



## **Part 2A of Form ADV: Firm Brochure**

**February 14, 2012**

**S.A.C. Capital Advisors, L.P.**  
**72 Cummings Point Road**  
**Stamford, CT 06902**

**Tel: (203) 890-2000**  
**[www.sac.com](http://www.sac.com)**

This brochure provides information about the qualifications and business practices of S.A.C. Capital Advisors, L.P. and certain of its affiliates. If you have any questions about the contents of this brochure, please contact us at (203) 890-2000. 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. Additionally, registration as an investment adviser does not imply a certain level of skill or training.

Additional information about S.A.C. Capital Advisors, L.P. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Material Changes

This Brochure dated February 14, 2012 is a new document. In the future, this Item will discuss only material changes that are made to this Brochure and provide a summary of such changes.

### Item 3 Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
Item 1	Cover Page.....	1
Item 2	Material Changes .....	2
Item 3	Table of Contents.....	3
Item 4	Advisory Business .....	4
Item 5	Fees and Compensation .....	4
Item 6	Performance-Based Fees and Side-By-Side Management.....	6
Item 7	Types of Clients .....	6
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9	Disciplinary Information .....	16
Item 10	Other Financial Industry Activities and Affiliations.....	16
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 .....	20
Item 15	Custody.....	20
Item 16	Investment Discretion .....	21
Item 17	Voting Client Securities.....	21
Item 18	Financial Information .....	21
Item 19	Requirements for State-Registered Advisers .....	21

#### Item 4 Advisory Business

S.A.C. Capital Advisors, L.P. ("**SAC Advisors**") is a Delaware limited partnership, of which Steven A. Cohen owns more than 25% through intermediate entities, and a successor to a firm founded by Mr. Cohen in 1992. SAC Advisors is a global alternative asset manager with offices in the United States and international subsidiaries and affiliated companies in Europe and Asia. SAC Advisors is a diversified, research-driven investment management firm built around a core position in long/short equities, as well as significant positions in quantitative and other strategies. SAC Advisors generally provides investment management services directly and through wholly owned and controlled management entities established with respect to one or more clients for operational and other purposes (each, a "**Relying Adviser**" and collectively with SAC Advisors, "**SAC**"). SAC Advisors controls, or is under common control with, each Relying Adviser. Unless specifically noted otherwise, the responses to this Form ADV Part 2A combine information about SAC Advisors and the Relying Advisers.

SAC generally provides investment management services to investment funds and other investment vehicles advised by SAC ("**SAC Funds**"). SAC Funds are U.S. and non-U.S. investment limited partnerships, companies, limited liability companies and other vehicles that are not registered or required to be registered under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The securities of the SAC Funds are not registered or required to be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and are privately placed to qualified investors in the United States and elsewhere. SAC Funds typically are structured as master-feeder funds in which a SAC Fund pursues its investment objective through an allocation of substantially all of its capital, directly or indirectly, in various master funds managed by SAC, master funds or other accounts managed by an unaffiliated manager, or directly in securities and/or commodity interests.

The terms upon which SAC serves as investment manager of a SAC Fund are established at the time each SAC Fund is established and are generally set out in separate investment management agreements, limited partnership agreements, private placement memoranda and/or the governing documents for a SAC Fund (collectively, the "**Governing Documents**"). Terms may be changed over time by SAC or a SAC Fund's general partner (a "**General Partner**") or board of directors (a "**Board**"), as the case may be. SAC provides similar services to all SAC Funds, although SAC tailors specific investment management advice for a SAC Fund based on a SAC Fund's investment objectives, as set by SAC. The terms of the Governing Documents vary from SAC Fund to SAC Fund. An investment management agreement generally will remain in effect for an initial two-year term and automatically will be extended for one-year terms thereafter. An investment management agreement generally may be terminated by any party to the agreement upon not less than 90 days' written notice before the end of any fiscal year. The Governing Documents of the SAC Funds do not include any investment restrictions.

As of November 30, 2011, SAC managed approximately \$13,039,600,000 in net assets. All of these assets are managed on a discretionary basis.

#### Item 5 Fees and Compensation

SAC generally receives, either directly or indirectly, advisory fees and performance-based allocations or fees in connection with the investment management services it provides to the SAC Funds. Typically, SAC charges each SAC Fund a monthly asset-based advisory fee in advance at a rate of 0.25% (3.0% per annum) of the net asset value of such SAC Fund as of the first business day of that month. An advisory fee otherwise charged with respect to an investor in a SAC Fund may be waived, rebated or reduced by the Board, with the consent of SAC, or by SAC and, with the consent of an investor, the advisory fee charged in respect of such investor may be increased or the method of the calculation of the advisory fee may be changed with respect to such investor.

SAC also receives, either directly or indirectly, an annual performance fee or allocation from the SAC Funds calculated with respect to each investor in those funds. The performance fee or allocation borne by an investor in a SAC Fund is a blended amount calculated as a percentage (ranging from 10% to 50%) of the net profits of such SAC Fund attributable to certain underlying investments which include other SAC Funds (the net profits or losses of which are generally not netted against the net profits or losses of other underlying investments), subject to a high water mark, which is generally calculated separately with respect to each such investment. The Board or the General Partner may increase or decrease the percentage of net profits subject to, or change the method of calculation of, the performance fee or allocation, at any time with the consent of SAC. The Board, with the consent

of SAC, or the General Partner may waive all or a portion of the performance fee or allocation for any designated investor. The Board, with the consent of SAC, or the General Partner also reserves the right to apply a different performance fee or allocation to investors on an individual basis.

Any transaction fees, including, but not limited to, closing fees, directors' fees and break-up fees (net of certain expenses of transactions not completed), paid to SAC as a result of a SAC Fund's investments (collectively, the "**Transaction Fees**") will reduce advisory fees. If a Transaction Fee is generated in connection with an investment made by a SAC Fund and one or more other entities or accounts managed by SAC, it will be applied, on a pro rata basis, to reduce the advisory fees otherwise payable by such entities or accounts. Performance fees or advisory fees charged by an unaffiliated entity or an unaffiliated manager on reallocated capital from a SAC Fund will be (i) deemed an expense of that SAC Fund and taken into account in determining the net profits of that SAC Fund or (ii) offset against the advisory fee or performance fee or allocation otherwise attributable to that SAC Fund.

Specific details of the compensation payable to SAC and its method of calculation are set out in the Governing Documents of the relevant SAC Fund. Such compensation, once the relevant SAC Fund has been established and commenced operations, is generally not negotiable although SAC may, from time to time, enter into side letter agreements or other arrangements with specific investors in SAC Funds whereby such investors receive rebates or reductions of advisory fees or other compensation otherwise payable with respect to their investments to SAC.

With respect to one SAC Fund, SAC also receives a reimbursement from the SAC Fund of such fund's share of SAC's compensation-related expenses for employees providing investment and analytic functions and related employees. The amounts of such reimbursements are expected to be substantial regardless of the performance of the SAC Fund.

Advisory fees are generally paid monthly at the beginning of the month. Monthly payment is effected through SAC deducting these fees directly from the SAC Funds' assets. Performance fees or allocations are calculated monthly and paid, or made, annually by deducting fees directly from a SAC Fund's assets or reallocating the performance amount to the capital account of the General Partner.

SAC Funds incur other expenses, including, but not limited to:

- expenses incurred in connection with and directly and indirectly related to the formation, qualification, and registration and/or exemption from qualification and registration of the SAC Fund and the interests and the offering, distribution, and processing of the interests under applicable U.S. federal and state law and foreign law, including, but not limited to, legal, accounting, and auditing fees and expenses, printing and duplication expenses, mailing expenses, filing fees, solicitation and marketing expenses, and other related expenses;
- investment expenses (including, but not limited to, brokerage commissions, prime broker fees, initial and variation margin, interest and dividend expense, margins, option premiums, brokerage, floor, exchange, and clearinghouse commissions and fees, National Futures Association ("**NFA**") fees, other transaction costs and expenses, advisory fees, management fees, transmission costs, and related expenses); and
- other expenses, including ordinary and extraordinary legal, accounting, auditing, record keeping, fees payable to a SAC Fund's administrator, valuation expenses (including costs associated with any third-party independent valuation provider), travel expenses, corporate licensing, custodial and clerical expenses (including expenses incurred in preparing and transmitting reports and tax information to investors and regulatory authorities and expenses for specialized administrative services), printing and duplication expenses, the expenses of the continuing offering of interests, mailing expenses, and filing fees and other regular or extraordinary fees and expenses associated with the operation of the SAC Fund.

A SAC Fund that is a feeder fund will also bear, indirectly, its pro rata share of the expenses of each master fund in which it invests, as applicable.

Asset based advisory fees are paid monthly in advance. The terms of the SAC Funds' investment management agreements generally permit termination of the agreement as of the end of a fiscal year upon not less than 90 days' written notice. A redeeming or withdrawing investor in a SAC Fund that is a feeder fund is not permitted to redeem or withdraw its investment other than at the end of a year, quarter or month, as applicable.

#### Item 6 Performance-Based Fees and Side-By-Side Management

As noted in the response to Item 5 above, SAC receives, either directly or indirectly, annual performance allocations or fees from the SAC Funds. The performance fee or allocation borne by an investor in a SAC Fund is a blended amount calculated as a percentage (ranging from 10% to 50%) of the net profits of such SAC Fund attributable to certain underlying investments which include other SAC Funds (the net profits or losses of which are generally not netted against the net profits or losses of other underlying investments), subject to a high water mark which is generally calculated separately with respect to each such investment.

SAC has an incentive to allocate more capital from a SAC Fund to underlying investments for which the rate of the performance fee or allocation is greater. The existence of performance fees or allocations creates an incentive for SAC to cause the SAC Funds to make investments that are more speculative than would be the case in the absence of such incentive-based compensation or allocation.

#### Item 7 Types of Clients

SAC provides investment management services, as described above in response to Item 4, to the SAC Funds. As previously noted, SAC Funds are not registered or required to be registered under the Investment Company Act and their securities are not registered or required to be registered under the Securities Act and are privately placed to qualified investors in the United States and elsewhere. SAC Funds generally have a specified minimum investment as set forth in their offering documentation; such minimums range from \$1 million to \$10 million. The minimum investment thresholds may be waived by a SAC Fund's General Partner or Board, as the case may be, in its discretion.

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

SAC's overall strategy is based on a core position in long/short equities, with significant positions in quantitative and other strategies. SAC employs these strategies through various methods in attempting to achieve an attractive return on capital consistent with principles that are designed to lessen the risk of permanent capital loss.

SAC Funds organized as feeder funds allocate their assets among multiple SAC Funds organized as master funds. In implementing specific strategies for a SAC Fund, SAC manages assets such as listed and unlisted common stocks and preferred stocks (including new issues and secondary offerings of existing issues); stock warrants and rights; options to buy and sell securities; derivatives and commodity interests, such as stock index and commodity futures, swaps, futures, and options; debt instruments; convertible securities; privately placed securities; financial futures; currencies; hedge funds and other investment funds managed by SAC and unaffiliated managers; and privately negotiated equity and equity-related investments. Investing in securities involves risk of significant loss that investors should be prepared to bear.

##### *Investment Strategies*

SAC, in attempting to achieve the investment strategies of the SAC Funds, emphasizes the active spreading of risk, the use of leverage, at times significant leverage, and the use of long positions for securities SAC believes are undervalued and short positions for securities SAC believes are overvalued. In addition, SAC employs one or more of the following investment strategies for some or all of the SAC Funds:

- Purchasing and selling U.S. and foreign securities (including new issues and secondary offerings of existing issues); stock warrants and rights; options to buy and sell securities; derivatives and commodity interests, such as stock index and commodity futures, swaps, futures, and options.
- Using systematic trading approaches incorporating, without limitation, various mathematical models or rule sets which seek to exploit anomalies in the relationships between different financial instruments, or anticipate future price changes for a variety of financial instruments.
- Allocating a SAC Fund's assets to other investment pools managed by unaffiliated managers.
- Investing in securities and instruments for which no active public market exists.
- Investing in privately-negotiated equity, debt, and equity- and debt-related instruments.

- Making concentrated investments in interest and currency rates, sovereign credits, foreign exchange, commodities and equities.
- Taking participations in loans and debt instruments.

### *Methods of Analysis*

In implementing an investment strategy, SAC does not rigidly adhere to any particular investment formula or system, but rather relies on the knowledge and judgment of portfolio managers and analysts, who may use a variety of investment methods or techniques, including:

- Use of a fundamental, research-intensive security-selection process aimed at identifying mispriced securities.
- Use of an active investment style resulting in relatively high turnover.
- Study of the economic, financial and political circumstances of a particular market to determine what structural shifts could bring about trend acceleration or directional changes.
- Use of fundamental analysis of market supply and demand to ascertain the rationale and mechanism for the capital flows that have determined and will continue to determine long-term price trends.
- Analysis of real-time developments in the applicable markets in seeking to develop intra- and inter-day entry and exit strategies based upon price and volume movements as well as upon security-specific, industry sector and macroeconomic developments, in order to capitalize upon those strategies by implementing them with speed and efficiency.
- Use of technical analysis to anticipate unforeseen structural changes in the marketplace supply and demand equation.
- Use of proprietary systems that consist of various mathematical models based upon historical and contemporaneous events and information, including price, volume, fundamentals, and volatility of the applicable instruments and markets.
- Use of macroeconomic analyses to develop investment ideas that lead to investments in certain assets or instruments.
- Use of a portfolio of strategies that contain convertible securities and various combinations (long and short) of other securities related to a specific issuer.

### *Material Risks of Significant Investment Strategies and Primary Investments*

Below is a discussion of the material risks of significant investment strategies and primary investments of the SAC Funds. For more information about a SAC Fund's risks, please see the offering materials for that SAC Fund.

Key Personnel; Retention. The success of a SAC Fund depends upon the ability of Mr. Cohen and the other key personnel of SAC to develop and implement investment strategies that achieve a SAC Fund's investment objective. Mr. Cohen oversees the overall management of SAC and its allocation and management of the capital of the SAC Funds. If a SAC Fund were to lose the services of Mr. Cohen or certain key personnel, the consequence to the SAC Fund could be material and adverse and lead to the premature termination of the SAC Fund. A SAC Fund's performance is highly dependent on SAC's ability to attract new employees and to retain existing employees.

Short Sales. The SAC Funds engage in "short sales" (i.e., the sale of a security which the SAC Funds do not own in the hope of purchasing the same security at a later date at a lower price). A SAC Fund will realize a gain if the security declines in price between these dates by an amount sufficient to offset net expenses of the short sale. Nevertheless, a short sale by a SAC Fund involves the theoretically unlimited risk of loss if the price of the security increases between the date of the short sale and the date on which the SAC Fund covers its short position (i.e., purchases the security to replace the borrowed security).

Many jurisdictions have recently imposed restrictions and reporting requirements on short selling. In particular, the SEC temporarily suspended short selling on stocks of over 900 publicly traded companies in 2008. In 2010, the SEC adopted a short sale price test rule, which restricts short-selling in certain securities for a period following a decrease of 10% or more in the price of the securities. There may be additional significant restrictions on short-selling enacted in the United States or elsewhere. The restrictions and reporting requirements may prevent a SAC

Fund from successfully implementing its investment strategy and may provide transparency to a SAC Fund's competitors as to its positions, thereby having detrimental impact on a SAC Fund's returns. SAC is unable to predict how additional restrictions on short-selling may affect the investment methods and strategies of a SAC Fund.

Investments Are Highly Leveraged. The low margin deposits normally required in commodity interest trading (typically, between 1% and 25% of the value of the contract purchased or sold) by certain of the SAC Funds permit a high degree of leverage. The SAC Funds' investments in securities are also conducted on a highly leveraged basis, including through the use of options. Accordingly, a relatively small price movement may result in immediate and substantial losses to the investor. Like other leveraged investments, any trade may result in losses in excess of the amount invested. In addition, investing in securities on margin results in interest charges to a SAC Fund. Although the use of leverage can substantially improve the return on invested capital, its use also may increase any adverse impact to which the investment portfolios of the SAC Funds may be subject. In certain economic environments, a SAC Fund may be unable to obtain the leverage it might otherwise desire to utilize, or the financial terms on which leverage is available may be unattractive to a SAC Fund. Without leverage, a SAC Fund may be unable to achieve its investment objective.

Limitations Due to Regulatory Restrictions. The SAC Funds may seek to acquire a significant stake in certain securities. In the event such stake exceeds certain percentage or value limits, the SAC Funds may be required to file a notification with a governmental agency or comply with other regulatory requirements. Certain notice filings are subject to review that may require a delay in the acquisition of the security and some notice filings require the investor to cease buying or selling the subject security for a period following the filing. Compliance with such filing and other requirements may result in additional costs to the SAC Funds, and may delay the SAC Funds' ability to respond in a timely manner to changes in the markets with respect to such securities. To avoid or mitigate the review and/or delay in connection with notice filings, SAC may limit the size of the SAC Fund's stake in certain securities, which may adversely affect the SAC Fund's ability to achieve its investment objective.

Difficult Market Conditions. The SAC Funds are highly dependent upon conditions in the global financial markets and economic conditions throughout the world that are outside SAC's control and difficult to predict. Factors such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, commodity prices, currency exchange rates and controls, and national and international political circumstances (including wars, terrorist acts or security operations) can have a material negative impact on the SAC Fund's investments.

Unpredictable or unstable market conditions may result in reduced opportunities to find suitable risk-adjusted investments to deploy capital and/or make it more difficult to exit and realize value from existing investments of a SAC Fund. It is important to understand that a SAC Fund can incur material losses even if it reacts quickly to difficult market conditions, and there can be no assurance that a SAC Fund will not suffer material adverse effects from broad and rapid changes in market conditions.

Markets can correlate strongly at times or in ways that are difficult for SAC to predict, so even a well diversified multi-strategy approach may not protect a SAC Fund from significant losses under certain market conditions.

Material Non-Public Information. As part of its investment advisory activities, SAC may come into possession of material non-public information of an issuer that it will be prohibited from using for the SAC Funds' benefit. In such a circumstance, a SAC Fund is generally restricted in its ability to buy and sell the public securities of such issuer. This may occur, for example, if SAC is contemplating a transaction and, as part of that process, is required to sign a non-disclosure agreement, even where a SAC Fund will not participate in such transaction. If a SAC Fund has an existing holding that is affected by the non-disclosure agreement, SAC may not be able to sell or otherwise dispose of that position during the effectiveness of the agreement and the SAC Fund may experience a loss in value, including a total loss, of the position during this confidential period.

Hedging Transactions. The SAC Funds use a variety of derivatives and other financial instruments both for investment purposes and for risk-management purposes. However, the SAC Funds are not obligated to, and may choose not to, hedge against risks. While a SAC Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for such SAC Fund than if it had not engaged in any such hedging transaction. Moreover, the SAC Funds will always be exposed to certain risks that cannot be hedged,



such as credit risk (relating both to particular securities and counterparties), that SAC does not anticipate, or that SAC elects not to hedge.

Use of Options. A SAC Fund may buy or sell (write) both call options and put options, and when it writes options it may do so on a “covered” or an “uncovered” basis. A call option is “covered” when the writer owns securities of the class and amount of those as to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. A SAC Fund’s options transactions may be part of a hedging tactic (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the SAC Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, the principal risks involved in options investing can be described as follows, without taking into account other positions or transactions into which a SAC Fund may enter. When a SAC Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of the SAC Fund’s investment in the option (including commissions).

When a SAC Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is “covered” (i.e., accompanied by a long position in the underlying security). If it is covered, a SAC Fund would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price.

The seller of an uncovered put option theoretically could lose an amount equal to the entire aggregate exercise price of the option less the option proceeds, if the underlying security were to become valueless. If the option were covered with a short position in the underlying security, this risk would be limited, but a SAC Fund would forego the opportunity for profit on the underlying short position should the market price of the security fall below the exercise price.

Stock Index Options. A SAC Fund may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing its investment objectives or for the purpose of hedging its portfolio. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in the SAC Funds’ portfolio correlates with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether a SAC Fund realizes gains or losses from the purchase or writing of options on indices depends upon movements in the level of prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by a SAC Fund of options on stock indices is subject to SAC’s ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments.

Equity Swaps. The SAC Funds make use of equity swaps. A swap is a contract under which two parties agree to make periodic payments to each other on the basis of the value of a security, specified interest rates, an index or the value of some other instrument, applied to a stated or “notional” amount. An equity swap is a customized derivative instrument that entitles the counterparty to certain payments on the gain or loss on the value of an underlying equity security. Equity swaps are subject to various types of risk, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk.

The SAC Funds enter into swap transactions with a counterparty at prices that reflect a price differential or spread between the bid and the ask prices. The differential includes anticipated profits and costs to the counterparty as dealer, which generally includes a mark-up or commission.

Credit Default Swaps. A SAC Fund may invest in credit default swaps. A credit default swap is a contract between two parties which transfers the risk of loss if a reference issuer fails to pay principal or interest on time or files for bankruptcy. Upon an event of default, the swap generally may be terminated in one of two ways: (i) by the purchaser of credit protection delivering the referenced instrument to the swap counterparty and receiving a payment

of par value, or (ii) by the parties pairing off payments, with the purchaser of the protection receiving a payment equal to the par value of the reference security less the price at which the reference security trades subsequent to default.

In the manner described above, credit default swaps can be used to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds. Credit default swaps also can be used to implement a view that a particular credit, or group of credits, will experience credit impairment or improvement. In the case of expected credit improvement, a SAC Fund may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of a SAC Fund to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. A SAC Fund may also “purchase” credit default protection even in the case in which it does not own the referenced instrument if, in the judgment of SAC, there is a likelihood of credit impairment.

The credit default swap market in high yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment grade securities. Swap transactions dependent upon credit events are priced incorporating many variables, including the pricing and volatility of the common stock, potential loss upon default, and the shape of the U.S. Treasury Yield curve, among other factors. As such, there are many factors upon which market participants may have divergent views. A SAC Fund may also enter into credit default swap transactions, even if the credit outlook is positive, if it believes that participants in the marketplace have incorrectly valued the components which determine the value of a swap.

Derivatives, particularly swaps, generally have a high degree of embedded leverage. For a small amount of premium, the holder of a derivative may obtain exposure to the potential market movement of a much greater amount of underlying securities or other instruments. As a result, the opportunities for gains, and also the risk of loss, of trading in derivatives is significantly greater in many cases than is a position in the underlying securities or other instruments traded in the “cash” markets.

Contracts for Differences. A SAC Fund may enter into contracts for differences. In these transactions, the SAC Fund and another party assume price positions in reference to an underlying security or other financial instrument. The “difference” is determined by comparing each party’s original position with the market price of such securities or financial instruments at a pre-determined closing date. Financial markets for the securities or instruments which form the subject of a contract for differences can fluctuate significantly. Parties to a contract for differences assume the risk that the markets for the underlying securities will move in a direction unfavorable to their original positions. In addition, these contracts often involve considerable economic leverage. As a result, such contracts can lead to disproportionately large losses as well as gains, and relatively small market movements can have large impacts on the value of the investment. In the United Kingdom, contracts for differences are often preferred to the underlying securities or other instruments because contracts for differences entered into with a securities dealer, unlike trades in the underlying securities or other instruments, do not bear U.K. “stamp” duty.

Fixed Income Securities. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the SAC Fund may invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer’s inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

Loans of Portfolio Securities. A SAC Fund may lend its portfolio securities. By doing so, the SAC Fund attempts to increase income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, the SAC Fund could experience delays or losses in recovering such securities. To the extent that the value of the securities lent by the SAC Fund has increased, the SAC Fund could experience a loss if such securities are not recovered.

Investing on Non-U.S. Exchanges Presents Certain Risks. Each of the SAC Funds may invest in securities, and certain of the SAC Funds may invest in commodity interests, on exchanges and other markets located outside the United States, where the protections provided by the SEC and the Commodity Futures Trading Commission

(“CFTC”) regulations do not apply. Investment in non-U.S. securities and commodity interests may be subject to greater risks than purely domestic investment because of a variety of factors, including the fluctuation of currency exchange rates, changes in governmental policies (in the United States and abroad), confiscation of assets by governmental decree, war or political upheaval, or changed circumstances in dealings between nations.

A SAC Fund also may not have the same access to certain trades as do various other participants in foreign markets. There may be less publicly available information about foreign issuers than about U.S. issuers, and foreign issuers are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of U.S. issuers. Securities of some foreign issuers are less liquid and more volatile than securities of comparable U.S. issuers, and foreign brokerage commissions are generally higher than in the United States.

The SAC Funds, to the extent that they trade non-U.S. commodity interests, are subject to the regulations of the applicable foreign jurisdiction, if any. Some foreign commodities exchanges, in contrast to domestic exchanges, are “principals’ markets” in which performance with respect to a commodity interest contract is the responsibility only of the individual member with whom the trader has entered into the contract and not of the exchange or its clearinghouse, if any. In the case of investments by a SAC Fund on foreign exchanges, such SAC Fund is subject to the risk of the inability of or refusal by its counterparties to perform with respect to their contracts.

Currency Risk. Generally, a SAC Fund determines its net asset value in U.S. dollars and as a result it is subject to the risk of fluctuation in the exchange rate between the local currency and dollars when investing on foreign markets, and is also subject to the risk of exchange controls.

The SAC Funds’ Spread Investing and Arbitrage Investing May Involve Potential Risks. A part of the SAC Funds’ investment operations may involve spread positions between two or more securities or commodity interest positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These positions, however, do entail a substantial risk that the price differential could change unfavorably, causing a loss to the spread position. Investment operations of certain of the SAC Funds may involve arbitraging:

- between two securities;
- between the equity and equity options markets;
- between commodity interests and securities and/or options;
- between two commodity interests;
- between securities and commodity interests; and/or
- any combination of the above.

This means, for example, that a SAC Fund may purchase (or sell) securities and take offsetting, or partially offsetting, positions in options in the same or related securities. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions, however, entail substantial risk that the price differential could change unfavorably, causing a loss to the position.

Repurchase and Reverse Repurchase Agreements Present Certain Risks. The SAC Funds may engage in repurchase and reverse repurchase agreements as part of their investment and cash management procedures. In the case of default by the transferee of a security in a reverse repurchase agreement, a SAC Fund as transferor runs the risk that the transferee may not deliver the security when required. In the event of the bankruptcy or other default of a transferor of a security in a repurchase agreement, a SAC Fund as transferee could experience delays in liquidating the underlying security and losses, including:

- a possible decline in the value of the collateral during the period while such Subsidiary Fund seeks to enforce its rights thereto;
- possible subnormal levels of income and lack of access to income during this period; and
- expenses of enforcing its rights.

Illiquidity in the Commodities Markets. Most U.S. commodities exchanges limit fluctuations in certain commodity interest prices during a single day by imposing what are known as “daily price fluctuation limits” or “daily limits.” The existence of “daily price fluctuation limits” or “daily limits” may reduce liquidity or effectively curtail investing

in particular markets. Once the price of a particular contract has increased or decreased by the daily limit, positions in the contract can effectively neither be taken nor liquidated. Contract prices in various commodities have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent certain of the SAC Funds from promptly liquidating unfavorable positions and subject them to substantial losses that could exceed the margin initially committed to these investments. Daily limits may reduce liquidity, but they do not limit ultimate losses, as daily limits apply only on a day-to-day basis. In addition, even if contract prices have not moved the daily limit, the SAC Funds may not be able to execute trades at favorable prices if there is only light trading in the contracts involved.

As part of its emergency powers, an exchange or the CFTC can suspend or limit trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The possibility also exists that governments may intervene to stabilize or fix exchange rates, restricting or substantially eliminating trading in the affected currencies.

Certain Risks Peculiar to Forward Trading. Certain of the SAC Funds may enter into forward contracts for the trading of certain commodity interests, such as currencies and precious metals, with U.S. and foreign banks and currency and precious metals dealers. Forward contracts are not traded on an exchange and may be subject to greater volatility, leading to greater risk of loss. A forward contract is a contractual obligation to buy or sell a specified quantity of a commodity on or before a specified date in the future at a specified price and, therefore, is similar to a futures contract. These contracts, unlike futures contracts and options on futures, are currently not regulated by the CFTC when traded between certain “eligible contract participants,” as defined in the Commodity Exchange Act. Generally, the SAC Funds are eligible contract participants. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) includes non-U.S. exchange forward contracts in the definition of “swap” and therefore contemplates that certain of these contracts may be exchange-traded, cleared by a clearinghouse and regulated by the CFTC. Although the CFTC has been granted authority to regulate forward foreign currencies, the CFTC will not regulate such transactions until it establishes rules with respect to these transactions, or if the U.S. Treasury Department exempts these transactions from CFTC regulation. In either such case, the SAC Funds will not receive any benefit of CFTC regulation for these trading activities. Furthermore, although the Dodd-Frank Act contemplates that certain foreign exchange forwards may be exchange-traded and cleared by a clearinghouse, these transactions are not currently exchange-traded so that, generally, no clearinghouse or exchange stands ready to meet the obligations of the contract. Thus, the SAC Funds face the risk that their counterparties may not perform their obligations. This risk may cause some or all of a SAC Fund’s gains, and protection from loss in the case of hedging transactions, to be unrealized.

Speculative Position Limits. The CFTC and U.S. exchanges have established “speculative position limits” on the maximum net long or net short position that any person may hold or control in particular futures and options on futures. Most exchanges also limit the amount of fluctuation in commodity futures contract prices on a single trading day. SAC believes that established position limits will not adversely affect a SAC Fund’s contemplated trading. It is possible, however, that from time to time the investment decisions of SAC may have to be modified and positions held or controlled by SAC, its principals and affiliates may have to be liquidated to avoid exceeding position limits. Such modifications and liquidations could adversely affect a SAC Fund.

The Dodd-Frank Act authorizes the CFTC to impose aggregate position limits across all futures contracts and swap contracts on the same underlying commodity that perform significant price discovery functions, which, if enacted, could have an adverse effect on SAC’s trading for the SAC Funds.

Commodity Brokers May Fail. Commodity Exchange Act Section 4d(a)(2) requires a futures commission merchant to segregate funds deposited in a customer’s commodity futures account. If a commodity broker used by a SAC Fund fails to properly segregate customer funds, the SAC Fund may be subject to a risk of loss of its funds on deposit in the event of such commodity broker’s bankruptcy or insolvency. In addition, under certain circumstances, such as the inability of another customer of the commodity broker or the commodity broker itself to satisfy substantial deficiencies in the other customer’s account, certain of the SAC Funds may be subject to a risk of loss of the funds on deposit even if such funds are properly segregated. In the case of any such bankruptcy or customer loss, the SAC Funds might recover, even in respect of property specifically traceable to them, only a pro rata share of all property available for distribution to all of the commodity broker’s customers. If no property is available for distribution, the SAC Funds would not recover any of their assets.

The SAC Funds' Brokerage Firms May Fail. The SAC Funds leave their assets on deposit with their brokers and banks and may choose not to use a bank custodian to hold their assets. Rule 15c3-3 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), requires a broker-dealer to segregate a customer's cash and fully paid-for securities from the broker-dealer's own assets. If the broker-dealer fails to do so, the SAC Funds may be subject to risk of loss of the assets held by the broker-dealer in the event of the broker-dealer's bankruptcy. If a broker-dealer used by the SAC Funds fails or becomes insolvent, the U.S. Securities Investor Protection Corporation provides a maximum of \$500,000 of account insurance per SAC Fund, subject to a limit of \$250,000 for cash. Since a SAC Fund's assets on deposit usually will exceed these amounts, the SAC Fund may receive only a pro rata share of the remaining assets deposited with the failed broker-dealer. The SAC Funds also utilize foreign broker-dealers that may not be subject to investor protection regulations such as those referenced above. If a foreign broker-dealer used by the SAC Funds fails or becomes insolvent, the portion of a SAC Fund's assets on deposit which are recoverable may be extremely limited. An example of such a risk occurred upon the failure of Lehman Brothers and several of its foreign affiliates.

Limitations on Redemption of Certain Investments. A SAC Fund may at times invest, on a lock-up basis, a portion of its assets with unaffiliated entities that do not permit ready redemption of such investments. Thus, the SAC Fund may be unable to withdraw its capital from one or more unaffiliated entities, notwithstanding the fact that SAC has determined that such unaffiliated entity no longer warrants an investment. If such unaffiliated entities perform inadequately and the SAC Fund is unable to withdraw its capital from such unaffiliated entities, it could have a material adverse effect on the performance of the SAC Fund.

Purchases of Securities and Other Obligations of Financially Distressed Companies. From time to time, certain of the SAC Funds may purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although these purchases may result in significant returns to the SAC Funds, they involve a substantial degree of risk and may not show any returns for a considerable period of time. In fact, many of these securities and investments ordinarily cannot be realized unless and until the company reorganizes and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. There is no assurance that SAC will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a SAC Fund invests, the SAC Fund may lose its entire investment or may be required to accept cash or securities with a value less than the SAC Fund's original investment.

Participation in Management by the SAC Funds. From time to time, some of the SAC Funds may take actions to maximize shareholder value in companies in which the SAC Funds have a substantial investment by participating in the management of such companies. For example, a SAC Fund may seek representation on the board of directors of such a company. A member of a board of directors owes certain obligations to all shareholders of the company. Upon obtaining board representation, a SAC Fund may become an "insider" for the purpose of the U.S. federal securities laws and, accordingly, may be restricted or prohibited from trading securities of the company, including securities which it may own in such company, while it continues to be represented on the board of directors. If a company performs inadequately and a SAC Fund is restricted in its ability to sell securities of the company, it could have a material adverse effect on the performance of the SAC Fund.

Counterparties to Derivatives Transactions May Fail. As noted above, the SAC Funds enter into derivatives transactions in the course of their investment activities. The economic success of these transactions, including forwards, futures, options and swaps, depend on future performance by the counterparty with which a SAC Fund has transacted. If there is a default by the counterparty to such a transaction, the SAC Fund will under normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the SAC Fund being less than if the SAC Fund had not entered into the transaction. The obligation of the counterparty may not be secured by pledged assets or, if secured, possibly may not be fully secured. To the extent such transactions are not fully secured, the SAC Funds depend on the creditworthiness of the counterparties with which they have transacted. If one or more of the SAC Fund's counterparties were to become insolvent or the subject of liquidation proceedings in the United States, there exists the risk that the recovery of the SAC Fund's securities and other assets from such counterparty will be delayed or be of a lesser value. Counterparties located in a jurisdiction other than the United

States may be subject to various laws and regulations that are designed to protect their customers in the event of their insolvency. In view of the large number of counterparties and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of insolvency on a SAC Fund and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to a SAC Fund, which could be material.

Other Derivative Instruments. A SAC Fund may take advantage of opportunities with respect to derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the SAC Fund's investment objectives and legally permissible. Special risks may apply to instruments that are invested in by the SAC Fund in the future that cannot be determined until such instruments are developed or the SAC Fund determines to make such an investment.

Competition; Availability of Investments. Certain markets in which the SAC Funds may invest are extremely competitive for attractive investment opportunities. There can be no assurance that the SAC Funds will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets and other investors may reduce the availability of investment opportunities. There has been significant growth in the number of firms organized to make such investments, which may result in increased competition to a SAC Fund in obtaining suitable investments or an increase in the number of investors that are attempting to purchase or sell similar positions simultaneously.

The SAC Funds' Investments Are Speculative and Volatile. Securities and commodity interest prices are highly volatile. Moreover, since SAC buys and "sells short" securities on margin, the volatility of the SAC Funds' portfolios is greatly increased, leading to significantly greater risks. The SAC Funds invest in these markets on a purely speculative basis. No assurance can be given that SAC's speculative investing will result in profitable investments for the SAC Funds or that a SAC Fund and/or SAC Funds will not incur substantial losses.

Illiquid Investments. Each of the SAC Funds may hold a portion of its total assets in non-public, restricted or illiquid securities. At various times, the markets for securities purchased or sold by the SAC Funds may be "thin" or illiquid, including by reason of a trading halt; as a result, purchasing or selling securities at desired prices or in desired quantities may be difficult or impossible. There may be no market for unlisted securities in which the SAC Funds invest. In some cases, the SAC Funds may be prohibited from disposing of such securities for a specified period of time, which could cause a material adverse effect to the SAC Fund.

The SAC Funds' Assets May Not Be Diversified. The SAC Funds have no diversification requirements and may concentrate investments in particular types of positions. The investment risk of a portfolio that is concentrated in particular positions is greater than it would be if the portfolio were invested in a more diversified manner. The SAC Funds may at times have an unusually high concentration in certain types of positions because of SAC's investment methods and strategies. This lack of diversification could result in significant losses.

Systems Risks. The success of the SAC Funds is dependent on SAC's ability to develop and implement appropriate systems for the SAC Funds' activities. Each SAC Fund may rely extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of such SAC Fund's activities. In addition, certain of SAC's operations interface with or depend on systems operated by third parties, including prime brokers and market counterparties and their sub-custodians and other service providers, and SAC may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on the SAC Funds. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect SAC's ability to monitor the investment portfolios of the SAC Funds and their risks.

### Risks of Quantitative Strategies.

*Trading Model and Data Risk.* Given the complexity of the investments and strategies of certain SAC Funds, SAC must rely heavily on proprietary analytical models it has developed and information and data supplied by third parties (“**Models and Data**”) in addition to the judgment or discretion of SAC’s investment professionals. Models and Data are used to select investments or evaluate potential investments and also in connection with the hedging of certain SAC Funds’ investments.

When Models and Data prove to be incorrect, misleading, or incomplete, any decisions made in reliance thereon expose a SAC Fund to potential risks. For example, SAC may, in reliance on Models and Data, buy certain investments at prices that are too high, sell certain other investments at prices that are too low, enter into additional unnecessary transactions that incur transaction costs or miss favorable opportunities altogether. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful.

Some of the analytical models used by SAC are predictive in nature. The use of predictive models has inherent risks. For example, such models may incorrectly forecast future behavior, leading to potential losses on a cash flow and/or a mark-to-market basis. Furthermore, since predictive models are usually constructed and operated based on historical data as well as real time data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied data.

Those SAC Funds which rely on Models and Data are unlikely to be successful unless the assumptions underlying the models are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that profitable trading signals will not be generated. If and to the extent that the models do not reflect certain factors, and SAC does not successfully address such omission through its testing and evaluation and modify the models accordingly, substantial losses may result. SAC will continue to test, evaluate and add new models, as a result of which the existing models may be modified from time to time. There can be no assurance as to the effects (positive or negative) of any such modification on the performance of the SAC Funds using such models.

*Risk of Programming and Modeling Errors.* The research and modeling process at SAC is complex and involves financial, economic, econometric and statistical theories. Although SAC seeks to hire individuals skilled in each of these functions, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform “real world” testing of the end product increases the chances that the finished model may contain errors; one or more of such errors could adversely affect the performance of one or more SAC Funds.

Valuation of Investments. The securities of each SAC Fund will be valued in accordance with the guidelines set forth in such SAC Fund’s operative documents. If SAC determines that the market price does not fairly represent the value of an asset or liability, or that liquidation or third-party market valuations are unavailable to value an asset or liability, SAC will value such investment as it reasonably determines. To the extent that a SAC Fund invests in private securities or restricted securities, the valuation of such securities will be determined by SAC, whose determination will be final and conclusive as to all parties. Even where a security has a readily available public market, reported prices and quotations are often in sizes of positions below the typical sizes of positions in the SAC Funds. Accordingly, the published prices do not give a completely accurate indication of the prices at which a SAC Fund’s positions may be liquidated.

These procedures, however, may be unable to detect every error contained in the valuation information. To the extent the information received by a SAC Fund is inaccurate or unreliable, the valuation of the SAC Fund’s securities may be inaccurate. Inaccurate valuations may, among other things, prevent the SAC Fund from effectively managing its investment portfolios and risks, may result in the SAC Fund exceeding certain investment guidelines, and may affect the diversification and risk management of the SAC Fund’s portfolios. The value of the SAC Fund’s portfolio may also be affected by changes in accounting standards, policies or practices. In view of a wide variety of market factors and the nature of certain securities to be held by the SAC Funds, there is no guarantee that the value determined by SAC will represent the value that will be realized by a SAC Fund on the eventual disposition of its investment or that would, in fact, be realized upon an immediate disposition of its investment. The valuations to be performed by SAC are inherently different from the valuation of a SAC Fund’s securities if such

fund were forced to liquidate all or a significant portion of its securities, which liquidation valuation could be materially lower.

#### Item 9 Disciplinary Information

There are no legal or disciplinary events required to be disclosed under this Item 9.

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

##### *Commodity Pool Operators/Commodity Trading Advisors*

Each of SAC Advisors, S.A.C. Capital Advisors, LLC (the predecessor to SAC Advisors), and S.A.C. Capital Management, LLC is registered with the CFTC as a Commodity Pool Operator and a Commodity Trading Advisor and is a member of the NFA.

##### *Other Investment Advisers*

SAC Advisors, either directly or indirectly, controls, or is under common control with, the following Relying Advisers, which are located in New York, Boston, Chicago, Hong Kong, Singapore and London:

- Sigma Capital Management, LLC
- CR Intrinsic Investors, LLC
- S.A.C. Global Investors LLP
- S.A.C. Capital Advisors (Hong Kong) Ltd.
- Parameter Capital Management, LLC
- S.C. Advisors (Singapore) Pte. Ltd.
- 72 Credit Management, LLC
- S.A.C. Private Equity GP, L.P.

Each of the Relying Advisers is involved in identifying and monitoring investments recommended or made on behalf of SAC Funds. The extent of such participation varies and these Relying Advisers conduct no other investment advisory activities.

##### *Sponsors of Limited Partnerships*

SAC Advisors, S.A.C. Capital Management, LLC, 72 Credit GP, LLC and S.A.C. Private Equity GP, L.P. are under common control. S.A.C. Capital Management, LLC, 72 Credit GP, LLC and S.A.C. Private Equity GP, L.P. serve as general partner to various SAC Funds organized as limited partnerships.

##### *Pooled Investment Vehicles*

SAC serves as investment adviser to the SAC Funds, each of which is a pooled investment vehicle.

#### Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

##### *Code of Ethics and Personal Trading*

SAC Advisors has adopted a code of ethics in accordance with Rule 204A-1 under the Advisers Act and each of the Relying Advisers has adopted SAC Advisors' code of ethics or, in the case of non-U.S. Relying Advisers, a code of ethics designed to comply with the requirements of Rule 204A-1 under the Advisers Act but for modifications as required by local laws or regulations (all such codes of ethics collectively, the "**Code**"). The Code sets out standards of business and personal conduct for each SAC Employee and addresses conflicts that arise from personal trading by such persons and provides for disciplinary sanctions for Code violations. For purposes of SAC's Code, "**Employee**" means any officer, member, partner or person employed by SAC that is subject to the Code. The policies and



procedures set forth in the Code recognize that an investment adviser is in a position of trust and confidence with respect to its clients.

The Code includes a code of conduct which requires Employees to (i) abide by standards of ethical conduct in their relationships with each other, SAC investors, competitors, and the public; (ii) adhere to standards with respect to any potential material conflicts of interest with SAC Funds; and (iii) preserve the confidentiality of information that they may obtain in the course of SAC's business and use such information properly and not in any way adverse to the interests of any SAC Funds, subject to the legality of using such information.

The Code also includes a personal securities investment and reporting policy. This policy, among other things, restricts an Employee's ability to engage in certain personal securities transactions without the prior consent of the Employee's personal trade supervisor or, if applicable, the Employee's designated compliance officer, and requires reporting of any such transactions.

The Code restricts Employees' ability to conduct activities outside the firm and places limits on the value of gifts that may be received and/or given by Employees.

Upon request of a client, SAC Advisors will provide a copy of its code of ethics.

#### *Participation or Interest in Client Transactions*

It is SAC's general policy that neither SAC, nor any person in a control relationship with SAC (such as an investment vehicle where more than 25% of the beneficial owners are SAC or its employees), nor any employee of SAC, shall effect transactions as a principal with any SAC Fund.

SAC has adopted a cross trade policy to govern how SAC processes a coordinated purchase of a security on behalf of one SAC Fund and a sale of the same security on behalf of another SAC Fund at the same time (a "**cross trade**"). A cross trade will only be undertaken when it is determined that it is in the interest of the participating SAC Funds and with pre-approval. The firm does not receive a commission on any cross trade.

SAC, its affiliates and their principals and employees have established, and may in the future establish, advise, or be affiliated with, other accounts that may engage in the same or similar businesses as the SAC Funds and may use the same or similar investment strategies. SAC, its affiliates and their principals and employees may own all or a portion of such an other account. Investment opportunities appropriate for the SAC Funds and other investment pools will be allocated on the basis of several factors, including relative capital, tax and regulatory considerations, specific investment guidelines and composition of the investment pools at the time of purchase.

Many of the securities in which SAC invests are limited availability investments. Accordingly, SAC might not be able to allocate investments that are suitable for more than one client proportionately among different clients, and SAC is not committed to allocating opportunities among the accounts it manages in any particular proportion.

SAC, its affiliates and their principals and employees may trade securities and commodity interests for their own accounts, including securities and commodity interests of the type held by or considered for investment by a SAC Fund's accounts. The records of such proprietary trading are confidential and will not be available for inspection by the SAC Fund or its investors. SAC, its affiliates and their principals and employees may from time to time take positions in their proprietary accounts that are opposite the positions taken for, or held by, the SAC Funds' accounts at the same time.

In addition, SAC, its affiliates and their principals and employees may invest in securities or other obligations, or may establish joint ventures or other strategic relationships. These investments are made through accounts which are not managed by SAC but in which a principal or employee of SAC or an affiliate of SAC may have a financial interest.

SAC, its affiliates and their principals and employees may invest, directly or indirectly, in SAC Funds and other accounts advised by SAC, its affiliates and their principals and employees. The terms of investment, including economic and liquidity terms, applicable to such investors may be more favorable than the terms available to the

investors in a SAC Fund, and the investors will not be provided with notice of such terms or an opportunity to invest on such terms.

## Item 12 Brokerage Practices

### *Selecting or Recommending Broker-Dealers*

In choosing brokers and dealers, SAC is not required to consider any particular criteria. For the most part, SAC seeks “best execution” of transactions. What constitutes “best execution” and determining how to achieve it involves many factors, including subjective factors. In evaluating whether a broker or dealer will provide best execution, SAC considers a range of factors. These include, among others:

- historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions;
- the execution, clearance and settlement and error correction capabilities of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold;
- the broker’s or dealer’s willingness to commit capital;
- the broker’s or dealer’s reliability and financial stability;
- the size of the transaction;
- the availability of securities to borrow for short sales;
- the nature, quantity and quality of research provided by the broker-dealer; and
- the market for the security.

While SAC negotiates brokerage rates aggressively and makes active use of automated trading systems and electronic communication networks (ECNs) to reduce costs (particularly for high volume trading strategies such as quantitative arbitrage), the ultimate goal is not necessarily to minimize trading costs per se. Rather, SAC looks to optimize trading costs and to ensure that costs are matched with the level of service and value received by SAC. SAC conducts a semi-annual internal broker review, where value received is measured, cross-referenced with commissions paid, and compared with resource usage reports from counterparties to ensure that trading commissions are being paid where value is being received in the trading and research relationships.

In addition, SAC conducts extensive analyses on a portion of its trading activity to understand and minimize market impact and price erosion between a quoted price and execution price due to selling pressure in the market (slippage). SAC also monitors the execution performance of its execution traders for best execution and slippage.

### *Research and Other Soft Dollar Benefits*

SAC may select broker-dealers in recognition of the value of various services or products, beyond transaction execution, that they provide to a SAC Fund or SAC. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with “soft dollars.” The amount of compensation (including markups, markdowns and commission equivalents on principal transactions with market-makers) a SAC Fund pays a broker-dealer who provides such services and/or products may be higher than what another, equally capable broker-dealer might charge. Any research service received through a broker-dealer may be used by SAC in connection with client accounts other than those accounts which pay commissions to such broker-dealer. The research service received by SAC, through a soft dollar arrangement, may benefit clients’ accounts, regardless of whether such account or accounts paid commissions to the broker-dealer through which such research service was received. When SAC uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, it receives a benefit because it does not have to produce or pay for the research, products or services out of its own resources. SAC 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. The extent of any such conflict depends in large part on the nature and uses of the products and services acquired with soft dollars.

SAC may use a SAC Fund’s soft dollars to acquire a variety of brokerage and research products and services. Section 28(e) of the Exchange Act recognizes the potential conflict of interest involved in this activity but protects

investment managers such as SAC from claims that the activity involves a breach of fiduciary duty to advisory clients, even if the brokerage commissions paid are higher than the lowest available, if certain conditions and requirements are met. To be protected under Section 28(e), SAC must, among other things, determine that “commissions” paid are reasonable in light of the value of the “brokerage” and “research” products and services acquired. For this purpose: “commissions” include both commissions paid on agency transactions and mark-ups, mark-downs and commission equivalents paid to dealers in “riskless principal” transactions in securities under certain circumstances; “research” means products or services used to provide lawful and appropriate assistance to SAC in making investment decisions for its clients; and “brokerage” products and services that relate to the execution of a trade for SAC’s clients (including a SAC Fund) from order transmission until the delivery of securities or the credit of funds to the account.

The types of “research” SAC may acquire include, but are not limited to, the following:

- reports on or other information about particular companies or industries;
- economic surveys and analyses;
- consulting services regarding products, technologies, issuers or industries;
- recommendations as to specific securities;
- non-mass-marketed financial publications (delivered in hard copy or electronically);
- financial database software and services;
- computerized pricing and market data services;
- pre-trade and post-trade analytics, software and other products that generate market research, including research on optimal execution venues and trading strategies;
- advice from brokers-dealers on order execution, including advice on execution strategies, market color and the availability of buyers and sellers (and software that provides such market research);
- the portion of proxy analysis services that are reports and analyses regarding issuers and industries (but not the portion used to vote proxies); and
- other products or services in the categories listed in Section 28(e) or regulations thereunder or SEC interpretations that enhance SAC’s investment decision making.

“Brokerage” products and services (beyond typical execution services) include, but are not limited to, the following: (i) trading software used to route orders to market centers, (ii) software that provides algorithmic trading strategies, (iii) software used to transmit orders to direct market access systems, (iv) connectivity services between SAC and an executing broker (including dedicated lines between SAC’s order management system and the executing broker, lines between the executing broker and order management systems operated by third parties, and message services used to transmit orders to brokers for execution of SAC Fund transactions), and (v) short-term custody of funds and securities relating to effecting, clearing and settling particular transactions.

SAC’s current policy provides that the use of “soft dollars” to pay for research products or services will fall within the safe harbor created by Section 28(e). SAC may, however, in the future, use “soft dollars” to pay for products or services outside of the safe harbor created by Section 28(e).

Brokers and dealers from which SAC obtains soft-dollar services or products generally establish “credits” based on past transactional business (including markups and markdowns on principal transactions, such as transactions with market-makers for NASDAQ securities), which may be used to pay or reimburse SAC for specified expenses. In some cases the process is less formal; a broker or dealer simply may suggest a level of future business that would fully compensate the broker or dealer for services or products it provides. A SAC Fund’s actual transactional business with a broker-dealer may be less than the suggested level but can, and often will, exceed that level, and credits established may exceed the amounts used to acquire products and services. This may be in part because the SAC Fund’s investment activities generate aggregate commissions in excess of the levels of future business suggested by all brokers and dealers who provide products and services. In addition, it may be in part because those brokers and dealers may also provide superior execution and may therefore be most appropriate for particular transactions. SAC may ask a broker or dealer who is executing a transaction to “step out” of a portion of the transaction in favor of a broker or dealer who has provided or is willing to provide products or services for soft dollars. That is, the executing broker or dealer will allow a portion of the overall commissions or other

compensation to be paid to the soft-dollar broker-dealer. This assists SAC in acquiring products and services with soft dollars while continuing to seek best execution.

These procedures are generally consistent with the requirements of Section 28(e) when the products or services acquired constitute research and/or brokerage. Except in the case of certain “riskless-principal” transactions in NASDAQ securities, for which the Section 28(e) safe harbor is available, the safe harbor is not available for transactions effected on a principal basis, such as most transactions with market-makers in over-the-counter equity and debt securities where the dealer is compensated through a mark-up, markdown or other differential over the price it might itself obtain in its own purchases or sales in the market. SAC may nonetheless use such dealer compensation as soft dollars with which to acquire products and services of the kinds described above.

#### *Brokerage for Client Referrals*

SAC may select a broker-dealer that sells and/or promotes interests in SAC Funds, although SAC does not consider referrals in seeking to achieve the most favorable execution for the SAC Funds.

#### *Directed Brokerage*

SAC determines the selection of particular broker-dealers for securities transactions of the SAC Funds subject to SAC’s policy to seek best execution for such transactions. SAC does not recommend, request or require that a SAC Fund direct it to execute transactions through a specified broker-dealer, nor does SAC permit SAC Funds to direct brokerage.

#### *Aggregation of Client Orders*

It is SAC’s general policy that orders on behalf of multiple SAC Funds will not be aggregated, which could result in an increase in transaction costs for a SAC Fund. SAC may, however, combine orders (i) on behalf of the same SAC Fund, (ii) a wholly owned subsidiary thereof or (iii) from time-to-time across funds. In such cases, SAC may allocate the securities or proceeds arising out of those transactions (and the related transactional expenses) on an average-price basis among the various participants. SAC believes combining orders in this way may, over time, be advantageous to all participants.

#### Item 13    Review of Accounts

As part of SAC’s risk management process, SAC monitors the composition of each SAC Fund’s portfolio by strategy. SAC’s Global Head of Risk Management and his team are primarily responsible for this monitoring.

#### Item 14    Client Referrals and Other Compensation

SAC does not compensate any person for client referrals. SAC has entered into an arrangement with a non-client entity (the “**Marketer**”) pursuant to which the entity serves as an independent marketing representative for SAC, with respect to S.A.C. Capital Institutional Unit Trust (and possibly other funds in the future). For these marketing services, the Marketer is paid an ongoing fee based on a percentage of the value of the portion of the “asset based fees” (as defined in the fund’s confidential memorandum) paid to SAC and/or its affiliates from the SAC Fund which is attributable to investments made by investors introduced by the Marketer (currently, such fee equals 1% (per annum) of the amount invested by investors introduced by the Marketer).

#### Item 15    Custody

SAC may be deemed to have custody, as defined under Rule 206(4)-2 under the Advisers Act, of funds or securities of the SAC Funds. SAC relies on the “audit exemption” under Rule 206(4)-2(b)(4) under the Advisers Act, which exempts an adviser to a limited partnership, limited liability company or other pooled investment vehicle from the requirement to deliver account statements to its clients if the adviser requires the vehicle to be audited annually by an independent public accountant that is registered with the Public Company Accounting Oversight Board and distributes the audited financial statements annually to the investors in the vehicle.

#### Item 16 Investment Discretion

SAC has discretionary authority to manage the securities portfolios of the SAC Funds pursuant to investment management agreements with the SAC Funds, which customarily do not place limitations on SAC's authority to manage a SAC Fund's portfolio.

#### Item 17 Voting Client Securities

SAC's policy is to vote or abstain from voting proxy proposals, amendments, consents, or resolutions (collectively, "**proxies**") on behalf of accounts managed by SAC (each, a "**SAC Account**") generally in accordance with the recommendations of a proxy voting service provider (the "**Proxy Service Provider**"), which is an unaffiliated, third-party proxy voting advisory firm that specializes in providing proxy voting services to institutional investment managers. SAC does not, however, follow the Proxy Service Provider's recommendation in all instances. In particular, a portfolio manager may vote contrary to the Proxy Service Provider's recommendation or abstain from voting if the portfolio manager determines that the vote or abstention to vote is consistent with the portfolio manager's investment thesis or otherwise in the SAC Account's interests. SAC, through its Proxy Committee, may also make a determination that the interests of the SAC Accounts are best served by voting proxies on an aggregated firm-wide basis for certain proxy proposals. SAC's Brokerage Committee will semi-annually review SAC's voting practices, including when a portfolio manager votes contrary to the Proxy Service Provider's recommendation or abstains from voting.

Potential conflicts of interest may arise due to a variety of reasons that could affect how SAC votes proxies. The Proxy Committee attempts to minimize material conflicts of interest by utilizing recommendations from the Proxy Service Provider. In instances where a portfolio manager decides to vote contrary to the Proxy Service Provider's recommendation or abstain from voting, SAC will review the vote for any potential conflicts of interest.

Upon request of a client, SAC will provide a copy of its proxy voting policies and procedures and provide information regarding how proxies have been voted.

#### Item 18 Financial Information

SAC does not require the payment of fees or other compensation six months or more in advance. There exists no financial condition of which SAC is currently aware that would impair SAC's ability to meet contractual commitments to its clients. SAC has not been the subject of a bankruptcy petition within the past 10 years.

#### Item 19 Requirements for State-Registered Advisers

This Item is not applicable to SAC.