

Item 1: Cover Page

**FORM ADV
PART 2A**

FIRM BROCHURE

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

Additional information about Omega Advisors, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

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

Item 2 Material Changes

The following material change has been made since the last update of this Brochure, which was dated March 31, 2017:

Item 9 has been amended to disclose the settlement of the action filed by the SEC on September 21, 2016, in the United States District Court for the Eastern District of Pennsylvania.

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Item 4 Advisory Business

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

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

Omega’s principal investment strategy is long/short equity, generally with a long side bias. Omega is a value investor, driven by deep fundamental research. Its principal focus is on U.S. equity securities, with more limited investments in equity securities of developed European countries and Japan. In addition, on an opportunistic basis and generally as part of its macro strategy, the Firm makes limited investments in fixed income securities of U.S. issuers and occasional investments in non-U.S. developed and emerging market country issuers, as well as in currencies, commodities and equity indices. Futures and other derivatives are used in an effort to both maximize returns and reduce risk.

Omega further diversified its strategy by launching a credit fund (the “Credit Fund”) in June 2013 (in a master-feeder fund structure) that seeks to generate current income and attractive risk-adjusted returns by investing in a variety of structured products and credit instruments (with expected volatility generally below that of the equity markets).

B. Types of Advisory Services

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

Omega currently manages a separately managed account and eight private funds. Investments for the institutional client, whose assets are held in the managed account, are managed in accordance with the client’s investment objectives, strategies, restrictions, and guidelines.

The eight private funds consist of three Delaware limited partnerships, one Cayman Islands exempted limited partnership, one Cayman Islands exempted company and one master-feeder fund structure consisting of a Cayman Islands exempted limited partnership as the master fund with a Cayman Islands exempted company and a Delaware limited partnership acting as feeder funds. Omega Associates, LLC (“Omega Associates”), an affiliate of Omega and a Delaware limited liability company, serves as

the general partner of the limited partnerships. The Cayman Islands companies each have a board of directors.

Seven of the private funds are each managed in accordance with their own specific and stated investment objectives, strategies, restrictions, and guidelines and are not tailored to the particular needs of any investor in the private fund (“underlying investors”). Information about each such private fund’s investment objectives, strategies, restrictions and guidelines is more fully described in the offering documents for each fund. Since Omega does not provide individualized advice to underlying investors in such private funds, such investors should consider whether a particular private fund meets their investment objectives and risk tolerance prior to investing in the fund. One of the private funds serves as a vehicle for Mr. Cooperman’s charitable activities, with only two limited partners, both of which are affiliated with Mr. Cooperman.

Omega may also be asked to provide occasional consultation services to PS Management, Inc., the manager of Pine Street Associates, L.P., a formerly affiliated fund-of-funds, as to manager selection for that fund. Any such consultations are not expected to be extensive and will be on a non-discretionary basis, and any compensation paid to Omega for such services will be set forth in the limited partnership agreement of Pine Street Associates, L.P.

C. Individual Needs of Clients

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

D. Wrap Fees

Omega does not participate in wrap fee programs.

E. Assets Under Management

Omega has discretionary authority over all the assets it manages on behalf of its institutional clients and private funds. As of December 31, 2015, Omega managed \$3,369,586,451.

Item 5 Fees and Compensation

A. Compensation for Advisory Services

Omega generally charges a fee consisting of (1) an annual “management fee” based upon the average assets under management in the client’s account or the underlying investor’s capital account with the partnership or shareholding in the company, as appropriate; and (2) a “performance allocation/fee” that is calculated based upon a percentage of the net capital appreciation of the client’s account or the underlying investor’s capital account or shareholding with the relevant private fund at the end of each fiscal year or at the time of redemption or withdrawal. With respect to Omega’s separately managed account and the

offshore private funds structured as companies, these fees are paid directly to Omega. In the case of the domestic private funds structured as partnerships, the fees are paid to Omega Advisors, Inc. and performance allocations are made through Omega Associates (general partner of each private fund structured as a limited partnership). The private fund that serves as a vehicle for Mr. Cooperman's charitable activities is not subject to any fees.

Omega's current fee schedule is generally as follows:

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

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

B. Payment of Fees

Omega generally charges a fee consisting of (1) an annual "management fee" based upon the average assets under management in the client's account or the underlying private fund investor's capital account with the relevant private fund; and (2) an annual "performance allocation/fee" that is calculated based upon a percentage of the net capital appreciation of the client's account or the underlying private fund investor's capital account with the relevant private fund at the end of each fiscal year. With respect to Omega's separately managed account and the offshore private funds structured as companies, these fees are paid directly to Omega. In the case of the private funds structured as partnerships, the fees are paid to Omega and performance allocations are made through the private fund's general partner.

With the exception of Omega Charitable Partnership L.P., the private funds managed by Omega each retain a third party administrator that is responsible for authorizing the payment of management fees and performance fees to Omega.

C. Other Fees and Expenses

Omega's clients bear expenses other than advisory fees, such as investment expenses (*e.g.*, brokerage commissions, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, bank charges, custodial fees, clearing and settlement charges, interest expense), administrative expenses including but not limited to fees to the administrator and the board of directors (if applicable), corporate licensing fees, research-related expenses including professional fees and expenses of consultants in connection with investments such as economic consultants, government charges, taxes and

duties, legal expenses, accounting, auditing and tax preparation expenses (including middle/back office services), regulatory filing fees, fees and expenses related to risk services (such as RiskMetrics), bank service fees, and withholding and transfer fees; insurance costs (including errors and omissions insurance), extraordinary expenses, if any (e.g., indemnification expense, litigation expenses or damages.) Please see the response to Item 12. for additional information about brokerage expenses.

D. Advanced Fees

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

For private funds, unless otherwise indicated in the fund's offering documents, the management fee is paid quarterly in advance from each underlying investor's capital account based on the assets in such capital account at the beginning of the quarter. In the event that an investor redeems from a private fund or an advisory contract is terminated, in each case, before the end of a management fee period, the overpayment of the management fee (computed on the basis of the number of days elapsed) will be refunded.

Performance fees, if payable, are generally charged or reallocated from each underlying investor's capital accounts annually. In some cases, performance fees may be accrued monthly and paid annually. Omega Equity Investors, L.P., a private fund managed by Omega, is subject to an initial lock-up period of up to three years and the performance fee in respect of a fund is billed upon the expiration of the lock-up period and annually thereafter, whereas in respect of others it is billed at the end of the relevant accounting period, notwithstanding any applicable lock-up period.

E. Compensation for Sales of Securities

Not applicable. No supervised person receives compensation for the sale of securities or other investment products. However, the sale of securities or other investment products may be a factor considered in determining any bonuses paid to such supervised persons.

Item 6 Performance-based Compensation

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

The payment of performance fees may create an incentive for Omega to make investments that are riskier or more speculative than would be the case if Omega were paid only a fixed management fee. It may also create an incentive for Omega to favor clients that pay higher incentive fees, and are therefore potentially more lucrative, when allocating investment opportunities. Similarly, Omega may have an incentive to favor clients in which it or its personnel have other pecuniary interests such as investments in a client that is a private fund over clients in which Omega or its personnel have no, or lesser, such interests. In addition, since performance fees are calculated on a basis that includes realized and unrealized appreciation of the assets and liabilities of the relevant account, such compensation may be greater than if it was based solely on realized gains. Further, the payments of performance fees may result in substantially higher payments than alternative compensatory arrangements with other managers. Omega manages assets on behalf of clients with a combination of an asset-based management fee and a performance fee.

It is Omega's policy that no client for which Omega has investment decision responsibility shall receive preferential treatment over any other client.

Management fees and performance fees both depend on the value of the clients' investments. The administrator of the private funds (if applicable) will value investments, and Omega and/or Omega Associates, as general partner of a private fund, may value or assist in valuing investments in certain circumstances. As a result, Omega and/or Omega Associates may benefit by receiving a management fee or performance fee that is increased by the impact, if any, of such valuation. Even where a security is accurately valued, the client may not ultimately realize the value upon which performance fee was charged upon its ultimate sale due to subsequent market movements.

Item 7 Types of Clients

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

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

In no event should this Brochure be considered to be an offer of interests in any of the private funds or relied on in determining to invest in any of the private funds. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of the Brochure. Rather, this Brochure is designed solely to provide information about Omega for the purpose of compliance with certain obligations under the Investment Advisers Act of 1940 (the “Advisers Act”) and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided (i) to potential clients desiring separate account management or (ii) in the offering documents for any of the private funds.

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

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

A. Describe the methods of analysis and investment strategies

Omega’s principal investment strategy is long/short equity, generally with a long side bias. Omega is a value investor, driven by deep fundamental research. Its principal focus is on U.S. equity securities, with more limited investments in equity securities of developed European countries and Japan. On an opportunistic basis and generally as part of its macro strategy, the Firm also makes limited investments in fixed income securities of U.S. issuers and occasional investments in non-U.S. developed and emerging market country issuers, as well as in currencies, commodities and equity indices. In addition to the foregoing, Omega makes investments in a variety of credit instruments. See below for further details on Omega’s credit strategy.

Omega’s investment time horizon for any portfolio company is generally 12 months or longer. Omega’s main focus is investing in large-mid and large capitalization U.S. equities. About 10% to 20% of capital may, from time to time, be invested in international stocks of developed countries in Europe and Japan. In addition, Omega may take “macro” positions, which can include futures and other derivative positions in interest rates, currencies and commodities, for example.

In summary, Omega takes the following approach in managing client portfolios: (a) correctly assessing market direction, (b) determining appropriate asset allocation, (c) recognizing undervalued longs, (d) recognizing overvalued shorts, and (e) taking advantage of macro trends in currencies, fixed income and non-US equity indices.

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

- Business value reflects the price an informed buyer would pay for control of a corporation; market value reflects the price the marginal investor would pay for a minority position.
- Business value is an imprecise concept that can only be estimated with painstaking and exhaustive fundamental analyses; market value is a precise figure that is published daily in the financial press.
- Business value, though imprecise, is generally more stable and changes only gradually over time; market value, though precise, may be volatile and may change dramatically in a single day.
- Business value is not affected by market value; market value should eventually reflect business value, but often deviates from it by a wide margin.
- Business value is determined by a company's economic prospects; market value is determined by the economics of the marketplace (supply and demand).

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

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

supplier? Are labor relations good? Is the technology stable? Is the company vulnerable to competition from lower cost imports?

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

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

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

The investment management function is a joint effort of the firm's senior portfolio managers and analysts. Through comprehensive and constant analysis of global economic data releases, Omega develops an in-house view of the short-term and long-term economic trends in different markets and, based on that view, draws conclusions about the risk-reward characteristics of different types of instruments. At the same time Omega considers the suitability of potential portfolio selections given each account's specific investment mandate and guidelines.

Omega forecasts the investment environment. The economic forecast is based on an assessment of the "Stock Market Balance Sheet", i.e., the assets and liabilities of the market and the economy. Factors considered include, among others:

- economic activity;
- inflation;
- monetary policy;
- health of the consumer and corporate sectors; and
- valuations.

This market forecast helps determine its desired level of exposure to risk assets generally. Omega also focuses on asset allocation: the relative attractiveness of stocks versus bonds and other asset classes. Omega is an investor in undervalued equity securities, rather than a trader. Omega may take short positions in overvalued securities (coupled with an identifiable catalyst) and markets, for both gains and hedging objectives.

In conjunction with our market analysis, we pursue a rigorous, "bottom-up" approach to stock selection, with particular emphasis on the critical distinction between a company's business value and its market value. Omega's approach seeks to identify negative, as well as positive, trends at the macroeconomic level and overvalued, as well as

undervalued, securities. As a result, we may take both long and short positions. When deemed appropriate, we may make investments in fixed income securities, repurchase and reverse repurchase agreements, futures and forward contracts, derivative instruments (including swaps), currencies and money market instruments, etc.

Omega tends to utilize minimal leverage in its investment process, particularly with respect to its equities strategy. In addition, Omega utilizes publicly-traded futures contracts and OTC derivatives (with major, well-capitalized money center banks) to deploy certain of its non-equity strategies. These securities have implied leverage and are typically financed at LIBOR plus a spread.

The Credit Fund's principal investment objective is to generate current income and attractive risk-adjusted returns by investing in a variety of structured products and credit instruments (with expected volatility generally below that of the equity markets) in both the primary and secondary markets. Investments may include CLOs, CDOs, commercial mortgage-backed securities, single-name credit, credit indices, tranches, and specialty finance companies (including business development companies, real estate investment trusts and other structured products and equities). Other Omega clients have the ability to invest (and generally do invest) in credit instruments and securities, usually alongside the Credit Fund. Even when investments in credit instruments are made on a side-by-side basis, various factors may cause performance to differ between the Credit Fund and a credit "silo" of another Omega client.

Omega believes that structured products offer compelling risk/reward characteristics. As banks, the traditional purchasers of these instruments, continue to de-lever, Omega believes that outsized returns exist for market participants able to analyze these securities. As an experienced investor in a variety of structured products, Omega believes that it is able to opportunistically deploy capital across a wide variety of instruments in order to generate value.

Omega focuses on determining not only the highest yielding assets for the Credit Fund, but also those assets with the most compelling risk/reward characteristics. More specifically, it considers relevant investment opportunities in a framework that emphasizes lending against cash flow. The Credit Fund benefits from Omega's macroeconomic research expertise, asset allocation skills and deep knowledge of company/economic fundamentals as well as its experience in structured product investing and strong relationships in the marketplace to access a broad opportunistic set of structured product investments.

B. Explain the Material Risks Involved for Each Significant Strategy or Method of Analysis; if You Recommend Primarily a Type of Security, Explain the Risks Involved

Omega's investment program is speculative and may entail substantial risks. Since market risks are inherent in all securities investments to varying degrees, there can be no assurance that our investment objectives will be achieved. In fact, certain investment practices described above can, in some circumstances, increase the risk profile of Omega's clients' investment portfolios. Such clients' activities could result in substantial losses (including the complete loss of all capital) under certain circumstances. The material risks presented by the strategies and financial assets pursued by Omega are set forth below. Additional information is contained in the confidential offering memorandum of each Omega private fund. This Brochure does not purport to contain a complete disclosure of all risks that may be relevant to prospective investors in the Omega private funds and accounts. These risk factors include only those risks that Omega believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by Omega.

All investments risk the loss of capital. Omega believes that its investment program and research techniques are designed to moderate the risk of loss of capital through the careful selection of securities and other financial instruments. Omega makes no guarantee or representation that the investment program for any individual client or private fund will be successful and investment results may vary substantially over time. Past performance is no guarantee of future results and a loss of principal may occur. Omega's investment programs are suitable only for sophisticated investors for whom such an investment does not constitute a complete investment program and who fully understand and are willing to assume the risks involved, including the risk of loss of an investor's capital.

Omega manages private funds and an account that have multiple strategies with a broad and flexible investment mandate. The strategies employed and markets and instruments in which Omega invests will vary from time to time based upon Omega's judgment of where the best risk/reward opportunities may be found. Any of such judgments may prove to be incorrect, potentially exposing Omega's clients to significant loss.

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

Certain investment positions of Omega may be illiquid. Where appropriate, positions that are illiquid and do not actively trade will be valued at fair value. There is no

guarantee that such valuation will represent the value that will be realized on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Omega may not be able to readily dispose of such non-publicly traded securities, and in some cases, may be contractually prohibited from disposing of such securities for a specified period of time.

Omega's investment portfolios include long positions in equity securities of public and private, listed and unlisted companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, geographic markets, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by Omega.

Securities that Omega believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame Omega anticipates. In such event, Omega's clients may incur a substantial loss.

Omega may invest in the stocks and other securities of companies with small to medium-sized market capitalizations, including growth-stage companies. While such companies may provide significant potential for appreciation, smaller-capitalization stocks involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be highly illiquid.

Omega may invest in securities the value of which is tied to the price or value of another security, such as convertible bonds and convertible preferred securities. A convertible security entitles the holder to exchange it for a fixed number of shares of common stock (or other equity security), usually at a fixed price within a specified period of time. Until conversion, the owner of convertible securities usually receives the interest paid on a convertible bond or the dividend preference of a preferred stock.

Omega may invest in distressed securities, and may continue to hold (or under certain circumstances add to) certain fixed income securities of companies that subsequently declare bankruptcy or otherwise engage in bankruptcy-type reorganizations. Certain of these companies may be in transition, out of favor, financially leveraged or troubled, or potentially troubled, and may be or have recently been involved in major strategic actions, restructurings, bankruptcy, reorganization or liquidation. These characteristics of these companies can cause their securities to be particularly risky, although they also may offer the potential for high returns. These companies' securities may be considered speculative, and the ability of the companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate,

economic factors affecting a particular industry or specific developments within the companies.

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

Omega may invest in private investments in public entities, or "PIPEs." PIPEs present certain risks in addition to the risks that would otherwise be associated with an investment in the underlying public entity, including (i) limited liquidity due to legal or contractual restrictions on resales of PIPEs; (ii) lack of a public market for PIPEs; (iii) dependence on an exit strategy, such as an IPO or sale of a business, the successful completion of which cannot be assured, to fully realize the anticipated value of the investment; and (iv) dependence on managerial assistance provided by other investors and the willingness of other investors or third parties to provide additional financial support to the underlying public entity.

A convertible security has an "investment value" which is a theoretical value determined by the yield it provides in comparison with similar securities without the conversion feature. Investment value changes are based upon prevailing interest rates and other factors. It also has a "conversion value," which is the market value the convertible security would have if it were exchanged for the underlying equity security. Convertible securities may be purchased at varying price levels above or below their investment values or conversion values.

Conversion value is a mathematical calculation that fluctuates directly with the price of the underlying security. However, if the conversion value is substantially below the investment value, the market value of the convertible security is governed principally by its investment value. If the conversion value is near or above the investment value, the market value of the convertible security generally will rise above the investment value. In such cases, the market value of the convertible security may be higher than its conversion value, due to the combination of the convertible security's right to interest (or dividend preference) and the possibility of capital appreciation from the conversion feature. However, there is no assurance that any premium above investment value or conversion value will be recovered because prices change and, as a result, the ability to achieve capital appreciation through conversion may be eliminated.

Omega may purchase and sell warrants. Warrants are generally long-term options or contractual rights to purchase a particular security to be issued by the issuer of the warrants. Omega may use warrants in substantially the same manner as purchased call options. If a warrant is not sold or exercised prior to its expiration date, it becomes valueless. The risks associated with the practice of investing in warrants vary depending on the kind of investments, but include unlimited potential losses, the surrender of potential for capital appreciation, increased transaction costs, and inactive markets.

Call risk is the risk that during periods of falling interest rates, issuers of callable bonds may call or repay securities with higher coupons or interest rates before their maturity dates, which could result in Omega losing price appreciation or being forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in Omega's income. This risk is known as prepayment risk. Call and prepayment risk generally is higher with respect to callable bonds.

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

Legal, tax and regulatory changes could occur during the term of the private funds that may adversely affect such private funds. Securities and commodities markets are subject to comprehensive and to some extent developing statutes, regulations and margin requirements enforced by the SEC, the United States Commodity Futures Trading Commission (the "CFTC") and other regulators, and self-regulatory organizations and exchanges. These organizations are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions.

In recent years, European financial markets have experienced volatility as a result of being adversely affected by concerns about high government debt levels and further default on or restructuring of government debt. Holders of such sovereign debt, including banks and other financial institutions, could be adversely affected by events such as

defaults, restructurings and/or downgrades on these holdings. Furthermore, the ability of governments to support their domestic financial systems would likely be impeded.

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

Most debt securities in which Omega may invest are subject to changes in value when prevailing interest rates change. When interest rates fall, the values of already-issued debt securities generally rise. When interest rates rise, the values of already-issued fixed rate debt securities generally fall, and those securities may sell at a discount from their face amount. In addition, debt securities having longer maturities in most circumstances offer higher yields, but are subject to potentially greater fluctuations in value from changes in interest rates than obligations having shorter maturities.

Omega's income may decline due to the effects of falling interest rates on fixed income securities in which Omega may invest.

Omega may acquire equity securities or options or rights to acquire equity securities in connection with its debt investments. Equity risk is the risk that stocks and other equity securities generally fluctuate more than bonds and can decline in value over short or extended periods. The value of stocks and other equity securities will be affected as a result of changes in a company's financial condition and in overall market and economic conditions.

When Omega invests in senior secured term debt, uni-tranche debt and second lien secured debt, it will generally take a security interest in the available assets of these portfolio companies, including equity interests in their subsidiaries. There is a risk that the collateral securing Omega's investments may decrease in value over time or lose its entire value, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. Also, in some circumstances, Omega's security interest could be subordinated to claims of other creditors. In addition, any deterioration in a portfolio company's financial condition and prospects, including any inability on its part to raise additional capital, may result in a deterioration in the value of the related collateral. Consequently, the fact that debt is secured does not guarantee that Omega will receive principal and interest payments according to the investment terms or at all, or that Omega will be able to collect on the investment should Omega be forced to enforce its remedies.

Omega may acquire interests in loans either directly (by way of direct lending or assignment) or indirectly (by way of participation). The direct lender has all the rights and obligations and is a contracting party under the loan agreement. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the loan agreement with respect to the loan;

however, its rights can be more restricted than those of the assigning institution. Participations in a portion of a loan typically result in a contractual relationship only with the institution participating out the interest and not with the obligor. Omega would, in such a case, have the right to receive payments of principal and interest to which it is entitled only from the institution selling the participation, and not directly from the obligor, and only upon receipt by such institution of such payments from the obligor. As the owner of a participation, Omega generally will have no right to enforce compliance by the obligor with the terms of the loan agreement or to vote on amendments to the loan agreement, nor any rights of set-off against the obligor, and Omega may not directly benefit from collateral supporting the loan in which it has purchased the participation.

The private debt investments made by Omega may be below-investment grade securities. Thus many of the risk characteristics of private debt securities purchased by Omega will be similar to those described above. Portfolio company issuers of private debt securities purchased by Omega may face intense competition (including competition from companies with greater resources and capabilities), changing business and economic conditions or other developments which may adversely affect their performance. The success of portfolio companies will be dependent on their management and there can be no assurance that their performance will meet Omega's expectations. As Omega generally will hold a non-controlling interest in portfolio companies, it may have to rely solely on contractual covenants (which may not be available) to protect its position in such portfolio companies. In addition, if the private debt securities are subordinated to senior indebtedness, the ability of Omega to influence a company's affairs, especially during periods of financial distress or following insolvency, is likely to be substantially less than that of senior creditors. There can be no assurance that a portfolio company will generate sufficient cash necessary to service its debt obligations.

Omega's investments may be subject to early withdrawal features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by Omega earlier than expected. This may happen when there is a decline in interest rates or if the financial prospects of the borrower improve, enabling the borrower to refinance its debt at a lower cost. Early repayments of Omega's investments may have a material adverse effect on Omega's investment objectives and the rate of return on invested capital. In addition, depending on fluctuations of the equity markets, warrants and other equity securities, purchased alongside the private debt securities, may become worthless. Debt securities are also subject to other creditor risks, including (a) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (b) so-called "lender liability" claims by the issuer of the obligations and (c) environmental liabilities that may arise with respect to collateral securing the obligations. In addition, in connection with investments in loans there exists the possibility of material misrepresentations or omissions on the part of the borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of Omega to perfect or effectuate a lien on any collateral securing the loan.

A private debt investment may have a contractual return that is not paid entirely in cash, but rather partially or wholly in-kind or as an accreting liquidation preference, thus lengthening the time before cash is received, and increasing Omega's risk exposure to the portfolio company. While Omega seeks to achieve its targeted returns for a given investment, including private debt, other factors, such as overall economic conditions, the competitive environment and the availability of potential purchasers of the securities, may shorten or lengthen Omega's holding period and some investments may take several additional years from the initial investment date to achieve a realization. In some cases, Omega may be prohibited by contract from selling certain securities for a period of time.

Private debt investments are typically unregistered securities. Unregistered securities generally may be resold only in a privately negotiated transaction with a limited number of purchasers, or under certain other circumstances, including public registration of such securities. Considerable delay could be encountered in either event. These difficulties and delays could result in Omega's inability to realize a favorable price upon disposition of the securities, and in some cases might make disposition of such securities at the time desired by Omega impossible. In those instances where Omega determines to have unregistered securities held by it registered prior to sale and Omega does not have a contractual commitment from the issuer or seller to pay the costs of such registration, the gross proceeds from the sale of the securities would be reduced by the registration costs and underwriting discounts in the event of a public offering.

Omega may invest or hold securities rated lower than Baa by Moody's, BBB by Standard & Poor's, or the equivalent rating of another nationally recognized statistical rating organization, which are considered below investment grade, or in comparable unrated securities. Omega may continue to hold previously acquired securities that subsequently become rated below investment grade. Below investment grade securities are commonly known as "high yield" or "junk bonds." Securities which are in the lower-grade categories generally offer a higher current yield than is offered by higher-grade securities of similar maturities, but they also generally involve greater risks, such as greater credit risk, greater market risk and volatility, and greater liquidity concerns.

Credit ratings issued by credit rating agencies are designed to evaluate the safety of principal and interest payments of rated securities. They do not, however, evaluate the market value risk of securities and, therefore, may not fully reflect the true risks of an investment. In addition, credit rating agencies may be incorrect in their assessments or may not make timely changes in a rating to reflect changes in the economy or in the conditions of the issuer that affect the creditworthiness of the security.

High yield securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than investment grade securities. The prices of high yield securities have in the past been found to be less sensitive to interest rate changes than higher-rated investments, but more sensitive to adverse economic downturns or individual corporate developments. A projection of an economic downturn or of a period of rising interest rates, for example, could cause a decline in high yield security prices because the advent of a recession could lessen the ability of a highly leveraged company

to make principal and interest payments on its debt securities. If an issuer of high yield securities defaults, in addition to risking payment of all or a portion of interest and principal, Omega may incur additional expenses to seek recovery. In the case of high yield securities structured as zero-coupon or pay-in-kind securities, their market prices are affected to a greater extent by interest rate changes, and therefore tend to be more volatile than securities which pay interest periodically and in cash.

The markets for high yield securities may be less liquid than the markets for investment grade securities. To the extent that there is no established retail market for high yield securities in which Omega may invest, trading in such securities may be relatively inactive. Prices of high yield securities may decline rapidly if a significant number of holders were to decide to sell their holdings in those securities. Changes in expectations regarding an individual issuer of high yield securities generally could reduce market liquidity for such securities and make their sale by Omega more difficult.

Omega may invest in structured finance instruments such as equipment trust certificates, collateralized mortgage obligations, CDOs, collateralized bond obligations, CLOs or similar instruments. Moreover, investing in structured finance instruments may entail a variety of unique risks. Certain classes of such securities may be subordinated to the right of payment of another class. Subordinated structured investments typically have higher yields and present greater risks than unsubordinated structured investments. Among other risks, structured finance instruments may be subject to prepayment risk. In addition, the performance of a structured finance instrument will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets. Moreover, a rapid change in the rate of defaults may have a material adverse effect on the yield to maturity. While a credit rating downgrade of structured finance instruments may cause Omega's clients to incur losses, it is also possible that Omega may incur losses on its investments in financial instruments regardless of their ratings by ratings agencies.

Many structured finance instruments are highly complex and may be sensitive to changes in interest rates, prepayment rates or both. There is no guarantee that a liquid market will exist for any structured finance instrument that Omega may wish to sell. Structured finance instruments generally are limited or non-recourse obligations payable solely from underlying assets or collateral securities or the proceeds thereof. Consequently, holders of structured finance instruments must rely solely on distributions on the underlying assets or collateral securities or proceeds thereof for payment in respect of the structured finance instruments. The underlying assets are subject to, among other things, credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and legal risks and may fluctuate with the financial conditions of the underlying issuers and borrowers. In the event that issuers of the underlying collateral securities or borrowers on the underlying assets default on their obligations, or distributions on the underlying

assets or collateral securities are insufficient to make payments in respect of the structured finance instruments, no other assets will be available for the payment of the deficiency. There is no guarantee that liquidation of underlying assets and collateral securities will be sufficient to repay investors for their investment in such structured finance instruments.

In addition, structured finance instruments may involve risks different from those of the assets or securities underlying or backing such structured finance instruments. The failure by a servicer, sponsor or manager of a structured finance instrument to perform adequate credit review scrutiny of underlying assets or collateral securities or to otherwise fulfill its obligations with respect to a structured finance instrument may lead to the liquidation of, or default on, such structured finance instruments. Such failures and defaults may have a negative impact on the return of the structured finance instruments and the performance of Omega on behalf of its clients.

The prices of commodities contracts and all derivative instruments, including futures and option prices, can be highly volatile. Price movements of forward, futures and other derivative contracts in which Omega's clients' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Omega and its clients are also subject to the risk of the failure of any exchanges on which its positions trade or of their clearinghouses.

Omega may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the portfolio. The most significant factor in the performance of swap agreements is the change in the individual equity values, specific interest rate, currency or other factors that determine the amounts of payments due to and from the account. Certain standardized swaps are subject to mandatory clearing, and more are expected to be in the future. The counterparty risk for cleared derivatives is generally lower than for uncleared derivatives, but cleared contracts are not risk-free.

Omega's use of derivatives and other complex instruments is subject to special risks, including, but not limited to counterparty risk, embedded interest and future regulatory consequences. The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. Omega will monitor on an ongoing basis the creditworthiness of firms with which it will enter into such

transactions. With respect to prime brokers, while both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a failure, insolvency or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of client assets, the client would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

If there is a default by the counterparty to such a transaction, the private funds managed by Omega will under most 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 private funds being less than if the private funds had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent.

The use of repurchase agreements by Omega involves certain risks. For example, if the seller of securities under a repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, Omega will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, Omega's ability to dispose of the underlying securities may be restricted. Finally, it is possible that Omega may not be able to substantiate its interest in the underlying securities. If the seller fails to repurchase the securities, Omega may suffer a loss to the extent proceeds from the sale of the underlying securities are less than the repurchase price.

Omega is authorized to engage in transactions involving any type of futures and forward contracts (and options thereon). Futures contracts are purchased or sold on "margin"; that is, the purchaser or seller deposits with the broker executing the sale only a percentage of the total price of a futures contract. The margin deposits required for futures trading are relatively low (typically ranging from 1% to 15% of the contract value). As a result, a relatively small price movement in a futures contract purchased or sold may result in a substantial loss to the trader. Since margin for a futures position represents only a portion of the total price of the futures contract, Omega's futures positions will represent obligations in excess of the margin deposited.

Futures contracts markets are highly volatile and are influenced by a variety of factors, including national and international political and economic developments. In addition, because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the trader. Moreover, futures positions are marked-to-market each day and variation margin payments must be paid to or by a trader.

Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and no secondary market exists for such contracts. Although Omega typically enters into futures contracts only if an active market

exists for the contracts, no assurance can be given that an active market will exist for the contracts at any particular time. Certain futures exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, Omega could be prevented from promptly liquidating unfavorable positions and thus be subjected to substantial losses.

In addition, the CFTC and various exchanges impose speculative position limits on the number of positions a person or group may hold or control in particular commodities. For purposes of complying with speculative position limits, Omega's outright positions (i.e., those that are not bona fide hedge positions or spread positions specifically exempted from speculative limits) may be aggregated with positions of certain related persons and, as a result, Omega may be unable to take positions in particular futures contracts or may be forced to liquidate positions in particular futures contracts.

When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the futures contracts and the underlying investment sought to be hedged may prevent Omega from achieving the intended hedging effect or expose Omega's clients to a risk of loss.

Unlike trading on domestic futures exchanges, trading on non-U.S. futures exchanges is not regulated by the CFTC and may be subject to greater risks than trading on domestic exchanges. For example, some non-U.S. exchanges are principal markets so that no common clearing facility exists and a trader may look only to the broker for performance of the contract. In addition, unless Omega hedges against fluctuations in the exchange rate between the U.S. dollar and the currencies in which trading is done on non-U.S. exchanges, any profits that Omega might realize on behalf of its clients in trading could be eliminated by adverse changes in the exchange rate, or Omega's clients could incur losses as a result of those changes.

Omega may utilize financial instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of Omega's portfolio positions as a result of changes in currency exchange rates and market interest rates. However, Omega is not required to establish hedges for portfolio positions and may determine not to hedge against particular risks or may not anticipate the occurrence of such risks. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the portfolio positions' value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for Omega to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that Omega is not able to enter into a hedging transaction at a price sufficient to protect Omega from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

There are also risks associated with the sale and purchase of call options. The seller (writer) of a call option, which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

The buyer of a call option assumes the risk of losing his entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option, which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

Options trading involves certain additional risks. Specific market movements of the option and the instruments underlying an option cannot be predicted. No assurance can be given that a liquid offset market will exist for any particular option or at any particular time. If no liquid offset market exists, Omega might not be able to effect an offsetting transaction in a particular option. To realize any profit in the case of an option, therefore, the option holder would need to exercise the option and comply with margin requirements for the underlying instrument. A writer could not terminate the obligation until the option expired or the writer was assigned an exercise notice. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the futures contract underlying the option that the writer must purchase or deliver upon exercise of the option. The writer of a naked option may have to purchase the underlying contract in the market for substantially more than the exercise price of the option in order to satisfy his delivery obligations. This could result in a large net loss.

Stock or index options that may be purchased or sold by Omega may include options not traded on a securities exchange. The risk of nonperformance by the obligor on such an option may be greater and the ease with which Omega can dispose of or enter into closing

transactions with respect to such an option may be less than in the case of an exchange traded option.

The success of Omega's hedging transactions will be subject to Omega's ability to correctly predict movements in and the direction of currencies and interest rates. Therefore, while Omega may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in a poorer overall performance for Omega than if it had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary.

Omega may invest a significant portion of its total assets in forward currency contracts. Forward currency contracts may not be liquid in all circumstances so that in volatile markets, to the extent Omega wishes to do so, it may not be able to close out a position by taking another position equal and opposite to such position on a timely basis or without incurring a sizable loss. The closing out of a forward currency contract has the effect of wholly or partially neutralizing the sensitivity of a forward currency position with respect to exchange rate fluctuations from the time of closing out until the maturity date of the initial forward currency position. Net settlement of the forward currency contracts takes place on the respective maturity dates. Further, closing transactions with respect to forward currency contracts usually are effected with the currency trader who is a party to the original forward contract and generally require the consent of such trader. There can be no assurance, however, that Omega will be able to close out its obligations. If it cannot do so, Omega will take delivery and may suffer a loss on behalf of its clients. Moreover, the potentially unlimited fluctuation in value of a forward currency contract creates an ongoing greater potential financial risk than does purchasing options contracts, where the exposure is limited to the cost of the initial premium.

In connection with its possible trading in non-U.S. currency forward contracts, Omega may contract with a non-U.S. or domestic bank to make or take future delivery of a specified lot of a particular currency for Omega's account. There are no limitations on daily price moves in such forward contracts. Banks and futures commission merchants with whom Omega may maintain accounts may require Omega to deposit margin with respect to such trading. Banks are not required to continue to make markets in such contracts. There have been periods during which certain banks have refused to quote prices for such forward contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Arrangements to trade forward contracts may be made with only one or a few banks, and liquidity problems therefore might be greater than if such arrangements were made with numerous banks. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which Omega would otherwise recommend, to the possible detriment of Omega's clients. Neither the CFTC nor banking authorities currently regulate forward contract trading through banks, and non-U.S. banks are not regulated by any United States governmental agency. With respect to its trading of forward contracts with banks, if any, Omega will be subject to the risk of bank failure

and the inability of, or refusal by, a bank to perform with respect to such contracts. Any such default would deprive Omega of any profit potential or force Omega to cover its commitments for resale, if any, at the current market price, and could result in a loss to Omega's clients.

Omega may invest in Exchange Traded Funds ("ETFs"), which are shares of publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. In addition, Omega's clients may bear, along with other shareholders of an ETF, its pro rata portion of the ETF's expenses, including management fees.

Investment in many non-U.S. securities involves a greater degree of risk than an investment in U.S. securities. Among other things, non-U.S. securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities regulation, less favorable tax provisions, and a greater likelihood of war and expropriation of personal property than investments in U.S. securities. These risks are generally magnified in emerging markets, as opposed to developed markets such as those of Europe and Japan. In addition, Omega's investment opportunities in certain non-U.S. markets may be restricted by legal limits on non-U.S. investment in local securities.

Item 9 Disciplinary Information

On October 14, 2015, Omega settled an SEC inquiry relating to Rule 105 of Regulation M of the Exchange Act ("Rule 105") without admitting or denying the SEC's allegations. Rule 105 generally prohibits purchasing an equity security in certain public offerings if the purchaser sold short the same security during the restricted period defined therein. The SEC did not allege any intentional violation, but Rule 105's prohibition applies irrespective of any intent to violate the Rule. Omega cooperated with the SEC's inquiry and agreed to a cease and desist order requiring Omega to pay disgorgement of \$68,340, prejudgment interest of \$686.58, and a civil money penalty in the amount of \$65,000, in connection with Omega's participation in an equity offering in January 2015. Omega paid all of the costs of the settlement without reimbursement from any of its funds or managed account. The SEC expressly noted that in determining to accept Omega's offer of settlement, it considered remedial acts promptly undertaken by Omega and the cooperation Omega afforded to SEC staff. Omega has implemented policies and procedures designed to prevent violations of Rule 105, including technological measures and enhanced employee training.

On March 17, 2015 and March 19, 2015, Omega received subpoenas from the U.S. Attorney's Office for the District of New Jersey (the "USAO") and the SEC, respectively, seeking information relating to its trading activities.

On September 21, 2016, the SEC filed an action in the United States District Court for the Eastern District of Pennsylvania (the "Court") against Omega and Mr. Cooperman (the "Proceedings") alleging that Omega and Mr. Cooperman obtained material nonpublic information concerning Atlas Pipeline Partners ("APL") from an APL executive and, on the basis of such information, directed trading in APL securities before APL publicly announced its sale of a natural gas processing facility in late July 2010.

The SEC action also alleged that Mr. Cooperman failed to timely report, in routine regulatory filings, information about holdings and transactions in securities of a number of publicly traded companies that he beneficially owned.

On May 18, 2017, the parties filed a motion asking the Court to approve settlements (the "Settlements") of the Proceedings. Under the terms of the Settlements, Omega and Mr. Cooperman neither admitted nor denied the allegations in the complaint but agreed to, among other things: (i) disgorge alleged trading profits of \$1,759,049, together with prejudgment interest of \$429,041; (ii) pay a civil penalty of \$2,759,049; (iii) engage until May 1, 2022 (but only for so long as Omega remains registered with the SEC as an investment adviser), an independent compliance consultant to perform certain monitoring, training and other similar services; (iv) retain a nationally recognized law firm to conduct at least two compliance-focused trainings per year; (v) retain a nationally recognized law firm to file, on behalf of Mr. Cooperman, beneficial ownership reports and amendments thereto required under various provisions of the Exchange Act and the correlative Rules promulgated thereunder; and (vi) refrain from any future violations of those same and certain other provisions of the Exchange Act and their correlative Rules.

On May 22, 2017, the Court approved the Settlements and entered a final judgment to that effect. Omega will make copies of the Settlements available upon request.

As of June 2017, to the best of Omega's knowledge, the USAO's investigation remains pending.

Item 10 Other Financial Industry Activities and Affiliations

A. Broker-Dealer

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

B. FCM, CPO, CTA or AP

Omega is registered as a commodity trading advisor ("CTA") and commodity pool operator ("CPO"). Leon Cooperman and Joseph Scanlon (Director of Investor Relations) are each registered with the National Futures Association as an associated person of

Omega.

Omega Associates is a CPO and acts in such capacity with respect to Omega's private funds (except the funds in the master-feeder structure for which it operates under a current exemption from registration (CFTC Rule 4.13(A)(3)) because the investors in these funds meet certain eligibility requirements). Each of Leon Cooperman, Edward Levy (the Chief Financial Officer ("CFO") of Omega), Steven Einhorn (the Vice Chairman of Omega) and Joseph Scanlon is registered as an associated person of Omega Associates. The private fund used as a vehicle for Mr. Cooperman's charitable activities does not participate in futures and accordingly, does not require an exemption.

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

C. Relationships with Related Persons in Various Categories

As disclosed above, Omega Associates serves as the general partner of six of Omega's private funds and Omega may solicit potential investors for four of such private funds. Omega Charitable Partnership L.P., the "charitable vehicle" private fund, is not open to other investors. In the master-feeder structure, the feeder funds are the only investors in the master fund.

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

D. Selection of Other Advisers for Your Clients and Receipt of Compensation

Not applicable. Omega does not select advisers for its clients or receive compensation for doing so.

Item 11 Code of Ethics

A. Describe Code of Ethics

The Code of Ethics ("Code") was adopted by Omega to govern, among other things, personal transactions by employees and to ensure that the interests of employees do not conflict with the interests of clients, including Omega's private funds and their underlying investors. The Code prohibits Omega employees from participating in abusive trading practices, such as trading to induce others to purchase or sell securities or other instruments in violation of the securities laws. The Code also prohibits employees from trading certain securities or other instruments in any personal securities account absent the prior approval of Omega's CEO, Vice Chairman or Investment Committee member or other designated employees as well as from Compliance, to be obtained through Financial Tracking (as defined below). Generally, an employee is prohibited from trading in a security until the third day after the date Omega has transacted in such

security on behalf of its clients. Each time that an employee recommends the purchase or sale of any security or other instrument on behalf of an Omega client, such employee must at that time affirmatively disclose to Omega's investment committee any position (long or short) that such employee maintains in such security or other instrument.

Omega has implemented a third party monitoring system called "Financial Tracking" on which employees input requests for approval of personal trades. Financial Tracking is set up with an automatic feed from the employee's broker of his brokerage account statements. All employees must instruct their brokers to send to Omega through Financial Tracking copies of all brokerage confirmations relating to all personal securities transactions in which they have a beneficial ownership interest. A copy of the Code is available to any client or prospective client upon request.

The Code also contains policies and procedures relating to the use of expert networks and research consultants reasonably designed to protect Omega against obtaining material nonpublic information.

B. Recommend Securities to Clients in Which You Have a Material Interest

Omega acts as investment manager to numerous client accounts (including the private funds). As discussed above, Omega and its affiliates share personnel and resources. Omega may give advice and take action with respect to any client account (including the private funds) or Omega employees can take action with respect to their accounts that may differ from action taken by Omega on behalf of other accounts. Omega is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security or other instrument that its employees may buy or sell for their own accounts or for any other account Omega manages. In addition, Omega employees are not obligated to refrain from investing in securities or other instruments held in client accounts Omega manages except to the extent that such investments violate the Code. Additionally, certain Omega employees may invest in private funds which, in turn, may invest in securities or other instruments Omega invests on behalf of client accounts.

As the managing member of Omega Associates, the general partner of the private funds that are structured as partnerships, Leon Cooperman participates in the Omega private funds' investments, *pro rata*, in accordance with his capital account and receives a portion of the annual allocation of 15% - 20% of the net capital appreciation of the underlying investors in such funds (i.e., the performance allocation) that is made to Omega Associates, subject to certain restrictions (e.g., the hurdle rate provision or high water mark).

As the sole shareholder of Omega, Mr. Cooperman receives a portion of the management and performance fees/allocation that Omega and Omega Associates receive from the private funds. Mr. Cooperman may in the future participate in a portion of the management fees or incentive allocations of other private funds, either directly or indirectly through Omega. Messrs. Einhorn and Martini also share in the management fees received by Omega and Mr. Eric Schneider shares in the management fees received by Omega that relate to the Credit Fund. Key personnel who are members of Omega

Associates also participate directly or indirectly in the performance allocations received by Omega Associates and Omega from the private funds and the separately managed account, as applicable. To mitigate any conflicts of interest, accounts of Omega personnel may invest only in accordance with the Code.

In addition, Omega operates a legacy deferred compensation pool, which is now closed, but pursuant to which deferred fees owing to Omega may be invested in an offshore private fund. The profits and losses from such investments are then allocated to the relevant Omega personnel by Omega Associates.

C. Invest in the Same Securities as You Recommend to Clients

Please see the response to Items 11.A. and 11.B. above. From time to time, employees of Omega or its affiliates may have interests in securities or other instruments owned by or recommended to Omega clients. Omega may purchase or sell for its clients securities or other instruments of an issuer in which Omega employees also have a position or interest. If an employee wishes to purchase or sell a security or other instrument (other than exempt securities as specified in the Code) that Omega intends to purchase or sell for its clients, that security or other instrument may generally be purchased or sold by that employee, on the third day following the day on which the client order(s) have been fully executed.

If an employee has a personal interest in any security, he or she must disclose that interest to Omega's investment committee before recommending that security or before directing an investment decision with respect to that security. If the employee has the power to direct any transaction in any such security, investment personnel with no personal interest in such security must review such an investment decision.

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

Omega has also implemented new policies and procedures relating to principal and agency cross-transactions, which are also designed to prevent actual conflicts of interest, as well as conflicts among and between its affiliates. These are set out in Omega's compliance manual.

D. Recommend Securities to Clients at Same Time as Buy/Sell for Your Own Account

Please see response to Item 11.C. above.

Item 12 Brokerage Practices

A. Factors in Selecting Brokers and Soft Dollars

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

The best net price, giving effect to brokerage commissions, spreads and other costs, normally is an important factor in Omega's selection of brokers or dealers to execute or effect portfolio transactions for clients. However, a number of other judgmental factors are considered relevant. These factors include, but are not limited to: price; transaction costs; Omega's knowledge of the negotiated commission rates and spreads currently available; the nature of the security being traded; the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security; the nature and quality of research; access to personnel and to company management; confidentiality; the execution, clearance and settlement capabilities, as well as the reputation and perceived soundness of the broker-dealer selected and others which are considered; the broker-dealer's capital introduction program; commitment to capital; access to deal flow; Omega's knowledge of actual or apparent operational problems of any broker-dealer; the broker-dealer's execution services rendered on a continuing basis and in other transactions; the reasonableness of spreads or commissions; custody services; access to markets and distribution networks; execution of soft dollar arrangements; and responsiveness of the broker-dealer.

1. Research and Soft Dollars

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

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

services.

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

The receipt of research in exchange for soft dollars benefits Omega by allowing Omega, at no cost to it, (i) to supplement its own research and analysis activities, (ii) to receive the views and information of individuals and research staffs of other securities firms, and (iii) to gain access to persons having special expertise on certain companies, industries, areas of the economy and market factors. Research products and services acquired with soft dollars may include research reports on the economy, market trends, particular industries, sectors, issuers and companies (including current and historical financial data), economic surveys and analyses, recommendations as to specific securities, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues, and other products or services providing lawful and appropriate assistance to Omega in the performance of its investment decision-making responsibilities. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts.

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

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

those broker-dealers, viewed either in terms of a particular transaction or Omega's overall duty to discretionary client accounts.

Research obtained with soft dollars may not be utilized by Omega for the specific account that generated the soft dollars. Since Omega routinely batches client transactions, brokerage commissions attributable to one or more client accounts may be allocated to brokers who provide statistical data and other research used by Omega in managing the accounts of other clients, and *vice versa*. Omega does not usually attempt to allocate the relative costs or benefits of research among client accounts because it believes that, in the aggregate, the research Omega receives benefits clients and assists Omega in fulfilling its overall duty to clients. To the extent any soft dollars generated by Omega accounts are used to benefit parties other than Omega or the Omega accounts, such other parties must reimburse the client accounts for the use of such soft dollars.

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

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

2. Brokerage for Client Referrals

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

over other equally competent brokers that otherwise do not introduce clients or have an affiliate that has an investment relationship with Omega.

3. Directed Brokerage

Clients may limit Omega's discretionary authority in any or all situations. Agreeing with clients to only use particular brokers is generally discouraged. However, where such an agreement is in place, Omega will endeavor to honor each client's wishes. This means that Omega may not always be in a position where it can negotiate commission rates or spreads or obtain volume discounts and best price may not be achieved.

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

B. Aggregation of Orders

It is Omega's general policy that no client shall receive inappropriate preferential treatment or otherwise be treated unfairly; Omega will seek to uphold such policy when making decisions regarding investment allocations. Questions regarding the proper allocation of limited investment opportunities will be escalated to senior management of Omega and/or Omega's chief compliance officer.

As a general matter, Omega will decide upon a "target allocation" for positions pursued on behalf of client accounts. That means that Omega will decide upon the optimal exposure that client accounts should have to a particular security or securities at the time of determination. While similarly situated accounts (i.e., client accounts pursuing the same investment program) are likely to have the same "target allocation," it is possible that (for reasons discussed below) their respective "target allocation" will differ, sometimes materially. Client accounts not pursuing the same investment strategy (such as an account pursuing a multi-strategy (which account may pursue, among other things, equity, global macro and credit strategies) relative to an account pursuing a credit-only strategy) are likely to have different "target allocations." "Target allocations" need not, and generally are not, memorialized in writing.

In determining "target allocations," Omega will take into account such factors as it deems appropriate, which may include, without limitation: investment objectives; relative amounts of capital available for investments, anticipated amounts of capital inflows and

outflows and the timing of capital inflows and outflows; liquidity needs (which may take into account the liquidity rights a client account has); applicable concentration limits and other investment restrictions; mandatory minimum investment restrictions and other contractual obligations applicable to participating clients and/or to their investors; investment diversification; relative exposure to market trends; tax efficiencies and potential adverse tax consequences; regulatory restrictions applicable to participating clients and their investors; policies and restrictions applicable to participating clients; the avoidance of odd-lots or a de minimis allocation to one or more participating clients; the overall risk profile of a portfolio; the potential return available from a debt investment as compared to an equity investment; and any other considerations deemed relevant by Omega, in its reasonable discretion.

The outcome of any allocation determination by Omega may result in the allocation of all or none of an investment opportunity to a certain client. Furthermore, clients that have, contractually or otherwise, requested that certain investment restrictions or specific investment mandates apply to their accounts (such as accounts having “socially responsible mandates”) will generally not be treated any differently (e.g., have a higher “target allocation” to other opportunities) than those accounts not subject to the same restrictions. Consequently, such accounts may be “under deployed” relative to other accounts pursuing substantially similar investment strategies.

In certain markets, such as certain sub-segments of the credit market, market participants may be limited in their ability to execute transactions due to lack of liquidity. Consequently, Omega (similarly to other market participants) often times satisfies itself with an order size that is smaller than what it would ideally transact on in more liquid markets. That means that order sizes that are fully filled and allocated only among Eligible Accounts (as defined below) fall as a general rule below the “target allocation” of such Security. Therefore, when transacting in such instruments, the portfolio manager has the discretion to not determine upon a “target allocation” prior to execution, if the portfolio manager is of the view that either the order size (if fully filled) or the order size that is likely to get filled when allocated among Eligible Accounts will, in either case, likely fall below the account’s “target allocation” if one would have been formally determined.

Furthermore, with respect to certain instruments, such as collateralized loan obligations, Omega may decide that a “target allocation” applicable to such instruments should be met by an amalgam of a few comparable securities that in Omega’s view have similar risk/return characteristics. This may lead to differing performance between client accounts managed by Omega.

As part of the duty to seek best price and execution, Omega may, but is not required to, “bunch” or batch together purchases or sales for several clients (including institutional client accounts and private funds) and allocate the trades, in a fair and equitable manner over time, across participating client accounts (including private funds).

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

Based generally on the client accounts' "target allocation," Omega will determine the order size of each security being purchased or sold on behalf of the relevant account (all such accounts, "Eligible Accounts"). With respect to those transactions with respect to which the portfolio manager has discretion to not determine upon a formal "target allocation," the portfolio manager will determine the order size in the aggregate. Generally, Omega will allocate trades on a pro rata basis among the Eligible Accounts based on the size of the order placed on behalf of each such account and with respect to those transactions executed without having a formal "target allocation," based on the assets under management of each Eligible Account. For the avoidance of doubt, Omega may determine a different manner of allocating such trades. The trade blotter for each day must be annotated using the codes developed by the appropriate personnel to explain why a trade was not allocated across Eligible Accounts on such (or other agreed upon) basis, and, if not, the reason for such allocation. Reasons for diverting from such pro rata allocation may include accounts that are underweighted or overweighted in an existing position, in which case Omega may, for instance, allocate on a priority basis certain trades until such account is in parity with such other accounts. A copy of each annotated blotter will be made available to the CFO.

It is not Omega's general policy to conduct an automatic monthly rebalancing with respect to positions held by client accounts that pursue substantially similar investment strategies.

An order to buy or sell that cannot be practicably allocated as set forth above (e.g., a small order) may be allocated among Eligible Accounts in Omega's discretion based upon other factors deemed relevant and equitable to Omega.

Wherever practicable, trades executed for Eligible Accounts within the same trading day will be allocated on an average price basis. Where trades in the same security are executed through more than one broker or dealer, allocation on an average price basis may be impractical. In such instances, the trader shall determine the methodology of allocation for each broker-dealer trade and shall allocate among Eligible Accounts within each broker-dealer trade on an average price basis.

Item 13 Review of Accounts

A. Frequency and Nature of Review

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

B. Factors Triggering Review

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

C. Reports to Clients

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

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

Item 14 Client Referrals and Other Compensation

A. Person Not a Client Provides Economic Benefit

Omega's use of a prime broker with respect to the private funds may provide increased administrative ease and, therefore, increased profitability for Omega. As discussed above, a prime broker may also refer potential investors to Omega with respect to the Omega private funds. Since an increase in the size of a private fund would likely result

in additional compensation to that private fund's prime broker, the prime broker is likely to receive a benefit from introducing potential investors to Omega with respect to the private fund for which it serves as prime broker.

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

B. Client Referrals

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

Item 15 Custody

Please see the responses to Item 5. and Item 13.C.

Omega generally charges a fee consisting of (1) an annual "management fee" based upon the average assets under management in the client's account or the underlying private fund investor's capital account with the relevant private fund; and (2) an annual "performance allocation/fee" that is calculated based upon a percentage of the net capital appreciation of the client's account or the underlying private fund investor's capital account with the relevant private fund at the end of each fiscal year. With respect to the separately managed account and the offshore private funds structured as companies, these fees are paid directly to Omega. In the case of the private funds structured as partnerships, the fees are paid to Omega and performance allocations are made through the private fund's general partner.

With the exception of Omega Charitable Partnership L.P., the private funds managed by Omega each retain a third party administrator that is responsible for authorizing the payment of management fees and performance fees to Omega.

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

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

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

Item 16 Investment Discretion

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

Item 17 Proxy Voting

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

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

Item 18 Financial Information

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