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

**Dated: March 27, 2014**

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This Brochure provides information about the qualifications and business practices of King Street Capital Management, L.P. ("*King Street*"). If you have any questions about the contents of this Brochure, please contact our Investor Relations Department at (212) 812-3130. 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.

Being a "registered investment adviser" or describing King Street as being "registered" with the SEC does not imply a certain level of skill or training.

Additional information about King Street is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 MATERIAL CHANGES**

King Street is required to identify and discuss any material changes made to its Brochure since the last annual update. There are no material changes to report since the filing of King Street's Form ADV Part 2A, dated March 28, 2013.

**Item 3 TABLE OF CONTENTS**

<u>ITEM</u>	<u>PAGE</u>
<b>Item 1 Cover Page.....</b>	<b>Cover Page</b>
<b>Item 2 Material Changes .....</b>	<b>1</b>
<b>Item 3 Table of Contents .....</b>	<b>2</b>
<b>Item 4 Advisory Business .....</b>	<b>3</b>
<b>Item 5 Fees and Compensation .....</b>	<b>4</b>
<b>Item 6 Performance-Based Fees and Side-By-Side Management .....</b>	<b>7</b>
<b>Item 7 Types of Clients.....</b>	<b>7</b>
<b>Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>7</b>
<b>Item 9 Disciplinary Information.....</b>	<b>17</b>
<b>Item 10 Other Financial Industry Activities and Affiliations.....</b>	<b>18</b>
<b>Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>	<b>19</b>
<b>Item 12 Brokerage Practices .....</b>	<b>20</b>
<b>Item 13 Review of Accounts .....</b>	<b>24</b>
<b>Item 14 Client Referrals and Other Compensation .....</b>	<b>25</b>
<b>Item 15 Custody .....</b>	<b>25</b>
<b>Item 16 Investment Discretion.....</b>	<b>25</b>
<b>Item 17 Voting Client Securities .....</b>	<b>26</b>
<b>Item 18 Financial Information.....</b>	<b>27</b>

**Item 4     ADVISORY BUSINESS**

King Street Capital Management, L.P. (“*King Street*”) is a Delaware limited partnership that, with its predecessor firm, has been in the investment management business since 1995. King Street’s general partner is King Street Capital Management GP, L.L.C. (the “*Investment Manager GP*”), a Delaware limited liability company. O. Francis Biondi, Jr. and Brian J. Higgins, each a Managing Member of the Investment Manager GP (collectively, the “*Managing Members*”), are the direct majority owners of the Investment Manager GP, and they are also the indirect majority owners of King Street. King Street provides investment management services on a discretionary basis to private investment funds (each, a “*Fund*” and collectively, the “*Funds*”). As of the date of this Brochure, King Street provides investment management services to two separate sets of Funds:

***Flagship Funds*** – The “*Flagship Funds*” are a set of Funds that invests globally. The Flagship Funds currently consist of:

- **King Street Capital, L.P.**, a Delaware limited partnership offered primarily to U.S. taxable investors; and
- **King Street Capital, Ltd.**, a British Virgin Islands business company offered primarily to non-U.S. investors and U.S. tax-exempt investors. King Street Capital, Ltd. is a “feeder” fund that invests substantially all of its assets through a “master” fund entity, King Street Capital Master Fund, Ltd., a British Virgin Islands business company.

***European Funds*** – The “*European Funds*” are a set of Funds that invests primarily in European situations. The European Funds currently consist of:

- **King Street Europe, L.P.**, a Delaware limited partnership offered primarily to U.S. taxable investors; and
- **King Street Europe, Ltd.**, a British Virgin Islands business company offered primarily to non-U.S. investors and U.S. tax-exempt investors. King Street Europe, Ltd. is a “feeder” fund that invests substantially all of its assets through a “master” fund entity, King Street Europe Master Fund, Ltd., a British Virgin Islands business company.

For convenience of reference throughout this Brochure:

- The two Delaware limited partnerships, King Street Capital, L.P. and King Street Europe, L.P., are referred to as the “*Partnerships*”.
- The two British Virgin Islands feeder funds, King Street Capital, Ltd. and King Street Europe, Ltd., are referred to as the “*Offshore Funds*”.
- The two British Virgin Islands master funds, King Street Capital Master Fund, Ltd. and King Street Europe Master Fund, Ltd., are referred to as the “*Master Funds*”.

- The use of the terms “Fund” or “Funds” will include the applicable Master Fund or Master Funds when referring to an Offshore Fund or the Offshore Funds, unless the context requires otherwise.

The investment strategy of the Flagship Funds is broadly defined as global long/short credit and event-driven. The European Funds apply the same strategy to investments primarily in European companies, assets or situations, companies with significant European operations or securities and other financial instruments issued or traded in European markets. The principal investment objective of the Funds is to produce attractive risk-adjusted returns in all types of market environments by capitalizing on mispriced investment opportunities. Each Fund seeks to achieve its objective by investing in instruments related to any level of an issuer’s capital structure (including, without limitation, bank debt, corporate bonds, trade claims, convertible securities, equities, credit default swaps, options and other derivatives, as well as the debt or equity of structured credit products) and across a broad spectrum of companies, industries and asset classes. The Funds may invest directly in these instruments or through intermediate pooled entities, including special purpose vehicles, which are also managed by King Street and/or its affiliates.

King Street currently does not provide investment advisory services to clients apart from its management of the Funds, although it and/or one or more affiliates may do so in the future. The investors in the Funds that King Street manages have no opportunity to select or evaluate any Fund investments or strategies. King Street selects all Fund investments and strategies.

As of January 1, 2014, King Street had approximately \$19,615,000,000 in (net) client assets under management, all managed on a discretionary basis. (Note that the method for computing “client assets under management” is different than the method for computing “assets under management” required for Item 5.F. in Form ADV Part 1A).

King Street’s management of each Fund is subject to, and the terms of any investor’s investment in a Fund and all other terms of each Fund are governed exclusively by the terms of, that Fund’s organizational documents, offering memorandum, limited partnership agreement (if any), memorandum and articles of association (if any), investment management agreement (if any), and subscription agreement, each as may be amended, supplemented or modified from time to time (collectively, the “*governing documents*”). All discussions in this Brochure regarding the Funds, including each Fund’s investments, the strategies King Street pursues in managing the Funds, the fees and expenses borne by investors in the Funds, and all other terms of each Fund, are qualified in their entirety by reference to the Funds’ governing documents.

Please see Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) for more information.

## **Item 5 FEES AND COMPENSATION**

Compensation received by King Street (or its affiliates) from the Funds is comprised of fees based on a percentage of assets under management (“*Management Fees*”) and performance reallocations (“*Performance Reallocations*”).

***Management Fees***

Management Fees are charged at annual rates of 1.5% to 2.0% of net assets of the applicable Fund, payable in advance on a quarterly basis. However, investors in King Street Capital, L.P. who were admitted as limited partners before October 1, 2003 are “grandfathered” at the previous 1.0% management fee rate on all capital contributed prior to January 1, 2004. The Management Fee is adjusted pro rata for any subscriptions, transfers, redemptions or withdrawals during a calendar quarter.

Certain Funds offer classes or series of shares denominated in different currencies (e.g., British pound, Euro, U.S. dollar and Yen). In these cases, the Management Fee will be calculated separately for each class or series in the relevant currency.

***Performance Compensation***

As explained more fully below, affiliates of King Street receive Performance Reallocations equal to 20% of the net profits (including realized and unrealized gains) of the applicable Fund, if any (after taking into account expenses of such Fund, including any Management Fees). Depending on the Fund, the Performance Reallocation is calculated and applied either quarterly or annually.

In the case of the Offshore Funds, the Performance Reallocation is applied at the Master Fund level and received by the King Street affiliate that serves as a special shareholder of the Master Fund. In the case of the Partnerships, the Performance Reallocation is calculated and applied separately for each investor’s capital account and received by the King Street affiliate that serves as the general partner of the Partnership. If a Fund offers multiple classes or series of shares, the Performance Reallocation is calculated separately for each class or series in the relevant currency.

The Performance Reallocation is calculated in accordance with each Fund’s governing documents and is generally subject to the following additional terms:

- The Performance Reallocation is reduced by a loss carryforward limitation, which generally requires that prior unrecouped net losses be made up before the Performance Reallocation is made.
- If an investor withdraws or redeems from a Fund on a date other than a date on which the Performance Reallocation is due, the Performance Reallocation applicable to the withdrawal or redemption will be calculated and accrued on that date.
- The Performance Reallocation does not take into consideration gains and losses applicable to Special Investments (as defined in Item 8) that continue to be held in Special Investment accounts as of the Performance Reallocation date.

Performance Reallocations may create an incentive for King Street to make more risky and speculative investments than it would otherwise make.

King Street complies with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”), to the extent required by applicable law.

King Street may, in its sole discretion, waive all or any portion of the Management Fee and/or Performance Reallocation with respect to any investor including, but not limited to, King Street, its affiliates and any of their respective current or former principals, members, directors, officers, partners, employees, the family members of any of the foregoing and any trusts or other vehicles for the benefit of such persons and any charitable trust, foundation or similar entity established by any such persons.

### ***Fund Expenses***

Each Fund generally pays expenses incurred by it and reimburses King Street or its affiliates for certain indirect expenses incurred on its behalf. Such expenses include, without limitation, the Management Fee for the applicable Fund, administrative costs, including the fees and expenses paid to a Fund’s administrator, accounting and valuation, tax, auditing, legal and compliance, regulatory expenses including in connection with filings pertaining to the Funds or the Funds’ investments (including, without limitation, blue sky, FATCA, Form D, Section 13, Form PF, etc. and comparable non-U.S. filings), consulting and other professional fees and expenses, custodial, clearing and transfer agency fees and expenses, printing and mailing expenses, the Funds’ subscription agreements, notices, reports and sales literature and the delivery of such materials to existing and potential investors, other promotional expenses, organizational expenses (including organization of trading or special purpose vehicles), the cost of maintaining a Fund’s existence and registered office, any required licenses, the costs and expenses of products and services relating to research concerning a Fund’s investments or potential investments, (except to the extent that such costs or expenses are paid for with soft dollars) including travel related to research or investments, all investment expenses, whether or not such investments are consummated, asset-based fees, performance-based fees, allocations and other expenses of joint venture or co-investments with third parties, expenses relating to obtaining and maintaining insurance for the Funds, King Street, the Investment Manager GP or any of their respective employees, members, affiliates and expenses similar to any of the foregoing related to a Fund.

The above description of Fund expenses is not intended to be exhaustive. For a description of the fees and expenses borne by each Fund, please see the applicable Fund’s offering memorandum.

King Street bears its own operating, general, administrative and overhead costs and expenses, other than the expenses borne by the Funds.

### ***Termination***

*The Partnerships.* King Street’s relationships with the Partnerships are terminable only upon the dissolution and liquidation of the applicable Partnership pursuant to the terms of its partnership agreement, a withdrawal as a general partner by the applicable King Street affiliate, or the assignment in full of its interest in the Partnership to an unaffiliated party.

*The Offshore Funds.* Each Offshore Fund may typically terminate its investment management agreement with King Street by giving at least 60 days' written notice prior to the annual renewal of the agreement or upon King Street's material default, insolvency or bankruptcy.

*Withdrawals and Redemptions.* Investors in the Funds are generally permitted to redeem or withdraw (as applicable) in accordance with the applicable redemption or withdrawal terms for each Fund as set forth in the applicable governing document.

In each case, expenses incurred and management and performance compensation earned through the date of termination are charged to the relevant Fund.

## **Item 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described in Item 5 (Fees and Compensation) above, affiliates of King Street receive Performance Reallocations from the Funds. The fact that an affiliate of King Street is compensated based on trading profits may create an incentive for King Street to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the performance-based compensation received by the affiliates of King Street is based primarily on realized and unrealized gains and losses. As a result, some performance-based compensation may be based on unrealized gains that investors do not realize.

## **Item 7 TYPES OF CLIENTS**

As noted above, King Street currently provides investment advice to private investment funds, although it may provide investment advisory services to clients other than the Funds in the future. Please see Item 4 (Advisory Business).

## **Item 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Primary Investment Strategies and Methods of Analysis**

As noted in Item 4 (Advisory Business), King Street's investment strategy for the Flagship Funds is broadly defined as global long/short credit and event-driven. The European Funds have the same basic investment strategy except that it is applied to investments primarily in European companies, assets or situations, companies with significant European operations or securities and other financial instruments issued or traded in European markets. King Street takes a fundamental and research-intensive approach to investing, where downside risk assessment is central to each investment decision.

Each Fund seeks to achieve its objective by investing in instruments related to any level of an issuer's capital structure (including, without limitation, bank debt, corporate bonds, trade claims, convertible securities, equities, credit default swaps, options and other derivatives, as well as the debt or equity of structured credit products) and across a broad spectrum of companies, industries and asset classes. Most of the Funds' long and short investments are primarily directional in nature (as opposed to relative value opportunities), but the Funds may also opportunistically implement intercapital trades. The Flagship Funds pursue investment



opportunities in the United States, as well as other markets, including, without limitation, Canada, the United Kingdom, continental Europe, South America, Australia and Asia. The European Funds focus primarily on investments in European issuers or situations, but may also pursue investment opportunities involving other markets, including, without limitation, the United States, Canada, Australia and Asia.

On the long side, the Funds focus on companies, assets and instruments trading below their inherent value. These investments include companies with fundamentally sound businesses that are experiencing financial distress or difficulty due to a challenging operating environment and/or inappropriate capital structures, including companies that are reorganizing under applicable bankruptcy laws, restructuring debt obligations outside of court, liquidating assets to pay off creditors or emerging from a recent financial restructuring. It has been the experience of King Street that banks, mutual funds, insurance companies and other institutional investors often sell the securities of these companies without regard for their inherent value because they are not equipped to analyze defaulted or distressed securities and are frequently not permitted or are unwilling to hold them in their portfolios due to, for example, their investment guidelines. Consequently, there are opportunities to purchase these securities at significant discounts to their recovery values. The Funds also invest in out-of-favor industries and issuers, as well as situations where the market has overreacted to an event or series of events (for instance, the potential for or initiation of significant litigation). Frequently, investment opportunities arise because the investment community has become unduly pessimistic about a company's business prospects, asset values or litigation risks. The Funds seek to capitalize on these opportunities by purchasing securities at attractive prices.

In addition to more traditional long investments, an important aspect of each Fund's strategy involves implementing short positions in the securities of companies that King Street believes may deteriorate in credit quality due to operating or financial challenges or become subject to a leveraging event (such as a leveraged buyout or recapitalization) or have a negative event in the future.

In addition to directional long or short investments, the Funds opportunistically implement intercapital trades comprised of both a long and short component. Examples of such trades include basis trades between bonds and credit default swaps, trades that take a view on the steepness of an issuer's credit curve, intercapital trades that are long a senior security and short a more junior security and pair trades between different issuers in related businesses.

### *Risk Management*

Risk management and preservation of capital are key aspects of King Street's portfolio construction. Risks are analyzed and actively managed for each portfolio investment based upon intense fundamental research as well as King Street's assessment of liquidity, market conditions and other circumstances specific to each situation. King Street reevaluates the expected return and risk of each investment as new information becomes available and adjusts the Funds' positions accordingly. Portfolio level risks and exposures are also actively monitored.

Risks also are managed through conservative asset valuations (i.e., purchasing securities or other instruments at a discount to King Street's assessment of true value) and sizing of positions. King

Street attempts to minimize portfolio risk by diversifying the Funds' holdings among various securities, companies, industries and geographic regions (although the Flagship Funds' investments tend to be concentrated in the United States and the European Funds' in Europe). Neither Flagship Fund intends to make an investment in any one issuer that, at the time thereof and giving effect thereto, exceeds 20% of the Fund's gross assets. There is no corresponding limitation on the European Funds.

With regard to privately-negotiated transactions (such as credit default swaps), King Street attempts to limit the Funds' counterparty credit risk by diversifying the Funds' exposure across multiple counterparties, considering each counterparty's (or its guarantor's) credit rating and utilizing other credit risk mitigation techniques, such as guarantees, collateralization and periodic mark-to-market settlement. Additionally, to the extent that the Funds are required to post initial margin to support their obligations under uncleared over-the-counter swap transactions, King Street generally seeks to post such initial margin to an independent third-party custodian, which further limits the Funds' counterparty risk.

The Funds may become significantly exposed to a particular currency due to certain investments being denominated in that currency. The Funds, when deemed appropriate by King Street, may, in order to reduce such exposure, engage in currency hedging, either through forward currency exchange contracts or transactions in the spot (cash) market.

King Street has established a risk committee (the "*Risk Committee*") that meets periodically to review and consider certain portfolio risk-related issues. Specifically, the Risk Committee sets policies and monitors exposures with respect to idiosyncratic risks at the issuer level, market risks, liquidity risks and counterparty risks. In particular, the Risk Committee is responsible for setting and modifying risk guidelines, reviewing and monitoring current exposures in the context of market conditions and guidelines, prioritizing risk-related technology and infrastructure initiatives, risk reporting and risk escalation.

#### *Broad Investment Authority*

King Street generally has broad discretionary authority to determine the investments to be traded and the strategy and approaches used to meet the overall investment objectives of the Funds. As such, the Funds may invest in securities and other financial instruments at any level of an issuer's capital structure, including U.S. and non-U.S. securities, convertible securities, debt securities, asset-backed securities, loans, trade claims, commodities, options and other derivatives, currencies, and real estate-related assets. The Funds may invest in initial public offerings of securities and may establish both long and short positions. In addition, each Fund may enter into joint venture arrangements, co-invest with third parties and/or other Funds or otherwise participate in pooled investment vehicles with others if King Street determines that such an arrangement is in the best interest of the Fund. King Street may, in its sole discretion, offer excess allocations of Special Investments to one or more investors and may offer co-investment opportunities to one or more investors or third parties. Any limitations on authority are detailed in each Fund's offering memorandum. Any fees and allocations related to any of the foregoing to parties other than King Street or its affiliates will not reduce the Management Fee or the Performance Reallocation.

*Special Investments*

From time to time, each Fund may acquire assets or securities that King Street believes either lack a readily assessable market value or should be held until the resolution of a special event or circumstance. King Street may, in its sole discretion, designate such assets or securities, upon their acquisition or while held by the Fund (together with related hedges, financings or similar investments), as special investments (each, a “*Special Investment*”).

The cost of all outstanding Special Investments (or fair value at the time of designation, as determined in good faith by King Street, if any existing investment is designated as a Special Investment) is not expected to comprise: (a) for the Flagship Funds, more than 15% of each Fund’s net assets (calculated, for these purposes, by adding any amounts that are attributable to deferred fees, if any), determined at the time that any such investment is designated; and (b) for the European Funds, more than 15% of the aggregate net asset value (calculated, for these purposes, by adding any amounts that are attributable to deferred fees, if any) of the shares or interests (including shares or interests in Special Investments) held by investors in the applicable Fund who have elected to participate in Special Investments, measured at the time that any such investment is designated. Notwithstanding the foregoing, the Flagship Funds and/or the European Funds may allocate to one or more consenting investors a portion of Special Investments in excess of such investors’ *pro rata* share (and such overallocation shall not be counted toward the 15% guideline referenced above), which may have the effect of reducing the portion allocated to investors that do not receive an excess allocation.

**Summary of Certain Risk Factors**

Investing in securities and other instruments involves risk of loss that investors in the Funds should be prepared to bear. The management style offered by King Street may be deemed speculative and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of such an investment. No guarantee or representation is made that the Funds will achieve their investment objectives.

The following is a brief summary of certain of the more significant risks associated with King Street’s investment strategies. A more detailed description of the risks associated with King Street’s investment strategies as well as other risks associated with an investment in each Fund is included in that particular Fund’s offering memorandum. ***Please see the offering memorandum of each Fund, including “Investment Risk Factors” and “Potential Conflicts of Interest” for specific information regarding the principal risks applicable to individual Funds.***

***General*** – An investment in the Funds is speculative and entails a significant degree of risk and, therefore, should be undertaken only by investors capable of evaluating the merits and risks of the Funds and bearing the risks they represent, including the potential loss of their entire investment. There can be no assurance that the Funds will be able to achieve their investment objectives or that significant losses will not be incurred.

***Market Risk*** – The Funds invest in and actively trade securities and other financial instruments or assets (including derivative instruments) utilizing strategies and investment techniques with

significant risk characteristics, including risks arising from the volatility of the debt and equity markets. The prices of the financial instruments in which the Funds invest can be highly volatile. Price movements of equity, debt and other securities, instruments and assets in which the Funds are invested are influenced by, among other things, interest rates, foreign exchange 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. Moreover, war, political or economic crisis, or other events may occur which can be highly disruptive to the markets, regardless of the strategies being employed. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments and derivative instruments. Such intervention often is intended to directly 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. Sustained cyclical market declines and periods of unusual market volatility make it more difficult to produce positive trading results, and there can be no assurance that the Funds' strategies will be successful in such markets.

The Funds may also incur major losses in the event of disrupted and/or illiquid markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions caused by unexpected political, military and terrorist events, losses due to natural disasters and other catastrophic events or government intervention in the markets may from time to time cause dramatic losses for the Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

The Funds may invest a portion of their respective assets in securities and instruments of issuers located outside the United States. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. In addition, financial accounting standards and practices may differ, and there may be less publicly available information regarding issuers in such locations. Moreover, investing in "developing" or "emerging" markets involves additional risks and special considerations not typically associated with investing in other more established economies or securities markets.

***Instrument and Strategy Risk*** – The Funds also face certain risks associated with the types of instruments in which they invest.

*Debt and Credit-Related Instruments* – Each Fund may make long and short investments in debt securities and other credit-related instruments without limitation. Debt and credit-related instruments are subject to interest rate risk, credit risk, risk of default, prepayment risk and other risks. Lower-rated and unrated securities in which a Fund may invest are subject to volatility, have large uncertainties or major risk exposures to adverse conditions, and are considered to be predominantly speculative. Distressed securities involve a substantial degree of risk, including high volatility, uncertainty of payment, risks and costs of litigation, corporate workouts and reorganizations. Investments in bankrupt and insolvent companies generally are illiquid and involve additional risks and costs.

*Special Situations and Event-Driven Investments* – Each Fund may invest in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or will result in a distribution to a Fund of cash or a new security, the value of which will be less than the purchase price of the security in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which a Fund may invest, there is a potential risk of loss by a Fund of its entire investment in such companies.

*Bank Debt* – The investment program of the Funds may include direct or indirect investments in bank debt. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; (iv) limitations on the ability of a Fund to directly enforce its rights with respect to participations; and (v) possible equitable subordination. In analyzing bank debt transactions, King Street compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks are borne by the Funds.

*Real Estate* – Real estate investments generally will be subject to the risks incident to the ownership and operation of real estate and/or risks incident to the making of nonrecourse mortgage loans secured by real estate, including risks associated with both the domestic and international general economic climates; changes in interest rates; local real estate conditions; risks due to dependence on cash flows; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); the financial condition of tenants, buyers and sellers of properties; limitations on rents; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate, environmental and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and the ability of the Funds or third-party borrowers to manage the real properties. The Funds may incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. In addition, the Funds may choose to work with management companies in connection with their real estate investments, which could adversely affect the Funds. Real estate investments are not as liquid as some other types of investments and this decreased liquidity may tend to limit the ability of the Funds to react promptly to changes in economic or other conditions.

*Trade Claims and Similar Claims* – Each Fund may invest in unsecured claims held by entities owed for goods, services or other losses against companies that have filed for bankruptcy protection (such claims are known as “trade claims”). Because of the absence of a regulated market for trade claims and the decreased transparency of pricing

information with respect to trade claims (and the resulting difficulties in determining market values for them), as well as the risk that such claims may be disallowed, reduced or given lower priority by the bankruptcy court or treated differently from other forms of debt under the debtor's plan of reorganization approved by the bankruptcy court, a Fund may suffer significant losses.

*Structured Credit Products* – Each Fund may invest in structured credit products. These products include, but are not limited to: collateralized debt obligations (“CDO”) and collateralized loan obligations (“CLO”); mortgage-backed securities or collateralized mortgage obligations (“MBS” or “CMO”); other asset-backed securities (“ABS”), such as automobile and credit card-backed securities; and structured investment vehicles (“SIV”). Structured credit products generally are collateralized investment products where repayment is derived from the performance of the underlying assets or other reference assets, or by third parties that serve to enhance or support the structure. Given the complexity of many structured credit products, including the composition and credit characteristics of the underlying collateral, credit risk associated with these products is difficult to measure. Therefore, these products may be subject to significant credit risk, including risk of default or downgrade. In addition, the Funds will have limited remedies available upon the default of most structured credit products. Moreover, due to a lack of an active secondary market for structured credit products, they generally are illiquid and difficult to value. Structured credit products are also subject to correlation risk, interest rate risk, market risk and operational risk, which have generated significant losses for some structured credit products during the recent credit market turmoil. Structured credit products purchased by the Funds may be unrated or non-investment grade. Interests in unrated and non-investment grade structured credit products are subject to a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments may be speculative.

*Derivatives* – Each Fund intends to extensively use derivatives, including futures, options, swaps and forward contracts, in its investment program for speculative and hedging purposes. The use of such instruments entails various risks, including pricing, legal, counterparty, operational, liquidity and leverage risks. Derivative instruments that may be purchased or sold by a Fund include privately negotiated principal-to-principal transactions in which performance is the responsibility of the individual counterparty and not an organized execution facility, exchange or clearinghouse. The risk of nonperformance by the counterparty on such transactions may be greater and the ease with which a Fund can replace such transactions with another counterparty may be less than in the case of exchange-traded instruments. Other risks include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Such transactions are also not subject to the same type of government regulation as exchange-traded instruments, and therefore many of the protections afforded to participants in a more regulated environment may not be available. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) has introduced extensive regulation to the U.S. swaps market, including the imposition of registration requirements on swap dealers,

mandatory clearing and on-exchange trade execution for certain swaps, as well as margin, reporting and recordkeeping requirements. The full impact of these regulatory changes on the Funds are difficult to determine at this time. As a result of the Dodd-Frank Act, the Funds expect to be required to transact certain swaps on regulated trading venues and to clear certain swap trades through a clearinghouse. This will lead to additional risks to the Funds as a result of clearing through third parties, such as operational risk and risk of fraud, as well as risk that the cleared contracts may, in the future, become subject to position limits. In parallel with the Dodd-Frank Act and other initiatives in the U.S., steps are also being taken to regulate over-the-counter derivatives contracts in the European Union, which could result in additional regulatory and operational risks to the Funds' transactions in derivatives in the European Union and/or could adversely impact the ability of the Funds to adhere to their respective investment approaches and achieve their respective investment objectives.

*Short Selling* – Each Fund's investment strategy involves entering into short sale positions, both directly and indirectly through the use of credit default swaps, options and other derivative instruments. In certain cases, a short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a Fund of buying that security to cover the short position. If a Fund is not able to maintain the ability to borrow securities sold short, it 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. Additionally, certain market participants could accumulate such securities in a "short squeeze," which would reduce the available supply, and thus increase the cost, of such securities. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

*Equity Instruments* – Each Fund may invest its assets in equity securities, including preferred or common stocks, and there is no limitation on the type, size or operating experience of the issuers in which a Fund may invest. A number of King Street's strategies are based on attempting to predict the future price level of different equity or equity-related securities. Numerous interrelated and difficult-to-quantify economic factors, as well as market sentiment, subjective and extraneous political, climate-related and geopolitical factors influence the prices of equities. There can be no assurance that King Street will be able to predict future price levels correctly. While diversification among issuers may mitigate these risks, a Fund is not required to diversify its investments in equity securities, and investors should expect fluctuations based on market conditions in the value of equity securities held by the Fund.

*Illiquid Investments* – Certain of the investments of the Funds may be or become illiquid and involve a high degree of business and financial risk that could result in substantial losses. Because of the absence of active or regulated trading markets for these illiquid investments, and because of the difficulties in determining market values accurately, it may take a Fund longer to liquidate these positions (if they can be liquidated) than would be the case for more liquid investments. The prices realized on the resale of illiquid

investments could be less than those originally paid by a Fund. Further, companies whose securities are not publicly listed may not be subject to public disclosure and other investor protection requirements applicable to issuers of publicly traded securities. Investments that King Street believes either lack a readily assessable market value or should be held until the resolution of a special event or circumstance may be designated as Special Investments, which investors may be required to hold indefinitely.

*Non-U.S. Investments* – The Funds may invest in the equity, debt or other securities and instruments of issuers located outside the United States. These securities and instruments may be affected by political, social and economic uncertainty affecting a country or geographic region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different from that of the United States, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information regarding issuers in such locations. Income received by a Fund from sources within some countries may be reduced by withholding taxes imposed by such countries. The risks associated with non-U.S. investments, and in particular European issuers, may be greater for the European Funds.

*Leverage* – Each Fund may borrow funds and enter into agreements in connection therewith and may also leverage its investment return with structured products, options, short sales, swaps, forwards, credit derivatives and other derivative instruments. The amount of borrowings which each Fund may have outstanding at any time may be substantial in relation to its capital. Any event which adversely affects the value of an investment by a Fund would be magnified to the extent that a Fund is leveraged. The cumulative effect of the use of leverage by a Fund in a market that moves adversely to a Fund's investments could result in a substantial loss to a Fund which would be greater than if a Fund were not leveraged. The use of leverage may create interest expenses for a Fund, which can exceed the investment return from the borrowed funds.

*Turnover and Transactions Costs* – King Street actively manages each Fund's portfolio. The turnover rate of a Fund's investment portfolio may be significant, potentially involving substantial brokerage commissions and fees and other transactions costs. In particular, many of the Funds' investments, including those that are not readily marketable, may involve higher bid-ask spreads than investments that are exchange-traded.

***Operational and Counterparty Risk*** – Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in the Funds' operations may lead to financial losses, the disruption of their businesses, liability under applicable law, regulatory intervention or reputational damage. The Funds' businesses are highly dependent on King Street's and the Funds' administrator's ability to process, on a daily basis, a large number of transactions across numerous and diverse markets. Consequently, the Funds rely heavily on their financial, accounting, risk and other data processing systems. The capacity of these systems to



accommodate an increasing volume of transactions could also constrain the Funds' abilities to properly manage their portfolios.

The Funds are also exposed to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such "counterparty risk" is accentuated where the Funds have concentrated transactions with a single counterparty or small group of counterparties. Moreover, the Funds' internal credit function by which King Street evaluates the creditworthiness of the Funds' counterparties may prove insufficient, which may increase the potential for losses by the Funds.

Risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, such that a default by one institution causes a series of defaults by other institutions. This is sometimes referred to as systemic risk. Systemic risk may adversely affect financial intermediaries, such as clearinghouses, banks, securities firms and exchanges, with which the Funds interact on a daily basis.

***Conflicts of Interest*** – Potential conflicts of interest may arise between King Street and its affiliates, on the one hand, and the Funds on the other. King Street and its affiliates manage several Funds with objectives that are similar or overlapping. In addition, King Street and its affiliates may in the future manage or sponsor other investment funds or investment vehicles with objectives that may differ from the Funds'. Other conflicts of interest may arise with respect to (i) the compensation paid to King Street and its affiliates by the Funds; (ii) the allocation of time and resources by King Street and its affiliates and their employees among the Funds or to other business not pertaining to the Funds; (iii) the allocation of investment opportunities among the Funds; and (iv) valuation of the Funds' assets. From time to time, King Street may acquire for a Fund securities of an issuer which have opposing interests to securities of the same issuer that are held by, or acquired for, one or more other Fund (e.g., a Fund may acquire senior debt while one or more other Funds may acquire subordinated debt). Similarly, a Fund itself may make investments that have opposing interests to one another, where the groups of investors holding these investments may not be identical (e.g., if one or both of the investments is designated as a Special Investment). Conflicts of interest may arise under such circumstances.

***Modification of Terms*** – A Fund and/or King Street (or its affiliates) may, from time to time, each in its sole discretion, enter into agreements concerning a particular investor's investment in the Fund, including the terms related to such investment. The Funds and King Street are generally not required to disclose the existence or terms of any such agreements to any other investor or to offer the terms of any such agreements to any other investor. Any investor that is a party to such agreement may have rights that are preferential in some respect to other investors. In addition, each Fund, and in certain cases King Street, will have the discretion to waive or modify the application of certain provisions of such Fund's governing documents. These agreements may, in some respects, be beneficial only to the investors entering into them, including with respect to liquidity rights. Please see the applicable Fund's offering memorandum for additional information regarding these agreements.

***Legal, Regulatory and Tax Risk*** – Legal, regulatory and tax developments that may adversely affect the Funds could occur at any time. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions, including the Dodd-Frank Act and the regulatory initiatives in the European Union, is an evolving area of law and is subject to modification by government and judicial actions.

There has been an increase in government, as well as self-regulatory, scrutiny of the alternative investment industry in general, and the Funds may be subject to new or additional regulatory constraints in the future. The regulatory environment for private funds is evolving, and changes in the regulation of private funds and their trading activities may adversely affect the ability of the Funds to pursue their investment strategies and the value of investments held by the Funds.

***Fund Structure Risk*** – There are certain risks associated with the structure and terms of the Funds. All business and investment decisions on behalf of the Funds are made by King Street. The Funds' investors will have no authority to make decisions or to exercise business discretion on behalf of the Funds. In addition, investors in the Funds will not generally receive information relating to the Funds' portfolio investments, measurements of risk or values related thereto. Each Fund may pursue any of the investment strategies set forth in its respective offering memorandum and may, as it deems appropriate, modify the investment objectives and strategies and may also formulate new approaches to carrying out the overall investment objectives and strategies set forth in such offering memorandum.

An investment in the Funds is suitable only for certain sophisticated investors that have no need for immediate liquidity in their investments. Such an investment provides limited liquidity because interests in the Funds are not freely transferable, and investors are subject to significant limitations on the right to withdraw capital or redeem shares. Furthermore, a significant withdrawal of capital or redemption of shares from the Funds may adversely affect remaining investors.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN KING STREET'S METHODS OF ANALYSIS AND INVESTMENT STRATEGIES USED IN FORMULATING INVESTMENT ADVICE OR MANAGING ASSETS.

## **Item 9      DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of the advisory business or the integrity of the management of King Street or its affiliates listed in Item 10 (Other Financial Industry Activities and Affiliations).

**Item 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS*****General Partner and Special Shareholder Affiliates***

In addition to King Street providing investment management services to the Funds, certain of King Street's affiliates serve as general partners of the Partnerships or special shareholders of the Master Funds. These entities are the recipients of the Performance Reallocation from each applicable Fund.

The entities serving as general partners are:

- King Street Advisors, L.L.C., which serves as general partner to King Street Capital, L.P.; and
- King Street Europe Advisors, L.L.C., which serves as general partner to King Street Europe, L.P.

The entities serving as special shareholders are:

- King Street Master Advisors, L.L.C., which serves as special shareholder of King Street Capital Master Fund, Ltd.; and
- King Street Europe Master Advisors, L.L.C., which serves as special shareholder of King Street Europe Master Fund, Ltd.

***Foreign Subadvisory Affiliates***

King Street has entered into subadvisory agreements with the following affiliates:

- King Street (Europe) LLP, a limited liability partnership formed under the laws of England and Wales, and authorized and regulated by the Financial Conduct Authority of the United Kingdom ("*King Street Europe*");
- King Street (Japan) Limited, a company formed under the laws of Japan and authorized and regulated by the Financial Services Agency of Japan and the Kanto Finance Bureau of Japan ("*King Street Japan*"); and
- King Street (Singapore) Pte. Ltd. (Registration No. CMS100286-1), a private company limited by shares incorporated in Singapore, which holds a Capital Markets Services License and is regulated by the Monetary Authority of Singapore ("*King Street Singapore*").

These affiliates maintain offices in the United Kingdom, Japan and Singapore, respectively, and each manages (and/or makes investment recommendations with respect to) certain assets of the Funds, subject to the direction of, and policies established by, King Street. King Street Europe, King Street Japan and King Street Singapore are compensated directly by King Street.

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

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

King Street has adopted a Code of Ethics and Policies Governing Personal Securities Transactions (“*Code of Ethics*”) which states that each of King Street’s employees shall place the interests of the Funds first. Employees are permitted to invest in securities and other investment products for their own accounts consistent with Rule 204A-1 under the Advisers Act, and in such a manner so as to avoid any actual or potential conflict of interest, or any abuse of an individual’s position of trust and responsibility. These transactions may be the same as or different from the transactions that King Street executes for the Funds. Employees’ personal securities transactions generally must be approved in advance, subject to certain limited exceptions such as accounts for which the employee does not maintain investment control or participate in the investment decisions.

The Code of Ethics requires employees to disclose all reportable securities upon hire and at least annually thereafter, disclose all reportable securities transactions at least quarterly, and disclose all personal investment accounts. Employees generally must provide or arrange for their brokers to send King Street account statements, and must separately report on a quarterly basis any reportable security transactions that do not appear on an account statement.

***Gifts and Entertainment***

The Code of Ethics contains policies and procedures intended to prevent employees from being unduly influenced in their decisions by the receipt of gifts or other inducements from third parties, such as trading counterparties, vendors and investors.

***Political Contributions***

King Street and its supervised persons may make political contributions to persons who may serve or seek to serve in elected capacities with certain public entities. These political contributions are permitted only in compliance with Rule 206(4)-5 under the Advisers Act (relating to pay-to-play activities) and corresponding local laws and regulations.

***Outside Activities***

The Code of Ethics requires employees to obtain prior approval to engage in certain outside business activities. From time to time a principal or employee of King Street or its affiliates or a related person may serve as a director (or equivalent) of one or more companies in which one or more of the Funds invests.

King Street’s principals, employees, affiliates and related persons will use their best efforts in connection with the purposes and objectives of the Fund and will devote so much of their time and effort to the affairs of the Funds as may, in their judgment, be necessary to accomplish the purposes of the Funds. However, there is no obligation that they devote any specific amount or percentage of their time to the affairs of the Funds.

Existing or prospective clients may obtain a copy of King Street's Code of Ethics upon written request directed to: Chief Compliance Officer, King Street Capital Management, L.P., 65 East 55<sup>th</sup> Street, 30<sup>th</sup> Fl, New York, NY 10022 or by calling (212) 812-3130.

### ***Material Non-Public or Confidential Information***

By reason of King Street's, its affiliates' or related persons' business or investment activities, King Street or such affiliates or related persons may acquire material nonpublic or confidential information or otherwise be restricted in their investment activities, and, in such event, may not be free to act upon such information. Moreover, due to such confidential information and/or restrictions, King Street may not initiate a transaction for a Fund that King Street otherwise might have initiated, and a Fund may, as a result, be required to maintain a position that it otherwise might have sold, or be required to refrain from acquiring a position that it otherwise might have acquired.

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

King Street does not buy or sell securities for its own account. However, King Street or an affiliate of King Street may have an interest, as general partner or otherwise, in one or more of the Funds. In addition, certain members, directors, officers and employees of King Street and its affiliates are permitted to own, buy and/or sell interests in the Funds. Accordingly, King Street and/or its affiliates and employees may from time to time have a substantial interest in certain of the Funds managed by King Street. If King Street's or its affiliates' interests in a Fund are substantial, the Fund may be treated as a proprietary account of King Street for certain purposes. To the extent any such proprietary account participates in transactions in securities or other instruments in which other Funds or accounts participate, King Street will ensure that such proprietary account participates in accordance with King Street's policies and procedures on allocation of investments and applicable legal and regulatory requirements, if any. In addition, King Street has established master-feeder structures whereby the Offshore Funds invest substantially all of their assets in the corresponding Master Fund. Investors in these Funds are subject to only one level of Management Fees and Performance Reallocations. Also, in the past, King Street had deferred all or a portion of its investment advisory fees payable by certain Offshore Funds and thereby became a creditor to these Offshore Funds. The amount payable to King Street was adjusted during the deferral period to reflect the subsequent losses and/or profits of the applicable Offshore Funds. King Street no longer defers all or any portion of its investment advisory fees payable by these Offshore Funds. However, deferred fees remain in certain of these Offshore Funds from prior years and will be paid out to King Street. King Street remains a creditor to these Offshore Funds until the deferred fees are paid out.

## **Item 12 BROKERAGE PRACTICES**

### ***General***

King Street has sole discretion to determine, subject to each Fund's investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries to use in effecting transactions for the Funds,

and the commission rates to be paid for such transactions. A more detailed discussion of how King Street makes use of this authority follows.

King Street is authorized to determine the broker or dealer to be used for each securities transaction for the Funds. In selecting brokers or dealers to effect portfolio transactions, King Street will seek “best execution” taking into account such factors as King Street determines to be relevant, which may include price (including the applicable brokerage commission or mark-up or mark-down), size of the order, difficulty of execution, the operational facilities and reliability of the firm involved, the firm’s promptness of execution, adequacy of the firm’s trading infrastructure, technology and capital, the quality of service rendered to King Street in other transactions, confidentiality considerations, the firm’s financial stability and reputation, special execution capabilities, access to underwritten offerings, secondary markets and over-the-counter investment opportunities, the availability of bonds or stocks to borrow for short trades, the firm’s ability to accommodate any special execution or order handling requirements that may surround a particular transaction, any research or brokerage products or services provided by such brokers or dealers, and such other factors as King Street deems appropriate. King Street need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread available. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual business received by a broker-dealer may be less than the suggested allocations, but can (and often does) exceed the suggestions because transactions are allocated on the basis of all the considerations described above.

Each Fund’s securities transactions can be expected to generate a substantial amount of brokerage commissions and other compensation, all of which the Funds, not King Street, are obligated to pay. King Street has sole discretion in deciding which brokers and dealers each Fund uses and in negotiating the rates of compensation each Fund pays. In addition to using brokers as agents and paying commissions, each Fund may buy or sell securities directly from or to dealers acting as principals at prices that include mark-ups or mark-downs, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters or dealers. In addition, from time to time, King Street may execute over-the-counter trades on an agency basis rather than on a principal basis. In these situations, the broker-dealer used by each Fund may acquire or dispose of a security through a market-maker (a practice known as interpositioning). The transaction may thus be subject to both a commission and a mark-up or mark-down. King Street believes that the use of a broker-dealer in such instances can provide anonymity in connection with a transaction. In addition, a broker-dealer may, in certain cases, have greater expertise or ability in accessing the markets and executing a transaction.

In light of the fact that a Fund’s investment program includes trading as well as investments, short-term market considerations will frequently be involved. King Street believes that the turnover of a Fund’s portfolio (and, therefore, brokerage-related expenses) is substantially greater than the turnover rates of certain other types of investment vehicles.

***Soft Dollars***

From time to time, the Funds may pay a broker or dealer commissions (or mark-ups or mark-downs with respect to certain types of riskless principal transactions) at a higher rate than that which another broker or dealer might have charged for effecting the same transaction in recognition of the value of the brokerage and research services provided by the broker or dealer. The use of any commissions or soft dollars to pay for research or brokerage products or services will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”). Products or services that may be furnished or paid for by brokers or dealers may include, without limitation, research products and services, such as research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, performance measurement data, consultations, economic and market recommendations, general reports, quotation services, as well as other brokerage products and services, such as special execution capabilities, clearance, settlement, net pricing, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, financial strength and stability, efficiency of execution and error resolution, availability of stocks to borrow for short sales, custody, recordkeeping and similar services.

Research obtained by the use of commissions arising from a Fund’s portfolio transactions may be used by King Street or its affiliates in its other investment activities and to service other Funds, and therefore the Fund(s) that generated the commissions used to obtain the research may not, in any particular instance, be the direct or indirect beneficiary of the research provided. Under Section 28(e), research or brokerage services obtained with soft dollars generated by a Fund may be used by King Street to service other Funds, or clients other than that Fund, if any. Where a product or service obtained with soft dollars provides assistance both within the safe harbor created by Section 28(e) of the Exchange Act and outside of the safe harbor, each Fund will make a reasonable allocation of the cost that may be paid for with soft dollars and pay the remaining portion using King Street’s own hard dollars. The portion of the cost of such products and services that King Street allocates to be paid for with soft dollars generated by a Fund will be borne indirectly by the Fund, rather than directly by King Street. Neither the Management Fee nor the Performance Reallocation will be reduced as a result of the use of soft dollars. While soft dollars may be used as described above, third-party research-related products or services and brokerage services generally will be paid for directly by the Funds as an expense. King Street and its affiliates may derive substantial direct or indirect benefits from the use of soft dollars, as they may not otherwise have to produce, develop or acquire such research, products or services. Accordingly, the relationships with brokerage firms that provide soft dollar services may influence the judgment of King Street in allocating brokerage business of the Funds and create a conflict of interest in using the services of those brokers or dealers to execute the Funds’ brokerage transactions.

***Aggregation of Trades***

King Street will typically aggregate sale and purchase orders of securities on behalf of the Funds if King Street believes that such aggregation is reasonably likely to result in an overall benefit to the Funds based on an evaluation of factors in King Street’s sole discretion. In many instances, the purchase or sale of securities for the Funds will be effected simultaneously. Such

transactions may be made at slightly different prices, due to the volume of securities purchased or sold. Each Fund that participates in an aggregated order generally will participate at the average price for all of King Street's transactions in that investment on a given business day (provided, that this policy is subject to the sole discretion of King Street, and with respect to certain instruments such as option contracts, determining the average price may not be possible), with transaction costs shared *pro rata* based on each Fund's participation in the transaction. King Street will receive no additional compensation of any kind as a result of an aggregated order. For certain over-the-counter transactions (e.g., bank debt, derivatives), for administrative and operational reasons, King Street may execute a transaction in a Fund's name and enter into a participation agreement granting an interest in the relevant investment to other Funds or vice versa, rather than having each participant purchase its allocable share directly. Furthermore, King Street may establish one or more special purpose vehicles in which the Funds may invest alongside each other for tax, legal, operational or other reasons when deemed to be in the interest of each of the Funds.

### ***Allocation of Investment Opportunities***

King Street and its affiliates and their respective members, directors, officers and employees ("Affiliated Parties") may have conflicts of interest in allocating investments among, and in effecting transactions and taking actions for, the Funds as a result of having differing economic interests in different Funds. In order to mitigate these conflicts, King Street has adopted policies and procedures pursuant to which investment opportunities are required to be allocated by King Street and its Affiliated Parties on a fair and equitable basis among the Funds for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations (a) whether the risk-return profile of the proposed investment is consistent with the objectives of the Funds, which objectives may be considered (i) solely in light of the specific investment under consideration or (ii) in the context of the portfolio's overall holdings and available capital; (b) the potential for the proposed investment to create an imbalance in the portfolio of the Funds; (c) liquidity requirements of the Funds; (d) potential tax consequences; (e) legal or regulatory restrictions; (f) the desire to adjust the risk profile of one or more of the Funds; (g) there being Funds with a substantial amount of investable cash (e.g., during a "ramp-up" period) or a substantial reduction in available cash; and (h) whether such allocation would create *de minimis* exposure with respect to such Funds. Such considerations may result in allocations among the Funds on other than a *pari passu* basis. In addition, the Affiliated Parties may allocate to Funds that specialize in investments in a limited set of sectors, geographic regions, industries or markets greater than their *pari passu* share of any investments in such sectors, geographic regions, industries or markets. Notwithstanding the foregoing, the Affiliated Parties may not be under any obligation to share any investment opportunity, idea or strategy with a particular Fund. From the standpoint of the Funds, simultaneous identical portfolio transactions for each individual Fund may tend to decrease the prices received, and increase the prices required to be paid, by each Fund for their portfolio sales and purchases. Further, it may not always be possible or consistent with the investment objectives of each Fund for the same investment positions to be taken or liquidated at the same time or at the same price.



***Capital Introduction Services***

From time to time, broker-dealers (including, without limitation, prime brokers) and other counterparties may assist a Fund in raising additional funds from investors by introducing a Fund to prospective investors, including by permitting the Fund to participate in capital introduction programs provided by the broker-dealer or its affiliates. Subject to best execution, King Street may direct brokerage through such broker-dealers or may engage such broker-dealers for the provision of prime brokerage services. While King Street confirms that no additional brokerage compensation is charged in respect of such services and no requirements are imposed regarding any particular level of business, King Street may nevertheless face a conflict of interest in that it may have an incentive to select a broker-dealer for the Funds based on King Street's interest in receiving investor referrals, rather than on the Funds' interest in receiving most favorable execution.

***Execution Risk; Trade Errors***

King Street's trading activity for the Funds involves multiple instruments, multiple broker-dealers and counterparties and multiple strategies. Further, the execution of the trading and investment strategies employed by King Street for the Funds may require a high volume of trades, complex trades, difficult to execute trades, use of negotiated terms with counterparties such as in the use of derivatives, and the execution of trades involving less common or novel instruments. King Street has trained the trading and operational staff devoted to executing, settling and clearing such trades. However, in light of the foregoing, some slippage, trade errors and miscommunications with broker-dealers and counterparties may occur and result in losses to the Funds. King Street endeavors to detect trade errors quickly and correct and/or mitigate them in an expeditious manner.

To the extent an error is caused by a counterparty, such as a broker-dealer, King Street will attempt to recover any loss associated with such error from such counterparty. Any costs or losses resulting from trade errors or order errors may be borne by a Fund unless such errors are due to actions by King Street or its affiliates for which King Street or its affiliates would not be entitled to indemnification. See Item 16 (Investment Discretion).

Given the large volume of transactions executed by King Street on behalf of the Funds, investors should assume that trading errors (and similar errors) will occur and that the Funds will be responsible for any resulting losses.

**Item 13 REVIEW OF ACCOUNTS**

King Street performs various daily, monthly and quarterly reviews of the Funds' portfolios. These reviews are conducted by various groups within King Street, including: (i) the Managing Members; (ii) investment committee members, traders and research analysts who monitor and review positions and risk; (iii) certain back office personnel who are responsible for valuation, confirmations, settlements, position reconciliation and allocating profits and losses of the Funds; and (iv) certain risk management personnel.

Investors in each Fund receive periodic written reports on the Fund's operations that contain information about the value of the Fund's net assets and the Fund's net asset value per share (for the Offshore Funds), and the Fund's annual financial statements, audited by an independent public accounting firm. Investors also receive periodic written communications from King Street discussing its investment views and strategies and the performance of the Funds.

#### **Item 14 CLIENT REFERRALS AND OTHER COMPENSATION**

King Street does not currently provide investment advice to any clients other than the Funds, and does not currently compensate any person for referrals of clients. However, King Street may in the future enter into arrangements to provide investment advice to other clients and/or may enter into arrangements with marketing or placement agents to assist with the marketing of the Funds to investors.

Broker-dealers (including, without limitation, prime brokers) and other counterparties may provide a variety of services, including capital introduction services. King Street is not required to direct any volume of business in return for these services. However, it has an incentive to maintain relationships with these firms based on their prior and continued services.

#### **Item 15 CUSTODY**

King Street is deemed to have custody over the assets of the Funds because of the authority of King Street and its affiliates over the accounts and assets of the Funds. Although investors in the Funds do not receive statements directly from the Funds' custodians, they do receive the applicable Fund's annual financial statements audited by an independent public accounting firm. See Item 13 (Review of Accounts). The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of the applicable Fund's fiscal year end. Investors in the Funds are urged to carefully review such statements.

#### **Item 16 INVESTMENT DISCRETION**

King Street exercises sole discretion in managing the investments of each Fund, based on each Fund's particular investment objectives, policies and strategies. For more information, please see Item 4 (Advisory Business). In general, King Street is not liable to the Partnerships unless its acts, or failure to act, constitute fraud, willful misconduct, an intentional breach of the relevant partnership agreement, or gross negligence. Similarly, King Street is not liable to the Offshore Funds except to the extent the liability was caused by King Street's willful misconduct, bad faith, gross negligence, or reckless disregard of its obligations and duties under the relevant investment management agreement. King Street generally has sole discretion to waive or modify the application of any provision of the investment terms applicable to an investor without obtaining the consent of any other investor in a Fund.

Purchase and sale transactions (including derivatives transactions and loan participations) may be "*crossed*" (*i.e.*, effected between Funds, including Funds that may be deemed to be proprietary accounts for this purpose) if the holdings are independently considered appropriate for purchase and sale by different Funds, or to adjust the exposure of certain portfolio securities holdings among the Funds. Such transactions are subject to the following guidelines: (i) they

will be effected at a price determined in accordance with each Fund's valuation policies for the particular securities or assets; and (ii) no extraordinary brokerage commissions or fees (*i.e.*, except for customary transfer fees or commissions) or other remuneration will be paid in connection with any such transaction. King Street is authorized to select one or more unaffiliated persons (including one or more independent directors of an Offshore Fund) to serve on an advisory committee, the purpose of which is to consider and approve or disapprove certain related-party transactions, including without limitations "*principal transactions*" (as such term is used under the Advisers Act). In some circumstances a cross trade may be viewed as a "*principal transaction*" due to the ownership interest in one or more of the Funds by King Street, its affiliates or their personnel. Any decision of the advisory committee to approve or disapprove a transaction will be binding on all investors in the relevant Fund.

#### **Item 17 VOTING CLIENT SECURITIES**

King Street has adopted written proxy voting policies and procedures intended to satisfy the requirements of Rule 206(4)-6 under the Advisers Act. King Street will vote proxies in the best interest of the applicable Fund and in accordance with its proxy voting policy. The proxy voting policy provides, among other things, that in general, if there is a conflict of interest or possible conflict of interest between the applicable Fund, on the one hand, and King Street, on the other, the proxy will be voted in the best interest of the applicable Fund. If King Street determines that any such conflict of interest exists or may be perceived to exist when voting a proxy, King Street may resolve such conflict by: (i) delegating the voting decision for such proxy proposal to an independent third party; (ii) delegating the voting decision to an independent committee of partners, members, directors or other representatives of the Funds, as applicable; (iii) informing the investors in the investing Funds of the conflict of interest and obtaining majority consent to vote the proxy as recommended by King Street; or (iv) obtaining approval of the decision from a King Street legal officer. In general, King Street's proxy voting policy is to vote in accordance with the recommendation of the company's management, unless, in King Street's opinion, such recommendation is not in the best interests of the investing Funds. The Funds do not have the right to direct King Street on how to vote on a particular matter.

There may be circumstances when refraining from voting a proxy is in a Fund's best interest including, without limitation, when and if King Street determines that the cost of voting the proxy exceeds the expected benefit to the Fund. Furthermore, the Funds may invest in non-U.S. securities. The laws and regulations governing shareholder rights and voting procedures differ around the world, and in certain countries, the requirements, restrictions or costs involved with voting may outweigh any benefit that the Funds would receive by voting the proxies involved. In such cases, King Street may decide it is in the best interests of the Funds not to vote the applicable proxies.

Clients may obtain a copy of King Street's Proxy Voting Policies and Procedures and information on how a Fund's securities have been voted upon by submitting a written request directed to: Chief Compliance Officer, King Street Capital Management, L.P., 65 East 55<sup>th</sup> Street, 30<sup>th</sup> Fl, New York, NY 10022 or by calling (212) 812-3130.

**Item 18 FINANCIAL INFORMATION**

There is no current financial condition that is reasonably likely to impair King Street's ability to meet its contractual commitments to the Funds.