

**ITEM 1  
COVER PAGE**

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**PART 2A OF FORM ADV: FIRM BROCHURE**

**JET CAPITAL INVESTORS, L.P.**

March 23, 2012

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Jet Capital Investors, L.P.  
667 Madison Ave., 9th Floor  
New York, NY 10065  
Tel: (212) 372-2510  
Fax: (212) 372-2525

*This brochure (this "Brochure") provides information about the qualifications and business practices of Jet Capital Investors, L.P. ("Jet Capital"). If you have any questions about the contents of this brochure, please contact us at (212) 372-2510. 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.*

*Jet Capital is registered as an investment adviser with the SEC. Registration with the SEC does not imply a certain level of skill or training.*

*Additional information about Jet Capital Investors, L.P. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **ITEM 2**

### **MATERIAL CHANGES**

Jet Capital Investors, L.P. ("Jet Capital") is required to identify and discuss any material changes made to its Brochure since the last annual update.

This Brochure has been updated since the last Brochure dated March 29, 2011. There have been a few minor changes to the form:

1. Updated AUM under Item 4
2. Updated Risk Factors in Item 8

There were no material changes to report.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Gabriel Oliveri, Chief Compliance Officer ("CCO"), 212-372-2510 or via email at [GOliveri@jetcap.com](mailto:GOliveri@jetcap.com).

Additional information about Jet Capital is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**ITEM 3**  
**TABLE OF CONTENTS**

ITEM 1 COVER PAGE.....	i
ITEM 2 MATERIAL CHANGES .....	ii
ITEM 3 TABLE OF CONTENTS .....	iii
ITEM 4 ADVISORY BUSINESS .....	1
ITEM 5 FEES AND COMPENSATION .....	2
ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	3
ITEM 7 TYPES OF CLIENTS .....	4
ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	5
ITEM 9 DISCIPLINARY INFORMATION .....	14
ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	15
ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	16
ITEM 12 BROKERAGE PRACTICES .....	18
ITEM 13 REVIEW OF ACCOUNTS.....	20
ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION.....	21
ITEM 15 CUSTODY .....	22
ITEM 16 INVESTMENT DISCRETION .....	23
ITEM 17 VOTING CLIENT SECURITIES.....	24
ITEM 18 FINANCIAL INFORMATION .....	25

## **ITEM 4**

### **ADVISORY BUSINESS**

Jet Capital Investors, L.P. ("Jet Capital") has been providing investment management services to private investment funds that are offered to investors on a private placement basis since 2002. Currently, Jet Capital provides investment management services to Jet Capital Concentrated Offshore Fund, Ltd., a Cayman Islands exempted company (the "Offshore Fund") and Jet Capital Concentrated Fund, L.P. (the "Domestic Fund") which directly or indirectly invest in Jet Capital Master Fund, LP (the "Master Fund" and, together with the Domestic Fund and Offshore Fund, the "Funds"), a Cayman Islands exempted limited partnership. Jet Capital Management, L.L.C. (the "General Partner") serves as the general partner to the Domestic and Master Fund.

In addition, Jet Capital has been appointed as the investment adviser with discretionary trading authorization and also provides discretionary advisory services for separately managed accounts (the "Managed Accounts" and, together with the Funds, the "Clients"). Matthew Mark and Alan S. Cooper are the principal owners of Jet Capital.

Jet Capital has full discretionary authority with respect to investment decisions, and its advice is made in accordance with the investment objectives and guidelines as set forth in each Fund's offering memorandum. Similarly, Jet Capital's investment decisions and advice with respect to Managed Accounts shall be in accordance with each Client's investment objectives and guidelines in each Client's investment management agreement.

This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.

Jet Capital, on behalf of its Clients, pursues merger arbitrage, capital structure arbitrage and event oriented trading strategies. Please see Item 8 for a more detailed description of Jet Capital's investment strategies. The descriptions set forth in this Brochure of specific advisory services that Jet Capital offers to Clients, should not be understood to limit in any way Jet Capital's investment activities. Jet Capital may, in the future, offer any advisory services, engage in any investment strategy and make any investment that Jet Capital considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies Jet Capital pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

Jet Capital manages approximately \$477 million in assets as of December 31, 2011 on a discretionary basis, which is determined based on the net asset value of the Funds and Managed Accounts under management. Jet Capital does not manage any assets on a non-discretionary basis as of December 31, 2011.

## **ITEM 5**

### **FEES AND COMPENSATION**

#### Funds:

Investors in the Domestic Fund and Offshore Fund, bear, indirectly, a management fee paid quarterly in advance by the Master Fund on the capital account balances at a rate of 1.0% and 1.5% per annum.

If an investor withdraws or redeems from a Fund, any unearned prepaid portion of the management fees will be refunded to the investor *pro rata*.

The General Partner is entitled to an incentive allocation with respect to investors in the Domestic Fund and Offshore Fund, based on net capital appreciation ultimately attributable to investors. The incentive allocation rate (the "Incentive Allocation") is either 15% or 25% depending upon the achievement of certain performance benchmarks. Incentive Allocations are subject to a "high water mark" provision such that no allocation is made until prior losses are recouped.

#### Managed Accounts:

Jet Capital generally charges Managed Accounts a fixed management fee of 1% payable at the beginning of each quarter, and/or an incentive fee or allocation of 15%, payable in arrears and subject to a loss carry forward limitation. Fees for Managed Accounts are subject to negotiation and are established pursuant to each Managed Account's investment management agreement. Generally, investment management agreements are terminable upon receipt by either party from the other of prior written notice of termination and after the expiration of a certain notice period and Managed Account clients will be entitled to any unearned prepaid portion of the management fee to the extent applicable.

#### Expenses

Funds and Managed Accounts bear their own operating and other expenses including, but not limited to, investment-related expenses (*e.g.*, brokerage commissions, expenses related to short sales, clearing and settlement charges, custodial fees, interest expense, bank service fees and investment-related travel expenses), legal expenses and costs, professional fees (including, without limitation, fees and expenses of consultants and experts), accounting, audit and tax preparation expenses, interest and fees associated with any borrowing; insurance premiums, entity-level taxes and other governmental charges, fees and expenses of third party administrators, organizational expenses, expenses incurred in connection with the offering and sale of interests or shares and other similar expenses; and non-recurring or extraordinary expenses. See Item 12 for a description of Jet Capital's brokerage practices.

**ITEM 6**  
**PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

All of Jet Capital's Clients are charged, performance-based allocations and fees. As a result, Jet Capital does not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some Clients, but not from other Clients.

In the allocation of investment opportunities, performance-based fee/allocation arrangements may also create an incentive to favor accounts from which an adviser will receive a greater performance fee/allocation over accounts from which an adviser will receive a lesser performance fee/allocation. Jet Capital has adopted Investment Allocation Policy and Procedures (the "Allocation Procedures") designed to ensure that all Clients are treated fairly and equally and to prevent this form of conflict from influencing the allocation of investment opportunities among Clients. In accordance with the Allocation Procedures, the Advisers will endeavor to treat each Client in a fair and equitable manner.

**ITEM 7**  
**TYPES OF CLIENTS**

Jet Capital primarily provides investment advice to Funds offered to investors on a private placement basis. Additionally, Jet Capital advises a small number of Managed Accounts. Jet Capital's Managed accounts are made up of high net worth individuals, partnerships and corporations. Jet Capital generally requires a minimum investment of \$25,000,000 for a prospective client to open a Managed Account.

The offering documents of each Fund may set minimum amounts for investment by prospective investors in such Funds. These minimum amounts may be waived by Jet Capital or an Affiliate.

## ITEM 8

### METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

*The descriptions set forth in this Brochure of specific advisory services that Jet Capital offers to Clients, and investment strategies pursued and investments made by Jet Capital on behalf of its Clients, should not be understood to limit in any way Jet Capital's investment activities. Jet Capital may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Jet Capital considers appropriate, subject to each Client's investment objectives and guidelines.*

Jet Capital pursues, on behalf of Clients, merger arbitrage, capital structure arbitrage and event oriented trading strategies.

Merger arbitrage takes advantage of the difference between the public market price of securities of a company targeted for merger and the private market price offered by the potential acquirer for such securities. The four major factors in the analysis of a merger arbitrage transaction are:

- (1) What is the likelihood that the transaction will close;
- (2) How long will the transaction take to close;
- (3) What is the prospect for a higher or lower private market price; and
- (4) If the transaction fails, what are the potential losses?

In transactions where a cash offer is made for a target company, merger arbitrage involves buying the target company's stock and earning, upon the consummation of the merger, the spread between the deal value and the target company stock's purchase price. In transactions where a stock offer is made for a target company, merger arbitrage involves both buying the target company's stock and selling short a ratio amount of the stock of the acquirer. The ratio driving the size of the short sale will be defined by the terms of the merger. By selling short the acquirer's stock, investors can "lock in" the spread between the target company stock's price and the amount of stock offered by the acquirer.

Capital structure arbitrage takes advantage of relative mispricings in related securities of the same issuer. The most typical strategy involves purchasing a senior class of securities of a company and selling short a more junior class of securities of the same company as a hedge. Capital structure arbitrage also might involve the buying and selling short of a pair of related securities of a company to synthetically create a security representing a unit or subsidiary of a company not represented by a security in issue. Unlike merger arbitrage, the catalysts that drive capital structure arbitrage investing vary by situation, and include balance sheet restructurings, fundamental business changes, creditworthiness, equity volatility, convertible volatility and fixed income values. The catalysts may also include restructuring or reorganizations under U.S. federal bankruptcy law or restructurings outside of bankruptcy. In addition, each of the different classes of securities involved tends to be owned by a different constituency with different investment objectives.



Event oriented trading involves the purchase or short sale of a security in anticipation of a specific, near term event that an investor believes will lead to a change in its price. The types of catalysts that drive event oriented investing also vary by situation, and include regulatory proceedings and lawsuits, government policy, regulatory or other actions (potentially with respect to sovereign bond investments), asset liquidations, balance sheet restructurings, spin-offs, the acquisition of a sizable position by an activist investor and significant management appointments. The catalysts may also include restructuring or reorganizations under U.S. federal bankruptcy law or restructurings outside of bankruptcy. By relying on a specific catalyst to generate an investment gain, event oriented investing is analogous to merger arbitrage. However, in general, its return profile is higher, less steady and involves more market risk.

Jet Capital, on behalf of its Clients, makes long and short investments in equity securities, convertible securities, put and call options, swaps and cash and cash equivalents. Jet Capital will also invest in fixed income instruments, including, without limitation, corporate bonds, sovereign bonds and bank debt. Jet Capital may use derivatives and other instruments to hedge currency and market risks. Jet Capital may use leverage in pursuing investment strategies on behalf of Clients. Jet Capital has the sole discretion in determining when and whether to engage in hedging strategies.

#### Certain Risk Factors

*The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Clients advised by Jet Capital. These risk factors include only those risks Jet Capital believes to be material, significant or unusual and relate to particular significant investment strategies, methods of analysis or types of securities used by Jet Capital. For a more detailed list of risk factors applicable to a particular Fund, please refer to the relevant Fund's offering memorandum.*

Investment and Trading Risks. Jet Capital, on behalf of its Clients, invests in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that a Client's program will be successful, that the various investment strategies utilized will have low correlation with each other or that Jet Capital's returns will exhibit low correlation with a Client's traditional securities portfolio. Jet Capital's investment program utilizes such investment techniques as option transactions, short sales, leverage and derivatives trading, which practices can, in certain circumstances, maximize the adverse impact to which a Client may be subject.

Merger Arbitrage. A Client, with respect to its merger arbitrage investments, generally could incur significant losses when proposed transactions are not consummated. The consummation of mergers, tender offers and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or shareholders of the target company, which often results in litigation to enjoin the proposed transaction; (ii) intervention of government agencies; (iii) efforts by the target company to pursue a defensive strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) an attempt by a third party to acquire the offeror; (v) in the case of a merger, failure to obtain the necessary shareholder approvals; (vi) market conditions resulting

in material changes in securities prices; (vii) compliance with any applicable legal requirements; and (viii) inability to obtain adequate financing. Jet Capital may take tax considerations into account in determining when a Client's securities positions should be sold or otherwise disposed of, and may assume certain market risk and incur certain expenses in this regard in order to achieve favourable tax treatment of a transaction.

Capital Structure Arbitrage. The success of this strategy will depend on the ability of Jet Capital to identify and exploit the relationships between movements in different financial instruments within an issuer's capital structure (including, bank debt, convertible and non-convertible senior and subordinated debt and preferred and common stock). Identification and exploitation of these opportunities involve uncertainty. There can be no assurance that the Jet Capital will be able to locate investment opportunities or to correctly exploit price discrepancies. A reduction in the pricing inefficiency of the markets in which Jet Capital will seek to invest will reduce the scope for a Client's investment strategies. In the event that the perceived mispricings underlying a Client's positions fail to materialize, these investment strategies could be unsuccessful or result in losses.

Event Investing. Event driven investing requires the investor to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's financial instruments. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as Jet Capital had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to a Client of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a federal or state regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event driven investing, the results of Jet Capital's operations may be expected to fluctuate from period to period. Accordingly, Clients should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

Equity Securities. Jet Capital, on behalf of a Client, may invest in equity securities and equity derivatives. The value of these financial instruments generally will vary

with the performance of the issuer and movements in the equity markets. As a result, a Client may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Jet Capital's expectations or if equity markets generally move in a single direction and Jet Capital has not hedged against such a general move. A Client also may be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Convertible Securities. Convertible securities are stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by Client is called for redemption, Jet Capital will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on a Client's ability to achieve its investment objective.

Debt Securities Generally. Jet Capital, on behalf of its Clients, may invest in debt instruments that are unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions.

Bank Debt. Jet Capital, on behalf of its Clients, may invest in bank loans and participations. Risks associated with these obligations include, but are not limited to: inadequate perfection of the security interest granted under the loan documents, the possible

invalidation or compromise of a loan transaction as a fraudulent conveyance or preference under relevant creditors' rights laws; the validity and seniority of bank claims and guarantees; environmental liability that may arise with respect to collateral securing the obligations; adverse consequences resulting from participating in such instruments with other institutions with lower credit quality; long and less certain settlement periods; limitations on the ability of Jet Capital to directly enforce its rights with respect to participations and illiquidity in the market for the resale of such loans.

Sovereign Debt. Securities issued by governments, their agencies, instrumentalities or their central banks ("Sovereign Debt") can involve significant risk. Sovereign Debt, for example, issued by many emerging markets is considered to be below investment grade, and should be viewed as speculative with respect to the issuing government's ability to make payments of interest and principal. Some Sovereign Debt may be the equivalent of debt accorded the lowest credit rating available by United States rating agencies. Although the secondary market for Sovereign Debt has been relatively liquid in recent years, there have been periods of illiquidity, and Jet Capital may have difficulty disposing of certain Sovereign Debt on behalf of a Client from time to time. Some countries have encountered difficulties in servicing their external debt obligations. These difficulties have led to agreements to restructure these debts, typically by rescheduling principal payments, reducing interest rates and principal amounts and extending new credit to finance interest payments on existing debt. Certain countries have not been able to make payments of interest on or principal of Sovereign Debt as such payments have come due. At times, certain emerging markets have declared moratoriums on the payment of principal or interest on outstanding debt. The following risks are inherent in an investment in Sovereign Debt.

The governmental entity that controls the repayment of Sovereign Debt may not be able or willing to repay the principal or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearages on their debt. The commitment on the part of such foreign governments, agencies and others to make such disbursements may be conditioned on a governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governmental entity, which may further impair such debtor's ability or willingness to timely service its debts. Consequently, governmental entities may default on their Sovereign Debt.

Hedging Transactions. Although Jet Capital seeks to hedge portfolio positions in Jet Capital, it may, for various reasons, not do so. Jet Capital not hedge a portfolio position because it fails to anticipate a particular risk or choose not to hedge a particular risk because of cost. Jet Capital may utilize financial instruments for risk management purposes in order to: (i) protect against possible changes in the market value of Jet Capital's investment portfolio resulting from fluctuations in the securities markets and changes in

interest rates, (ii) facilitate the sale of any such investments, (iii) enhance or preserve returns, spreads or gains on any investment in Jet Capital's portfolio, (iv) hedge the interest rate or currency exchange rate on any of Jet Capital's liabilities or assets, (v) protect against any increase in the price of any securities that Jet Capital anticipates purchasing at a later date or (vi) for any other reason that the Jet Capital deems appropriate.

The success of the hedging strategy of Jet Capital will be subject to the Jet Capital's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of Jet Capital's hedging strategy will also be subject to the Jet Capital's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While Jet Capital, on behalf of a Client, may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for Jet Capital than if it had not engaged in any such hedging transactions. For a variety of reasons, the Jet Capital may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent Jet Capital from achieving the intended hedge or expose Jet Capital to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of Jet Capital's portfolio holdings.

Loans of Portfolio Securities. Jet Capital, on behalf of a client, may lend securities on a collateralized and an uncollateralized basis, from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, such Client will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially. Additionally, Jet Capital, on behalf of a Client, may enter into repurchase and reverse repurchase agreements, which involve certain risks including that the seller under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities. Disposing of the security in such case may involve costs to a Client.

Short Selling. Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which a Client engages in short sales will depend upon the Jet Capital's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a Client of buying those securities to cover the short position. There can be no assurance that a Client will be able to maintain the ability to borrow securities sold short. In such cases, a Client can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Certain Derivative Investments. Jet Capital, on behalf of a Client, may enter into swaps and other derivative instruments, such as credit derivatives. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk, and operations risk. In addition, a Client may, in the future, take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. Special risks may apply in the future that cannot be determined at this time. The regulatory and tax environment for derivative instruments in which a Client may participate is evolving, and changes in the regulation or taxation of such financial instruments may have a material adverse effect on a Client.

Call Options. Jet Capital, on behalf of a Client may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

Put Options. Jet Capital, on behalf of a Client may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*i.e.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Counterparty Risk. Jet Capital expects to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit Clients to trade in any variety of markets or asset classes over time; however, there can be no assurance that a Client will be able to maintain such relationships or establish such relationships. An inability to establish or maintain such relationships would limit a Clients' trading activities, could create losses, preclude the Client from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent the Client from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before the Client establishes additional relationships could have a significant impact on the Client's business due to the Client's reliance on such counterparties.

Some of the markets in which Jet Capital, on behalf of a Client, may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically

not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Client to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Client has concentrated its transactions with a single or small group of counterparties. A Client is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, a Client has no internal credit function which evaluates the creditworthiness of its counterparties. The ability of a Client to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Client.

Non-U.S. Investments. Jet Capital, on behalf of a Client, may invest a portion of its portfolio in financial instruments of issuers located outside the United States. In addition to business uncertainties, such investments may be affected by political, social and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such non-U.S. issuers.

A Client may be subject to additional risks, which include possible adverse political and economic developments, possible seizure or nationalization of non-U.S. deposits and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Furthermore, some of the financial instruments may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income earned, and gross sale or disposition proceeds received, by a Client from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by a Client may reduce investors' net income or return from such investments.

Litigation. With regard to certain of Client's investments, it is a possibility that Jet Capital/or a Client may be plaintiffs or defendants in civil proceedings. The expense of prosecuting claims, for which there is no guarantee of success, and/or the expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by a Client.

Fraud. Of paramount concern in investments is the possibility of material misrepresentation or omission on the part of a counterparty. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying an investment. Jet Capital will rely upon the accuracy and completeness of representations made by counterparties to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a Client may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.





**ITEM 9**  
**DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a Client's or Prospective Client's evaluation of Jet Capital's advisory business or the integrity of Jet Capital's management.

**ITEM 10**  
**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Jet Capital and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

Jet Capital and its management persons are not registered as, and do not have any application to register as, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

The General Partner is an affiliate of Jet Capital. As described in Item 5, Incentive Allocations are made to the General Partner, while management fees and incentive fees are paid to Jet Capital.

Jet Capital does not recommend or select other investment advisers for its Clients.

**ITEM 11**  
**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**  
**AND PERSONAL TRADING**

Jet Capital strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, Jet Capital has adopted a code of ethics. The code of ethics incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of Clients first; all personal securities transactions must be conducted in a manner consistent with the code of ethics and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of the Clients, including any investors in the Clients, must be kept confidential; and independence in the investment decision making process must be maintained at all times.

The code of ethics also places restrictions on personal trades by employees, including that they disclose certain personal securities holdings and transactions to Jet Capital on a periodic basis, and requires that every employee pre-clear all personal securities transactions with the portfolio managers before effecting such transaction (except for a limited number of exempt transactions, such as shares issued by money market funds, U.S. Treasury bonds, commercial paper, etc.).

Clients, and prospective clients, may request a copy of the code of ethics by contacting Jet Capital at the address or telephone number listed on the first page of this document.

Jet Capital, its employees and affiliates may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients.

Jet Capital's partners, officers and employees may from time to time make personal investments in securities or instruments in which Jet Capital may invest its Clients' assets. In addition, Jet Capital's personnel may invest in eligible Funds of their choosing and are not required to invest in all Funds. Neither Jet Capital nor its personnel are required to keep any minimum investment in any of the Funds. Potential conflicts also may arise due to the fact that Jet Capital and its personnel may have investments in some Funds, but not in others or may have different levels of investments in the various Funds.

Subject to applicable restrictions under Jet Capital's policies and procedures, Jet Capital may effect rebalancing or internal cross transactions among its Clients. In such cases, one Client will purchase securities held by another Client. Jet Capital endeavors to effect these transactions based on a fair, current independent market price and consistent with Jet Capital's valuation procedures. Neither Jet Capital nor any related party receives any compensation in connection with these rebalancing transactions. When effecting cross transactions between Clients, Jet Capital and its personnel may have an ownership interest in one or more Clients (*e.g.*, the Funds) and will have potentially conflicting division of loyalties and responsibilities with respect to each participating Client. To the extent that such

transactions may be viewed as principal transactions due to the ownership interest in a Client by Jet Capital or its personnel, Jet Capital will comply with the requirements of Section 206(3) of the Advisers Act, including that Jet Capital will notify the Client (or an independent representative of the Client) in writing of the transaction and obtain the consent of the Client (or an independent representative of the Client). Further, pursuant to section 206(3) of the Investment Advisers act of 1940, Jet Capital will not engage in transactions with its Clients without prior written disclosure describing the material terms of the transaction and obtaining Client consent.

Jet Capital, its affiliates and its personnel serve as investment advisers and investment managers to multiple Clients. It is Jet Capital's policy to allocate investment opportunities among all Clients fairly, to the extent practical and in accordance with each Client's applicable investment strategy, over a period of time. Jet Capital, its affiliates and its personnel may take action or give advice with respect to certain Clients that differs from the advice given to other Clients and will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any Client solely because Jet Capital purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any Client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the Client. Jet Capital, its affiliates and its personnel will devote as much time to the activities of each Client as they deem necessary and appropriate and the amount of time devoted to different Clients may vary.

## **ITEM 12**

### **BROKERAGE PRACTICES**

In selecting an appropriate broker-dealer to effect a Client trade, Jet Capital seeks to obtain best execution, taking into consideration the price of a security, the ability of the brokers to effect the transactions, the brokers' facilities, reliability and financial responsibility and the provision or payment (or the rebate to the Clients for payment) of the costs of brokerage or research products or services. Jet Capital need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Accordingly, if Jet Capital determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker, the Clients may pay commissions to such broker in an amount greater than the amount another broker might charge. In order to ensure best execution, Jet Capital has established a Brokerage Committee. The Brokerage Committee is comprised of Matthew Mark (Portfolio Manager), Alan S. Cooper (Portfolio Manager), Michael Strazzeri (Head Trader) and Gabe Oliveri (Chief Compliance Officer). The Brokerage Committee meets quarterly and is responsible for developing, evaluating and changing when necessary Jet Capital's order execution practices. The Brokerage Committee will monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of Jet Capital and its Clients.

#### **1. Research and Other Soft Dollar Benefits.**

It is Jet Capital's policy to use Client commissions ("soft dollars") to pay only for products or services that qualify as eligible "brokerage and research services" and that fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. This practice is consistent with Jet Capital's role as a fiduciary because the products and services Jet Capital receives from a broker-dealer, such as proprietary research, aid in making investment decisions for Jet Capital's Clients. However, when Jet Capital receives research or other products or services other than execution from a broker-dealer, Jet Capital is receiving a benefit from Client brokerage commissions because Jet Capital is receiving products and services, such as proprietary research, that it does not have to produce or pay for. Further, Jet Capital may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on its Clients' interest in receiving most favorable execution. Jet Capital uses soft dollar benefits to service all of its Client accounts and does not seek to allocate soft dollar benefits based on the Client that paid for them. Some examples of soft dollar research benefits Jet Capital received within the last fiscal year include:

- Research reports and brokerage analyst's earnings estimates.
- Charts or statistical analysis of individual portfolio securities versus other securities in the same industry, including stock history, volatility, and performance.
- Newswire services.

#### **2. Brokerage for Client Referrals.**

The ability of a broker-dealer to refer investors to Jet Capital's Funds is one of the factors Jet Capital may consider in directing Client transactions to a particular broker-dealer. Jet Capital's Funds currently receive investor referrals from broker-dealers.

3. Directed Brokerage:

From time to time, a Managed Account may designate a particular broker-dealer to effect transactions. When this occurs, Jet Capital's ability to obtain best execution may be impaired and the Managed Account may not obtain best execution. In addition, Managed Accounts that designate a particular broker-dealer may not receive efficiencies that are available to other Clients (including Funds) that participate in an aggregated trade. Orders directed to a particular broker-dealer shall be entered after Jet Capital places its orders for Clients who have not designated a particular broker-dealer, and Jet Capital assumes no responsibility for any adverse consequences that may occur as a result from the use of a designated broker-dealer.

4. Order Aggregation:

In managing Client portfolios, Jet Capital will generally aggregate trades, subject to best execution. Aggregation, or "bunching," describes a procedure whereby an investment adviser combines the orders of two or more Clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for Jet Capital generally arise when more than one Client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. Jet Capital is not required to aggregate trades, but it must disclose its policies and procedures, including, if applicable, the consequences of not aggregating trades. Jet Capital may aggregate Client orders when doing so will result in a better overall price for Client trades.

### **ITEM 13**

#### **REVIEW OF ACCOUNTS**

Jet Capital performs various daily, weekly, monthly, quarterly and periodic reviews of its Clients' portfolios. Such reviews are conducted by the members of Jet Capital's Investment Committee which includes Alan Cooper (Portfolio Manager), Matthew Mark (Portfolio Manager) and back office operations. A review of a Client account may be triggered by any unusual activity or special circumstances. Jet Capital generally provides annual audited financial statements to its Clients within 120 days of the applicable Client's fiscal year end.

Investors in Jet Capital's Funds receive a monthly update from Jet Capital documenting the performance of their Fund. Jet Capital generally issues a quarterly letter with commentary from the portfolio managers. In addition, Jet Capital issues investors tax reports and audited financial statements concerning their respective Funds within 120 days of the end of such Fund's fiscal year.

**ITEM 14**  
**CLIENT REFERRALS AND OTHER COMPENSATION**

Jet Capital does not receive economic benefits from non-Clients for providing investment advice and other advisory services. In addition, Jet Capital and its related persons do not directly or indirectly compensate any person who is not a supervised person, including placement agents, for Client referrals.



## **ITEM 15 CUSTODY**

Jet Capital is deemed to have custody of the Funds' assets and securities because it has the authority to obtain Client funds or securities. Account statements related to the Funds are sent by qualified custodians to Jet Capital. Jet Capital does not have custody of Managed Account assets or securities. Managed Account Clients will receive account statements directly from the qualified custodian that maintains custody of their assets and securities and account statements from Jet Capital. Managed Account Clients are urged to compare the account statements from the qualified custodian with the account statements from Jet Capital.

Jet Capital is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is deemed to have complied with certain requirements of the Custody Rule with respect to each Fund because it requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

**ITEM 16**  
**INVESTMENT DISCRETION**

Jet Capital exercises discretionary authority in managing Client accounts. From time to time, a Managed Account client may effect a trade for their account with the approval of Jet Capital. Jet Capital assumes discretionary authority to manage its Client accounts through the execution of investment management agreements with its Clients.

## **ITEM 17**

### **VOTING CLIENT SECURITIES**

The Securities and Exchange Commission adopted Rule 206(4)-6 under the Investment Advisers Act of 1940, which requires registered investment advisers that exercise voting authority over Client securities to implement proxy voting policies. In compliance with such rules, Jet Capital has adopted proxy voting policies and procedures. Jet Capital has retained the services of Institutional Shareholder Services, Inc. and ProxyEdge (“the Services”) to vote proxies for our Clients. Jet Capital may override any vote cast by the Services when it deems such an act to be in the best interest of its Clients. Jet Capital will periodically review the proxy votes cast by the Services on behalf of its Clients.

Jet Capital believes that it will not be faced with any direct or indirect conflicts of interest with respect to the voting of any proxy because it has engaged the Services to handle all proxy votes. If Jet Capital determines that the Services are not independent with respect to any proxy, Jet Capital will engage another independent proxy service to vote such proxy.

From time to time, Managed Accounts may decide to vote proxies on their own utilizing Jet Capital's or the Service's guidance. These Clients may decide to vote according to the guidance provided to them however, they are not required to and may vote against our recommendations.

*Clients may request a copy of our proxy voting policies and procedures, as well as the proxy voting record by contacting Jet Capital at the address or telephone number listed on the first page of this document.*

**ITEM 18**  
**FINANCIAL INFORMATION**

Jet Capital is not required to disclose a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.