

FIRM BROCHURE

(PART 2A OF FORM ADV)

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This brochure provides information about the qualifications and business practices of Adage Capital Management, L.P. If you have any questions about the contents of this brochure, please contact us at: (617) 867-2800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC or a state securities authority does not imply a certain level of skill or training.

Additional information about Adage Capital Management, L.P., also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

Adage Capital Management, L.P. (“ACM”) has no material changes to disclose.

ITEM 3: TABLE OF CONTENTS

ITEM 2: MATERIAL CHANGES	2
ITEM 3: TABLE OF CONTENTS	3
ITEM 4: ADVISORY BUSINESS	5
<i>Firm Description</i>	5
<i>Principal Owners</i>	5
<i>Types of Advisory Services</i>	5
<i>Tailored Relationships</i>	5
<i>Wrap Fee Programs</i>	5
<i>Assets Under Discretionary and Non-Discretionary Management</i>	5
ITEM 5: FEES AND COMPENSATION	6
<i>Description</i>	6
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	6
ITEM 7: TYPES OF CLIENTS	6
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	7
<i>Methods of Analysis and Investment Strategies</i>	7
<i>Risk of Loss</i>	8
ITEM 9: DISCIPLINARY INFORMATION	15
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	15
<i>Broker-Dealer Registration</i>	15
<i>Futures, Commodity Pool Operator, Commodity Trading Advisor</i>	15
<i>Related Person Arrangements</i>	15
<i>Arrangements With Other Investment Advisers</i>	16
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	16
<i>Code of Ethics</i>	16
<i>Participation or Interest in Client Transactions and Personal Trading</i>	17
ITEM 12: BROKERAGE PRACTICES	17
<i>Selecting Brokerage Firms</i>	17
<i>Research and Other Soft Dollar Benefits</i>	18
<i>Brokerage for Client Referrals</i>	19
<i>Directed Brokerage</i>	19
ITEM 13: REVIEW OF ACCOUNTS	19
<i>Periodic Reviews</i>	19
<i>Review Triggers</i>	19

<i>Regular Reports</i>	19
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION	20
ITEM 15: CUSTODY.....	20
ITEM 16: INVESTMENT DISCRETION	20
ITEM 17: VOTING CLIENT SECURITIES	20
<i>Proxy Votes</i>	20
ITEM 18: FINANCIAL INFORMATION.....	21
ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS	22

ITEM 4: ADVISORY BUSINESS

Firm Description

Adage Capital Management, L.P. ("ACM") was formed on July 1, 2001. Bob Atchinson and Phill Gross are the managing partners and principal owners of the firm. Bob and Phill have worked together since 1985. ACM manages one fund, Adage Capital Partners, L.P. ("ACP") and does not manage any separate accounts.

Principal Owners

Bob Atchinson and Phill Gross are the principal owners of ACM.

Types of Advisory Services

ACM manages ACP primarily through industry-specific portfolios that are managed by analysts/portfolio manager teams or individuals. ACM's analysts focus on adding value by stock selection based on intra-industry fundamental analysis. In addition to taking long positions, ACM uses leverage, sells securities short, and invests in derivatives, U.S. and non-U.S. equities and private securities. In addition, ACM may from time to time, as it determines in its discretion, utilize analysts focusing on additional methodologies for identifying investments for ACP, including risk arbitrage and other event driven opportunities. All limited partner investors in ACP share in gains and losses in proportion to their investment in ACP.

Tailored Relationships

Limited partners of ACP do not have the ability to individually tailor their investment or impose unique investment restrictions.

Wrap Fee Programs

ACM does not participate in wrap fee programs.

Assets Under Discretionary and Non-Discretionary Management

As of December 31, 2014, ACM has net assets under discretionary management of \$28,471,600,000 (rounded to the nearest \$100,000) and no assets under non-discretionary management.

ITEM 5: FEES AND COMPENSATION

Description

ACM is an SEC-registered investment adviser and is not required to disclose this information because this brochure will be delivered only to Qualified Purchasers as defined in the Investment Company Act of 1940.

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

ACM has only one client - ACP (i.e. we do not have separate accounts). As an SEC-registered investment adviser, the details of our performance-based fee structure are not required to be disclosed because this brochure will be delivered only to Qualified Purchasers as defined in the Investment Company Act of 1940.

ITEM 7: TYPES OF CLIENTS

Our sole client is ACP. The investors in ACP include:

- High net worth individuals
- Family offices
- Trusts, estates or charitable organizations
- Corporations or other business entities
- Municipal plans
- Private and public pension and profit sharing plans
- Foundations and endowments (or funds of funds that are comprised of endowments and foundations)

- Government or political subdivisions

Generally, the minimum dollar amount required to invest in ACP is \$10,000,000; although we may reduce this minimum amount on a case-by-case basis.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

The investment objective of ACP is to provide investors with compound annual long-term returns that are superior to the returns of the S&P 500 Index (the "Index"). ACM seeks to achieve its objective through stock selection based primarily on intra-industry fundamental analysis with a dedicated focus on intra-industry valuation methodologies. Primary research is a central component of ACM's investment process.

In selecting ACP's investments, ACM utilizes a staff of portfolio managers and equity analysts dedicated to tracking specific sectors represented within the Index that utilize a stock valuation methodology designed for each specific sector. Such investments include long positions and over-weighted positions in securities of companies, both within and outside of the Index, that ACM believes to be attractively valued, with an emphasis on those companies likely (in ACM's view) to outperform other companies within their respective industries or sectors. ACP's portfolio also includes under-weighted positions, and in some cases, short positions in securities of companies within and outside the Index, that in the view of ACM are overvalued by the market, with an emphasis on companies likely (in ACM's view) to underperform other companies within their respective industries or sectors evaluated and modified to reflect the constantly changing factors within each industry.

Investment positions include equity and equity-related securities and other financial instruments, as well as international securities and private securities. Derivative instruments, such as options, futures (with an emphasis on financial futures and subject to the regulatory requirements described below), forward contracts and swaps, may be used to attempt to hedge existing long and short positions, as well as for independent profit opportunities.

ACM currently also utilizes one non-industry specific analyst, focusing on risk arbitrage opportunities for ACP. In addition, ACM may in the future employ additional analysts and/or portfolio managers, focusing on non-industry specific methodologies for identifying investments for ACP, and in connection with such methodologies ACM may

cause ACP engage in additional types of investments, such as leveraged trading and/or risk arbitrage or other event driven trading.

Risk of Loss

An investment in ACP will be impacted by the positive or negative returns of the Index, as well as ACM's ability to outperform the Index. There can be no assurance that the investment objective of ACP will be achieved. In fact, the use of short sales, options, leverage, futures and other derivative instruments may create special risks and substantially increase the impact of adverse price movements on ACP's portfolio. Moreover, an investment in ACP provides limited liquidity since the Interests (as defined below) are not freely transferable, and the limited partners will have limited withdrawal rights.

ACP's investment program emphasizes active management of ACP's portfolio and very substantial portfolio turnover. Consequently, ACP's brokerage commission and other transaction expenses may exceed those of other investment entities of comparable size and such expenses will reduce ACP's net returns. Additionally, ACP is not a tax efficient investment vehicle due to the high degree of turnover, which will generate significant amounts of short term capital gains.

Listed below are additional or further explanations of material risks involved in connection with our investment strategy:

Business Dependent Upon Key Individuals. The limited partners have no authority to make decisions or to exercise business discretion on behalf of ACP. The authority for all investment decisions is delegated to ACM. The success of ACP depends significantly upon the expertise of Bob Atchinson and Phill Gross.

Limited Liquidity; In-Kind Distributions. An investment in ACP provides limited liquidity since the interests in ACP ("Interests") are not freely transferable, and limited partners' withdrawal rights are restricted. Generally, limited partners have the right, upon 60 days' prior written notice, to withdraw all or any portion of their capital accounts based on the value of the capital accounts as of the effective date of the withdrawal (the "Withdrawal Date"). A Withdrawal Date, subject to certain exceptions, is (i) the last day of the twelfth month following the limited partner's admission to ACP and (ii) the end of any fiscal quarter thereafter. Subject to certain restrictions and reserves, payment of a withdrawal request will generally be made within 30 days after the Withdrawal Date. ACP's general partner, Adage Capital Partners GP, L.L.C. (the "General Partner"), may permit the withdrawal of a limited partner under such other circumstances as it, in its sole discretion, deems appropriate. ACP expects to distribute cash to a limited partner upon a withdrawal from the limited

partner's capital account. However, there can be no assurance that ACP will have sufficient cash to satisfy withdrawal requests, or that it will be able to liquidate investments at the time of such withdrawal request at favorable prices. Under the foregoing circumstances, and under other circumstances deemed appropriate by the General Partner, a limited partner may receive in-kind distributions from ACP's portfolio. Such investments so distributed may not be readily marketable or saleable and may have to be held by such limited partner for an indefinite period of time. As a result, an investment in the Interests is suitable only for sophisticated investors. There is no public market for Interests, and it is not expected that a public market will develop.

Incentive Allocation. The incentive allocation from ACP to the General Partner may create an incentive for ACM, as an affiliate of the General Partner, to cause ACP to make investments that are riskier or more speculative than would be the case in the absence of the incentive allocation. In addition, because the incentive allocation is calculated on a basis that includes unrealized appreciation of ACP's assets, it may be greater than if such allocation was based solely on realized gains.

Absence of Regulatory Oversight. ACP is not required and does not intend to register as an investment company under the Investment Company Act of 1940, as amended (the "Company Act") and, accordingly, the provisions of the Company Act (which, among other protections, require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be individually segregated from the securities of any other person, and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be applicable.

Correlation to the Index. ACP's ability to correlate its performance to that of the Index may be affected by numerous factors, including, but not limited to, the size of ACP, changes in the securities market, the manner in which the Index is calculated, changes in the securities comprising the Index, corporate mergers, acquisitions and dissolutions, the frequency and timing of rebalancing transactions and the timing and size of purchases and redemptions of Interests.

Investment and Trading Risks. A limited partner should be aware that it may lose all or a substantial part of its investment in ACP. ACM believes that ACP's investment program and research techniques moderate this risk through a careful selection of securities and other financial instruments. However, no guarantee or representation is made that ACP's program will be successful. ACP's investment program will utilize investment techniques such as short sales, options, warrants, puts and calls, which practices can, in certain circumstances, substantially increase the losses to which ACP may be subject.

Investments in Undervalued Securities. One of the primary strategies of ACP is to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investing in undervalued securities creates opportunities for above-average capital appreciation, this strategy entails a degree of financial risk that can result in substantial losses. Returns generated from ACP's investments in these securities may not adequately compensate for the business and financial risks assumed.

ACP may make certain speculative investments in securities which ACM believes are undervalued; however, there are no assurances that the securities purchased will in fact be undervalued. In addition, ACP may be required to hold such securities for a substantial period of time in order to realize their anticipated value. During this period that ACP's assets are committed to the securities purchased, ACP would be prevented from investing in other opportunities.

Small and Medium Capitalization Companies. ACP expects to invest a portion of its assets in the stocks of companies with small- to medium-sized market capitalizations. While ACM believes such companies often provide significant growth potential, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do 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 of all or a portion of their equity) 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 illiquid.

Forward Trading. ACP may invest in forward contracts and options thereon, which, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and the price at which they were prepared to sell. Disruptions can occur in any market in which Securities held by ACP are traded due to unusually high trading volume, political intervention or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to less than that which ACM would

otherwise recommend, to the possible detriment of ACP. Market illiquidity or disruption could result in major losses to ACP.

Short Selling. ACP's investment portfolio will include short positions. Short selling involves selling securities which may or may not be owned and borrowing the same securities 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 a decline in the price of a particular security to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities. 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 ACP of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

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

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

Liquidity of Futures Contracts. ACP may utilize futures as part of its investment program, subject to certain registration requirements. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation

limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent ACM from promptly liquidating unfavorable positions and subject ACP to substantial losses.

Leverage. ACM may utilize leverage to the extent permitted by applicable law when investing ACP's assets including engaging in trading on margin by borrowing funds and pledging securities as collateral as well as engaging in derivative transactions which may implicitly utilize leverage. While such use of borrowed funds increases returns if ACP earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns if ACP fails to earn as much on such incremental investments as it pays for such funds. The effect of leverage may therefore result in a greater decrease in the net asset value of ACP than if ACP was not so leveraged. Any use by ACP of short-term margin borrowings will result in certain additional risks to ACP. For example, the securities pledged to brokers to secure ACP's margin accounts could be subject to a "margin call," pursuant to which ACP would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A sudden, precipitous drop in value of the ACP's assets accompanied by corresponding margin calls could force ACP to liquidate assets quickly, and not for fair value, in order to pay off its margin debt.

Foreign Investments. ACP may invest in securities of foreign corporations and foreign countries. Investing in the equity securities of foreign corporations involves certain considerations not usually associated with investing in securities of United States companies, including political and economic considerations, such as greater risks of expropriation and nationalization, imposition of withholding and other taxes on interest, dividends, capital gains and other income the potential difficulty of repatriating funds and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict ACP's investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to United States standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the United States. There is also less regulation, generally, of the securities markets in foreign countries than there is of the securities markets in the United States.

Private Issuances. ACP may on occasion invest in private placements. Securities purchased through private placements may be subject to substantial restrictions

on transfer and may lack any ready market. Such securities may be difficult to sell and value. If the issuer of the private placement is not publicly traded, it will not be subject to the reporting requirements under the Securities Exchange Act of 1934, which may make it more difficult for ACM to obtain information about such issuer.

Highly Volatile Markets. The prices of financial instruments in which ACP may invest can be highly volatile. Price movements of forward, futures and other derivative contracts in which ACP's 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. ACP also is subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses.

Hedging Transactions. ACP may utilize a variety of financial instruments, such as stock index options and futures contracts and similar derivatives, both for investment purposes and for risk management purposes. While ACP may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for ACP than if it had not engaged in any such hedging transaction. Moreover, it should be noted that (1) ACM may determine not to hedge against certain risks and (2) the portfolio will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties).

Tax-Exempt Investors. Certain limited partners may be subject to federal and state laws, rules and regulations which may regulate their participation in ACP, or their engaging directly, or indirectly through an investment in ACP, in investment strategies of the types which ACP may utilize from time to time (e.g., short sales of securities and the purchase and sale of options). While ACP believes its investment program is generally appropriate for tax-exempt organizations for which an investment in ACP would otherwise be suitable, each type of exempt organization may be subject to different laws, rules and regulations, and prospective limited partners should consult with their own advisors as to the advisability and tax consequences of an investment in ACP. Investment in ACP by entities subject to ERISA and other tax-exempt entities requires special consideration.

Income recognized by a tax-exempt investor is exempt from federal income tax unless it is "unrelated business taxable income" ("UBTI"). UBTI is income from an unrelated trade or business regularly carried on by a tax-exempt entity. Generally, ACP intends to not participate in activities that generate UBTI, however, ACP may generate UBTI from time to time. Certain entities, including charitable remainder trusts and title holding companies, may not be exempt from tax if they earn any UBTI (or certain types of UBTI) and, accordingly, ACP may not be an appropriate investment for such entities. Private foundations are also subject to complex special tax rules in connection with their investments, including certain excise taxes. Each prospective investor that is a tax-exempt investor, especially an entity subject to special tax rules

such as those mentioned above, should consult its own tax advisor with respect to the tax consequences of investing in and/or receiving UBTI from ACP in light of the investor's particular situation.

Government Intervention and Regulation. In recent years, governments have intervened in the markets by (i) supporting certain companies in financial distress, (ii) restricting short selling and (iii) engaging in measures designed to stimulate the economy. Such interventions are difficult to predict, and their consequences for individual issuers and the markets generally are also uncertain. ACM cannot predict what further interventions may occur or their impact. In addition, the private fund industry is becoming more heavily regulated. While ACM does not anticipate that such regulation will negatively impact its strategy, it cannot predict with certainty what impact it may ultimately have on ACP.

Risk Arbitrage. Risk arbitrage is a highly specialized investment approach generally designed to profit from perceived inefficiencies in market pricing with respect to certain events or conditions, such as the successful completion of proposed mergers, takeovers, tender offers, leveraged buyouts, spin-offs, liquidations and other types of corporate reorganizations (merger arbitrage), or the difference between an issuer's market price and its estimated liquidation value (liquidation arbitrage). Although a variety of risk arbitrage strategies may be employed depending upon the nature of the transaction or condition, one of the most common risk-arbitrage activities involves purchasing the shares of an announced acquisition target at a discount to their expected value upon completion of the acquisition. The principal risk associated with ACP's risk-arbitrage investments is that the proposed transaction based on which ACP invests may be renegotiated or terminated, in which case ACP may suffer losses.

Use of Prime Brokers to Hold Assets. Special risks will exist because ACP will utilize prime brokers. Due to the presence of short positions and to the extent ACP trades on margin, some or all of ACP's assets will be held in one or more margin accounts, which may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. In the event that the prime broker experiences severe financial difficulty, ACP's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time while the prime broker's business is liquidated, resulting in a potential loss to ACP due to adverse market movements while the positions cannot be traded. Furthermore, if the prime broker's pool of assets is determined to be insufficient to meet all claims, ACP could suffer a loss. Investors should be aware that prime brokers may provide research, capital introduction or other services to ACP, and that the provision of such services may create a conflict of interest ACP in selecting a prime broker. ACM may change prime brokers or use additional prime brokers at its discretion.

Counterparty and Custody Risk. ACP may have contractual agreements with various counterparties, including a prime broker, custodian and administrator, to perform various functions or effect certain transactions for or on behalf of ACP. These entities typically are not subject to credit evaluation and regulatory oversight. In addition, ACP may purchase and sell derivative instruments such as swaps in "over-the-counter" or "interdealer" markets. The participants in these markets also typically are not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. Either case exposes ACP to the risk that a counterparty will not settle a transaction in accordance with contractual obligations whether due to insolvency, bankruptcy or other causes. Moreover, disputes over the terms of a derivatives contract (whether or not bona fide) may cause settlement delays because such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause ACP to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where ACP has concentrated its transactions with a single or small group of counterparties.

ITEM 9: DISCIPLINARY INFORMATION

Neither ACM, ACP, or any of their affiliates, employees, or partners do not have any legal or disciplinary events to report.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer Registration

ACM does not have a registration or an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Futures, Commodity Pool Operator, Commodity Trading Advisor

ACM does not have a registration or an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Related Person Arrangements

Adage Capital Services LLC, a wholly owned subsidiary of ACM, provides research and advisory services to ACM through a subadvisory agreement. ACM does not believe that the relationship with Adage Capital Services, LLC creates a material conflict of interest for clients of ACM.

Arrangements With Other Investment Advisers

ACM does not recommend or select other investment advisers for our clients nor do we have other business relationships with those advisers that create a material conflict of interest.

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

Code of Ethics

ACM has adopted a Code of Ethics (the "Code of Ethics") in accordance with Rule 204A-1 of the Investment Advisors Act of 1940 (the "Act"). A copy of the Code of Ethics is available to clients upon request without charge. The purpose of the Code of Ethics is to set forth certain key guidelines that have been adopted by us as office policy for the guidance of all personnel (including personnel of our advisory affiliates) and to specify the responsibility of all employees of and consultants to ACM to act in accordance with their fiduciary duty to our clients and to comply with applicable federal and state laws and regulations. The Code of Ethics requires that all employees and consultants conduct themselves in accordance with high ethical standards, which should be premised on the concepts of integrity, honesty and trust, and in full compliance with all applicable federal and state laws and regulations concerning the securities industry.

The following is a summary of certain provisions of the Code of Ethics:

Confidential Information: As an investment adviser, we have a fiduciary duty to our clients not to divulge or misuse information obtained in connection with our services as an adviser. Therefore, all information, whether of a personal or business nature, that an employee or consultant obtains about a client's affairs in the course of employment or in connection with a consulting agreement with us should be treated as confidential and used only to provide services to or otherwise to the benefit of the client. Such information may sometimes include information about non-clients, and that information should likewise be held in confidence. Even the fact that ACM advises a particular client should ordinarily be treated as confidential.

Material Inside Information: All partners, employees and consultants of ACM (in any capacity) and all persons - friends, relatives, business associates and others - who receive nonpublic material inside information from employees concerning an issuer of securities (whether such issuer is a client or not) are subject to these rules. The Code of Ethics sets forth an extensive list of subject information about which is likely to be material inside information. The Code of Ethics forbids trading on material inside information and also

explicitly forbids disclosing material inside information to another person (“tipping”) who subsequently uses that information for his or her profit.

Fiduciary Duty and Conflicts of Interest: ACM and its employees and partners have a fiduciary duty to its clients to act for the benefit of the clients before taking any action in interest of any employee or the firm.

The Code of Ethics addresses, among others, the following common examples of conflicts of interest.

Gifts and Entertainment: In order to address conflicts of interest that may arise when an employee accepts or gives a gift, favor, entertainment, special accommodation, or other items of value, ACM places restrictions on gifts and entertainment. The Code of Ethics contains policies relating to gifts and entertainment.

Scalping or Front-Running: The Code of Ethics contains policies relating to scalping or front-running trades for clients.

Participation or Interest in Client Transactions and Personal Trading

Personal Trading: ACM’s employees, partners, and family members may not trade any securities that ACM may trade for ACP without prior approval from ACM’s Chief Compliance Officer. In accordance with the Act, employees are required to file quarterly trading reports, and annual holding reports, with the Chief Compliance Officer. Generally, the Chief Compliance Officer will not allow an employee or partner to buy or sell a security at or about the same time we are buying or selling this security on behalf of ACP. Under most circumstances, the Chief Compliance Officer will not allow an employee or partner to invest in the same security that a client may invest in, or be party to a securities transaction with any client, or buy or sell a security for a client that an ACM employee or partner may have a material financial interest in.

ITEM 12: BROKERAGE PRACTICES

Selecting Brokerage Firms

ACM uses various brokers and dealers to execute, settle and clear securities transactions for ACP. In selecting brokers to effect portfolio transactions, ACM considers such factors as best execution, the ability of the brokers and dealers to effect the transaction, the lending commitment or other capacity of the broker to assist ACP with liquidity, the brokers' facilities, reliability and financial responsibility, the provision of proprietary research and the provision or payment (or the rebate to ACP for payment) of the costs of research or other services provided by the applicable broker or provided by other

another broker and paid (or repaid) pursuant to a commission sharing or similar agreement. ACM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Accordingly, if ACM determines in good faith that the commissions charged by a broker or the prices charged by a dealer are reasonable in relation to the value of the brokerage and products or services provided by such broker or dealer, ACP may pay commissions to such broker or prices to such dealer which are greater than those another firm might charge.

On a semi-annual basis, ACM's analysts complete a "Broker Poll." In the Broker Poll, all ACM's analysts are given the same number of points regardless of seniority. Based on their experiences with brokers throughout the period, analysts allocate a certain number of points to certain brokers. After the Broker Poll is completed, the total points are tabulated and become a factor for brokerage allocation.

Research and Other Soft Dollar Benefits

The use of commission or "soft" dollars to pay for research or other products or services will be within the safe harbor for soft dollars created by Section 28(e) of the Securities Exchange Act of 1934. Research and other products and services must assist ACP in the portfolio decision making process. These services may include (but are not limited to): market, financial and economic studies and forecasts, as well as discussions with research personnel, consulting fees with respect to portfolio strategy and research, analytical software with respect to portfolios and securities (but not to the extent used for compliance related purposes or for stress-testing of portfolios), expenses of order management systems (to the extent eligible for the Section 28(e) safe harbor), data services, seminars providing substantive content with respect to issuers, industries and securities (but not travel, meals or hotels related thereto), research reports with respect to issuers, industries and securities and specialty periodicals such as trade magazines and technical journals (but not mass-marketed publications). Where a product or service obtained with commission dollars provides both research and non-research assistance to ACM, ACM will make a reasonable allocation of the cost which may be paid for with commission dollars. When "soft" dollars are used to provide research or other products or services, ACM receives a benefit because ACM does not have to pay for the product or service with its own funds. Additionally, "soft" dollars may create an incentive for ACM to select brokers based on ACM's desire to receive such products or services without paying for them itself, rather than to obtain best execution for ACM's clients. "Soft" dollar arrangements may cause ACP to pay commissions higher than those charged by other brokers in return for such soft dollar benefits.

When a trade is executed with a broker who is providing soft dollars, ACP establishes a soft dollar credit with the executing broker. When the broker provides or pays for research or other products and services for the benefit of ACP (which may include payment for research and other products and services provided by another broker

under a commission sharing or similar agreement) the credit balance is reduced by the amount of the expenditure.

“Full Service” brokers provide ACM with proprietary research (access to internal industry analysts, research reports, visits from company management, invitations to industry conferences). There is no explicit price for this research, however, commission rates at Full Service brokers are higher than commission rates at brokers who provide no research. Additionally, the amount of research a Full Service broker is willing to provide to ACM will be dictated by commission amounts.

Soft dollar services benefit all clients equally because ACP manages only one account and ACP does not participate in client directed brokerage activity.

Brokerage for Client Referrals

ACM does not participate in brokerage for client referral programs and does not consider referrals in selecting a broker.

Directed Brokerage

ACM does not participate in directed brokerage programs.

ITEM 13: REVIEW OF ACCOUNTS

Periodic Reviews

ACM manages only one account, ACP. All ACP's limited partners share the same investment objective as it relates to this investment. ACM's investment and operational professionals review ACP's exposures and trading activity on a daily basis.

Review Triggers

Since ACM only manages ACP, ACP's trading activity and performance are reviewed on a daily basis and there are no other review triggers in place.

Regular Reports

The administrator issues monthly evaluation and risk reports for ACP. The reports reflect the gains and losses for ACP and provide a summary of each investor's capital account activity in the quarter. In addition, the administrator provides each investor with a monthly risk report for ACP. ACM also delivers annually audited financial statements and quarterly newsletters to the limited partners of ACP.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

We do not have any arrangements under which we or a related person compensate another for client referrals. We do not have any arrangements under which we receive any economic benefit, including sales awards or prizes.

ITEM 15: CUSTODY

J.P. Morgan Clearing Corp., Goldman, Sachs & Co., Morgan Stanley & Co. Inc., Credit Suisse Securities (USA) LLC, Fidelity Capital Markets Services (a division of National Financial Services LLC), Merrill Lynch Professional Clearing Corp., and Citigroup Global Markets, Inc. serve as the prime brokers for ACP and clear securities transactions which are affected through other brokerage firms (executing brokers). ACP may also, in the future, utilize similar services of other prime brokers from time to time. Finally, ACP currently uses JP Morgan Chase Bank NA as qualified custodian for certain of ACP's investments. In addition, we may use from time to time Goldman Sachs Bank USA, Morgan Stanley Private Bank, National Association and other bank custody affiliates of the aforementioned prime brokers.

Morgan Stanley Fund Services USA, LLC ("MSFS") serves as ACP's Fund Administrator. MSFS's responsibilities include sending monthly account statements to ACP's limited partners. Since ACP is a commingled account, the limited partners of ACP do not receive prime brokerage or custodial statements but do receive annual audited financials of ACP. However, MSFS does reconcile ACP's accounting records to the records of the prime brokers and custodians.

ITEM 16: INVESTMENT DISCRETION

ACM has complete investment discretionary authority over the purchase and sale decisions for ACP.

ITEM 17: VOTING CLIENT SECURITIES

Proxy Votes

ACM has adopted a written proxy voting policy and related procedures which are intended to assure that client securities are voted in the best interests of the client, and which address material conflicts of interest that may arise between the investment

adviser and its clients. All employees involved in portfolio management and/or the voting of client proxies are familiar with and adhere to this policy, a copy of which is set forth below.

It is the policy of ACM to vote all proxies in the best interests of ACP. Individual limited partners of ACP may not direct ACM to vote in particular solicitations. ACM maintains the following procedures for ACP. Client may obtain copies of ACM's proxy voting policies and procedures upon request.

- All proxy materials are received directly by ACM and are sorted by company name.
- Proxy information and voting proposals are reviewed on a timely basis.
- In general, ACM votes in accordance with management of the company for most standard issues.
- Any non-standard issues, including but not limited to mergers, acquisitions, shareholder rights plans, and shareholder initiated proposals are brought to the attention of an investment professional for voting election. All index proxy voting performed by Bob Atchinson.
- Vote elections are consistent by company for all clients where ACM has the responsibility for voting
- Votes are logged into the master Proxy Vote log by account, and include the following information
 - Security symbol, cusip and name
 - Proxy control number
 - Date proxy voted
 - Holding Date and Date due
 - Shares held on holding (obtained from ACM internal accounting system)
 - Actual Vote and description of any items where vote was against management.
- Any potential conflicts of interests are documented and reviewed by the managing directors and the Chief Compliance Officer. Such persons will determine how to vote in light of the conflict. If any such person is himself conflicted he shall recuse himself from the voting decision.

ITEM 18: FINANCIAL INFORMATION

ACM does not solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

This is not required as ACM is an SEC-registered investment adviser.
