**

### **A. Description of your advisory firm, including how long you have been in business and principal owner(s)**

Omega Advisors, Inc. (“Omega” or the “Firm”) was founded by Leon Cooperman in 1991. After 25 years of service, Mr. Cooperman retired from his positions as a General Partner of Goldman, Sachs & Co. and as Chairman and Chief Executive Officer of Goldman Sachs Asset Management in order to organize Omega Advisors, Inc. Omega Advisors, Inc. is 100% owned by Mr. Cooperman and is under the management and control of Mr. Cooperman.

Omega’s principal investment strategy is long/short equity, generally with a long side bias. Omega specializes in value investing, driven by deep fundamental research. Omega’s principal focus is on U.S. equity securities, with more limited investments in equity securities of developed European countries and Japan. In addition, the Firm makes limited investments in fixed income securities of the U.S. and developed European countries and Japan, as well as in currencies and commodities. Futures and other derivatives are used in an effort to both maximize returns and reduce risk.

### **B. Types of Advisory Services**

Omega currently provides discretionary investment advice and management services to (i) institutional clients such as pension plans, and (ii) privately placed investment funds (“private funds”) which may be organized as domestic limited partnerships, foreign corporations or foreign limited liability companies. (These private funds are sometimes known as “hedge funds”.)

Omega currently manages several separately managed accounts and five private funds. Investments for institutional clients, whose assets are held in the managed accounts, are managed in accordance with each client’s investment objectives, strategies, restrictions, and guidelines.

The five private funds consist of 4 U.S. limited partnerships and one Cayman Island company. Omega Associates, LLC (“Omega Associates”), an affiliate of Omega and a Delaware limited liability company, serves as the general partner of the U.S. limited partnerships. The Cayman Islands company has a board of directors.

Each private fund (except one) is managed in accordance with its own investment objectives, strategies, restrictions, and guidelines and is not tailored to the particular needs of any investor in the private fund (“underlying investors”). Information about each private fund’s investment objectives, strategies, restrictions and guidelines is more fully described in the offering documents for each fund. Since Omega does not provide individualized advice to underlying investors in such private funds, such investors should consider whether a particular private fund meets their investment objectives and risk tolerance prior to investing in the fund. One of the private funds is a “special purpose”

fund with only one limited partner. This fund is managed more like a separate account where the investor's investment objectives and restrictions were taken into account when the fund was formed.

**C. Individual Needs of Clients**

Please refer to the response to Item 4.B. above.

**D. Wrap Fees**

The Firm does not participate in wrap fee programs.

**E. Discretionary Client Accounts**

Omega has discretionary authority over all the assets it manages on behalf of its institutional clients and private funds (collectively, "Clients"). As of February 28, 2012, Omega managed approximately \$6.4 billion.

**Item 5 Fees and Compensation**

**A. Compensation for Advisory Services**

Omega generally charges a fee consisting of (1) an annual "management fee" based upon the average assets under management in the Client's account or the underlying investor's capital account with the partnership; and (2) an annual "performance fee" that is calculated based upon a percentage of the net capital appreciation of the Client's account or the underlying investor's capital account with the partnership at the end of each fiscal year. With respect to separately managed accounts and the Cayman private fund, these fees are paid directly to Omega. In the case of the four U.S. private funds, the fees are paid to Omega through Omega Associates (each private fund's general partner).

Omega's current fee schedule is generally as follows:

Management Fee:	1% - 1.5%, annually
Performance Fee:	15% - 20%, as described below

Fees may be negotiable, and some Clients (as well as underlying investors in the private funds) may pay more or less than others for the same management services, depending, for example, on account inception date, number of related investment accounts or total assets under management by Omega. With respect to performance fees, any loss in an account is carried forward so that no performance fee is charged to an account unless the losses have been recouped, subject to certain adjustments (e.g., a high water mark or hurdle rate provision).

## **B. Payment of Fees**

With specific client authorization, Omega may automatically deduct management fees and performance fees from some separately managed accounts by billing the client's custodians directly. The custodian for such clients will send quarterly statements showing all transactions in the account, including fees paid to Omega, directly to such clients with a copy to Omega.

In addition, Omega Associates, as general partner of the U.S. private funds, may directly access the capital accounts of underlying investors in such funds with respect to the payment of management fees and performance fees. For the Cayman private fund, the fund has a third party administrator that pays the management fees and performance fees to Omega.

Omega and its affiliates comply and will continue to comply with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940 ("Advisers Act") with regard to assets held in both separately managed accounts and private funds with respect to which they are deemed to have custody.

## **C. Other Fees**

The Clients bear expenses other than advisory fees, such as investment expenses (*e.g.*, brokerage commissions, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, clearing and settlement charges, interest expense), research-related expenses, government charges, taxes and duties, legal expenses, accounting, auditing and tax preparation expenses, proxy voting service expenses, bank service fees, and withholding and transfer fees. Please see the response to Item 12 for additional information about brokerage expenses.

## **D. Advanced Fees**

For separately managed accounts, the management fees are refunded on a *pro rata* basis when the investment advisory agreement for the separately managed account is terminated prior to the end of a billing period. For separately managed accounts, performance fees will be charged on a *pro rata* basis as though the termination date were the end of the performance period.

For private funds, unless otherwise indicated in the fund's offering documents, the management fee is paid quarterly in advance from each underlying investor's capital account based on the assets in such capital account at the beginning of the quarter. Performance fees, if payable, are generally reallocated from each underlying investor's capital accounts annually. In some cases, performance fees may be accrued monthly and paid annually. One of the private funds is subject to an initial lock-up period of up to three years. The initial performance fee for such fund is billed upon the expiration of the lock-up period and annually thereafter.

## **E. Compensation for Sales of Securities**

Not applicable. No supervised person receives compensation for the sale of securities or other investment products.

## **Item 6 Performance-based Compensation**

Please see response to Item 5.A above. With respect to performance fees, any loss in a separately managed account is carried forward so that no performance fee is charged to an account unless the losses have been recouped, subject to certain adjustments (*i.e.*, a high water mark provision). With respect to one of the private funds, a performance fee is charged to underlying investor's capital account only if gains in the account exceed a particular rate (*i.e.*, a hurdle rate provision).

The payment of performance fees may create an incentive for Omega to make investments that are riskier or more speculative than would be the case if Omega were paid only a fixed management fee. In addition, since performance fees are calculated on a basis that includes realized and unrealized appreciation of the assets and liabilities of the relevant account, such compensation may be greater than if it was based solely on realized gains. Further, the payments of performance fees may result in substantially higher payments than alternative compensatory arrangements with other managers. Omega does not manage clients with only a fixed management fee; all compensation arrangements consist of a combination of a fixed management fee and a performance fee.

## **Item 7 Types of Clients**

Please see the response to Item 4.B. above. Omega provides investment advisory services to institutional clients, which may include pension and profit sharing plans, trusts, estates, charitable organizations or other types of corporations or business entities and private funds, in accordance with their investment objective, strategies, restrictions and guidelines. Omega generally will not manage accounts of less than \$50,000,000 although it reserves the right to accept accounts of lesser amounts.

Underlying investors in the private funds may include high net worth individuals and a variety of institutional investors (*e.g.*, trusts, employee benefit plans, endowments, foundations, corporations and other types of entities, including private funds of funds) meeting the terms of the exceptions and exemptions under which each private fund operates and wishing to invest in accordance with the private fund's investment objective, strategies and restrictions. Omega's private funds generally require a minimum investment of \$1 million, but may accept lesser amounts.

In no event should this Brochure be considered to be an offer of interests in any of the private funds or relied on in determining to invest in any of the private funds. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of the

Brochure. Rather, this Brochure is designed solely to provide information about Omega for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided (i) to potential clients desiring separate account management or (ii) in the offering documents for any of the private funds.

To the extent that there is any conflict between any discussion in this Brochure regarding separate account management and the documents (including the investment advisory agreement) provided to clients desiring separate account management, the documents provided to such clients should govern. In addition, to the extent that there is any conflict between any discussion in this Brochure regarding the private funds and similar or related discussions in offering documents for the private funds, the offering documents for the private funds should govern.

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

### **A. Describe the methods of analysis and investment strategies**

Omega's principal investment strategy is long/short equity, generally with a long side bias. Omega is a value investor, driven by deep fundamental research. Its principal focus is on U.S. equity securities, with more limited investments in equity securities of developed European countries and Japan. In addition, the Firm makes limited investments in fixed income securities of issuers of the U.S. and developed European countries and Japan, as well as in currencies and commodities.

Omega's investment time horizon for any portfolio company is generally 12 months. Omega's main focus is investing in large-mid and large capitalization North American equities. About 10% to 20% of capital may, from time to time, be invested in international stocks of developed countries in Europe and Japan. In addition, Omega has a more limited "macro" exposure, which includes futures and other derivative positions in interest rates, currencies and commodities.

In conjunction with its macroeconomic analysis, Omega pursues a rigorous, "bottom-up" approach to stock selection, with particular emphasis on the critical distinction between a company's business value and its market value.

- Business value reflects the price an informed buyer would pay for control of a corporation; market value reflects the price the marginal investor would pay for a minority position.
- Business value is an imprecise concept that can only be estimated with painstaking and exhaustive fundamental analysis; market value is a precise figure that is published daily in the financial press.

- Business value, though imprecise, is generally more stable and changes only gradually over time; market value, though precise, may be volatile and may change dramatically in a single day.
- Business value is not affected by market value; market value should eventually reflect business value, but often deviates from it by a wide margin.
- Business value is determined by a company's economic prospects; market value is determined by the economics of the marketplace (supply and demand).

In estimating a company's business value, Omega follows an eclectic style that draws on various valuation methodologies, since no single method can provide the "right" answer in all cases. For example, Omega might focus on asset values (proven reserves) to evaluate an oil company, discounted cash flows (dividends) to evaluate an electric utility, or earnings potential (product pipeline) to evaluate a drug company. Some of the key factors it considers in its analyses include:

- **Management.** Is management committed to enhancing shareholder value? Is it willing to consider share repurchases when prices fall below fair value? Is it capable of realizing the business potential of the enterprise? What percentage of outstanding shares is held by management?
- **Earnings power and cash flow generation.** What is the company's surplus cash flow position? What are the economics of and the prospects for the company's main lines of business? What is the level and trend in corporate profitability? What is the company's market position and cost structure? Can the company maintain or expand its profit margins? Are there any unusual investment opportunities available to the company?
- **Asset Values.** In what condition are the company's assets and what would it cost to replace them? Does the company have any "hidden" assets (such as patents, brand names, or franchises) which are not readily apparent in the financial statements? What is the market value of the company's real estate holdings?
- **Risks.** What is the strength of the company's financial position? Can it readily meet its fixed obligations in a bad year? Can it tap the equity and debt markets if needed? How dependent is the company on a single product, customer or supplier? Are labor relations good? Is the technology stable? Is the company vulnerable to competition from lower cost imports?

Once business values have been estimated, they are compared to market prices in order to arrive at an informed investment decision. After comparing business value to market price, a purchase or sale decision can result from any one of three relationships:

- Market price is significantly below business value;



- Market price is at or near business value, but business value is appreciating rapidly; or
- Market price is at or near current business value, but asset utilization and business value would improve markedly under different management.

Omega does not limit itself to a value approach to investing. In addition to analyzing business values, factors such as mergers, acquisitions and values under a liquidation or reorganization scenario may be considered in selecting portfolio securities.

- Omega forecasts the investment environment. The forecast is based on an assessment of the “Stock Market Balance Sheet”, i.e., the assets and liabilities of the market and the economy. Factors considered include economic activity, inflation, monetary policy, health of the consumer and corporate sector, valuation, the effects of the twin deficits, etc. This market forecast helps determine our risk exposure.
- Omega also focuses on asset allocation: the relative attractiveness of stocks versus bonds and other asset classes.
- Omega is an investor in undervalued equity securities, rather than a trader.
- Omega takes short positions in overvalued securities (coupled with an identifiable catalyst) and markets, for both gains and hedging objectives.

In conjunction with its market analysis, Omega pursues a rigorous, “bottom-up” approach to stock selection, with particular emphasis on the critical distinction between a company’s business value and its market value.

Omega’s approach seeks to identify negative, as well as positive, trends at the macroeconomic level and overvalued, as well as undervalued, securities. As a result, Omega may take both long and short positions. When deemed appropriate, it may make investments in bonds and other fixed income securities, repurchase and reverse repurchase agreements, futures and forward contracts, derivative instruments (including swaps), currencies and money market instruments. Omega may engage in risk, fixed income and convertible arbitrage.

The use of leverage has not been, and is not expected to be, a significant source of the Firm’s returns.

## **B. Explain the material risks involved for each significant strategy or method of analysis**

All investments risk the loss of capital. Omega believes that its investment program and research techniques are designed to moderate the risk of loss of capital through the careful selection of securities and other financial instruments. Omega makes no

guarantee or representation is made that the investment program for any individual Client or private fund will be successful and investment results may vary substantially over time. Past performance is no guarantee of future results and a loss of principal may occur. The investment program is suitable only for sophisticated investors for whom such an investment does not constitute a complete investment program and who fully understand and are willing to assume the risks involved, including the risk of loss of an investor's capital.

Omega's investment program may utilize such investment techniques and practices as option transactions, limited diversification, margin transactions, short sales, leverage, futures contracts and forward agreements. These investment techniques and practices may, in certain circumstances, increase any positive or negative impact on the performance of separately managed accounts or the private funds. For example, the use of leverage or other aggressive investment techniques or practices may (i) involve a substantial degree of risk, (ii) increase the volatility of a client's performance and (iii) involve the risk of investment loss, including the loss of the entire amount that is invested.

Certain investment positions of Omega may be illiquid. Where appropriate, positions in that are illiquid and do not actively trade will be valued at fair value. There is no guarantee that such valuation will represent the value that will be realized on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Omega may not be able to readily dispose of such non-publicly traded securities, and in some cases, may be contractually prohibited from disposing of such securities for a specified period of time.

Omega may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the portfolio. The most significant factor in the performance of swap agreements is the change in the individual equity values, specific interest rate, currency or other factors that determine the amounts of payments due to and from the account.

Omega's use of derivatives and other complex instruments is subject to special risks including but not limited to counter party risk, embedded interest and future regulatory consequences. The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. Omega will monitor on an ongoing basis the creditworthiness of firms with which it will enter into such transactions. With respect to the prime broker, while both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a failure, insolvency or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Client assets, the Client would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

In addition, Omega may engage in risk arbitrage transactions and troubled company investing, which are subject to special risks that can adversely affect the performance of separately managed accounts or the private funds. Omega may invest in securities of companies which it believes are undervalued in the sense that, although they are not the subject of an announced tender offer, merger or acquisition transaction, Omega believes they are potential candidates for such transaction. In such a case, if the anticipated transaction does not in fact occur, Omega may sell the securities at a loss. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by U.S. state and Federal laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the Bankruptcy Court's power to disallow, reduce, subordinate or disenfranchise particular claims.

Price movements of securities and other instruments in which assets of Clients may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.

The success of Omega's investment program is significantly dependent upon the expertise of Mr. Leon Cooperman. Subjective decisions made by Mr. Cooperman may cause the performance of the separately managed accounts or the private funds to incur losses or to miss profit opportunities. In addition, securities and other instruments that Omega believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame that Omega anticipates. In such event, the separately managed accounts or the private funds account may incur losses.

Omega has broad discretion to invest in a variety of securities and other instruments in different asset classes. Any decision in selecting securities and other instruments or allocating investments to a particular asset class may prove to be incorrect and losses may occur.

**C. If you recommend primarily a type of security, explain the risks involved**

Please also see the response to Item 8.B above. Omega may invest in bonds or other fixed income securities, including, without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities, both government-issued and privately-issued fixed income securities, when Omega believes that such securities offer opportunities for capital growth. Such securities may be below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower rated debt securities (i) tend to reflect individual corporate developments to a greater extent than do higher rated securities (which react primarily to fluctuations in the general level of interest rates) and (ii) tend to be more sensitive to economic conditions (and, if non-U.S.-issued, to actual or

perceived geo-political risk factors and developments) than higher rated securities. Companies that issue such lower rated debt securities often are highly leveraged and may not have available to them more traditional methods of financing. It is likely that a economic downturn or other significant financial circumstance could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

## **Item 9 Disciplinary Information**

Not applicable. There are no legal or disciplinary events that would be material to any client or prospective client's evaluation of Omega's advisory business or the integrity of Omega's management.

## **Item 10 Other Financial Industry Activities and Affiliations**

### **A. Broker-dealer**

Neither Omega nor any management persons are registered or pending registration as a broker-dealer or registered representative of a broker-dealer.

### **B. FCM, CPO, CTA or AP**

Omega is registered as a commodity trading advisor ("CTA") and commodity pool operator ("CPO"). Leon Cooperman and Denis Wong, the Chief Operating Officer (COO) and General Counsel of Omega, are each registered with the National Futures Association, as an associated person of Omega.

Omega Associates is a CPO and acts in such capacity with respect to Omega's private funds (except one private fund for which it operates under a current exemption from registration (CFTC Rule 4.13(A)(4)) because the investor meets certain eligibility requirements. (Omega understands that such exemption will no longer be applicable by year end and such fund will be in compliance with applicable rules at that time.) Each of Leon Cooperman, Denis Wong, Edward Levy (the Chief Financial Officer (CFO) of Omega) and Steven Einhorn (the Vice Chairman of Omega) is registered as an associated person of Omega Associates.

Omega and Omega Associates may share research, advice and other resources, including office space and administrative services.

### **C. Relationships with related persons in various categories**

Omega is affiliated through common ownership by Leon Cooperman with PS Management, Inc., a registered investment adviser. PS Management, Inc. manages a

private fund (“PS fund”) one of whose general partners is wholly owned by Leon Cooperman. Information about PS Management may be found in PS Management’s Form ADV. The PS fund is a fund of funds, which may invest, subject to certain limits, in affiliated and unaffiliated private funds, including the Omega private funds. Omega and PS Management may share research, advice and other resources, including office space and administrative services.

As disclosed above, Omega Associates serves as the general partner of four of Omega’s private funds and Omega may solicit potential investors for such private funds.

Fees paid to Omega with respect to the Omega private funds are described in response to Item 5 above.

**D. Selection of other advisers for your clients and receipt of compensation**

Not applicable. Omega does not select advisors for its clients and receive compensation for doing so.

**Item 11 Code of Ethics**

**A. Describe Code of Ethics**

The Code of Ethics (“Code”) was adopted by Omega to govern, among other things, personal transactions by employees and to ensure that the interests of employees do not conflict with the interests of Clients, including Omega’s private funds and their underlying investors. The Code prohibits Omega employees from participating in abusive trading practices, such as trading to induce others to purchase or sell securities or other instruments in violation of the securities laws. The Code also prohibits employees from trading certain securities or other instruments in any personal securities account absent the prior approval of Omega’s CEO, Vice Chairman or other designated employees. Each time that an employee recommends the purchase or sale of any security or other instrument on behalf of an Omega client, such employee must at that time affirmatively disclose to Omega’s CEO, Vice Chairman or other designated employees any position (long or short) that such employee maintains in such security or other instrument.

All employees must instruct their brokers to send to Omega through a third party portfolio monitoring service copies of all brokerage confirmations relating to all personal securities transactions in which they have a beneficial ownership interest. A copy of the Code is available to any client or prospective client upon request.

**B. Recommend securities to clients in which you have a material interest**

Omega acts as investment manager to numerous Client accounts (including the Omega private funds). As discussed above, Omega and its affiliates share personnel and

resources. Omega may give advice and take action with respect to any Client account (including the Omega private funds) or for its own account or the account of an employee that may differ from action taken by Omega on behalf of other accounts. Omega is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security or other instrument that Omega or its employees may buy or sell for its or their own accounts or for any other account Omega manages. In addition, Omega is not obligated to refrain from investing in securities or other instruments held in Client accounts it manages except to the extent that such investments violate the Code. Additionally, Omega employees may invest in private funds which, in turn, may invest in securities or other instruments Omega invests in on behalf of Client accounts.

As the managing member of Omega Associates, Leon Cooperman participates in the Omega private funds' investments, *pro rata*, in accordance with his capital account and receives a portion of the annual allocation of 15% - 20% of the net capital appreciation of the underlying investors in such funds (i.e., the performance fee) that is made to Omega Associates, subject to certain restrictions (e.g., the hurdle rate provision or high water mark). In addition, Mr. Cooperman receives compensation with respect to the PS fund in connection with (i) potential investments made by the PS fund in one or more of the Omega private funds and (ii) his sole ownership of one of the general partners of the PS fund with respect to the fixed management fee and any incentive allocations (performance fees) paid by investors in the PS fund to the general partners of the PS fund.

With an affiliate as a general partner in the PS fund, which invests in other private funds (including private funds advised by Omega) and managed accounts, he participates in the PS fund's investments, *pro rata*, in accordance with his capital account and receives a portion of the annual allocation of 0.9% of the average month-end value of the capital account of each existing limited partner of the PS fund for each fiscal year (provided that such allocation is only made to the extent of any net capital appreciation allocated to the capital account of each limited partner each year) and 5% of the excess of the net capital appreciation allocated to the capital account of each new limited partner admitted to the Partnership on or after April 1, 2010, subject to a high water mark.

As the sole shareholder of Omega, Mr. Cooperman receives a portion of the management and performance fees Omega and Omega Associates receives from the Omega private funds. Mr. Cooperman may in the future participate in a portion of the management fees or incentive allocations of other private funds, either directly or indirectly through Omega or Omega affiliates. Principal executive officers and other personnel of Omega are permitted to invest in Omega Associates, the general partner of the Omega domestic private funds, and may invest in a deferred compensation pool, which shares in the profits of the Cayman private fund. To avoid any potential conflicts of interest, accounts of Omega personnel invest *pari passu* according to Omega's firm policies and procedures which generally provides that every account that (i) is eligible to participate in an investment opportunity and (ii) has resources available to so invest will participate *pro rata* in that investment opportunity based on the assets held in that account.

**C. Invest in the same securities as you recommend to clients**

Please see the response to Items 11.A and 11.B above. From time to time, employees of Omega or its affiliates may have interests in securities or other instruments owned by or recommended to Clients. Omega may purchase or sell for its Clients accounts securities or other instruments of an issuer in which Omega, its affiliates or their employees also have a position or interest. If the amount of a security or other instrument available for purchase at a particular time exceeds the amount Omega wishes to purchase for its Clients, the security or other instrument may be purchased by Omega employees and clients simultaneously on an average price basis. If the amount of the security or other instrument available for purchase at a particular time is less than the amount Omega wishes to purchase for its Clients, the security or other instruments cannot be purchased by or for any employee until the Client order(s) have been executed. In addition, sales of securities or other instruments held for a Client account will be made on behalf of the Client prior to any sales of such securities or other instruments on behalf of employees if a joint sale would, in Omega's opinion, have a negative impact on the price of the securities or other instruments.

As these situations may represent a potential conflict of interest, Omega has implemented procedures relating to personal securities transactions and insider trading that are designed to prevent actual conflicts of interest as well as conflicts among and between its affiliates.

**D. Recommend securities to clients at same time as buy/sell for your own account**

Please see response to Item 11.C. above.

**Item 12 Brokerage Practices**

**A. Factors in Selecting Brokers and Soft Dollars**

Omega places all orders for the purchase or sale of securities with the primary objective of seeking to obtain the best combination of price and execution. Omega has a high standard of quality regarding execution services and deals only with brokers that can meet that standard.

The best net price, giving effect to brokerage commissions, spreads and other costs, normally is an important factor in Omega's selection of broker or dealers to execute or effect portfolio transactions for clients. However, a number of other judgmental factors are considered relevant. These factors include, but are not limited to: price; transactions costs; Omega's knowledge of the negotiated commission rates and spreads currently available; the nature of the security being traded; the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the desired

timing of the trade; the activity existing and expected in the market for the particular security; the nature and quality of research; access to personnel and to company management; confidentiality; the execution, clearance and settlement capabilities as well as the reputation and perceived soundness of the broker-dealer selected and others which are considered; the broker-dealer's capital introduction program; commitment to capital; access to deal flow; Omega's knowledge of actual or apparent operational problems of any broker-dealer; the broker-dealer's execution services rendered on a continuing basis and in other transactions; the reasonableness of spreads or commissions; custody services; access to markets and distribution networks; execution of soft dollar arrangements; and responsiveness of the broker-dealer.

## 1. Research and Soft Dollars

In allocating brokerage, Omega may take into consideration the receipt of research and brokerage services ("soft dollar items") in a manner consistent with (i) the "safe harbor" provided by Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act") and (ii) the objective of seeking to achieve best execution in connection with each portfolio transaction. When appropriate and consistent with Omega's duty to seek to achieve best execution, Omega may direct brokerage transactions for client accounts to broker-dealers that provide Omega with soft dollar items. The brokerage commissions used to acquire soft dollar items are referred to as "soft dollars."

Broker-dealers typically provide a bundle of services including research and execution of transactions (*e.g.*, research ideas, investment strategies, special execution and block positioning capabilities, clearance, settlement and custodial services) to customers. The research provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by a third party but provided by broker-dealer). Broker-dealers generally do not charge separate fees for proprietary research or third party research or other brokerage services. Omega may use soft dollars to acquire research and brokerage services.

As noted above, Section 28(e) of the Exchange Act provide a "safe harbor" that allows advisers to pay for research and brokerage services with the commission dollars generated by transactions for Client accounts. In determining whether a service or product qualifies as research or brokerage services, Omega evaluates whether the soft dollar item provides lawful and appropriate assistance to Omega in meeting its Clients' objectives or in carrying out its investment decision making responsibilities for Client accounts. Receipt of soft dollar items benefit Omega in that Omega does not pay for the soft dollar items from its own resources. This creates a conflict of interest in that Omega has an incentive to select a broker-dealer based on receiving such soft dollar items rather than on the Clients' interest in receiving most favorable execution.

The receipt of research in exchange for soft dollars benefits Omega by allowing Omega, at no cost to it, (i) to supplement its own research and analysis activities,



(ii) to receive the views and information of individuals and research staffs of other securities firms, and (iii) to gain access to persons having special expertise on certain companies, industries, areas of economy and market factors. Research products and services acquired with soft dollars may include research reports on the economy, market trends, particular industries, sectors, issuers and companies (including current and historical financial data), economic surveys and analyses, recommendations as to specific securities, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues, and other products or services providing lawful and appropriate assistance to Omega in the performance of its investment decision-making responsibilities. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts.

The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type. The commission rates paid by Omega are reviewed by Omega's traders on a regular basis.

Omega may select broker-dealers based on its assessment of each broker-dealer's ability to provide quality executions and their belief that the soft dollar items provided by such broker-dealer may benefit Client accounts. It is not possible to place a dollar value on special executions, research services or other soft dollar items Omega receives from broker-dealers for effecting transactions for Client accounts. Accordingly, broker-dealers selected by Omega may be paid commissions for effecting portfolio transactions for Client accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions if Omega determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or Omega's overall duty to discretionary Client accounts.

Research obtained with soft dollars may not be utilized by Omega for the specific account that generated the soft dollars. Because Omega routinely batches Client transactions, brokerage commissions attributable to one or more Client accounts may be allocated to brokers who provide statistical data and other research used by Omega in managing the accounts of other Clients, and vice versa. Omega does not usually attempt to allocate the relative costs or benefits of research among Client accounts because it believes that, in the aggregate, the research Omega receives benefits Clients and assists Omega in fulfilling its overall duty to Clients.

To the extent any soft dollars generated by Omega accounts are used to benefit parties other than Omega or the Omega accounts, such other parties must reimburse the Omega Client accounts for the use of such soft dollars.

Omega will not enter into any agreement or understanding with any broker-dealer that would obligate Omega to direct a specific amount of brokerage transactions or commissions to any broker-dealer in return for soft dollar items. While the continued provision of soft dollar items to Omega is not conditioned on Omega directing any particular level of transactions to these brokerage firms, such soft dollar items are provided without separate charge in consideration of Omega's use of such brokerage firms to execute transactions for clients' accounts. However, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain soft dollar items and the applicable cash equivalent.

Omega may use soft dollars to pay for any specific service or for any portion of its "mixed use" items (e.g., products or services that provide both research and non-research benefits). When Omega acquires a particular product or service, they may use available soft dollar credits and pay cash to make up any difference. Further, if the product or service obtained by Omega is a mixed use item, Omega may use soft dollars for the research portion and pay cash for the non-research portion. Although the allocation between soft dollars and cash is not always capable of precise calculation, Omega will make a good faith effort to make a reasonable allocation with respect to such items. Records of any such allocations and payments will be prepared and maintained by Omega.

## 2. Brokerage for Client Referrals

From time to time, prime brokers and other executing brokers (and/or their capital introduction departments or affiliates) with whom Omega conducts brokerage and other business may introduce potential investors to the private funds managed by Omega. Additionally, funds of funds and/or proprietary capital managed by affiliates of such prime brokers and executing brokers may invest in funds managed by Omega or may establish separately managed accounts advised by Omega. Potential conflicts of interest may arise from Omega's relationships with such brokers. Omega will evaluate each such relationship and will consider any conflicts of interest arising from each such relationship, in order to seek to ensure that (i) Omega obtains the best combination of price and execution for client transactions and (ii) Omega will not favor any such brokers over other equally competent brokers that otherwise do not introduce clients or have an affiliate that has an investment relationship with Omega.

## 3. Directed Brokerage

Clients may limit Omega's discretionary authority in any or all situations. In particular, clients may direct Omega to use particular broker-dealers to execute portfolio transactions for their accounts. Where a client directs the use of a

particular broker-dealer, or broker-dealers, Omega may not be in a position where it can negotiate commission rates or spreads or obtain volume discounts and best price may not be achieved.

In addition, transactions for a client that directs brokerage may not be combined or “batched” for execution purposes with orders for the same securities for other accounts managed by Omega. Trades for a client that has directed use of a particular broker or dealer will be placed at the end of batched trading activity for a particular security. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for the batched order. Under these circumstances, the direction by a client of a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than would be the case if Omega could negotiate commission rates or spreads freely, or select brokers or dealers based on best execution.

## **B. Aggregation of Orders**

As part of the duty to seek best price and execution, Omega may, but is not required to, “bunch” or batch together purchases or sales for several clients (including institutional client accounts and private funds) and allocate the trades, in a fair and equitable manner, across participating client accounts. Omega may include proprietary accounts in such aggregate trades subject to its Code of Ethics and its duty to seek best execution. Omega will seek to allocate opportunities among the participating Client accounts (including private funds) on a fair and equitable basis over time.

While Omega may effect trades in this manner to reduce the overall level of brokerage commissions paid or otherwise enhance the proceeds or other benefits of the trade for its clients, Omega may direct transactions to brokers based on both their ability to provide high quality execution and the nature and quality of research services, if any, such brokers provide to Omega as well as other factors. As a result, clients may not always pay the lowest available commission rate where their trades are effected in this manner, so long as Omega believes that it is seeking to obtain best execution.

To the extent that clients of Omega purchase the securities of the same issuer at the same time, such securities are generally allocated among Client accounts on the basis of available capital (although disproportionate allocations may result from such factors as differences among accounts in terms of cash availability, tax or regulatory considerations).

Omega may also consider the following when allocating trades: (i) cash flow changes (including available cash, redemptions, exchanges, capital additions and capital withdrawals) and portfolio positions may provide a basis to deviate from a pre-established allocation as long as the allocation does not result in an unfair advantage to specific accounts or types of accounts over time; (ii) certain accounts having specialized investment objectives or restrictions emphasizing investment in a specific category of

securities may be given priority over other accounts in allocating such securities (e.g., tax consequences, legal restrictions, leverage capabilities); and (iii) for bond trades, street convention and good delivery may dictate the minimum size and par amounts.

*Pro rata* allocation is generally used when a batch order, which usually involves only non-directed accounts and seeks only liquid, actively traded securities, cannot be fully executed in a single day, unless the client has expressly directed otherwise. A partial fill is generally allocated among the participating client accounts based on the size of each account's original order, subject to rounding in order to achieve "round lots". Unexecuted orders will continue until the block order is completed or until all component orders have been cancelled. New orders for the same security will be aggregated with any remaining unexecuted orders and will continue in the same manner. Omega will generally apply a minimum order allocation amount of 100 shares, which may be adjusted based on market convention associated with the particular security. If remaining positions are too small to satisfy the minimum order amount, Omega may decide to allocate the remaining shares to those accounts seeking large positions that were unfilled. Omega may also decide to allocate remaining shares to those accounts whose orders would be completed as a result of the allocation. Other methods of allocation may be used where *pro rata* allocation is deemed by Omega to be less appropriate or equitable than such alternative means. Percentage ownership allocation may be used to conform a client's exposure to a particular security. Random allocation or allocation by alphabetical order is especially appropriate when the transaction size is too limited to be effectively allocated *pro rata* among all eligible managed accounts.

Omega may also open "average price" accounts with broker-dealers. In an "average price" account, purchase and sale orders placed during a trading day on behalf of the client accounts are combined, and securities bought and sold pursuant to such orders are allocated among such Client accounts on an average price basis. The effect of such aggregation may operate on some occasions to an account's disadvantage.

### **Item 13 Review of Accounts**

#### **A. Frequency and Nature of Review**

Each Client account is reviewed by the CEO or one of the Co-Directors of Research (Sam Martini and Jonathan Aborn) at least monthly. The factors that may trigger a change in portfolio securities include, but are not limited to: changes in a company's fundamentals; personal contact with management, other investment advisers, key industry personnel or analysts; news and press releases; general market conditions; and Omega's assessment of the financial consequences of world events derived from general information or such other material as is appropriate under the particular circumstances.

#### **B. Factors Triggering Review**

Please see the response to Item 13.A. above.

### **C. Reports to Clients**

If requested, institutional clients receive the original transaction confirmation following execution of a trade for their accounts. Generally, account statements are provided quarterly. More frequent information is available to Clients upon request. Omega is generally available to meet with institutional clients when requested and can tailor reporting to meet the needs of the Client. Institutional clients also receive from their qualified custodian quarterly account statements in conformity with the requirements of the Rule 206(4)-2 under the Advisers Act (“Custody Rule”).

Private fund investors receive reports as described in the applicable offering documents. Omega generally supplies reports quarterly to investors which may include investment summaries as well as the performance of the private fund against an applicable benchmark. Each underlying private fund investor also receives a Form K-1 for tax purposes. To comply with the Custody Rule, annual audit reports are generally provided within 120 days following a private fund’s fiscal year end unless the private fund is operated as a fund of funds, in which case the audit reports will be provided within 180 days of the private fund’s fiscal year end. Reports to private fund investors may be sent by a third party service provider on behalf of Omega. A private fund may offer certain private fund investors, upon request, additional information and reporting that other private fund investors may not receive, and such information may affect a private fund investor's investment decisions, including its decision to request a withdrawal from its capital accounts.

## **Item 14 Client Referrals and Other Compensation**

### **A. Person not a client provides economic benefit**

Omega’s use of a prime broker with respect to the private funds may provide increased administrative ease and, therefore, increased profitability for Omega. As discussed above, a prime broker may also refer potential investors to Omega with respect to the Omega private funds. Because an increase in the size of an Omega private fund would likely result in additional compensation to that private fund’s prime broker, the prime broker is likely to receive a benefit from introducing potential investors to Omega with respect to the Omega private fund for which it serves as prime broker.

Other broker-dealers may provide capital introduction services to Omega with respect to the private funds on a no reimbursement basis. Such firms generally do so in order to establish a relationship with Omega which may assist the brokerage firm in obtaining future business; however, no promise of future brokerage direction or other business arrangements is made in connection with these services.

## **B. Client referrals**

Omega has entered into referral arrangements with consultants that are registered broker dealers. The consultants will refer clients to Omega as either investors in Omega's private funds or as clients for separately managed accounts. The consultants will be paid a part of the management fee and incentive allocation or performance fee received by Omega with respect to such referred investors or clients. Such referral arrangements and any such future referral arrangements do and will, to the extent applicable, be in compliance with the Cash Solicitation Rule, Rule 206(4)-3 under the Advisers Act, and relevant SEC and FINRA rules applicable to broker-dealers. A prospective client or underlying investor in a private fund solicited by a consultant will be advised in writing of the details of any referral fee arrangement with the consultant and asked to acknowledge its receipt of such information.

The Omega Cayman private fund has entered into solicitation agreements with several third-party solicitors (each a "Solicitor") whereby the Solicitor provides certain offshore referral services to such private fund. Omega is not a party to those agreements and has no obligations thereunder. Fees paid to Solicitors by the Cayman private fund reduce the management fees payable by the Cayman private fund to Omega. The Cayman private fund, and any similar private funds which may be created, may enter into additional solicitation arrangements in the future. Management fees charged by Omega to clients or private fund investors introduced by a Solicitor will not be any higher than those charged to similar clients or investors who were not introduced by a Solicitor.

## **Item 15 Custody**

Please see the responses to Item 5 and Item 13.C. With specific client authorization, Omega may automatically deduct management fees and performance fees from some separately managed accounts by billing the client's custodians directly. The custodian for such clients will send quarterly account statements showing all transactions in the account, including fees paid to Omega, directly to such clients with a copy to Omega.

In addition, Omega Associates, as general partner of the U.S. private funds, may directly access the capital accounts of underlying investors in such funds with respect to the payment of management fees and performance fees. For the Cayman private fund, the fund has a third party administrator that pays the management fees and performance fees to Omega.

Omega and its affiliates comply and will continue to comply with the requirements of Rule 206(4)-2 under the Advisers Act with regard to assets held in both separately managed accounts and private funds with respect to which they are deemed to have custody.

If Omega or one of its affiliates is deemed to have custody over a client account, the qualified custodian for the account will send the client periodic account statements (generally on a quarterly basis) indicating the amounts of any funds or securities in the client account as of the end of the statement period and any transactions in the account during the statement period. Clients should review these statements carefully.

For underlying investors in private funds, in order to comply with the Custody Rule, annual audit reports are generally provided within 120 days following a private fund's fiscal year end unless the private fund is operated as a fund of funds, in which case the audit reports will be provided within 180 days of the private fund's fiscal year end. Reports to private fund investors may be sent by a third party service provider on behalf of Omega.

#### **Item 16 Investment Discretion**

Omega has discretionary authority to manage the accounts of clients pursuant to a written investment management agreement with the Client. The Client may provide guidelines and restrictions on the types of investments, etc. A fee schedule must be included in each executed investment management agreement. The investment management agreement contains a power of attorney providing discretionary investment authority to Omega.

#### **Item 17 Proxy Voting**

Omega has adopted proxy voting policies and procedures designed to prevent conflicts of interest from influencing proxy voting decisions it makes on behalf of Clients and to help ensure that such decisions are made in accordance with Omega's fiduciary obligation to act in the best interests of its Clients.

Omega's policy is designed to consider the economic interests of its Clients -- to vote in a manner that Omega believes maximizes the economic value of a Client's ownership interest in the issuer. Omega makes investment decisions primarily on the basis of fundamental analysis, including the quality of a company's management. Since Omega will generally only invest in companies which, in Omega's view, have strong management, Omega generally supports management on issues for which shareholder approval is required. However, for transactions involving a sale, spin-off, merger or similar corporate event, Omega will make an independent assessment and will vote its shares in the manner it believes will best maximize shareholder value. A copy of the Omega's Proxy Voting Policy as well as Omega's record of voting is available to any Client or prospective client upon request.

**Item 18 Financial Information**

Not applicable because Omega does not require prepayment of fees 6 months or more in advance. Omega has not been the subject of a bankruptcy petition at any time during the past 10 years.

**Item 19 State-Registered Advisers**

Not applicable. Omega is not registered as an investment adviser with any state.