

# FORM ADV PART 2A

## FIRM BROCHURE

### PS Management, 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 PS Management, 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 ("SEC") or by any state securities authority.

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

Registration as an investment adviser 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 March 31, 2011.

### Item 3 Table of Contents

<b><u>Item Number</u></b>		<b><u>Page</u></b>
4	Advisory Business	3
5	Fees and Compensation	4
6	Performance-based compensation	5
7	Types of Clients	6
8	Methods of Analysis, Investment Strategies and Risk of Loss	6
9	Disciplinary Information	8
10	Other Financial Industry Activities or Affiliations	8
11	Code of Ethics	9
12	Brokerage Practices	10
13	Review of Accounts	10
14	Client Referrals and Other Compensation	11
15	Custody	12
16	Investment Discretion	12
17	Proxy Voting	12
18	Financial Information	12
19	State Registered Advisers	12

#### **Item 4 Advisory Business**

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

PS Management, Inc. ("PS Management" or the "Firm") was founded by Leon Cooperman in May 1994. Mr. Cooperman is the sole owner of the Firm.

PS Management is the investment manager to Pine Street Associates, L.P. (the "Partnership"), an investment limited partnership organized under the laws of the State of Delaware. Interests in the Partnership are offered to qualified investors solely on a private placement basis in accordance with Regulation D under the Securities Act of 1933. The Partnership is exempt from registration as an investment company in accordance with Section 3(c)(7) of the Investment Company Act of 1940. The Partnership is the sole client of PS Management.

PS Ventures, LLC and LGC Associates, LLC serve as the general partners of the Partnership. The members of the PS Ventures, LLC are Leon Cooperman, Miles Nadal and Artemis U.S. Corporation. Mr. Cooperman serves as the managing member of PS Ventures. In addition, LGC Associates, LLC is wholly-owned by Mr. Cooperman and Mr. Cooperman serves as the managing member of LGC Associates, LLC.

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

PS Management provides investment advisory services solely to the Partnership. PS Management is a "manager of managers" in that it does not provide investment advice regarding the purchase or sale of specific securities to the Partnership. Rather, PS Management provides advice to the Partnership by allocating the assets of the Partnership among a group of portfolio managers ("Portfolio Managers") that utilize a broad range of investment strategies and are selected for this purpose by PS Management and the general partners of the Partnership (*i.e.*, PS Ventures, LLC and LGC Associates, LLC). The Portfolio Managers may invest the assets of the Partnership that have been allocated to them either through investments in their private investment partnerships or through discretionary managed accounts managed in each case by such Portfolio Managers. The underlying Portfolio Managers include some that are affiliated with PS Management or with the general partners of the Partnership.

PS Management provides no other type of investment advisory services.

##### **C. Individual Needs of Clients**

The Partnership is the only client of PS Management. The Partnership is managed pursuant to the Partnership's investment objectives, strategies, restrictions and guidelines as more fully described in the offering documents for the Partnership.

PS Management does not provide individualized advice to the underlying investors in the Partnership. In addition, individual investors in the Partnership cannot impose restrictions on investments in made by the Partnership and, accordingly, such investors should consider whether the Partnership meets their investment objectives and risk tolerance prior to investing.

**D. Wrap Fees**

The Firm does not participate in wrap fee programs.

**E. Discretionary Client Accounts**

PS Management has discretionary authority over all the assets it manages on behalf of the Partnership. As of January 31, 2012, PS Management managed approximately \$149 million.

**Item 5 Fees and Compensation**

**A. Compensation for Advisory Services**

Fees charged by PS Management are described in the offering documents of the Partnership. Generally, PS Management is paid a quarterly “management fee” equal to 0.025% (0.1% per annum) for Series I interests and 0.25% (1% per annum) for Series II interests based upon the assets under management in an underlying investor’s account. The management fee is paid quarterly in arrears from each underlying investor’s capital account based on the average month-end value of such capital account. Series I interests are held by limited partners who became investors prior to April 1, 2010 and Series II interests are held by limited partners who became investors on or after April 1, 2010.

Series I investors are also charged an annual “incentive allocation” equal to nine-tenths of one percent (0.9% per annum) of the average month-end value of the underlying investor’s capital account, subject to a high water mark, which is paid to the Partnership’s general partners (*i.e.*, PS Ventures, LLC and LGC Associates, LLC). Series II investors are also charged an annual “incentive allocation” equal to 5% of the excess of the net capital appreciation allocated to the capital account of each Series II investor, subject to a high water mark, which is paid to the Partnership’s general partners (*i.e.*, PS Ventures, LLC and LGC Associates, LLC). Incentive allocations may be accrued monthly and paid annually.

**B. Payment of Fees**

Advisory fees (both management fees and incentive allocations) may automatically be deducted from the capital accounts of investors in the Partnership by billing the custodian directly.

### **C. Other Fees**

In addition to any management fee paid to PS Management or incentive allocation paid to the Partnership's general partners, the Partnership also pays compensation to the underlying Portfolio Managers. Such Portfolio Managers are generally compensated on terms that include a management fee and a performance fee/incentive allocation. Generally the management fees to each Portfolio Manager range between 1.0% and 2.5% of the assets under management by the relevant Portfolio Manager. Generally the performance fee/incentive allocation paid to the each Portfolio Manager may be 25% or more of the net capital appreciation for the year with respect to the assets under management by the relevant Portfolio Manager. Performance fees/incentive allocations are generally not paid to a Portfolio Manager until prior losses are made up. Such underlying fees are subject to change in the future.

PS Management may allocate Partnership assets to Portfolio Managers that are affiliated with PS Management or the general partners of the Partnership. In each such case, PS Management has implemented policies and procedures that are designed to ensure that the aggregate management fees and incentive allocations paid to PS Management or any affiliated Portfolio Manager do not exceed the fees that would otherwise be incurred if the Portfolio Managers were unaffiliated with PS Management or the general partners of the Partnership.

### **D. Advanced Fees**

Management fees are paid in arrears at the end of each quarter. Performance fees will be charged on a *pro rata* basis as though the termination date were the end of the performance period.

### **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**

See Item 5.A above. With respect to incentive allocations (performance fees) paid by the Partnership to its general partners (*i.e.*, PS Ventures, LLC and LGC Associates, LLC), any loss in an underlying investor's account is carried forward so that no performance fee is charged to such investor's account until any loss to such investor's account have been recouped, subject to certain adjustments (*i.e.*, a high water mark provision). In this regard, please note that Mr. Cooperman serves as the managing member of PS Ventures and LGC Associates, LLC and is the sole owner of PS Management.

Therefore, the payment of incentive allocations (performance fees) to the general partners of the Partnership could create an incentive for PS Management to make investments that

are riskier or more speculative than would be the case if it were paid only a fixed fee. In addition, since incentive allocations (performance fees) with respect to the Partnership are calculated on a basis that includes realized and unrealized appreciation of the assets and liabilities of the Partnership, such compensation may be greater than if it was based solely on realized gains. Further, the payment of incentive allocations (performance fees) to the general partners of the Partnership may result in substantially higher payments than alternative compensatory arrangements. However, the Partnership is the only client of PS Management and, in accordance with the offering documents of the Partnership, investors in the Partnership pay both a fixed management fee and incentive allocations (as described more fully above).

## **Item 7 Types of Clients**

PS Management provides investment advisory services only to the Partnership. The underlying investors of the Partnership include high net worth individuals and a variety of institutional investors (*e.g.*, trusts, IRAs, endowments, foundations, corporations and other types of entities, including private funds) that satisfy the exceptions and exemptions under which the Partnership operates. The Partnership generally requires 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 the Partnership or relied on in determining to invest in the Partnership. 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 the PS Management for the purpose of compliance with certain obligations under the Investment Advisers Act of 1940 (“Advisers Act”) and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in the offering documents for the Partnership. To the extent that there is any conflict between discussions in this Brochure regarding the Partnership and similar or related discussions in offering documents for the Partnership, the offering documents for the Partnership should govern.

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

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

As a “manager of managers,” PS Management and the general partners of the Partnership analyze and select potential Portfolio Managers for the Partnership and retain current Portfolio Managers for the Partnership through a rigorous screening and due diligence process. PS Management and the general partners of the Partnership analyze potential and current Portfolio Managers by (i) using a variety of quantitative and qualitative screening methods and (ii) employing a number of portfolio and diversification risk controls to identify, source and monitor the Portfolio Managers in order to seek to achieve the Partnership’s investment objective.

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

PS Management provides investment advisory services solely to the Partnership. PS Management provides advice to the Partnership by allocating the assets of the Partnership among a group of Portfolio Managers that are selected for this purpose by PS Management and the general partners of the Partnership. Accordingly, certain potential conflicts of interest including personal trading, service on boards of companies, brokerage and execution, etc. are not directly relevant to PS Management and the Partnership. However, PS Management and the general partners of the Partnership consider these factors in their due diligence process regarding underlying Portfolio Managers.

PS Management (with the assistance of the general partners of the Partnership) will select Portfolio Managers for the Partnership with the goal of seeking to achieve the investment objective of the Partnership. As described in response to Item 8.A., PS Management (with the assistance of the general partners of the Partnership) analyzes and selects potential Portfolio Managers for the Partnership and retains current Portfolio Managers for the Partnership through a rigorous screening and due diligence process. PS Management (with the assistance of the general partners of the Partnership) may select certain Portfolio Managers that are affiliated with PS Management or the general partners of the Partnership. For example, PS Management (with the assistance of the general partners of the Partnership) has selected as a Portfolio Manager for the Partnership (i) a relative of Mr. Cooperman and (ii) Omega Advisors, Inc., an affiliate of PS Management. Because the Portfolio Managers for the Partnership receive separate compensation from the Partnership, including a fixed management fee and incentive allocations, the payment of such fees might incentivize PS Management and the Partnership's general partners to select affiliated Portfolio Managers over unaffiliated Portfolio Managers that might also be appropriate for the Partnership.

PS Management has implemented policies and procedures that are designed to prevent actual conflicts of interest among and between its affiliates. For example, PS Management policies and procedures are designed to ensure that the aggregate management fees and incentive allocations paid to PS Management or any affiliated Portfolio Manager do not exceed the fees that would otherwise be paid if the Portfolio Managers were unaffiliated with PS Management or the general partners of the Partnership.

Almost all investments entail the risk the loss of capital. The Portfolio Managers selected for management of the Partnership's assets may utilize investment techniques such as leverage, margin transactions, short sales, option transactions, and forward and futures contracts, which may, in certain circumstances, increase any positive or negative impact on the performance of the Partnership. No guarantee or representation has been made by PS Management that the Partnership's program will be successful or that the Partnership will achieve its investment objective. In addition, the Partnership's investment results may vary substantially over time.

The Portfolio Managers for the Partnership trade wholly independently of one another and may at times hold economically offsetting positions. To the extent that the Portfolio Managers do, in fact, hold such positions, the Partnership will incur expenses relating to such offsetting transactions while not achieve the desired result of each relevant Portfolio Manager. In addition, a Portfolio Manager may be compensated based on the performance of its management of the portion of the Partnership's assets allocated to that Portfolio Manager. Accordingly, a particular Portfolio Manager may receive incentive compensation regarding its performance results for the portion of the Partnership's assets allocated to that Portfolio Manager even though the Partnership's overall portfolio depreciated during such period.

In addition, an investment in the Partnership provides limited liquidity to investors since the interests in the Partnership are not freely transferable and generally limited partners may withdraw their capital only at the end of each fiscal year.

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

Please see Item 8.B above.

**Item 9 Disciplinary Information**

Not applicable. There are no legal or disciplinary events that would be material to (i) the Partnership or any investor or prospective investor in the Partnership or (ii) to any client's evaluation of PS Management's advisory business or the integrity of PS Management's management.

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

**A. Broker-dealer**

Neither PS Management 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**

PS Management is affiliated with Omega Advisors, Inc. ("Omega Advisors") which is a registered investment adviser, registered commodity trading advisor and registered commodity pool operator, through common ownership. Omega Advisors serves as the investment manager to certain private funds for qualified investors and separately managed accounts for institutional investors.

PS Management is affiliated with Omega Associates, LLC ("Omega Associates") through partial common ownership. Omega Associates serves as general partner to certain private funds for qualified investors.



Leon Cooperman, the managing member of each general partner of the Partnership and the sole owner of PS Management, is registered as an associated person of Omega Advisors and of Omega Associates. PS Management and its affiliated commodity trading advisor and commodity pool operators may share research, advice and other resources, including office space and administrative services.

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

As described in response to Item 10.B above, PS Management is affiliated through common ownership with Omega Advisors, a registered investment adviser, registered commodity trading advisor and registered commodity pool operator. Information about Omega Advisors may be found in Omega Advisor's Form ADV.

As described above in response to Item 10.B, PS Management is affiliated with Omega Associates through partial common ownership. Omega Associates serves as general partner to certain private funds for qualified investors and may solicit clients to invest in such private funds.

Leon Cooperman is the managing member of each general partner of the Partnership, the Chief Executive Officer of PS Management and sole owner of PS Management, the Chief Executive Officer of Omega Advisors and the managing member of Omega Associates.

Investors in the Partnership may be solicited to invest in other affiliated private funds or separately managed accounts advised or managed by Omega Advisors, Omega Associates or other entities affiliated with the general partners of the Partnership.

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

Please see answer to Items 5.C. and 8.B. above.

**Item 11 Code of Ethics**

**A. Describe Code of Ethics**

Personnel of PS Management are also employees of Omega Advisors and accordingly, must adhere to the Code of Ethics of Omega Advisors. The Code of Ethics was adopted 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 private funds and their investors. The Code of Ethics prohibits employees from (i) participating in abusive trading, such as trading to induce others to purchase or sell in violation of the securities laws and (ii) trading certain securities in any personal securities account absent the prior approval of the Chief Executive Officer or Vice Chairman of Omega Advisors. Each time an employee recommends the purchase or sale of any security on behalf of a client of Omega Advisors (including private funds or separately managed accounts), such

employee must affirmatively disclose to CEO or Vice Chairman at that time any position (long or short) that such employee maintains in such security.

All employees must instruct their brokers to send to the Chief Compliance Officer of PS Management and Omega Advisors copies of all brokerage confirmations relating to all personal securities transactions in which they have a beneficial ownership interest.

A copy of the Code of Ethics is available to any client or prospective client upon request.

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

Please see the responses to Items 4.B and 8.B above. As explained in response to those Items, PS Management is solely owned by Leon Cooperman. In addition, Mr. Cooperman is the managing member of the general partners of the Partnership and solely owns Omega Advisors. PS Management and the general partners of the Partnership have chosen to allocate some of the assets of the Partnership to private funds managed by Omega Advisors.

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

Please see answer to Item 11.B. above.

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

Please see answer to Item 11.B. above.

**Item 12 Brokerage Practices**

Not applicable. PS Management does not invest in securities for the Partnership, its only client. Securities are bought and sold for the Partnership by the underlying Portfolio Managers in their sole discretion. PS Management does not select or recommend broker-dealers for Partnership investments nor does it receive any research or other products or services from any broker-dealer or other third party in connection with investments for the Partnership investments.

**Item 13 Review of Accounts**

**A. Frequency and Nature of Review**

The general partners will regularly review the Partnership's portfolio at least quarterly. Review will consist of evaluation of the performance of Portfolio Managers, asset allocation to different strategies, industries and sectors, consideration of current economic conditions and other factors as described in Item 13.B. below.

## **B. Factors Triggering Review**

The factors which may trigger a change in the portfolio include, but are not limited to: changes in economic conditions; changes in general market conditions; changes in key personnel of underlying Portfolio Managers; identification of style drift; change in investment strategy or diversification of the Portfolio Managers; change in the amount of fees charged; specific world events that effect financial markets; and ongoing quantitative and qualitative assessments made with respect to existing and potential Portfolio Managers.

## **C. Reports to Clients**

Investors in the Partnership receive reports as described in the offering documents of the Partnership. Generally, they receive quarterly reports, which may include investment summaries as well as the performance of the Partnership against a particular benchmark. Investors also receive a monthly report of the estimated performance of the Partnership. Each investor also receives a Form K-1 for tax purposes. Annual audit reports are generally provided within 120 days following the Partnership's fiscal year end but since the Partnership is operated as a fund of funds, audit reports may be provided within 180 days of its fiscal year end. Reports may be sent by a third party service provider on behalf of PS Management. The Partnership may offer certain investors, upon request, additional information and reporting that other investors may not receive, and such information may affect an investor's investment decisions, including its decision to request a withdrawal from its capital account.

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

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

Not applicable.

### **B. Client referrals**

PS Management does not currently have any formal referral arrangements with any prime broker or solicitor. Should PS Management enter into any such future arrangements, the referral agreement and the related activities will, to the extent applicable, be in compliance with Rule 206(4)-3 under the Advisers Act and relevant rules and restrictions applicable to broker-dealers.

Management fees charged by PS Management to 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**

Although the assets of the Partnership are held in a custodial account at Goldman, Sachs & Co., PS Management and the general partners of the Partnership are deemed under the Advisers Act to have “custody” of the Partnership’s assets because they are authorized to withdraw funds for the payment of fees, etc. Goldman, Sachs & Co. is considered to be a “qualified custodian” for the assets of the Partnership for purposes of Rule 206(4)-2 under the Advisers Act. To comply with applicable law, the Partnership is subject to an annual audit every year. PS Management or the Partnership provides each investor in the Partnership with audited financial statements for the Partnership within 180 days following the Partnership’s fiscal year end. If you have invested in the Partnership and have not received audited financial statements timely, please contact us immediately.

## **Item 16 Investment Discretion**

PS Management provides investment advisory services solely to the Partnership and does not provide investment advice regarding the purchase or sale of specific securities to the Partnership. PS Management provides advice to the Partnership by allocating the assets of the Partnership among Portfolio Managers that are selected by PS Management and the general partners of the Partnership. Securities are bought and sold for the Partnership by the Portfolio Managers in their sole discretion.

## **Item 17 Proxy Voting**

PS Management does not provide investment advice regarding the purchase or sale of specific securities. The Portfolio Managers for the Partnership invest in securities for the Partnership and have their own proxy voting policies. PS Management expects such policies to be designed to (i) prevent conflicts of interest from influencing proxy voting decisions each Portfolio Manager makes on behalf of the Partnership and (ii) help ensure that such decisions are made in accordance with each Portfolio Manager’s fiduciary obligations to its clients (including the Partnership).

## **Item 18 Financial Information**

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

## **Item 19 State-Registered Advisers**

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