JS 44 (Rev. 07/16)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. *(SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)*

I. (a) PLAINTIFFS

United States Securities and Exchange Commission

(b) County of Residence of First Listed Plaintiff _____
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys *(Firm Name, Address, and Telephone Number)*
Andrew M. Calamari, Regional Director, U.S. Securities and Exchange Commission, 200 Vesey Street, Brookfield Place, New York, New York 10281, (212) 336-1100

DEFENDANTS

Platinum Management (NY) LLC, Platinum Credit Management, LP, Mark Nordlicht, David Levy, Daniel Small, Uri Landesman, Joseph Mann, Joseph SanFilippo, and Jeffrey Shulse

County of Residence of First Listed Defendant New York
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys *(If Known)*

SEE ATTACHED COUNSEL LIST

II. BASIS OF JURISDICTION *(Place an "X" in One Box Only)*

- ☒ 1 U.S. Government Plaintiff
- ☐ 2 U.S. Government Defendant
- ☐ 3 Federal Question *(U.S. Government Not a Party)*
- ☐ 4 Diversity *(Indicate Citizenship of Parties in Item III)*

III. CITIZENSHIP OF PRINCIPAL PARTIES *(Place an "X" in One Box for Plaintiff and One Box for Defendant)*
(For Diversity Cases Only)

	PTF	DEF		PTF	DEF
Citizen of This State	☐ 1	☐ 1	Incorporated *or* Principal Place of Business In This State	☐ 4	☐ 4
Citizen of Another State	☐ 2	☐ 2	Incorporated *and* Principal Place of Business In Another State	☐ 5	☐ 5
Citizen or Subject of a Foreign Country	☐ 3	☐ 3	Foreign Nation	☐ 6	☐ 6

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☒ 1 Original Proceeding ☐ 2 Removed from State Court ☐ 3 Remanded from Appellate Court ☐ 4 Reinstated or Reopened ☐ 5 Transferred from Another District *(specify)* ☐ 6 Multidistrict Litigation - Transfer ☐ 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing *(Do not cite jurisdictional statutes unless diversity)*:
15 U.S.C. §§ 80b-6(1), (2), (4); 77q; and 78j

Brief description of cause:
Violations of the federal securities laws.

VII. REQUESTED IN COMPLAINT:

☐ CHECK IF THIS IS A **CLASS ACTION** UNDER RULE 23, F.R.Cv.P.

DEMAND $

CHECK YES only if demanded in complaint:
JURY DEMAND: ☒ Yes ☐ No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE _____ DOCKET NUMBER _____

DATE
12/19/2016

SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____

CERTIFICATION OF ARBITRATION ELIGIBILITY

Local Arbitration Rule 83.10 provides that with certain exceptions, actions seeking money damages only in an amount not in excess of $150,000, exclusive of interest and costs, are eligible for compulsory arbitration. The amount of damages is presumed to be below the threshold amount unless a certification to the contrary is filed.

I, Andrew M. Calamari, counsel for Securities and Exchange Commission, do hereby certify that the above captioned civil action is ineligible for compulsory arbitration for the following reason(s):

- ☒ monetary damages sought are in excess of $150,000, exclusive of interest and costs,
- ☒ the complaint seeks injunctive relief,
- ☐ the matter is otherwise ineligible for the following reason

DISCLOSURE STATEMENT - FEDERAL RULES CIVIL PROCEDURE 7.1

Identify any parent corporation and any publicly held corporation that owns 10% or more or its stocks:

RELATED CASE STATEMENT (Section VIII on the Front of this Form)

Please list all cases that are arguably related pursuant to Division of Business Rule 50.3.1 in Section VIII on the front of this form. Rule 50.3.1 (a) provides that "A civil case is "related" to another civil case for purposes of this guideline when, because of the similarity of facts and legal issues or because the cases arise from the same transactions or events, a substantial saving of judicial resources is likely to result from assigning both cases to the same judge and magistrate judge." Rule 50.3.1 (b) provides that " A civil case shall not be deemed "related" to another civil case merely because the civil case: (A) involves identical legal issues, or (B) involves the same parties." Rule 50.3.1 (c) further provides that "Presumptively, and subject to the power of a judge to determine otherwise pursuant to paragraph (d), civil cases shall not be deemed to be "related" unless both cases are still pending before the court."

NY-E DIVISION OF BUSINESS RULE 50.1(d)(2)

1.) Is the civil action being filed in the Eastern District removed from a New York State Court located in Nassau or Suffolk County: No

2.) If you answered "no" above:
a) Did the events or omissions giving rise to the claim or claims, or a substantial part thereof, occur in Nassau or Suffolk County? No

b) Did the events or omissions giving rise to the claim or claims, or a substantial part thereof, occur in the Eastern District? Yes

If your answer to question 2 (b) is "No," does the defendant (or a majority of the defendants, if there is more than one) reside in Nassau or Suffolk County, or, in an interpleader action, does the claimant (or a majority of the claimants, if there is more than one) reside in Nassau or Suffolk County?_____
(Note: A corporation shall be considered a resident of the County in which it has the most significant contacts).

BAR ADMISSION

I am currently admitted in the Eastern District of New York and currently a member in good standing of the bar of this court.
☒ Yes ☐ No

Are you currently the subject of any disciplinary action (s) in this or any other state or federal court?
☐ Yes (If yes, please explain) ☒ No

I certify the accuracy of all information provided above.

Signature: 

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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. PLATINUM MANAGEMENT (NY) LLC; PLATINUM CREDIT MANAGEMENT, L.P. ; MARK NORDLICHT; DAVID LEVY; DANIEL SMALL; URI LANDESMAN; JOSEPH MANN; JOSEPH SANFILIPPO; and JEFFREY SHULSE; Defendants.	Civil Case No. ECF Case

PLAINTIFF'S MEMORANDUM OF LAW IN SUPPORT OF ITS EMERGENCY APPLICATION FOR AN ORDER TO SHOW CAUSE, TEMPORARY RESTRAINING ORDER, PRELIMINARY INJUNCTION, APPOINTMENT OF A RECEIVER, AND OTHER RELIEF

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Plaintiff Securities and Exchange Commission (the "Commission") respectfully seeks emergency relief to preserve for the benefit of defrauded investors the assets of funds under the management of two investment advisers controlled and partially owned by Defendant Mark Nordlicht: Platinum Credit Management, L.P. ("Platinum Credit") and Platinum Liquid Opportunity Management (NY) LLC ("PPLO").

Specifically, the Commission seeks an order (1) appointing a receiver over the following proposed "Receivership Entities": (i) Platinum Credit and the United States-incorporated master and feeder funds it advises, Platinum Partners Credit Opportunities Master Fund LP, Platinum Partners Credit Opportunities Fund (TE) LLC; Platinum Partners Credit Opportunities Fund LLC; and Platinum Partners Credit Opportunity Fund (BL) LLC. (collectively, "PPCO"), and (ii) PPLO and its United States-incorporated feeder fund Platinum Partners Liquid Opportunity Fund (USA) L.P.; (2) temporarily and permanently enjoining Platinum Credit from further violations of certain provisions of the federal securities laws; [1] (3) enjoining the filing of bankruptcy, foreclosure and other actions against the Receivership Entities; and (4) ordering expedited discovery and the preservation of documents.

[1] Specifically, Sections 206(1), 206(2), and 206(4) of the Investment Advisers Act of 1940 ("Advisers Act"), 15 U.S.C. §§ 80b-6(1), (2), and (4), and Rule 206(4)-8 thereunder,17 C.F.R. § 275.206(4)-8; Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q; Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j and Rule 10b-5 thereunder, 17 C.F.R. §240.10b-5.

I.

PRELIMINARY STATEMENT

On December 19, 2016, the Commission filed a Complaint charging Defendants Platinum Management (NY) LLC ("Platinum Management"); Platinum Credit Management, L.P. ("Platinum Credit"); Mark Nordlicht ("Nordlicht") and others,[2] variously with wide ranging violations of the anti-fraud provisions and other sections of the federal securities laws.[3]

Upon information and belief of the undersigned, on this same date, Nordlicht and various of his co-Defendants herein were arrested on securities-related fraud charges filed in the Eastern District of New York, for engaging in conduct similar to that alleged by the Commission in its Complaint.

Platinum Management is an SEC-registered investment adviser headed by Nordlicht. (Exhibit 1, Platinum Management 3.30.16 ADV at 1, 98-102). According to its most recent Form ADV filed with the Commission, it had over $1 billion in assets under management ("AUM") as of April 30, 2016, in the Platinum Partners Value Arbitrage Fund L.P. ("PPVA") (Ex. 1 at 71).[4] According to the same filing, relying advisor Platinum Credit had over $590 million in AUM in the PPCO fund (Ex. 1 at 35), and PPLO fund had over $27 million (Ex. 1 at 53).

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[2] The other Defendants are David Levy ("Levy"); Daniel Small ("Small"); Uri Landesman ("Landesman"); Joseph Mann ("Mann"); Joseph SanFilippo ("SanFilippo") (collectively with Nordlicht, the "Platinum Defendants") and Jeffrey Shulse ("Shulse") (all collectively "Defendants").

[3] The charges consist of violations of: Sections 206(1), 206(2), and 206(4) of the Investment Advisers Act of 1940 ("Advisers Act"), 15 U.S.C. §§ 80b-6(1), (2), and (4), and Rules 206(4)-2 and Rule 206(4)-8 thereunder, 17 C.F.R. § 275.206(4)-2 and (4)-8; Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q; Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j and Rule 10b-5 thereunder, 17 C.F.R. §240.10b-5.

[4] All references to "Ex. #" are to Exhibits to the Document Declaration of Jess Velona filed in support of the instant motion for emergency relief.

The Complaint alleges that the Defendants have engaged in a wide range of fraudulent conduct in connection with the funds and portfolio companies under their management, including overstating the value of one of PPVA's largest assets, an oil production portfolio company called Golden Gate Oil LLC ("Golden Gate") (Complaint ¶¶ 49-67); improperly transferring monies between PPVA and PPCO to meet short-term obligations and redemption requests (Complaint ¶¶ 141-153); making material misrepresentations and omissions to investors regarding PPVA and PPCO's liquidity crisis and inability to timely meet investor redemption requests (Complaint ¶¶ 104-140); making preferential redemptions to favored investors; engaging in a fraudulent scheme to divert $100 million out of a PPVA portfolio company at the expense of non-affiliated noteholders of that company (Complaint ¶¶ 68-103); and engaging in misrepresentations to divert $1.5 million from a PPCO portfolio company for the benefit of PPVA (Complaint ¶¶ 173-177). By the fall of 2015, PPVA's liquidity crisis was so great that it was no longer able to comply with almost $50 million in redemption requests, many of which remain outstanding to date. (Ex. 21, 9.30.15 Redemption Spreadsheet excerpt). PPCO also had more than $16 million in outstanding redemption requests.

In June 2016, as Platinum Management and Platinum Credit struggled to address the problems facing their funds, the FBI executed a search warrant on Platinum Management's premises. Shortly thereafter, in July 2016, Platinum Management, Platinum Credit and PPLO installed Guidepost Solutions, LLC ("Guidepost") and its Chairman Bart Schwartz as an Independent Oversight Advisor ("IOA") to act as a monitor over the funds' assets and assist in the orderly wind down of the PPVA, PPCO and PPLO funds. The IOA was given access to information and employees and advance notice of major transactions. (Ex. 8, 7.20.16 email to investors attaching Guidepost 7.20.16 letter; Ex. 10, Guidepost7.18.16 Agreement).

On August 25, 2016, an involuntary liquidation proceeding was commenced against PPVA in the Cayman Islands, where PPVA is incorporated. PPVA is now under the supervision of court-appointed liquidators. (Exhibit 11, Cayman Island Liquidation Order). PPCO and PPLO, however, remain only under informal oversight of Guidepost. (Ex. 10).

In November 2016, Nordlicht and Levy were subpoenaed to provide testimony in private litigation concerning a transaction that forms the basis of part of the Commission's complaint: an alleged scheme to divert $100 million out of Black Elk Energy Offshore Operations LLC ("Black Elk"), one of PPVA's portfolio companies, to Platinum affiliates. Both of them asserted their Fifth Amendment right against self-incrimination in response to all questions. (Ex. 12, Nordlicht 11.30.16 Deposition Tr.; Ex. 13, Levy 11.29.16 Deposition Tr.)

Thus, it is already clear that Nordlicht is not a trustworthy steward of the assets of PPCO and PPLO. Shortly after Nordlicht pleaded the Fifth Amendment, Platinum Management, Platinum Credit and PPLO agreed to amend the Guidepost Agreement to increase Guidepost's oversight over Platinum Management, Platinum Credit and PPLO (the "Managers"), and the funds that they manage. The revised agreement, if executed, would give Bart Schwartz of Guidepost the title of "Chief Oversight Officer" and would grant him authority to approve all transactions of the funds. The agreement, however, would not provide investors with the protections afforded by an independent court-appointed receiver. (Ex. 14, draft, unsigned amended Guidepost Agreement dated 12.16.16, at 2 & 6).

Given the ample evidence of misconduct by Nordlicht and investment advisers he controls, a Receiver is required to preserve the existing assets, conduct an orderly wind down,

including a responsible liquidation of assets and a fair distribution of those assets to investors, under the supervision of the court.[5]

II.

FACTS

A. Background Regarding the Receivership Entities and Related Persons and Entities

Platinum Management is an investment adviser registered with the Commission since September 2, 2011. It is a Delaware limited liability company headquartered in New York, New York, and is the adviser to various funds, including the Platinum Partners Value Arbitrage Fund L.P. ("PPVA). (Ex. 2 at 30). PPVA, is a Cayman Islands exempted limited partnership. It has the following feeder funds: Platinum Partners Value Arbitrage (International) LTD; Platinum Partners Value Arbitrage Fund (USA) L.P.; and Platinum Partners Value Arbitrage Intermediate Fund LTD. Platinum Partners Value Arbitrage (International) LTD and Platinum Partners Value Arbitrage Fund (USA) L.P offered interests but only to qualified purchasers, as that term is defined in the Investment Company Act of 1940. PPVA was marketed as a multi-strategy fund that includes asset-based financing in energy, mining, and other industries; energy-related and Asia-based arbitrage opportunities; and event-driven investing in corporations. (*Id.*).

Platinum Credit Management L.P. is a limited liability company organized under the laws of Delaware. It serves as the investment adviser to and portfolio manager of Platinum Partners Credit Opportunities Master Fund LP, a limited partnership organized under the laws of Delaware and the Master Funds feeder funds, including Platinum Partners Credit Opportunities

[5] The Commission is not seeking the appointment of a receiver over the adviser Platinum Management (NY) LLC or the funds its advises because those funds are subject to supervision by joint liquidators in a liquidation proceeding before the Grand Court of the Cayman Islands and to Chapter 15 ancillary United States bankruptcy cases *In re Platinum Partners Value Arbitrage Fund L.P.*, 16-12925 (Bankr. S.D.N.Y.) and *In re Platinum Partners Value Arbitrage Fund International*, 16-12934 (Bankr. S.D.N.Y.).

Fund (TE) LLC; Platinum Partners Credit Opportunities Fund LLC; and Platinum Partners Credit Opportunity Fund (BL) LLC. The PPCO feeder funds were offered only to qualified purchasers, as that term is defined in the Investment Company Act of 1940. The Master Fund reportedly conducts its business in various industries, including consumer finance, litigation, metals and mining, oil and gas, alternative energy, retail energy, life settlements and asset based finance. (Ex. 3 at 10, Note 1).

PPLO serves as the investment manager to the Platinum Partners Liquid Opportunity Master Fund L.P., a Cayman Islands exempted limited partnership, and the Master Funds feeder funds, including Platinum Partners Liquid Opportunity Fund (USA) L.P. Platinum Liquid Opportunity Management (NY) LLC is a relying adviser of Platinum Management (NY) LLC. The PPLO feeder funds were offered only to qualified purchasers, as that term is defined in the Investment Company Act of 1940. The reported investment objective of the Master Fund is to invest and trade in U.S. and non-U.S. equity and debt securities (both public and private), currencies, futures, forward contracts, and other commodity interests, options, swap contracts and other derivative instruments and investments. (Ex. 4 at 20).

Nordlicht, 48, resides in New Rochelle, New York. He is chairman of Platinum Partners, the umbrella organization for the various funds, co-CIO of Platinum Management, Platinum Credit and CIO of Platinum Liquid Opportunity Management (NY) LLC ("Platinum Liquid"), a relying adviser of Platinum Management. He also owns, directly and indirectly, between a 20% and 33% beneficial interest in Platinum Management, Platinum Credit and Platinum Liquid (Ex. 1, ADV at 98-103), and he, his relatives and/or related trusts are also investors in certain of the funds managed by the above-named advisers.

B. Investors and the Funds Are Defrauded by the Platinum Defendants in Connection with the Funds' Liquidity Crisis and Handling of Redemptions

1. PPVA's Redemptions Crisis Triggers Fraudulent Conduct by PPVA and PPCO

PPVA began experiencing liquidity problems, including an inability to meet investors' redemption requests, as early as 2012. The liquidity crisis worsened throughout 2015 and most of the investors whose redemptions became effective on September 30, 2015 have not been paid to date. Instead of responding to this crisis with full disclosure to investors, Nordlicht and Platinum Management responded by trying to save the situation with fraudulent conduct and misrepresentations, sweeping Platinum Credit into the scheme.

After reporting exceptionally strong returns year after year (Complaint, ¶ 41), Platinum Management should probably not have been surprised that investors began looking to cash in on some of the reported profits by exercising the clear, straightforward redemption process provided for in PPVA's PPMs. Investors were led to believe that there would be a standard procedure for quarterly redemptions payable 30 days after quarter end (subject only to a 10% holdback). Nor does anything in the fund's documents provide the manager with discretion to pay some investors' redemption requests while not paying others. But as redemptions kept coming in, PPVA could not adhere to either the regularity or the equality of the promised redemption process.

In a November 6, 2012 email entitled "Current Redemptions Nov 5, 2012," a Platinum employee advised Nordlicht that there were "$27 million in total" apparently referring to outstanding redemption requests. Nordlicht forwarded this email to Landesman, a PPVA and PPLO managing general partner and employee who had responsibility for communications with investors, PPPVA and stated: "If we don't exceed this in subs [new subscriptions] for dec 1 and

jan 1 we are probably going to have to put black elk [one of their investments] in side pocket. I also need to pay back [a] loan and an additional 4 million oct 31 and nov 30 so we are talking 40 [apparently indicating that they needed to come up with $40 million in new investments to cover pending redemption request and other obligations]." Landesman responded that he would try his best and thought, "…we could sweep the table here, so far, think Jan. 1 is a possibility for some, if not all." Nordlicht replied: "Wasn't trying to complain, was just trying to make u aware, it's just very daunting. It seems like we make some progress and then reds [redemptions] are relentless almost. It's tough to get ahead in subs [subscriptions] if u have to replace 150-200 a year…." Landesman replied: "Didn't take it as complaining, it is my job. Redemptions very daunting." (Ex. 15, 11.6.12 email).

Things had not gotten any better by 2014. In February 2014, PPVA found itself having selectively paid $22,325,000 in redemptions for the prior quarter while still owing approximately $14,050,000 in redemptions to investors based on their December 31, 2013 redemption requests. (Ex. 16, 2.5.14 email attachment).

On June 16, 2014, Nordlicht emailed Landesman that the firm was in "code red" due to its inability to match redemptions with quarterly inflows of investor funds. Nordlicht stated:

> It can't go on like this or practically, we will need to wind down. This is not a rhetoric thing, it's just not possible to manage net outflows of this magnitude. I think we can overcome this but this is code red, we can't go on with the status quo. … We can't pay out 25 million in reds per quarter and have 5 come in…."

Landesman responded: "We are pushing hard, illiquidity a bigger hurdle than energy concentration…Need monetization/liquidity events in the fund…" Nordlicht replied: "….We just need to short term go crazy, get everyone focused, and long term try to come up with marketing pitche where we can raise even when we are illiquid." (Ex. 18, 6.16.14 email chain).

In order to cover up PPVA's liquidity problems, Nordlicht and other Platinum Defendants began pressing PPVA investors to withdraw or defer their redemptions. They did this with promises of better returns in the coming months but failed to tell them that PPVA was not in a position to comply with its current redemption obligations. For example, on March 3, 2015, Nordlicht asked Landesman to call an investor apparently to convince him not to redeem. He said: "I don't trust myself, I feel I came off really defensive with Leon. I think u give us best possibility to try and keep him." He then outlined positive talking points for Landesman to cover with the investor: "In general, looking to get back to more diversified book over course of year but for now, have tremendous optionality that cd produce some lumpy positive monthly returns in one month." (Ex. 19, 3.3.15 email chain). Nordlicht's proposed talking points did not include any disclosures regarding liquidity problems or their difficulties in timely paying redemptions.

While Nordlicht and Platinum Management did convince some investors to withdraw or postpone their redemptions, their efforts were not always successful and caused them great consternation. For example, on April 7, 2015, Landesman sent an investor an email saying he was sorry they were "still redeeming" and adding that he hoped that they would one day be "worthy of your reinvestment." Landesman forwarded this email to Nordlicht and, apparently acknowledging the dire condition this redemption put them in, stated: "Hail Mary time." (Ex. 20, 4.7.15 email chain).

Despite the Platinum Defendants' efforts to reduce the amount of redemptions that would become effective March 31, 2015, most of the redemptions that remained in place were not paid on April 30 as required, nor were they paid as a group at any one time. Rather, they were paid selectively, from April through July. (Ex. 17, PPVA 3.31.15 Redemption spreadsheet excerpts).

The liquidity crisis worsened when almost $50 million in June 30, 2015 redemptions came due; most payments, due by July 31, were paid at various times from late August until mid-October, although some redeeming investors were not paid at all. (Ex. 26, PPVA 6.30.15 Redemption Spreadsheet excerpts).

PPVA's financial condition was so perilous that Platinum Management principals made loans to allow PPVA to meet certain of its financial obligations. For example, as of July 24, 2015, the PPVA master fund bank account was $1.5 million in the red. That day, a Platinum Management partner wired $1.65 million of his own money indirectly to PPVA. (Ex. 23, Platinum Management 7.31.15 bank stat; Ex. 24, PPVA 7.31.15 bank stat). Of the money that the partner sent in, $50,000 was used the same day to make payments to two investors ($15,000 to one, and $35,000 to another). (Ex. 25, PPVA USA 7.31.15 bank stat.; Ex. 26, PPVA 6.30.15 Redemption Spreadsheet excerpts). These two preferential redemptions were made when numerous other pending redemption requests went unsatisfied.

Of the approximately 57 redemptions that became effective on September 30, 2015, most have never been paid. However, 17 investors did receive some or all of their redemptions in one form or another. (Ex. 21, PPVA 9.30.15 Redemption Spreadsheet excerpts).

Despite these circumstances, Platinum Management and Nordlicht continued to raise monies for the PPVA funds based on PPMs that failed to disclose the liquidity crisis.[6] Moreover, the PPMs continued promise of a regular quarterly redemption process communicated to potential investors that the fund was liquid enough to comply with its redemption promises. (Ex. 5, PPVA USA April 2015 PPM at 11).

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[6] For example, approximately $66.6 million in new investments in the PPVA USA and International Class L funds were raised from approximately 95 investors between January and December 2015; and $1.2 million from four investors in the PPVA International LE fund.

Similarly, Platinum Management's Due Diligence Questionnaires ("DDQs") contained no disclosures regarding PPVA's liquidity problems and misled investors into thinking they could readily redeem their investments. For example, the September 2015 DDQ contained no discussion of PPVA's liquidity problems or its inability to timely satisfy redemption requests. Indeed, it suggested that PPVA had no problem in timely satisfying redemption requests, stating: in part, "How long does it take to exit the most liquid positions in the portfolio? The Fund's most liquid positions could, under normal market conditions, typically be liquidated in less than a week, including assets in the Energy and Power Arbitrage, Long/Short Fundamental Equity, Event Driven, Quantitative and Asia Based Arbitrage strategies." (Exs. 27 and 28, Platinum Management July and September 2015 DDQs at 17).

In addition, PPVA USA's monthly reports to investors in 2015, referred to as "tear sheets," set forth the fund's "Investment Terms" and included the same misleading representations: "Lockup: None,"" Withdrawals: Quarterly, 60 days' notice required." Again, the monthly tear sheets said nothing about illiquidity problems or redemption delays at PPVA. (*See,* e.g., Ex.29, March 2015 PPVA Tear Sheet).

By the fall of 2015, PPVA's liquidity problems forced them to seek investors' consent to place certain of its illiquid assets in a "Special Investments" portfolio, often referred to as a "side-pocket" that would prevent such assets from being used to calculating the amount of redemptions an investor would be entitled to until the asset was sold. (Ex. 72, PPVA (USA) 11.23.15 Letter). However, the new Special Investments structure did not resolve PPVA's liquidity problems, which had also spilled over to PPCO.

In mid-January 2016, a PPVA and PPCO investor emailed Platinum complaining: "I have asked already about a dozen times about money due to me from PPVA. …you have not paid me

money that is due for 75 days. Every time I ask I am told a few more days." After a Platinum Management employee promised an answer soon as to when his redemption would be paid, the investor responded, in part: "Nothing makes investors more jittery than not paying in a timely fashion. I told you that in my opinion holding up the PPCO payment in light of the changes that you wanted to implement at PPVA was a big mistake. If in fact PPCO has nothing to do with PPVA than (sic) why was the PPCO delayed for 2 months." (Ex. 22, 1.15.16 email chain).

This investor was not the only PPCO investor waiting for money. To date, there are more than $100 million in unpaid PPCO redemptions. (Ex. 9, Platinum Partners Spreadsheet Summary). In the meantime, PPCO had been used by Nordlicht to help him with his attempts to fix the larger problems facing PPVA.

2. Platinum Management, Platinum Credit and Nordlicht Improperly Transferred Monies Between PPVA and PPCO

PPVA's cash crunch led to misuse of PPCO to help prop up PPVA. And as problems emerged on the PPCO front, the same misuse happened in reverse. Nordlicht frequently directed that monies be transferred between funds to meet redemption requests and other short-term obligations. For example, under Nordlicht's direction, from August 1 to August 20, 2015, $3.35 million in PPCO funds had been transferred to the PPVA master fund (with only $100,000 transferred from PPVA back to PPCO). From August 21 to August 31, 2015, however, $2.275 million was transferred from the PPVA Master fund account to PPCO, and just $15,000 went from PPCO to PPVA. (Ex. 31, PPCO Master Fund 8.31.15 bank stat.). During that same August 21 to 31 period, PPCO paid its four remaining outstanding June 30, 2015 redemptions, totaling approximately 3.7 million. (Ex. 33, PPCO June 30, 2015 Redemption Spreadsheet excerpts).

Meanwhile, even after making certain PPVA redemption payments from August 21 to September 1, at least fourteen overdue PPVA redemptions totaling approximately $10 million were left unpaid until mid-October. (Ex. 34, PPVA June 30, 2015 Redemption Spreadsheet excerpts).

As of September 9, the flow of funds reversed, with PPCO sending $2 million to PPVA and another $1.7 million the rest of the month and no money going from PPVA to PPCO. (Ex. 32, PPCO 9.30.15 master bank stat.). These transfers of money from PPCO to PPVA appear to have been used by PPVA to deal with obligations, including redemptions, that had come due and that it could not satisfy on its own.

In addition to failing to manage each fund according to the interests of that fund and that fund's investors, the borrowing of money from one fund by the other to handle liquidity problems violated the PPMs that the investors received. PPCO's PPMs stated that "primary investment strategy" is "to originate a variety of high yield" loans, and the PPMs disclosures regarding conflicts of interest permitted loans to affiliated funds only in narrow circumstances: "in the event that an affiliate fund, such as one of the Platinum-managed funds, requires additional funds on a short-term basis in order to make an investment, the Master Fund may loan such affiliate fund any amounts to facilitate such investment"; likewise, "in the event the Master Fund requires additional funds on a short-term basis in order to make an investment, the Managing Member, the Loan Portfolio Manager or their Affiliates and/or an affiliate fund, such as one of the Platinum-managed funds, may loan the Master Fund any amounts to facilitate such investment" (*See, e.g.*, Ex. 6, PPCO Onshore March 2015 PPM at 53; emphasis added.). PPVA's PPM contains similar language limiting loans to affiliated funds for investment purposes. (*See, e.g.,* Ex. 5, PPVA USA 2015 PPM at 49).

Despite those limitations, PPCO frequently extended millions of dollars in credit to PPVA beginning in 2014, with at least some of the lending being used to pay redemptions or other short-term obligations. One specific transfer from PPCO to PPVA illustrates the misuse of investor money. On September 30, 2015, PPVA's principal bank accounts were nearly empty and the fund faced approximately $20 million in new net redemptions and repayment of a short-term loan of $7.3 million. That same day, two related foreign funds subscribed to PPCO by wiring $6.5 million and $1.2 million, respectively, into a PPCO account. (Ex. 35, Platinum Partners Cent. 912.15-10.13.15 bank stat.; Ex. 40, excerpt from PPCO 10.1.15 subscription spreadsheet). The next day, October 1, 2015, the $7.3 million was used to repay PPVA's short term loan. (Ex. 36, PPCO October bank stat.; Ex. 37, PPCO Master October 2015 bank stat.; Ex. 38, PPVA Oct. bank stat.; Ex. 39, 6.17.15 Promissory Note). Thus, Platinum had taken more than $7 million just received from investors in PPCO and used it to pay off a short-term loan incurred by PPVA – a loan which had been incurred the previous June at a time when PPVA faced a cash crunch. This transfer – which was added to PPVA's outstanding line of credit from PPCO – does not appear to have been in the interests of the PPCO fund and it violated the disclosures to PPCO investors, which stated that loans to related funds would be made only for purposes of making investments.

3. Platinum Management and Nordlicht Used PPCO To Provide Cashless Redemptions to PPVA Investors

Platinum Management, Platinum Credit and Nordlicht also engaged in cashless redemptions of some PPVA investors and cashless transfers of those investors' interests into the PPCO fund in order to redeem certain PPVA investors without having to pay out cash. Although some investors sent written wire instructions directing Platinum to withdraw their monies from PPVA and wire them to a PPCO account, this was never done. Instead, the amounts, for

example over $3 million at the end of November 2015 – were simply added to the balance of PPVA's outstanding revolving line of credit owed to PPCO. PPCO received no cash, merely a promise to pay by the PPVA fund that lacked sufficient funds to meet its own redemptions.

For example, in the fall of 2015, six investors in the PPVA funds requested redemptions of their interests in PPVA funds, totaling $3,266,731, and asked that the proceeds to be wired to PPCO to fund new subscriptions in those funds. Internal documents state that: "The below [referring to those six investors' redemptions] were redemptions in the PPVA Funds as of 11-30-15 and transfers into the PPCO Fund is as of 12-1-15. Instead of moving the cash PPVA added 3,266,731.33 To (sic) the loan payable to PPCO." (Ex. 41, excerpt from PPVA redemption worksheet; Ex. Nos. 42-47, investor redemption/wire instructions; Ex. Nos. 48 and 49, PPCO investor account statements). Thus, these cashless redemptions from PPVA and transfers to PPCO were effectuated by PPVA adding debt to loans it had entered into with PPCO.

Such cashless redemptions, in addition to providing preferential treatment to some PPVA investors over those who got no redemption at all, harmed, and were a breach of fiduciary duty to, both PPCO and PPVA. This new PPCO "loan" to PPVA was not a loan for purposes of investment, as narrowly permitted by PPCO's and PPVA's disclosures in the PPM. And PPCO received no cash for this new subscription, merely a promise to pay by a fund that lacked sufficient funds to meet its own redemption obligations. This left PPCO investors exposed to the risk presented by PPVA's illiquidity. PPVA, too, was harmed, as it was forced to incur the obligation to pay high interest merely to facilitate redemptions from its own fund. Thus, Nordlicht as CIO of the advisers to both PPVA and PPCO, caused PPCO and PPVA to act in a way that was potentially contrary to each of their own interests.

4. Platinum Management, Nordlicht and Others Use PPCO to Engage in a Fraudulent Tender Offer and Consent Solicitation that Divert Almost $100 Million Out of a PPVA Portfolio Company

In early 2014, these same liquidity problems caused Nordlicht to focus on Black Elk, PPVA's other large, illiquid energy investment. Nordlicht extracted almost $100 million from Black Elk, but only by defrauding innocent investors in one of PPVA's portfolio companies, a fact that was not, of course, disclosed to Platinum Management's investors.

Black Elk operated oil wells in the Gulf of Mexico, though by 2014 its economic performance was mixed and it was struggling to pay its bills. As of early 2014, PPVA was Black Elk's principal lender, and together with PPCO and two other Platinum funds owned the vast majority of Black Elk's preferred shares and a large portion of Black Elk's $150 million face value of outstanding senior secured notes.[7] PPVA also had the power to control Black Elk's management, as admitted by Black Elk in its Form 10-K. (Ex. 50, Black Elk 12.31.13 Form 10-K). PPVA aggressively exercised this power, through Nordlicht, as well as through Levy and Small who were also PPVA portfolio managers for Black Elk.

In 2014, Black Elk agreed to sell much of its prime assets to Renaissance Offshore, LLC. However, if any of the sales proceeds were to be distributed to investors, the Black Elk note indenture required that noteholders be paid first, and many of the notes were held by non-Platinum Partners parties. (Ex. 51, Black Elk Offer and Tender Solicitation). Nordlicht, however, wanted to extract the monies from Black Elk to deal with Platinum's liquidity crisis, as he candidly expressed in a March 17, 2014 to Small: "Happy to discuss this week and come to final arrangement. This is also a week I need to figure out how to restructure and raise money to

[7] PPVA also owned approximately 85% of Black Elk's outstanding voting membership interests and approximately 66% of its total outstanding membership interests. As a result, it had the ability to appoint key personnel and essentially control the company. (Ex. 50, Black Elk 10K).

pay back 110 million of preferred which if unsuccessful, wd be the end of the fund. This 'liquidity' crunch was caused by our mismanagement –yours David and I – of the black elk position so I will multitask and also address your concerns but forgive me if I am a little distracted. I have been up until 3 am for the last two weeks working through this issue." (Ex. 52, 3.17.14 email chain).

Platinum Management, Nordlicht, Levy, Small and Shulse devised a scheme to divert the proceeds from the asset sale to redeem preferred shares held by PPVA and affiliated funds, instead of paying the noteholders. To do this, they needed a majority of noteholders to consent to amending the note indenture to authorize that the Renaissance sale proceeds be paid to Black Elk Class E preferred shareholders (mostly PPVA, PPCO, and other Platinum funds) instead of them. The problem for the Platinum parties was that their control over Black Elk meant that their votes could not be counted. And independent noteholders would have no reason to vote for such an amendment, as it would divert the proceeds of the sale of key Black Elk assets to parties junior to themselves.

To cure that, Nordlicht directed the transfer of Black Elk notes from PPVA and affiliated parties to parties he and Small called "friendlies," at prices he designated. (Ex. 53, 4.18.14 email chain; Ex. 54, 2.16.14 email chain; Ex. 55, 3.3.14 email chain; Ex. 56, 6.2.14 email chain). The "friendlies" were largely affiliates of an investment adviser named B Asset Manager ("BAM"), for whom Levy served as CIO (Ex. 53, 4.8.14 email; Ex. 57, 7.2-3.14 email chain).[8]

Ultimately, Nordlicht, Small and Levy oversaw the drafting of a document that contained two closely-related parts. The first was a tender offer, which offered to buy back notes at par. The second part was a solicitation to consent to note indenture amendments, most notably

[8] Platinum Partners installed Levy as CIO of BAM in early 2014. From that position, Levy remained involved in Black Elk and he continued to use his Platinum email address.

including that the proceeds of the Renaissance sale would, after payment of any tendered notes, be payable to holders of preferred shares, who were disclosed to be mostly Platinum entities.

Crucially, the solicitation contained this false representation:

> As of the date hereof, there are $150 million aggregate principal amount of Notes issued and outstanding under the Indenture. Platinum Partners Value Arbitrage Fund, L.P. and its affiliates, which own approximately 85% of our outstanding voting membership interests, own approximately $18,321,000 principal amount of the outstanding Notes. Otherwise, neither we, nor any person directly or indirectly controlled by or under direct or indirect common control with us, nor, to our knowledge, any person directly or indirectly controlling us, hold any Notes. (Emphasis added.)

(Ex. 51, Black Elk Offer and Tender Solicitation at 5). Contrary to this representation, as reflected in contemporaneous internal Platinum documents and brokerage records, Platinum Management and its affiliates controlled the vote of $98,631,000 in Notes. (Ex. 53, 4.8.14 email; Ex. 57, 7.2.14 email chain). With that false disclosure to the noteholders, Nordlicht's scheme to have the preferred shareholdings jump priority succeeded, with Platinum Management causing the notes held by Platinum affiliated funds, including PPCO and PPLO and the BAM affiliates to (illogically) consent to the switch in priority without tendering their notes. (Ex. 58, 7.23.14 email and attachments). And with only $11 million in notes being tendered, the Platinum affiliates ultimately received a benefit of nearly $100 million in cash being taken out of Black Elk.

Of that amount, PPCO also received approximately $24.6 million in proceeds from the Renaissance sale, and PPLO received $5 million in proceeds, based on their ownership of preferred shares. (Ex. 59, excerpt from Black Elk Energy Offshore 8.29.14 bank stat.).

The diversion of Black Elk's assets through the fraudulent tender offer and consent solicitation did not only harm Black Elk and its noteholders. PPVA and PPCO investors were left without material information concerning the Black Elk investment. Various communications

that investors received from Platinum Management and Platinum Credit under Nordlicht's direction, such as financial statements, marketing materials and monthly reports that reported fund performance were based, in part, on the Black Elk fraudulent note scheme but omitted the material fact that the proceeds from the Black Elk note were derived based on the above-referenced fraudulent conduct.

5. Nordlicht and Levy Obtain Money from PPCO Under False Pretenses and Transfer it to PPVA

In May 2016, Platinum Management and Platinum Credit used BAM to essentially steal investor money to obtain cash needed for PPVA expenses. One of the Platinum-related investments that BAM made on behalf of clients whose money it was managing was a $25 million participation interest in a term secured note (purchased from a wholly-owned PPCO portfolio company named Credit Strategies LLC.) (Ex. 60, 2.27.14 Term Loan and Security Agreement).

On May 11, 2016, a Platinum portfolio manager (copying Nordlicht and Levy) emailed a request for $1.5 million in funding under the note for purposes of "working capital." The request was signed by Levy, as co-CIO for Credit Strategies. (Ex. 61, 5.11.16 email chain). On May 11, 2016, the funding was approved (Ex. 62, 5.11.16 email chain) and the money was wired to Credit Strategies' bank account (Ex. 63, Credit Strategies 5.31.16 bank stat.). However, the money was not used by Credit Strategies for working capital as represented, but was diverted to a separate fund, PPVA.

First, Credit Strategies wired the $1.5 million to the parent PPCO fund's account. (Ex. 64, PPCO 5.31.16 bank stat.). From there, PPCO wired nearly all the money to its investment manager, Platinum Credit. (Ex. 65, Platinum Credit 5.31.16 bank stat.). Platinum Credit, in turn, wired the money to Platinum Management. (Ex. 66, Platinum Management 5.31.16 bank stat.)

Platinum Management then wired the money to a PPVA bank account that at the time was overdrawn by about $1.54 million because of amounts that it to pay to its prime brokers. (Ex. 67, PPVA 5.31.16 bank stat.).[9]

6. **PPVA Goes Into Liquidation and PPVA and PPCO Are Sued**

On June 30, 2016, PPVA, PPCO and PPLO suspended their determination of the Net Asset Value of their investors' interests in the funds and suspended redemptions. (Exs.69, 70 and 71, 6.30.16 letters to investors). In July 2016, PPVA, PPCO, and PPLO retained Guidepost as an Independent Oversight Adviser and announced that the funds would be wound down. (Ex. 8, Guidepost 7.20.16 letter).

On August 25, 2016, an involuntary liquidation proceeding was commenced against PPVA in the Cayman Islands, where PPVA is incorporated. Thus, PPVA is now under the supervision of court-appointed liquidators. (Exhibit 11, Cayman Island Liquidation Order).

On October 26, 2016, the Bankruptcy Trustee for Black Elk filed a Complaint in the U.S. Bankruptcy Court for the Southern District of Texas, Houston Division against PPVA, the PPCO Master Fund, the PPLO Master Fund, and PPVA Black Elk (Equity) LLC, seeking to avoid and recover fraudulent transfers made by Black Elk at the direction of the Platinum Defendants. This Complaint was based on the same actions summarized above with respect to the Black Elk fraud. (Ex. 73, Black Elk Bankruptcy Trustee Complaint; Ex. 74, Black Elk TRO; Ex. 75, Black Elk TRO extension).

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[9] The Complaint also charges Platinum Management and Nordlicht, among others, with fraudulently overvaluing one of PPVA portfolio companies, Golden Gate Oil LLC. (Complaint, ¶¶ 49-67). In light of the scope of this motion concerning a request for a receivership over PPCO and PPLO, the Commission does not rely upon this evidence in support of the instant motion for emergency relief. It does, however, reserve its right to introduce such evidence at any subsequent hearing arising from this motion.

On November 29, 2016, Levy was deposed in connection with the Trustee's request for a preliminary injunction in the proceeding, and refused to answer any question on the grounds that he was asserting his Fifth Amendment right against self-incrimination. (Ex. 13). The next day, Nordlicht was deposed in the proceeding and similarly refused to answer any question on the grounds that he was asserting his Fifth Amendment right against self-incrimination. (Ex. 12).[10]

By letter dated November 30, 2016, CohnReznick advised Platinum Credit that it had suspended all work on all outstanding engagements, including for the PPCO Master Fund. (Ex. 68, CohnReznick 11.30.16 Letter).

On December 19, 2016, counsel for Nordlicht and Platinum Credit informed staff that they had agreed to increase Guidepost's role over the PPCO and PPLO funds to that of Chief Oversight Officer.

III.

ARGUMENT

A. Platinum Credit Violated the Anti-Fraud Provisions of the Federal Securities Laws

Because the Commission is "not . . . an ordinary litigant, but . . . a statutory guardian charged with safeguarding the public interest in enforcing the securities laws," its burden to secure temporary or preliminary relief is less than that of a private party. *SEC v. Mgmt. Dynamics, Inc.*, 515 F.2d 801, 807 (2d Cir. 1975). It need not show irreparable injury, a balance of equities in its favor, or the unavailability of remedies at law. *Id.* at 808. The Commission need only make a "proper showing" of violative activity to obtain a temporary restraining order or preliminary injunction against statutory violations. Specifically, the Commission must make a

[10] The preliminary injunction hearing is scheduled for January 2017. Until then, PPCO's assets remain subject to a limited asset freeze pursuant to a TRO, the continuation of which PPCO has consented to until the date of the hearing.

substantial showing of (i) a current violation; and (ii) the risk of repetition. *See SEC v. Cavanagh*, 155 F.3d 129, 132 (2d Cir. 1998); *Mgmt. Dynamics*, 515 F.2d at 807.

1. **Platinum Credit Violated Sections 206(1) and 206(2) of the Advisers Act**

Sections 206(1) and 206(2) of the Advisers Act prohibit an investment adviser from using instruments of commerce to employ any device, scheme or artifice to defraud, or to engage in any transaction, practice, or course of business that operates as a fraud or deceit upon any client or prospective client. Section 206(1) requires scienter; Section 206(2) does not. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992). Section 206 imposes on an investment adviser affirmative duties, including the duty to act for the benefit of advisory clients and to exercise utmost good faith in dealing with them. *See, e.g., SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 191-92, 194 (1963); *see Goldstein v. SEC*, 451 F.3d 873 (D.C. Cir. 2006) (finding that adviser's client was a fund, not the fund's investors).

Platinum Credit is a relying investment adviser of Platinum Management, and Nordlicht is a significant owner and co-CIO of Platinum Management and Platinum Credit, and he dominated investment and financial decision making for PPVA and PPCO. As such, Nordlicht's actions can be attributed to Platinum Credit. *SEC v. Manor Nursing Centers, Inc.*, 458 F.3d 1082, 1089 n.3 (2d Cir. 1972) (scienter of control person can be imputed to the controlled corporations); *SEC v. Treadway*, 430 F. Supp. 2d 293, 337 (S.D.N.Y. 2006) ("It is settled that the scienter of executives can be imputed to corporate entities.").

Platinum Management[11] and Platinum Credit, through Nordlicht, violated Sections 206(1) and 206(2) by operating their respective funds in a manner that was inconsistent with their funds' organizational and disclosure documents: Platinum Management, by selectively

[11] Although the Commission is only seeking emergency relief with respect to Platinum Credit and PPLO, Nordlicht's fraudulent conduct with respect to Platinum Management is relevant to the emergency relief sought with respect to Platinum Credit and PPLO.

redeeming certain investors over others, and both Platinum Management and Platinum Credit by managing liquidity crises by engaging in improper lending transactions to affiliate funds. Moreover, the use of cashless redemptions to move PPVA investors to PPCO reflect a breach of duty to PPCO, which helped PPVA engage in selective redemptions it did not have the cash to pay by taking on new investors in return for exposing itself to the cash-starved PPVA fund.

As recognized in the PPM's disclosures of conflicts of interests, which expressly limited inter-fund loans to circumstances in which the borrowing fund was going to use the loan to make an investment, the loans between funds presented potential or actual conflicts of interest because Platinum Management and Platinum Credit, controlled principally by Nordlicht, were responsible for (a) directing PPCO or PPVA to make the loans, (b) determining their terms, and (c) determining when and whether PPVA or PPCO repaid those loans.[12]

2. Platinum Credit Violated Section 206(4) of the Advisers Act and Rule 206(4)-8 Thereunder

Section 206(4) of the Advisers Act makes it unlawful for any investment adviser to engage in any act, practice or course of business which is fraudulent, deceptive or manipulative in contravention of Commission rules. Rule 206(4)-8 makes it a fraudulent, deceptive, or manipulative act, practice, course of business for any investment adviser to a pooled investment vehicle to make any untrue statement of a material fact or to omit to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, to any investor or prospective investor in the pooled investment vehicle.

[12] The adverse interest exception generally precludes the imputation of a consent by an agent (such as Platinum Management, Platinum Credit and Nordlicht) to its principal whenever "an agent acts adversely to its principal." *Bank of China v. NBM LLC*, 359 F.3d 171, 179 (2d Cir. 2004). Accordingly, Platinum Management, Platinum Credit and Nordlicht could not consent on behalf of the funds.

The Rule also proscribes otherwise engaging in any act, practice, or course of business that is fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in the PIV. Rule 206(4)-8 applies here because PPVA and PPCO would be investment companies under the Investment Company Act but for an exclusion under Section 3(c)(7) of that Act.

Platinum Credit and Nordlicht violated Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder by causing PPCO to make loans to PPVA in significant part to pay redemptions (including cashless redemptions) or to repay a short-term loan, contrary to the permitted purposes for such inter-fund loans in PPCO fund documents. As illustrated by the PPCO investor whose $7 million investment immediately was transferred to PPVA to help PPVA pay off another debt, these transactions operated as a fraud on PPCO investors, who could not have expected that the adviser was going to misuse fund monies and expose them to inappropriate exposure to the illiquid PPVA fund.

In addition, Nordlicht also violated Section 206(4) and Rule 206(4)-8 through a range of deceptive practices and fraudulent statements and omissions concerning Platinum Management's activities. First, some of PPVA's investors were denied payment on redemptions while other investors were getting selectively paid, in contradiction to the procedures set forth in PPVA fund documents provided to investors. Second, Platinum Management and Nordlicht made oral and written misrepresentations to current and prospective investors who were not given accurate information about PPVA's inability to timely pay redemptions and the significant liquidity crisis at the fund. Third, fund investors were harmed by the use of loans to redeem other investors, as they were left in an illiquid fund exposed to high interest debt that would take priority over their equity interest, diluting their interests. Fourth, PPVA investors and prospective investors received financial statements, marketing materials and other documents that reported

performance based on the Black Elk note scheme, without telling them that such proceeds were the result of illicit activity.

3. Platinum Credit Violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder

Section 17(a) of the Securities Act prohibits fraud "in the offer or sale of securities," and Section 10(b) of the Exchange Act and Rule 10b-5 prohibit fraud "in connection with the purchase or sale of securities." Specifically, Exchange Act Rule 10b-5(b) prohibits in connection with the purchase or sale of securities making any untrue statement or omission of material fact, while Section 17(a)(2) prohibits in the offer or sale of securities obtaining money or property by means of any untrue statement or omission of material fact. *See,* e.g., *SEC v. Monarch Funding Corp.,* 192 F.3d 295, 308 (2d Cir. 1999); *Basic, Inc. v. Levinson,* 485 U.S. 224, 235 n.13 (1988). For purposes of Rule 10b-5(b), the "maker" of a statement is the person or entity with ultimate authority over the statement, including its content and whether and how to communicate it. *Janus Capital Group v. First Derivative Traders*, 131 S.Ct. 2296, 2302 (2011); *Matter of Optimal U.S. Litig.*, No. 10 Civ. 4095, 2011 WL 4908745, at *2 (S.D.N.Y. Oct. 14, 2011).

In addition, Exchange Act Rules 10b-5(a) and 10b-5(c) prohibit in connection with the purchase or sale of securities "employing any device, scheme or artifice to defraud" and "engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person." Similarly, Section 17(a)(1) and (3) prohibit in the offer or sale of securities "employing any device, scheme or artifice to defraud" and "engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon any purchaser. Claims based on misrepresentations and on scheme liability may overlap, and misrepresentations may form part of the scheme, because "the three main subdivisions of

Section 17 and Rule 10b-5 have been considered to be mutually supporting rather than mutually exclusive." *Cady, Roberts & Co.*, 40 S.E.C. 907, 913 (1961). Still, some courts addressing scheme liability require that the defendant, distinct from the misstatements, committed some deceptive or fraudulent act, such as creating or financing a sham entity, or orchestrating the overall fraudulent scheme. *See, e.g., SEC v. Kelly*, 817 F.Supp.2d 340, 344 (S.D.N.Y. 2011); *SEC v. Lee* , 720 F.Supp.2d 305, 325, 334 (S.D.N.Y. 2010) (sham entity); *In re Global Crossing, Ltd. Sec. Litig.*, 322 F.Supp.2d 319,336-337 (S.D.N.Y.2004) (orchestrated scheme); *SEC v. CKB168 Holdings Ltd.*, 13 Cv. 5584, 2016 WL 1915859 (E.D.N.Y. Dec. 1, 2016) (citing *Kelly*). In any event, however, the violative conduct in this case included both material misrepresentations and scheme conduct.

Furthermore, to establish a violation of Section 17(a)(1) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5, the Commission must prove that the defendant acted with scienter.[13] Scienter has been defined as "a mental state embracing intent to deceive, manipulate or defraud." *Ernst & Ernst v. Hochfelder,* 425 U.S. 185, 193 (1976). The Second Circuit has held that scienter may be established by proof of conscious misbehavior or recklessness. *SEC v. U.S. Environmental*, 155 F.3d 107, 111 (2d Cir. 1998). The Commission must also prove that the misrepresented or omitted facts and fraudulent conduct were material, meaning there is a "substantial likelihood" that the misrepresented or omitted fact "would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available." *Basic, Inc. v. Levinson*, 485 U.S. at 231-32.

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[13] Violations of Section 17(a)(2) and (3) of the Securities Act do not require proof of scienter. *See Aaron v. SEC*, 446 U.S. 680, 695 (1980).

Three sets of events give rise to violations under various of the anti-fraud provisions. First, in the Black Elk fraud, Platinum Management and Nordlicht violated Section Exchange Act Rule 10b-5(b) through material misrepresentations to independent Black Elk noteholders that falsely stated that PPVA and its affiliates held only a small minority of the notes, when in fact they held the vast majority of those notes. While the statements were made by Black Elk, they may be attributed to Platinum Management and Nordlicht by virtue of his almost complete domination and control of Black Elk generally, and his orchestration with others of the note solicitation and resulting diversion of funds from beginning to end. *See In re Pfizer Inc. Secs. Litig.*, 819 F.3d 642, *655-58 (2d Cir. 2016) (holding there was a material question of fact whether one company could be found liable for misstatements of employees of a separate company where first company had "final sign off" of press releases, and both companies were parties to an agreement whereby they would coordinate public statements); *City of Roseville Employees' Retirement System v. Energy Solutions, Inc.*, 814 F.Supp.2d 395, 416-18 (S.D.N.Y. 2011) (finding holding company responsible for misstatements in a registration statement filed by a company that it owned).

Also, by orchestrating the scheme to defraud Black Elk noteholders, Platinum Management and Nordlicht, as well as Levy and Small, violated Exchange Act Rule 10b-5(a) and 10b-5(c). Specifically, Nordlicht set the overriding goal of having Black Elk pay off the Platinum-held preferred shares; and arranged for bonds to be shifted from Platinum Management to "friendlies."

Platinum Management and Nordlicht also acted with scienter. Emails and other documents establish that they formed a goal of getting Platinum funds' preferred equity paid from the Renaissance sale proceeds, and then developed and executed a plan to get noteholders

to consent to indenture amendments that would permit such payments to preferreds, including transferring blocks of notes to "friendlies" and causing Black Elk to issue a tender offer/consent solicitation that concealed Platinum's noteholdings so that they could improperly vote their notes in favor of the amendment they had designed. In the end, both PPCO and PPLO received financial benefit from this scheme.

Second, Platinum Management, Platinum Credit and Nordlicht violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder with respect to their dealings with potential investors in PPCO and PPVA. Platinum Management, controlled by Nordlicht, took in new investors during 2015 based on PPVA PPMs that promised a standard quarterly redemption procedure affording liquidity to all investors when in fact the fund was in the midst of a liquidity crisis and was making selective redemptions. At the same time, Platinum Credit, controlled by Nordlicht,[14] took in over $7 million in new investment money based on a PPCO PPM that promised that funds would be invested in high-yield loans, with inter-fund loans permissible only for making investments. In fact, that $7 million was immediately diverted to PPVA to repay a past-due short-term loan. Finally, at a time when Platinum Management was actively marketing PPVA and obtaining new investors and additional investments from existing investors, Nordlicht misled those investors by addressing PPVA's liquidity while omitting to reveal that the fund was cash-strapped and selectively paying redemptions.

Third, Platinum Management, Platinum Credit, Nordlicht, and Levy also violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 by engaging in a scheme to defraud BAM's advisory clients concerning their $1.5 million loan to PPCO portfolio company Credit Strategies. They misrepresented the purpose for which the funds had

[14] Nordlicht's scienter is imputable to Platinum Management and Platinum Credit.

been sought as working capital for Credit Strategies, when in fact it was to help PPVA with its liquidity crisis. To consummate this fraud, they promptly diverted the $1.5 million from Credit Strategies to PPVA.

B. The Court Should Grant Immediate Relief to Preserve the Assets of the Funds

1. The Court Should Grant A Temporary Restraining Order and Preliminary Injunction Against Platinum Credit

Section 209(d) of the Advisers Act authorizes the Commission, upon a proper showing to seek and obtain in federal district court a "temporary injunction or decree or restraining order." A "proper showing" requires that the Commission demonstrate (1) a prima facie case that a violation of the federal securities laws has occurred and (2) a likelihood that a violation will occur again in the future. *SEC v. Unifund SAL*, 910 F.2d 1028, 1037 (2d Cir. 1990). The Commission need not show risk of irreparable injury or the unavailability of remedies at law. Id. at 1036.

As described above, the Commission has sufficient evidence to make a prima facie case that Platinum Credit, PPCO's manager, violated Sections 206(1), 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, as well as Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. With respect to future violations, PPCO has already allowed itself to be used for conflict-laden investments that are not in the interest of its investors. There is a strong likelihood that additional such transactions could occur, particularly since Nordlicht remains in control of Platinum Credit.

2. The Court Should Appoint a Temporary and Permanent Receiver Over the Receivership Entities

Courts have consistently held that that the District Court has equitable power to appoint a receiver in order to effectuate the purpose of the federal securities laws. *SEC v. American Board*

of Trade, Inc., 830 F.2d 431, 436 (2d Cir. 1987); *SEC v. Materia*, 745 F.2d 197, 200 (2d Cir. 1984), cert. denied, 471 U.S. 1053 (1985). Courts will appoint a receiver where necessary (1) to preserve the status quo while various transactions are being unraveled in order to determine an accurate picture of the fraudulent conduct, *Manor Nursing Centers, Inc.*, 458 F.2d at 1105; (2) to protect "those who have already been injured by a violator's actions from further despoliation of their property or rights," *Esbitt v. Dutch-American Mercantile Corp.*, 335 F.2d 131, 143 (2d Cir. 1964); (3) to prevent the dissipation of the defendant's assets pending further action by the court, *American Board of Trade, Inc.*, 830 F.2d at 436; (4) to install a responsible officer of the court who could bring the companies into compliance with the law, id. at 437; or (5) to place hopelessly insolvent entities in bankruptcy to effect their liquidation. Id. at 436.

In addition to a court's inherent equitable authority, statutory authority under Exchange Section 21(d)(5) provides: "In any action or proceeding brought or instituted by the Commission under any provision of the securities laws, the Commission may seek, and any Federal court may grant, any equitable relief that may be appropriate or necessary for the benefit of investors." Because the Exchange Act defines the "securities laws" to include the Investment Advisers Act, 15 U.S.C. § 78c(a)(47), in an action under the Advisers Act, the Exchange Act provides statutory authority for a court to appoint a receiver."

Receiverships are appropriate over entities that are not named defendants but are owned and controlled by the defendant and used to perpetrate the fraud. *SEC v. Sunwest Management, Inc.*, 2009 U.S. Dist. LEXIS 9318111 (D. Or., Oct. 2, 2009) (noting that receiver was appointed over hundreds of entities affiliated with the defendants); *SEC v. Byers*, 592 F. Supp. 2d 532, 534-35 (S.D.N.Y. 2008) (noting that receiver was appointed over two individual defendants, five entity defendants, and approximately 240 entities that the defendants owned or

controlled). Indeed, even a small amount of commingling of tainted funds between entities controlled by the defendant will justify the inclusion of the entity in a receivership. *SEC v. Byers*, 637 F. Supp. 2d 166, 178 (S.D.N.Y. 2009) ("[T]here is some evidence that commingling occurred, and the law does not appear to require more than that.") Nordlicht was the co-CIO of Platinum Management and Platinum Credit and CIO of Platinum Liquid. The above evidence amply demonstrates Nordlicht's control over the master and feeder funds Platinum Credit was adviser to, namely Platinum Partners Credit Opportunities Master Fund LP, Platinum Partners Credit Opportunities Fund (TE) LLC; Platinum Partners Credit Opportunities Fund LLC; and Platinum Partners Credit Opportunity Fund (BL) LLC. Similarly, the evidence demonstrates Nordlicht's control over Platinum Liquid and the United States-incorporated feeder fund Platinum Partners Liquid Opportunity Fund (USA) L.P., it was adviser to. For example, Nordlicht used both PPCO and PPLO to further the Black Elk fraud by having them vote their notes in favor of the proposed amendment to the note indenture and both funds benefitted from the fraud by receiving proceeds from the Renaissance sale (PPLO: $5 million; PPCO: approximately $24.6 million) based on their ownership of preferred shares.

Appointment of a receiver over the Nordlicht-controlled Receivership Entities is necessary to preserve the status quo and to protect their investors. Although Bart Schwartz and Guidepost are currently in place as an informal IOA for PPCO and PPLO, the more formal protection of a receiver is appropriate at this point in light of Nordlicht's violations of the anti-fraud provisions of the federal securities laws. In addition to preserving the status quo and securing the assets of the Receivership Entities, appointment of a receiver will provide court supervision for all decisions regarding expenditures, liquidation of assets, and ultimately the payment of investors. Moreover, the staff believes that Bart Schwartz and Guidepost, which are

already in place as IAO, are uniquely qualified to serve as Receiver and advisers to the Receiver, respectively.[15]

3. **The Court Should Enjoin The Filing of Bankruptcy, Foreclosure, and Other Actions To Protect the Receivership Entities and Assets**

Courts may issue "anti-litigation injunctions barring bankruptcy filings as part of their broad equitable powers in the context of an SEC receivership." *SEC v. Byers*, 609 F.3d 87, 91 (2d Cir. 2010) (joining the Ninth and Sixth Circuits in approving anti-litigation injunctions to preserve receivership assets). An anti-litigation injunction that enjoins the filing of any new bankruptcy, foreclosure, receivership, or other actions by or against the Receivership Entities is required here to prevent potentially disparate actions in different courts that could affect the receivership assets subject to this Court's jurisdiction and control.

4. **The Court Should Order Expedited Discovery and Document Preservation**

Because of the exigency, the Commission seeks an order authorizing expedited discovery. In addition, the Commission seeks an order prohibiting Platinum Credit and others acting on its behalf from destroying, concealing, or altering any relevant books, records, or documents. This is necessary to ensure that the Commission will be able to obtain the full records of the fraudulent conduct.

[15] Due to the sensitivity and confidentiality of this action, the SEC staff did not obtain a prior written receivership proposal from Mr. Schwartz or Guidepost Solutions LLC. The staff recommends that Mr. Schwartz and Guidepost be appointed Receiver and adviser to the Receiver, respectively, and we will seek court approval of the specific financial terms on which Mr. Schwartz is proposed to be appointed after discussing the specific terms with Mr. Schwartz. In the interim, the proposed Order Appointing Receiver makes clear that no compensation will be paid to the Receiver or his advisers without prior court approval. We will also provide the court with additional potential Receivers if the court requests them.

CONCLUSION

For the foregoing reasons, as well as those set forth in the accompanying declarations and exhibits thereto, the Commission respectfully requests that the Court grant its application for emergency relief.

Dated: December 19, 2016
New York, New York

Respectfully submitted,

By: _____

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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **v.** **PLATINUM MANAGEMENT (NY) LLC, PLATINUM CREDIT MANAGEMENT, L.P.; MARK NORDLICHT; DAVID LEVY; DANIEL SMALL; URI LANDESMAN; JOSEPH MANN; JOSEPH SANFILIPPO; and JEFFREY SHULSE;** **Defendants.**	**Civil Case No.** **ECF Case**

DECLARATION OF NEAL JACOBSON PURSUANT TO LOCAL RULE 6.1(d) IN SUPPORT OF APPLICATION FOR ORDER TO SHOW CAUSE, TEMPORARY RESTRAINING ORDER, PRELIMINARY INJUNCTION, ORDER APPOINTING RECEIVER, AND GRANTING OTHER RELIF

I, NEAL JACOBSON, pursuant to 28 U.S.C. § 1746 declare as follows:

1. I am a Senior Trial Attorney employed by the New York Regional office of the Securities and Exchange Commission ("Commission"). I am over 18 years old and am a member of the bar of this Court. This declaration is based upon personal knowledge, knowledge of other members of the Commission staff, documents produced to the Commission staff, and public records.

2. I make this declaration pursuant to Local Civil Rule 6.1(d) to show that good and sufficient reasons exist for bringing the Commission's application (the "Application") for an Order to Show Cause, Temporary Restraining Order, Preliminary Injunction, Appointment of a Receiver, and Other Relief in connection with the action it has filed against defendants Platinum Credit Management L.P., Platinum Management (NY) LLC, Mark Nordlicht ("Nordlicht"), and several of Nordlicht's associates.

3. Ex parte emergency relief is needed to protect for the benefit of investors the assets of funds under the management of two investment advisers controlled and partially owned by defendant Nordlicht: Platinum Credit Management, L.P. ("Platinum Credit") and Platinum Liquid Opportunity Management (NY) LLC.

4. The Commission's Complaint alleges that Nordlicht and others have engaged in a wide range of fraudulent conduct in connection with the funds and portfolio companies under their management, including improperly transferring monies between funds under their control to meet short-term obligations and redemption requests; making material misrepresentations and omissions to investors regarding the funds' illiquidity and inability to timely meet investor redemption requests; engaging in a fraudulent scheme to divert close to $100 million out of one portfolio company (Black Elk Energy Offshore Operating, LLC) at the expense of non-affiliated

noteholders of that company; and engaging in misrepresentations to divert $1.5 million from another portfolio company for the benefit of one of the funds.

5. In June 2016, funds under Nordlicht's and Platinum Credit's control announced that they were no longer accepting new investors. On July 18, 2016, Platinum Credit and other advisers controlled by Nordlicht installed Bart Schwartz and Guidepost Solutions LLC as an Independent Oversight Adviser to receive access to information and employees and advance notice of major transactions concerning all of Platinum Credit's and other Nordlicht-controlled funds. However, Nordlicht continues to control the advisers and the funds and recent events confirm that he should be removed from management.

6. On November 30, 2016, Nordlicht asserted his Fifth Amendment right against self-incrimination as to all questions posed to him by the litigation trustee of Black Elk Energy Offshore Operating, LLC in connection with Black Elk's bankruptcy case pending in the Southern District of Texas. Nordlicht was being deposed in connection with his role in the diversion of close to $100 million out of Black Elk Energy Offshore Operating, LLC, one of the Nordlicht-controlled funds' portfolio companies, at the expense of non-affiliated noteholders of that company.

7. In addition, upon information and belief, this morning, Nordlicht, along with several other defendants, was arrested on securities-related fraud charges filed in the Eastern District of New York, for engaging in conduct similar to that alleged by the Commission in its Complaint.

8. In light of Mr. Nordlicht's recent refusal to answer questions concerning his role in the disposition of assets of a fund-controlled portfolio company and his and his associates' arrests, the Commission believes that emergency relief including the appointment of a receiver is

necessary to protect the assets of the Nordlicht-controlled funds for the benefit of defrauded investors.

9. At approximately 9:00 a.m. on Monday, December 19, 2016, I provided telephonic and email notice that the Commission would be seeking the emergency relief set forth in its papers to counsel to Platinum Credit and Nordlicht, Andrew J. Levander, Esq., Dechert LLP, 1095 Avenue of the Americas, New York, NY 10036, tel. (212) 698-3683.

10. No previous request has been made for the relief sought in the Application.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: New York, NY
December 19, 2016

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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **v.** **PLATINUM MANAGEMENT (NY) LLC, PLATINUM CREDIT MANAGEMENT, L.P.; MARK NORDLICHT; DAVID LEVY; DANIEL SMALL; URI LANDESMAN; JOSEPH MANN; JOSEPH SANFILIPPO; and JEFFREY SHULSE;** **Defendants.**	**Civil Case No.** **ECF Case**

DOCUMENT DECLARATION OF JESS VELONA IN SUPPORT OF EMERGENCY APPLICATION FOR AN ORDER TO SHOW CAUSE, TEMPORARY RESTRAINING ORDER, PRELIMINARY INJUNCTION, APPOINTMENT OF A RECEIVER, AND OTHER RELIEF

I, JESS VELONA, declare as follows:

1. I am a Senior Attorney employed by the Securities and Exchange Commission ("Commission") in its New York Regional Office. I am over 18 years old. I am a member of the bar of this Court. I am personally familiar with the facts described herein.

2. I make this Document Declaration in support of the Commission's Emergency Application for an Order to Show Cause, Temporary Restraining Order, Preliminary Injunction, Appointment of a Receiver, and Other Relief ("Order to Show Cause").

3. The documents and excerpts of documents listed below are true and correct copies of the documents and excerpts of documents described in the Commission's Memorandum of Law in support of the Order to Show Cause.

EXHIBIT	DOCUMENT DESCRIPTION	PRODUCTION NUMBERS IF AVAILABLE
Ex. 1	SEC Form ADV, Platinum Management (NY) LLC (3/30/16)	
Ex. 2	Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries, Audited Financial Statements (12/31/14)	
Ex. 3	Platinum Partners Credit Opportunities Master Fund L.P. and Subsidiaries, Audited Financial Statements (12/31/14)	
Ex. 4	Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries, Audited Financial Statements (12/31/14)	
Ex. 5	Platinum Partners Value Arbitrage Fund (USA) L.P., Class L, Confidential Private Offering Memorandum (4/2015)	
Ex. 6	Platinum Partners Credit Opportunities Fund LLC, Class C, Confidential Private Placement Memorandum (3/2015)	
Ex. 7	Platinum Partners Liquid Opportunity Fund (USA) L.P., Class A, Confidential Private Offering Memorandum (2/2014)	
Ex. 8	Email and attached letter (7/20/16) from Guidepost Solutions LLC to Platinum investors	FA_0000660—62
Ex. 9	Excerpts from Platinum Partners: Projected Capital Activity Report 2016	
Ex. 10	Letter agreement (7/18/16) among Guidepost Solutions LLC, Platinum Management (NY) LLC, Platinum Credit Management L.P., and Platinum Liquid Opportunity Management (NY) LLC	
Ex. 11	Order (8/25/16) issued by the Grand Court of the Cayman Islands Financial Services Division	
Ex. 12	Testimony of M. Nordlicht (11/30/16), *In Re Black Elk Energy Offshore Operating LLC*, Adversary No. 16-3237 (Bankr., S.D. Tx.)	
Ex. 13	Testimony of D. Levy (11/29/16), *In Re Black Elk Energy Offshore Operating LLC*, Adversary No. 16-3237 (Bankr., S.D. Tx.)	

Ex. 14	Draft revised letter agreement (12/16/16) among Guidepost Solutions LLC, Platinum Management (NY) LLC, Platinum Credit Management L.P., and Platinum Liquid Opportunity Management (NY) LLC	
Ex. 15	Email string (11/5-6/12) ending M. Nordlicht to U. Landesman re: "Current Redemptions Nov 5, 2012.xls"	PLTNM_LAND0036832
Ex. 16	Email and attachment (2/5/14) from J. SanFilippo to M. Nordlicht and U. Landesman, copy to M. Kimelman re: "December 31 Redemption Summary.xlsx	PLTNM_LAND0130475
Ex. 17	Excerpts from Platinum-created spreadsheet reflecting PPVA capital activity as of 3/31/15	
Ex. 18	Email string (6/16/14) ending M. Nordlicht to U. Landesman re: "Prospects"	
Ex. 19	Email string (3/3/15) ending U. Landesman to M. Nordlicht	
Ex. 20	Email string (4/7/15) ending U. Landesman to M. Nordlicht, copy to A. Kaplan re: "Thomvest Platinum"	
Ex. 21	Excerpts from Platinum-created spreadsheet reflecting PPVA capital activity as of 9/30/15	
Ex. 22	Email string (1/15/16) ending M. Kimelman to M. Nordlicht and D. Levy re "FW: platinum"	
Ex. 23	Excerpts from bank statement (7/2015), Platinum Management (NY) LLC, Sterling National Bank Account Nos. ending 0447 and 2784	
Ex. 24	Excerpts from bank statement (7/2015), Platinum Partners Value Arbitrage Fund L.P., Sterling National Bank Account No. ending 0148	
Ex. 25	Excerpts from bank statement (7/2015), Platinum Partners Value Arbitrage Fund (USA) L.P, Sterling National Bank Account Nos. ending 0455 and 0527	
Ex. 26	Excerpts from Platinum-created spreadsheet reflecting PPVA redemptions effective 6/30/15	

Ex. 27	Platinum Management (NY) LLC Due Diligence Questionnaire (7/2015)	
Ex. 28	Platinum Management (NY) LLC Due Diligence Questionnaire (9/2015)	
Ex. 29	Platinum Partners Value Arbitrage Fund LP, Class L tear sheet (3/2015)	
Ex. 30	Platinum Partners Value Arbitrage Fund LP, Class Q tear sheet (12/2015)	
Ex. 31	Excerpts from bank statement (8/2015), Platinum Partners Credit Opportunities Master Fund L.P., Capital One Account No. ending 5051	
Ex. 32	Excerpts from bank statement (9/2015), Platinum Partners Credit Opportunities Master Fund L.P., Capital One Account No. ending 5051	
Ex. 33	Excerpts from Platinum-created spreadsheet reflecting PPCO redemptions as of 6/30/15	
Ex. 34	Excerpts from Platinum-created spreadsheet reflecting PPVA redemptions effective 6/30/15	
Ex. 35	Excerpts from bank statement (9/12/15—10/13/15), Platinum Partners Centurion Credit International Fund Services, Capital One Account No. ending 4439	CR_0000003013—14
Ex. 36	Excerpts from bank statement (10/2015), Platinum Partners Credit Opportunities (BL) Fund, Capital One Account No. ending 7444	CR_0000003128—31
Ex. 37	Excerpts from bank statement (10/2015), Platinum Partners Credit Opportunities Master Fund, Capital One Account No. ending 5051	SEC-PM_OCIE-E-0020928—35
Ex. 38	Excerpts from bank statement (10/2015), Platinum Partners Value Arbitrage Fund L.P., Sterling National Bank Account No. ending 0148	SEC-PM_OCIE-E-0022179—202
Ex. 39	$7.2 million Promissory Note (6/17/15) issued by Platinum Partners Value Arbitrage Fund L.P. in favor of White Rock Properties LLC	CR_0000000981—88

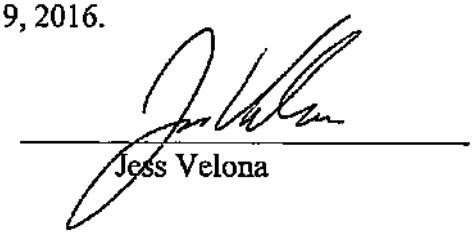
Ex. 40	Platinum internal spreadsheet reflecting two subscriptions to Platinum Partners Credit Opportunities Fund International Ltd., effective 10/1/15 [redacted]	
Ex. 41	Platinum-created spreadsheet reflecting cashless transfers from PPCO to PPVA as of 12/1/15	
Ex. 42	Letter instructions from Teed Holdings LLC to SS&C Technologies, Inc. re: redemption and subscription [redacted]	SS&C017877
Ex. 43	Letter instructions from Lydia Capital LLC to SS&C Technologies, Inc. re: redemption and subscription [redacted]	SS&C017898
Ex. 44	Letter instructions from Perl Family Foundation to SS&C Technologies, Inc. re: redemption and subscription [redacted]	SS&C017909
Ex. 45	Letter instructions from Perl Equity Holdings LLC to SS&C Technologies, Inc. re: redemption and subscription [redacted]	SS&C017920
Ex. 46	Form instructions from Clearstream Banking S.A. to SS&C Technologies, Inc. re: redemption and subscription (12/23/15) [redacted]	SS&C017850—53
Ex. 47	Letter instructions from Next Generation TS FBO Sheldon Perl IRA to SS&C Technologies, Inc. re: redemption and subscription [redacted]	SS&C017854
Ex. 48	Platinum Partners Credit Opportunities Fund LLC Individual Account Statements (12/31/15) for Teed Holdings LLC, Lydia Capital LLC, Perl Equity Holdings LLC, and Perl Family Foundation [redacted]	SS&C013546 SS&C013620 SS&C013621 SS&C009840
Ex. 49	Platinum Partners Credit Opportunities Fund International Ltd. Individual Account Statement (12/31/15) for Clearstream Banking S.A. AFS [redacted]	SS&C014726
Ex. 50	Black Elk Energy Offshore Operations, LLC Annual Report on SEC Form 10-K (12/31/13)	
Ex. 51	Offer to Purchase and Consent Solicitation Statement, Black Elk Energy Offshore Operations, LLC and Black Elk Energy Finance Corp. (7/16/14)	PLTNM_SMAL0409365—409
Ex. 52	Email string (3/16-17/14) ending M. Nordlicht to D. Small re: "2012 P&L"	

Ex. 53	Email (4/8/14) from D. Small to D. Levy re: "consent"	
Ex. 54	Email (2/6/14) from M. Nordlicht to J. Hoffman, copy to M. Piché re: "Atty client privilege"	Trustee Ex. 11
Ex. 55	Email string (3/3/14) ending M. Nordlicht to J. Shulse, copy to D. Small, M. Piché, J. Hoffman, and D. Levy re : "Confidential – Attorney Client Privilege"	Trustee Ex. 12
Ex. 56	Email string (6/2-3/14) ending M. Nordlicht to J. Shulse, copy to D. Small and D. Levy re: "Revised Second Supplemental Indenture"	
Ex. 57	Email string (7/2-3/14) ending D. Small to M. Nordlicht and D. Levy re: "FW: BLELK holdings"	
Ex. 58	Email and attachment (7/23/14) from D. Small to N. Marzella re: "FW: Election/Vol/Tender – Consent/BLACK ELK ENERGY OFFSHOR BLELK 13 ¾ 12/01/15/CUSIP:09203YAC5"	PLTNM_SMAL0414764—74
Ex. 59	Excerpts from bank statement (8/2014), Black Elk Energy Offshore Operations LLC, Amegy Bank of Texas reflecting wire transfers on 8/18-21/14	
Ex. 60	Excerpts from Term Loan and Security Agreement (2/27/14) among Credit Strategies LLC, ALS Capital Ventures LLC, BAM Administrative Services, and various lenders	
Ex. 61	Email string and attachment (5/11/16) ending D. Narain to D. Steinberg re: "ALS funding request"	B000345784
Ex. 62	Email string and attachments (5/11/16) ending S. Adler to D. Narain, M. Edelstein, and A. Northwood, copy to FundingApprovals, S. Taylor, and M. Feuer re: "Credit Strategies LLC"	B000329296—98
Ex. 63	Excerpts from bank statement (5/2016), Credit Strategies LLC, Capital One Account No. ending 1944	
Ex. 64	Excerpts from bank statement (5/2016), Platinum Partners Credit Opportunities Master Fund L.P., Capital One Account No. ending 5051	
Ex. 65	Excerpts from bank statement (5/2016), Platinum Credit Management L.P., Capital One Account No. ending 4993	

Ex. 66	Excerpts from bank statement (5/2016), Platinum Management (NY) LLC, Sterling National Bank, Account No. ending 0447	
Ex. 67	Excerpts from bank statement (5/2016), Platinum Partners Value Arbitrage Fund L.P., Sterling National Bank, Account No. ending 0148	
Ex. 68	Letter (11/30/16) from M. V. Fleischman, Cohn Reznick, to S. Horowitz, Platinum Credit Management LP re: resignation as auditor for PPCO-related entities	
Ex. 69	Letter (6/30/16) from M. Nordlicht to limited partners of Platinum Partners Value Arbitrage Fund (USA) L.P. re: suspending redemptions and calculations of net asset value	
Ex. 70	Letter (6/30/16) from M. Nordlicht to limited partners of Platinum Partners Credit Opportunities Fund (TE) LLC re: suspending redemptions and calculations of net asset value	
Ex. 71	Letter (6/30/16) from M. Nordlicht to the limited partners of Platinum Partners Liquid Opportunity Fund (USA) L.P. re: suspension of redemptions and calculations of net asset value	
Ex. 72	Letter (11/23/15) from M. Nordlicht to investors in Platinum Partners Value Arbitrage Fund (USA) L.P. re: creation of a side-pocket	
Ex. 73	Complaint (10/26/16), *In Re Black Elk Energy Offshore Operations, LLC*, Adversary No. 16-03237, Dkt. No. 1 (Bankr., S.D. Tx.)	
Ex. 74	Temporary Restraining Order (10/26/16), *In Re Black Elk Energy Offshore Operations, LLC*, Adversary No. 16-3237, Dkt. No. 7 (Bankr., S.D. Tx.)	
Ex. 75	Extension of Temporary Restraining Order (12/14/16), *In Re Black Elk Energy Offshore Operations, LLC*, Adversary No. 16-3237, Dkt. No. 68 (Bankr., S.D. Tx.)	

4. I declare that, to the best of my knowledge, the foregoing is true and correct.

Executed at New York, New York, on December 19, 2016.



Jess Velona

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **v.** **PLATINUM MANAGEMENT (NY) LLC;** **PLATINUM CREDIT MANAGEMENT, L.P. ;** **MARK NORDLICHT;** **DAVID LEVY;** **DANIEL SMALL;** **URI LANDESMAN;** **JOSEPH MANN;** **JOSEPH SANFILIPPO; and** **JEFFREY SHULSE;** **Defendants.**	**Civil Case No.** **16-cv-**

[PROPOSED] ORDER APPOINTING RECEIVER

WHEREAS this matter has come before this Court upon motion of the Plaintiff U.S. Securities and Exchange Commission ("SEC", "Commission" or "Plaintiff") to appoint a receiver in the above-captioned action;

WHEREAS the Court finds that, based on the record in these proceedings, the appointment of a receiver in this action is necessary and appropriate for the purposes of marshaling and preserving all assets of Platinum Credit Management, L.P.; Platinum Partners Credit Opportunities Master Fund LP; Platinum Partners Credit Opportunities Fund (TE) LLC; Platinum Partners Credit Opportunities Fund LLC; Platinum Partners Credit Opportunity Fund (BL) LLC; Platinum Liquid Opportunity Management (NY) LLC; and Platinum Partners Liquid

Opportunity Fund (USA) L.P. ("Receivership Entities"); to (i) preserve the status quo, (ii) ascertain the extent of commingling of funds among the Receivership Entities; (iii) ascertain the true financial condition of the Receivership Entities and the disposition of investor funds; (iv) prevent further dissipation of the property and assets of the Receivership Entities; (v) prevent the encumbrance or disposal of property or assets of the Receivership Entities; (vi) preserve the books, records and documents of the Receivership Entities; (vii) be available to respond to investor inquiries; (viii) protect investors' assets; (ix) conduct an orderly wind down including a responsible liquidation of assets and orderly and fair distribution of those assets to investors; and (x) determine whether one or more of the Receivership Entities should undertake bankruptcy filings.

WHEREAS the Court has subject matter jurisdiction over this action and personal jurisdiction over the Receivership Entities, and venue properly lies in this district.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. This Court hereby takes exclusive jurisdiction and possession of the assets, of whatever kind and wherever situated, of the Receivership Entities (the "Receivership Assets").

2. Until further Order of this Court, _____ is hereby appointed to serve without bond as receiver (the "Receiver") for the receivership estate of the Receivership Entities (the "Receivership Estate").

I. General Powers and Duties of Receiver

3. The Receiver shall have all powers, authorities, rights and privileges heretofore possessed by the officers, directors, managers, managing members, and general and limited partners of the Receivership Entities under applicable state and federal law, by the governing charters, by-laws, articles and/or agreements in addition to all powers and authority of a receiver

at equity, and all powers conferred upon a receiver by the provisions of 28 U.S.C. §§ 754, 959 and 1692, and Fed.R.Civ.P. 66.

4. All officers, directors, managing members, general and limited partners of the Receivership Entities are hereby dismissed from any and all positions of management of the Receivership Entities, and the powers of any officers, directors, managing members, general and limited partners of the Receivership Entities, are hereby subject to the authority and discretion of the Receiver. The Receiver shall assume and control the operation of the Receivership Entities and shall pursue and preserve all of the Receivership Entities' claims.

5. No person holding or claiming any position of any sort with any of the Receivership Entities shall possess any authority to act by or on behalf of any of the Receivership Entities except as may be authorized or delegated by the Receiver.

6. Subject to the specific provisions in this Order, the Receiver shall have the following general powers and duties:

A. To use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Entities, including, but not limited to, monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Entities own, possess, have a beneficial interest in, or control directly or indirectly ("Receivership Property");

B. To take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Entities; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto;

C. To manage, control, operate and maintain the Receivership Entities and hold in the Receiver's possession, custody and control all Receivership Property, pending further Order of this Court;

D. To use Receivership Property for the benefit of the Receivership Estate, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging the Receiver's duties as Receiver;

E. To take any action which, prior to the entry of this Order, could have been taken by the officers, directors, managers, managing members, and general and limited partners, and agents of the Receivership Entities;

F. To engage and employ persons in the Receiver's discretion to assist the Receiver in carrying out the Receiver's duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, forensic experts, brokers, traders or auctioneers, subject to Court approval;

G. To take such action as necessary and appropriate for the preservation of Receivership Property or to prevent the dissipation or concealment of Receivership Property;

H. To issue subpoenas for documents and testimony consistent with the Federal Rules of Civil Procedure and Court orders;

I. To investigate transactions by and among Receivership Entities, defendants, and any other persons and entities.

J. To bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging the Receiver's duties

as Receiver;

K. To pursue, resist and defend all suits, actions, claims and demands which may now be pending or which may be brought by or asserted against the Receivership Estate; and,

L. To take such other action as may be approved by this Court.

II. Access to Information

7. The Receivership Entities and the Receivership Entities' and the past and/or present officers, directors, managers, managing members, general and limited partners, agents, attorneys, accountants and employees of the Receivership Entities, as well as those acting in their place, are hereby ordered and directed to preserve and turn over to the Receiver forthwith all paper and electronic information of, and/or relating to, the Receivership Entities and/or all Receivership Property; such information shall include but not be limited to books, records, documents, accounts and all other instruments and papers.

8. Within five (5) days of the entry of this Order, the Receivership Entities shall serve upon the Receiver and the Commission a sworn statement, listing: (a) all employees (and job titles thereof), other personnel, attorneys, accountants and any other agents or contractors of the Receivership Entities; and, (c) the names, addresses and amounts of investments of all known investors of the Receivership Entities.

9. Within five (5) days of the entry of this Order, Receivership Entities shall provide to the Receiver and the Commission copies of Receivership Entities' federal income tax returns with all relevant and necessary underlying documentation.

10. The Receivership Entities and the Receivership Entities' past and/or present officers, directors, agents, managers, managing members, general and limited partners, attorneys,

employees, and accountants, shall cooperate with the Receiver and produce all documents as may be required by the Receiver regarding the business of the Receivership Entities, or any other matter relevant to the operation or administration of the receivership or the collection of funds due to the Receivership Entities.

III. Access to Books, Records and Accounts

11. The Receiver is authorized to take immediate possession of all assets, bank accounts or other financial accounts, books and records and all other documents or instruments relating to the Receivership Entities. All persons and entities having control, custody or possession of any Receivership Property are hereby directed to turn such property over to the Receiver.

12. The Receivership Entities, as well as their past and/or present officers, directors, agents, managers, managing members, general and limited partners, attorneys, employees, and accountants, any persons acting for or on behalf of the Receivership Entities, and any persons receiving notice of this Order by personal service, facsimile transmission or otherwise, having possession of the property, business, books, records, accounts or assets of the Receivership Entities are hereby directed to deliver the same to the Receiver, the Receiver's agents and/or employees.

13. All banks, brokerage firms, financial institutions, and other persons or entities which have possession, custody or control of any assets or funds held by, in the name of, or for the benefit of, directly or indirectly, of the Receivership Entities that receive actual notice of this Order by personal service, facsimile transmission or otherwise shall:

A. Not liquidate, transfer, sell, convey or otherwise transfer any assets, securities, funds, or accounts in the name of or for the benefit of the Receivership Entities

except upon instructions from the Receiver;

B. Not exercise any form of set-off, alleged set-off, lien, or any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court; and

C. Cooperate expeditiously in providing information and transferring funds, assets and accounts to the Receiver or at the direction of the Receiver.

IV. Access to Real and Personal Property

14. The Receiver is authorized to take immediate possession of all personal property of the Receivership Entities, wherever located, including but not limited to electronically stored information, computers, laptops, hard drives, external storage drives, and any other such memory, media or electronic storage devices, books, papers, data processing records, evidence of indebtedness, bank records and accounts, savings records and accounts, brokerage records and accounts, certificates of deposit, stocks, bonds, debentures, and other securities and investments, contracts, mortgages, furniture, office supplies and equipment.

15. The Receiver is authorized to take immediate possession of all real property of the Receivership Entities, wherever located, including but not limited to all ownership and leasehold interests and fixtures. Upon receiving actual notice of this Order by personal service, facsimile transmission or otherwise, all persons other than law enforcement officials acting within the course and scope of their official duties, are (without the express written permission of the Receiver) prohibited from: (a) entering such premises; (b) removing anything from such premises; or, (c) destroying, concealing or erasing anything on such premises.

16. In order to execute the express and implied terms of this Order, the Receiver is authorized to change door locks to the premises described above. The Receiver shall have

exclusive control of the keys and all other means of access to the real property. The Receivership Entities, or any other person acting or purporting to act on their behalf, are ordered not to change the locks in any manner, nor to have duplicate keys or other means of access made, nor shall they have keys or other means of access in their possession during the term of the receivership except as authorized by the Receiver.

17. The Receiver is authorized to open all mail directed to or received by or at the offices or post office boxes of the Receivership Entities, and to inspect all mail opened prior to the entry of this Order, to determine whether items or information therein fall within the mandates of this Order.

V. Notice to Third Parties

18. The Receiver shall promptly give notice of the Receiver's appointment to all known persons and entities including past and present officers, directors, managers, managing members, general and limited partners, agents, attorneys, accountants, and employees of the Receivership Entities, as the Receiver deems necessary or advisable to effectuate the operation of the receivership.

19. All persons and entities owing any obligation, debt, or distribution with respect to an ownership interest to any Receivership Entities shall, until further ordered by this Court, pay all such obligations in accordance with the terms thereof to the Receiver and its receipt for such payments shall have the same force and effect as if the Receivership Entities had received such payment.

20. In furtherance of the Receiver's responsibilities in this matter, the Receiver is authorized to communicate with, and/or serve this Order upon, any person, entity or government office that he deems appropriate to inform them of the status of this matter and/or the financial

condition of the Receivership Estate. All government offices which maintain public files of security interests in real and personal property shall, consistent with such office's applicable procedures, record this Order upon the request of the Receiver or the SEC.

21. The Receiver is authorized to instruct the United States Postmaster to hold and/or reroute mail which is related, directly or indirectly, to the business, operations or activities of any of the Receivership Entities (the "Receiver's Mail"), including all mail addressed to, or for the benefit of, the Receivership Entities. The Postmaster shall not comply with, and shall immediately report to the Receiver, any change of address or other instruction given by anyone other than the Receiver concerning the Receiver's Mail. The Receivership Entities shall not open any of the Receiver's Mail and shall immediately turn over such mail, regardless of when received, to the Receiver. All personal mail of any individuals, and/or any mail appearing to contain privileged information, and/or any mail not falling within the mandate of the Receiver, shall be released to the named addressee by the Receiver. The foregoing instructions shall apply to any proprietor, whether individual or entity, of any private mail box, depository, business or service, or mail courier or delivery service, hired, rented or used by the Receivership Entities. The Receivership Entities shall not open a new mailbox, or take any steps or make any arrangements to receive mail in contravention of this Order, whether through the U.S. mail, a private mail depository or courier service.

22. Subject to payment for services provided, any entity furnishing water, electric, telephone, sewage, garbage, trash removal, and any other services to the Receivership Entities shall maintain such service and transfer any such accounts to the Receiver unless instructed to the contrary by the Receiver.

VI. Injunction Against Interference with Receiver

23. The Receivership Entities and all persons receiving notice of this Order by personal service, facsimile or otherwise, are hereby restrained and enjoined from directly or indirectly taking any action or causing any action to be taken, without the express written agreement of the Receiver, which would:

A. Interfere with the Receiver's efforts to take control, possession, or management of any Receivership Property; such prohibited actions include but are not limited to, using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any Receivership Property;

B. Hinder, obstruct or otherwise interfere with the Receiver in the performance of the Receiver's duties; such prohibited actions include but are not limited to, concealing, destroying or altering records or information;

C. Dissipate or otherwise diminish the value of any Receivership Property; such prohibited actions include but are not limited to, releasing claims or disposing, transferring, exchanging, assigning or in any way conveying any Receivership Property, enforcing judgments, assessments or claims against any Receivership Property or any Receivership Entities, attempting to modify, cancel, terminate, call, extinguish, revoke or accelerate (the due date), of any lease, loan, mortgage, indebtedness, security agreement or other agreement executed by any Receivership Entity or which otherwise affects any Receivership Property; or,

D. Interfere with or harass the Receiver, or interfere in any manner with the exclusive jurisdiction of this Court over the Receivership Estate.

24. The Receiver shall promptly notify the Court and SEC counsel of any failure or apparent failure of any person or entity to comply in any way with the terms of this Order.

VII. Stay of Litigation

25. As set forth in detail below, the following proceedings, ***excluding*** (i) the instant proceeding, (ii) all police or regulatory actions and actions of the Commission related to the above-captioned enforcement action, and for the avoidance of doubt, (iii) Cause No: FSD 118/2016 (NAS) and Cause No: FSD 131 of 2016 (AJJ) pending before the Grand Court of the Cayman Islands, and (iv) the bankruptcy cases *In re Platinum Partners Value Arbitrage Fund L.P.*, 16-12925 (Bankr. S.D.N.Y.) and *In re Platinum Partners Value Arbitrage Fund International Ltd.*, 16-12934 (Bankr. S.D.N.Y.), are stayed until further Order of this Court:

> All civil legal proceedings of any nature, including, but not limited to, bankruptcy proceedings, arbitration proceedings, foreclosure actions, default proceedings, or other actions of any nature involving: (a) the Receiver, in the Receiver's capacity as Receiver; (b) any Receivership Property, wherever located; (c) any of the Receivership Entities; or, (d) any of the Receivership Entities' past or present officers, directors, managers, managing members, agents, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or otherwise (such proceedings are hereinafter referred to as "Ancillary Proceedings").

26. The parties to any and all Ancillary Proceedings are enjoined from commencing or continuing any such legal proceeding, or from taking any action, in connection with any such proceeding, including, but not limited to, the issuance or employment of process.

27. All Ancillary Proceedings are stayed in their entirety, and all courts having any

jurisdiction thereof are enjoined from taking or permitting any action until further Order of this Court. Further, as to a cause of action accrued or accruing in favor of one or more of the Receivership Entities against a third person or party, any applicable statute of limitation is tolled during the period in which this injunction against commencement of legal proceedings is in effect as to that cause of action.

VIII. Managing Assets

28. The Receiver may, without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.

29. Subject to the specific provisions of this order, the Receiver is authorized to locate, list for sale or lease, engage a broker for sale or lease, cause the sale or lease, and take all necessary and reasonable actions to cause the sale or lease of all real property in the Receivership Estate, either at public or private sale, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such real property.

30. Upon further Order of this Court, pursuant to such procedures as may be required by this Court and additional authority such as 28 U.S.C. §§ 2001 and 2004, the Receiver will be authorized to sell, and transfer clear title to, all real property in the Receivership Estate.

31. The Receiver is authorized to take all actions to manage, maintain, and/or wind-down business operations of the Receivership Estate, including making legally required payments to creditors, employees, and agents of the Receivership Estate and communicating

with vendors, investors, governmental and regulatory authorities, and others, as appropriate.

32. The Receiver shall take all necessary steps to enable the Receivership Funds to obtain and maintain the status of a taxable "Settlement Fund," within the meaning of Section 468B of the Internal Revenue Code and of the regulations.

IX. Investigate and Prosecute Claims

33. Subject to the requirement, in Section VII above, that leave of this Court is required to resume or commence certain litigation, the Receiver is authorized, empowered and directed to investigate, prosecute, defend, intervene in or otherwise participate in, compromise, and/or adjust actions in any state, federal or foreign court or proceeding of any kind as may in the Receiver's discretion, and in consultation with SEC counsel, be advisable or proper to recover and/or conserve Receivership Property.

34. Subject to the Receiver's obligation to expend receivership funds in a reasonable and cost-effective manner, the Receiver is authorized, empowered and directed to investigate the manner in which the financial and business affairs of the Receivership Entities were conducted and (after obtaining leave of this Court) to institute such actions and legal proceedings, for the benefit and on behalf of the Receivership Estate, as the Receiver deems necessary and appropriate, the Receiver may seek, among other legal and equitable relief, the imposition of constructive trusts, disgorgement of profits, asset turnover, avoidance of fraudulent transfers, rescission and restitution, collection of debts, and such other relief from this Court as may be necessary to enforce this Order.

35. The Receiver hereby holds, and is therefore empowered to waive, all privileges, including the attorney-client privilege, held by all Receivership Entities.

X. Bankruptcy Filing

36. The Receiver may seek authorization of this Court to file voluntary petitions for relief under Title 11 of the United States Code (the "Bankruptcy Code") for any or all of the Receivership Entities. If a Receivership Entity is placed in bankruptcy proceedings, the Receiver may become, and may be empowered to operate each of the Receivership Estate as, a debtor in possession. In such a situation, the Receiver shall have all of the powers and duties as provided a debtor in possession under the Bankruptcy Code to the exclusion of any other person or entity. Pursuant to Paragraph 3 above, the Receiver is vested with management authority for all entity Receivership Entities and may therefore file and manage a Chapter 11 petition. *See*, *In re Bayou Group, LLC,* 564 F.3d 541, 548-49 (2nd Cir. 2009).

37. The provisions of Section VII above bar any person or entity, other than the Receiver, from placing any of the Receivership Entities in bankruptcy proceedings.

XI. Liability of Receiver

38. The receiver has a continuing duty to ensure that there are no conflicts of interest between the Receiver, the Receiver's Retained Personnel (as that term is defined below), and the Receivership Estate.

39. Until further Order of this Court, the Receiver shall not be required to post bond or give an undertaking of any type in connection with the Receiver's fiduciary obligations in this matter.

40. The Receiver and the Receiver's agents, acting within scope of such agency ("Retained Personnel") are entitled to rely on all outstanding rules of law and Orders of this Court and shall not be liable to anyone for their own good faith compliance with any order, rule, law, judgment, or decree. In no event shall the Receiver or Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or

Retained Personnel.

41. The Receiver and the Receiver's advisers and agents shall be indemnified by each of the Receivership Entities except for gross negligence, willful misconduct, fraud, or breach of fiduciary duty determined by a final order no longer subject to appeal, for all judgments, costs, reasonable expenses including legal fees (which shall be paid under the indemnity after court approval as they arise), arising from or related to any and all claims of whatsoever type brought against any of them in their capacities as Receiver or advisers or agents of the Receiver; provided, however, that nothing herein shall limit the immunity of the Receiver and the Receiver's advisers and agents allowed by law or deprive the Receiver or the Receiver's advisers and agents of indemnity for any act or omission for which they have immunity.

42. This Court shall retain jurisdiction over any action filed against the Receiver or Retained Personnel based upon acts or omissions committed in their representative capacities.

43. In the event the Receiver decides to resign, the Receiver shall first give written notice to the Commission's counsel of record and the Court of its intention, and the resignation shall not be effective until the Court appoints a successor. The Receiver shall then follow such instructions as the Court may provide.

XII. Recommendations and Reports

44. The Receiver is authorized, empowered and directed to develop a plan for the fair, reasonable, and efficient recovery and liquidation and distribution of all remaining, recovered, and recoverable Receivership Property (the "Liquidation Plan").

45. Within thirty (30) days after the end of each calendar quarter, the Receiver shall file and serve a full report and accounting of each Receivership Estate (the "Quarterly Status Report"), reflecting (to the best of the Receiver's knowledge as of the period covered by the

report) the existence, value, and location of all Receivership Property, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estate.

46. The Quarterly Status Report shall contain the following:

A. A summary of the operations of the Receiver;

B. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate;

C. A schedule of all the Receiver's receipts and disbursements (attached as Exhibit A to the Quarterly Status Report), with one column for the quarterly period covered and a second column for the entire duration of the receivership;

D. A description of all known Receivership Property, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;

E. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and, (ii) collecting such judgments);

F. A summary of the status of the Receiver's investigation of the transactions by and among the Receivership Entities;

G. A list of all known investors and creditors and the amount of their investments and claims, as applicable, redacted to exclude personally identifiable information;

H. The status of investor and creditor claims proceedings, after such proceedings

have been commenced; and,

I. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.

47. On the request of the Commission, the Receiver shall provide the Commission with any documentation that the Commission deems necessary to meet its reporting requirements, that is mandated by statute or Congress, or that is otherwise necessary to further the Commission's mission.

XIII. Fees, Expenses and Accountings

48. Subject to the specific provisions of this Order, the Receiver need not obtain Court approval prior to the disbursement of Receivership Funds for expenses in the ordinary course of the administration and operation of the receivership. Further, prior Court approval is not required for payments of applicable federal, state or local taxes.

49. Subject to the specific provisions of this Order, the Receiver is authorized to solicit persons and entities ("Retained Personnel") to assist the Receiver in carrying out the duties and responsibilities described in this Order. The Receiver shall not engage any Retained Personnel without first obtaining an Order of the Court authorizing such engagement.

50. The Receiver and Retained Personnel are entitled to reasonable compensation and expense reimbursement from the Receivership Estate as described in the "Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission" (the "Billing Instructions") agreed to by the Receiver. Such compensation shall require the prior approval of the Court.

51. Within forty-five (45) days after the end of each calendar quarter, the Receiver and Retained Personnel shall apply to the Court for compensation and expense reimbursement

from the Receivership Estate (the "Quarterly Fee Applications"). At least thirty (30) days prior to filing each Quarterly Fee Application with the Court, the Receiver will serve upon counsel for the SEC a complete copy of the proposed Application, together with all exhibits and relevant billing information in a format to be provided by SEC staff.

52. All Quarterly Fee Applications will be interim and will be subject to cost benefit and final reviews at the close of the receivership. At the close of the receivership, the Receiver will file a final fee application, describing in detail the costs and benefits associated with all litigation and other actions pursued by the Receiver during the course of the receivership.

53. Quarterly Fee Applications may be subject to a holdback in the amount of 20% of the amount of fees and expenses for each application filed with the Court in the SEC staff's discretion or such other percentage holdback as the Court may order. The total amounts held back during the course of the receivership will be paid out at the discretion of the Court as part of the final fee application submitted at the close of the receivership.

54. Each Quarterly Fee Application shall:

A. Comply with the terms of the Billing Instructions agreed to by the Receiver; and

B. Contain representations (in addition to the Certification required by the Billing Instructions) that: (i) the fees and expenses included therein were incurred in the best interests of the Receivership Estate; and, (ii) with the exception of the Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof.

55. At the close of the Receivership, the Receiver shall submit a Final Accounting, in

a format to be provided by SEC staff, as well as the Receiver's final application for compensation and expense reimbursement.

SO ORDERED.

Dated: Brooklyn, NY
December , 2016

_____
United States District Judge

Andrew M. Calamari
Sanjay Wadhwa
Adam Grace
Kevin P. McGrath
Danielle Sallah
Jess Velona
Neal Jacobson
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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. PLATINUM MANAGEMENT (NY) LLC, PLATINUM CREDIT MANAGEMENT, L.P.; MARK NORDLICHT; DAVID LEVY; DANIEL SMALL; URI LANDESMAN; JOSEPH MANN; JOSEPH SANFILIPPO; and JEFFREY SHULSE; Defendants.	Civil Case No. ECF Case

DOCUMENT DECLARATION OF JESS VELONA IN SUPPORT OF EMERGENCY APPLICATION FOR AN ORDER TO SHOW CAUSE, TEMPORARY RESTRAINING ORDER, PRELIMINARY INJUNCTION, APPOINTMENT OF A RECEIVER, AND OTHER RELIEF

I, JESS VELONA, declare as follows:

1. I am a Senior Attorney employed by the Securities and Exchange Commission ("Commission") in its New York Regional Office. I am over 18 years old. I am a member of the bar of this Court. I am personally familiar with the facts described herein.

2. I make this Document Declaration in support of the Commission's Emergency Application for an Order to Show Cause, Temporary Restraining Order, Preliminary Injunction, Appointment of a Receiver, and Other Relief ("Order to Show Cause").

3. The documents and excerpts of documents listed below are true and correct copies of the documents and excerpts of documents described in the Commission's Memorandum of Law in support of the Order to Show Cause.

EXHIBIT	DOCUMENT DESCRIPTION	PRODUCTION NUMBERS IF AVAILABLE
Ex. 1	SEC Form ADV, Platinum Management (NY) LLC (3/30/16)	
Ex. 2	Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries, Audited Financial Statements (12/31/14)	
Ex. 3	Platinum Partners Credit Opportunities Master Fund L.P. and Subsidiaries, Audited Financial Statements (12/31/14)	
Ex. 4	Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries, Audited Financial Statements (12/31/14)	
Ex. 5	Platinum Partners Value Arbitrage Fund (USA) L.P., Class L, Confidential Private Offering Memorandum (4/2015)	
Ex. 6	Platinum Partners Credit Opportunities Fund LLC, Class C, Confidential Private Placement Memorandum (3/2015)	
Ex. 7	Platinum Partners Liquid Opportunity Fund (USA) L.P., Class A, Confidential Private Offering Memorandum (2/2014)	
Ex. 8	Email and attached letter (7/20/16) from Guidepost Solutions LLC to Platinum investors	FA_0000660—62
Ex. 9	Excerpts from Platinum Partners: Projected Capital Activity Report 2016	
Ex. 10	Letter agreement (7/18/16) among Guidepost Solutions LLC, Platinum Management (NY) LLC, Platinum Credit Management L.P., and Platinum Liquid Opportunity Management (NY) LLC	
Ex. 11	Order (8/25/16) issued by the Grand Court of the Cayman Islands Financial Services Division	
Ex. 12	Testimony of M. Nordlicht (11/30/16), *In Re Black Elk Energy Offshore Operating LLC*, Adversary No. 16-3237 (Bankr., S.D. Tx.)	
Ex. 13	Testimony of D. Levy (11/29/16), *In Re Black Elk Energy Offshore Operating LLC*, Adversary No. 16-3237 (Bankr., S.D. Tx.)	

Ex. 14	Draft revised letter agreement (12/16/16) among Guidepost Solutions LLC, Platinum Management (NY) LLC, Platinum Credit Management L.P., and Platinum Liquid Opportunity Management (NY) LLC	
Ex. 15	Email string (11/5-6/12) ending M. Nordlicht to U. Landesman re: "Current Redemptions Nov 5, 2012.xls"	PLTNM_LAND0036832
Ex. 16	Email and attachment (2/5/14) from J. SanFilippo to M. Nordlicht and U. Landesman, copy to M. Kimelman re: "December 31 Redemption Summary.xlsx	PLTNM_LAND0130475
Ex. 17	Excerpts from Platinum-created spreadsheet reflecting PPVA capital activity as of 3/31/15	
Ex. 18	Email string (6/16/14) ending M. Nordlicht to U. Landesman re: "Prospects"	
Ex. 19	Email string (3/3/15) ending U. Landesman to M. Nordlicht	
Ex. 20	Email string (4/7/15) ending U. Landesman to M. Nordlicht, copy to A. Kaplan re: "Thomvest Platinum"	
Ex. 21	Excerpts from Platinum-created spreadsheet reflecting PPVA capital activity as of 9/30/15	
Ex. 22	Email string (1/15/16) ending M. Kimelman to M. Nordlicht and D. Levy re "FW: platinum"	
Ex. 23	Excerpts from bank statement (7/2015), Platinum Management (NY) LLC, Sterling National Bank Account Nos. ending 0447 and 2784	
Ex. 24	Excerpts from bank statement (7/2015), Platinum Partners Value Arbitrage Fund L.P., Sterling National Bank Account No. ending 0148	
Ex. 25	Excerpts from bank statement (7/2015), Platinum Partners Value Arbitrage Fund (USA) L.P, Sterling National Bank Account Nos. ending 0455 and 0527	
Ex. 26	Excerpts from Platinum-created spreadsheet reflecting PPVA redemptions effective 6/30/15	

Ex. 27	Platinum Management (NY) LLC Due Diligence Questionnaire (7/2015)	
Ex. 28	Platinum Management (NY) LLC Due Diligence Questionnaire (9/2015)	
Ex. 29	Platinum Partners Value Arbitrage Fund LP, Class L tear sheet (3/2015)	
Ex. 30	Platinum Partners Value Arbitrage Fund LP, Class Q tear sheet (12/2015)	
Ex. 31	Excerpts from bank statement (8/2015), Platinum Partners Credit Opportunities Master Fund L.P., Capital One Account No. ending 5051	
Ex. 32	Excerpts from bank statement (9/2015), Platinum Partners Credit Opportunities Master Fund L.P., Capital One Account No. ending 5051	
Ex. 33	Excerpts from Platinum-created spreadsheet reflecting PPCO redemptions as of 6/30/15	
Ex. 34	Excerpts from Platinum-created spreadsheet reflecting PPVA redemptions effective 6/30/15	
Ex. 35	Excerpts from bank statement (9/12/15—10/13/15), Platinum Partners Centurion Credit International Fund Services, Capital One Account No. ending 4439	CR_0000003013—14
Ex. 36	Excerpts from bank statement (10/2015), Platinum Partners Credit Opportunities (BL) Fund, Capital One Account No. ending 7444	CR_0000003128—31
Ex. 37	Excerpts from bank statement (10/2015), Platinum Partners Credit Opportunities Master Fund, Capital One Account No. ending 5051	SEC-PM_OCIE-E-0020928—35
Ex. 38	Excerpts from bank statement (10/2015), Platinum Partners Value Arbitrage Fund L.P., Sterling National Bank Account No. ending 0148	SEC-PM_OCIE-E-0022179—202
Ex. 39	$7.2 million Promissory Note (6/17/15) issued by Platinum Partners Value Arbitrage Fund L.P. in favor of White Rock Properties LLC	CR_0000000981—88

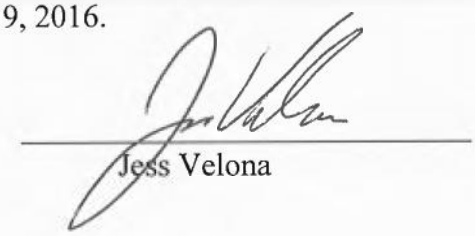
Ex. 40	Platinum internal spreadsheet reflecting two subscriptions to Platinum Partners Credit Opportunities Fund International Ltd., effective 10/1/15 [redacted]	
Ex. 41	Platinum-created spreadsheet reflecting cashless transfers from PPCO to PPVA as of 12/1/15	
Ex. 42	Letter instructions from Teed Holdings LLC to SS&C Technologies, Inc. re: redemption and subscription [redacted]	SS&C017877
Ex. 43	Letter instructions from Lydia Capital LLC to SS&C Technologies, Inc. re: redemption and subscription [redacted]	SS&C017898
Ex. 44	Letter instructions from Perl Family Foundation to SS&C Technologies, Inc. re: redemption and subscription [redacted]	SS&C017909
Ex. 45	Letter instructions from Perl Equity Holdings LLC to SS&C Technologies, Inc. re: redemption and subscription [redacted]	SS&C017920
Ex. 46	Form instructions from Clearstream Banking S.A. to SS&C Technologies, Inc. re: redemption and subscription (12/23/15) [redacted]	SS&C017850—53
Ex. 47	Letter instructions from Next Generation TS FBO Sheldon Perl IRA to SS&C Technologies, Inc. re: redemption and subscription [redacted]	SS&C017854
Ex. 48	Platinum Partners Credit Opportunities Fund LLC Individual Account Statements (12/31/15) for Teed Holdings LLC, Lydia Capital LLC, Perl Equity Holdings LLC, and Perl Family Foundation [redacted]	SS&C013546 SS&C013620 SS&C013621 SS&C009840
Ex. 49	Platinum Partners Credit Opportunities Fund International Ltd. Individual Account Statement (12/31/15) for Clearstream Banking S.A. AFS [redacted]	SS&C014726
Ex. 50	Black Elk Energy Offshore Operations, LLC Annual Report on SEC Form 10-K (12/31/13)	
Ex. 51	Offer to Purchase and Consent Solicitation Statement, Black Elk Energy Offshore Operations, LLC and Black Elk Energy Finance Corp. (7/16/14)	PLTNM_SMAL0409365—409
Ex. 52	Email string (3/16-17/14) ending M. Nordlicht to D. Small re: "2012 P&L"	

Ex. 53	Email (4/8/14) from D. Small to D. Levy re: "consent"	
Ex. 54	Email (2/6/14) from M. Nordlicht to J. Hoffman, copy to M. Piché re: "Atty client privilege"	Trustee Ex. 11
Ex. 55	Email string (3/3/14) ending M. Nordlicht to J. Shulse, copy to D. Small, M. Piché, J. Hoffman, and D. Levy re : "Confidential – Attorney Client Privilege"	Trustee Ex. 12
Ex. 56	Email string (6/2-3/14) ending M. Nordlicht to J. Shulse, copy to D. Small and D. Levy re: "Revised Second Supplemental Indenture"	
Ex. 57	Email string (7/2-3/14) ending D. Small to M. Nordlicht and D. Levy re: "FW: BLELK holdings"	
Ex. 58	Email and attachment (7/23/14) from D. Small to N. Marzella re: "FW: Election/Vol/Tender – Consent/BLACK ELK ENERGY OFFSHOR BLELK 13 ¾ 12/01/15/CUSIP:09203YAC5"	PLTNM_SMAL0414764—74
Ex. 59	Excerpts from bank statement (8/2014), Black Elk Energy Offshore Operations LLC, Amegy Bank of Texas reflecting wire transfers on 8/18-21/14	
Ex. 60	Excerpts from Term Loan and Security Agreement (2/27/14) among Credit Strategies LLC, ALS Capital Ventures LLC, BAM Administrative Services, and various lenders	
Ex. 61	Email string and attachment (5/11/16) ending D. Narain to D. Steinberg re: "ALS funding request"	B000345784
Ex. 62	Email string and attachments (5/11/16) ending S. Adler to D. Narain, M. Edelstein, and A. Northwood, copy to FundingApprovals, S. Taylor, and M. Feuer re: "Credit Strategies LLC"	B000329296—98
Ex. 63	Excerpts from bank statement (5/2016), Credit Strategies LLC, Capital One Account No. ending 1944	
Ex. 64	Excerpts from bank statement (5/2016), Platinum Partners Credit Opportunities Master Fund L.P., Capital One Account No. ending 5051	
Ex. 65	Excerpts from bank statement (5/2016), Platinum Credit Management L.P., Capital One Account No. ending 4993	

Ex. 66	Excerpts from bank statement (5/2016), Platinum Management (NY) LLC, Sterling National Bank, Account No. ending 0447	
Ex. 67	Excerpts from bank statement (5/2016), Platinum Partners Value Arbitrage Fund L.P., Sterling National Bank, Account No. ending 0148	
Ex. 68	Letter (11/30/16) from M. V. Fleischman, Cohn Reznick, to S. Horowitz, Platinum Credit Management LP re: resignation as auditor for PPCO-related entities	
Ex. 69	Letter (6/30/16) from M. Nordlicht to limited partners of Platinum Partners Value Arbitrage Fund (USA) L.P. re: suspending redemptions and calculations of net asset value	
Ex. 70	Letter (6/30/16) from M. Nordlicht to limited partners of Platinum Partners Credit Opportunities Fund (TE) LLC re: suspending redemptions and calculations of net asset value	
Ex. 71	Letter (6/30/16) from M. Nordlicht to the limited partners of Platinum Partners Liquid Opportunity Fund (USA) L.P. re: suspension of redemptions and calculations of net asset value	
Ex. 72	Letter (11/23/15) from M. Nordlicht to investors in Platinum Partners Value Arbitrage Fund (USA) L.P. re: creation of a side-pocket	
Ex. 73	Complaint (10/26/16), *In Re Black Elk Energy Offshore Operations, LLC*, Adversary No. 16-03237, Dkt. No. 1 (Bankr., S.D. Tx.)	
Ex. 74	Temporary Restraining Order (10/26/16), *In Re Black Elk Energy Offshore Operations, LLC*, Adversary No. 16-3237, Dkt. No. 7 (Bankr., S.D. Tx.)	
Ex. 75	Extension of Temporary Restraining Order (12/14/16), *In Re Black Elk Energy Offshore Operations, LLC*, Adversary No. 16-3237, Dkt. No. 68 (Bankr., S.D. Tx.)	

4. I declare that, to the best of my knowledge, the foregoing is true and correct.

Executed at New York, New York, on December 19, 2016.



Jess Velona

FORM ADV

UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION AND REPORT BY EXEMPT REPORTING ADVISERS

Primary Business Name: PLATINUM MANAGEMENT (NY) LLC **CRD Number: 139405**

Annual Amendment - All Sections **Rev. 10/2012**

3/30/2016 11:33:32 AM

WARNING: Complete this form truthfully. False statements or omissions may result in denial of your application, revocation of your registration, or criminal prosecution. You must keep this form updated by filing periodic amendments. See Form ADV General Instruction 4.

Item 1 Identifying Information

Responses to this Item tell us who you are, where you are doing business, and how we can contact you.

A. Your full legal name (if you are a sole proprietor, your last, first, and middle names):
PLATINUM MANAGEMENT (NY) LLC

B. Name under which you primarily conduct your advisory business, if different from Item 1.A.:
PLATINUM MANAGEMENT (NY) LLC

List on Section 1.B. of Schedule D any additional names under which you conduct your advisory business.

C. If this filing is reporting a change in your legal name (Item 1.A.) or primary business name (Item 1.B.), enter the new name and specify whether the name change is of
☐ your legal name or ☐ your primary business name:

D. (1) If you are registered with the SEC as an investment adviser, your SEC file number: **801-72514**
(2) If you report to the SEC as an *exempt reporting adviser*, your SEC file number:

E. If you have a number ("*CRD* Number") assigned by the *FINRA's CRD* system or by the IARD system, your *CRD* number: **139405**

If your firm does not have a CRD number, skip this Item 1.E. Do not provide the CRD number of one of your officers, employees, or affiliates.

F. *Principal Office and Place of Business*

(1) Address (do not use a P.O. Box):

Number and Street 1:		Number and Street 2:	
250 WEST 55TH STREET		14TH FL	
City:	State:	Country:	ZIP+4/Postal Code:
NEW YORK	New York	United States	10019-7599

If this address is a private residence, check this box: ☐

List on Section 1.F. of Schedule D any office, other than your principal office and place of business, at which you conduct investment advisory business. If you are applying for registration, or are registered, with one or more state securities authorities, you must list all of your offices in the state or states to which you are applying for registration or with whom you are registered. If you are applying for SEC registration, if you are registered only with the SEC, or if you are reporting to the SEC as an exempt reporting adviser, list the largest five offices in terms of numbers of employees.

(2) Days of week that you normally conduct business at your *principal office and place of business:*

◉ Monday - Friday ○ Other:

Normal business hours at this location:
8:30 A.M. - 5:30 P.M.

(3) Telephone number at this location:
212-582-2222

(4) Facsimile number at this location:
212-582-2424

G. Mailing address, if different from your *principal office and place of business* address:

Number and Street 1:		Number and Street 2:	
City:	State:	Country:	ZIP+4/Postal Code:

If this address is a private residence, check this box: ☐

H. If you are a sole proprietor, state your full residence address, if different from your *principal office and place of business* address in Item 1.F.:

Number and Street 1:		Number and Street 2:	
City:	State:	Country:	ZIP+4/Postal Code:

	Yes	No
I. Do you have one or more websites?	◉	○

If "yes," list all website addresses on Section 1.I. of Schedule D. If a website address serves as a portal through which to access other information you have published on the web, you may list the portal without listing addresses for all of the other information. Some advisers may need to list more than one portal address. Do not provide individual electronic mail (e-mail) addresses in response to this Item.

J. Provide the name and contact information of your Chief Compliance Officer: If you are an *exempt reporting adviser*, you must provide the contact information for your Chief Compliance Officer, if you have one. If not, you must complete Item 1.K. below.

Name:		Other titles, if any:	
DAVID OTTENSOSER		CHIEF COMPLIANCE OFFICER AND GENERAL COUNSEL	
Telephone number:		Facsimile number:	
212-582-2222		212-582-2424	
Number and Street 1:		Number and Street 2:	
250 WEST 55TH STREET		14TH FLOOR	
City:	State:	Country:	ZIP+4/Postal Code:
NEW YORK	New York	United States	10019-7599

Electronic mail (e-mail) address, if Chief Compliance Officer has one:
DOTTENSOSER@PLATINUMLP.COM

K. Additional Regulatory Contact Person: If a person other than the Chief Compliance Officer is authorized to receive information and respond to questions about this Form ADV, you may provide that information here.

Name:		Titles:	
Telephone number:		Facsimile number:	
Number and Street 1:		Number and Street 2:	
City:	State:	Country:	ZIP+4/Postal Code:

Electronic mail (e-mail) address, if contact person has one:

	Yes	No
L. Do you maintain some or all of the books and records you are required to keep under Section 204 of the Advisers Act, or similar state law, somewhere other than your *principal office and place of business*?	◉	○

If "yes," complete Section 1.L. of Schedule D.

	Yes	No
M. Are you registered with a *foreign financial regulatory authority*?	○	◉

Answer "no" if you are not registered with a foreign financial regulatory authority, even if you have an affiliate that is registered with a foreign financial regulatory authority. If "yes," complete Section 1.M. of Schedule D.

	Yes	No
N. Are you a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934?	○	◉

If "yes," provide your CIK number (Central Index Key number that the SEC assigns to each public reporting company):

	Yes	No
O. Did you have $1 billion or more in assets on the last day of your most recent fiscal year?	○	◉

P. Provide your *Legal Entity Identifier* if you have one:

A *legal entity identifier* is a unique number that companies use to identify each other in the financial marketplace. In the first half of 2011, the *legal entity identifier* standard was still in development. You may not have a *legal entity identifier*.

SECTION 1.B. Other Business Names

List your other business names and the jurisdictions in which you use them. You must complete a separate Schedule D Section 1.B. for each business name.

Name: PLATINUM CREDIT MANAGEMENT L.P. - RELYING ADVISER

Jurisdictions

☐ AL	☐ ID	☐ MO	☐ PA
☐ AK	☐ IL	☐ MT	☐ PR
☐ AZ	☐ IN	☐ NE	☐ RI
☐ AR	☐ IA	☐ NV	☐ SC
☐ CA	☐ KS	☐ NH	☐ SD
☐ CO	☐ KY	☐ NJ	☐ TN
☐ CT	☐ LA	☐ NM	☐ TX
☑ DE	☐ ME	☑ NY	☐ UT
☐ DC	☐ MD	☐ NC	☐ VT
☐ FL	☐ MA	☐ ND	☐ VI
☐ GA	☐ MI	☐ OH	☐ VA
☐ GU	☐ MN	☐ OK	☐ WA
☐ HI	☐ MS	☐ OR	☐ WV
			☐ WI
			☐ Other:

List your other business names and the jurisdictions in which you use them. You must complete a separate Schedule D Section 1.B. for each business name.

Name: PLATINUM LIQUID OPPORTUNITY MANAGEMENT (NY) LLC - RELYING ADVISER

Jurisdictions

☐ AL	☐ ID	☐ MO	☐ PA
☐ AK	☐ IL	☐ MT	☐ PR
☐ AZ	☐ IN	☐ NE	☐ RI
☐ AR	☐ IA	☐ NV	☐ SC
☐ CA	☐ KS	☐ NH	☐ SD
☐ CO	☐ KY	☐ NJ	☐ TN
☐ CT	☐ LA	☐ NM	☐ TX
☑ DE	☐ ME	☑ NY	☐ UT
☐ DC	☐ MD	☐ NC	☐ VT
☐ FL	☐ MA	☐ ND	☐ VI
☐ GA	☐ MI	☐ OH	☐ VA
☐ GU	☐ MN	☐ OK	☐ WA
☐ HI	☐ MS	☐ OR	☐ WV
			☐ WI
			☐ Other:

SECTION 1.F. Other Offices

No Information Filed

SECTION 1.I. Website Addresses

List your website addresses. You must complete a separate Schedule D Section 1.I. for each website address.

Website Address: HTTP://WWW.PLATINUMLP.COM/

SECTION 1.L. Location of Books and Records

Complete the following information for each location at which you keep your books and records, other than your *principal office and place of business*. You must complete a separate Schedule D Section 1.L. for each location.

Name of entity where books and records are kept:
SS&C TECHNOLOGIES, INC.

Number and Street 1:		Number and Street 2:	
80 LAMBERTON ROAD			
City:	State:	Country:	ZIP+4/Postal Code:
WINDSOR	Connecticut	United States	06095

If this address is a private residence, check this box: ☐

Telephone Number:	Facsimile number:
800-298-4599	860-371-2503

This is (check one):

- ○ one of your branch offices or affiliates.
- ◉ a third-party unaffiliated recordkeeper.
- ○ other.

Briefly describe the books and records kept at this location:
FUND ADMINISTRATION AND ACCOUNTING RECORDS

Name of entity where books and records are kept:
GLOBAL RELAY

Number and Street 1:	Number and Street 2:
22 GOSTICK PLACE	
State:	

City:	Country:	ZIP+4/Postal Code:
NORTH VANCOUVER	Canada	V7M 3N2

If this address is a private residence, check this box: ☐

Telephone Number: 604 999 8133

Facsimile number:

This is (check one):

- ○ one of your branch offices or affiliates.
- ◉ a third-party unaffiliated recordkeeper.
- ○ other.

Briefly describe the books and records kept at this location:
EMAIL ARCHIVAL SERVICES

Name of entity where books and records are kept:
SYMANTEC

Number and Street 1: 900 CORPORATE POINTE

Number and Street 2:

City:	State:	Country:	ZIP+4/Postal Code:
COVER CITY	California	United States	90230

If this address is a private residence, check this box: ☐

Telephone Number: 1 650-527-8000

Facsimile number:

This is (check one):

- ○ one of your branch offices or affiliates.
- ◉ a third-party unaffiliated recordkeeper.
- ○ other.

Briefly describe the books and records kept at this location:
EMAIL STORAGE

SECTION 1.M. Registration with Foreign Financial Regulatory Authorities

No Information Filed

Item 2 SEC Registration/Reporting

Responses to this Item help us (and you) determine whether you are eligible to register with the SEC. Complete this Item 2.A. only if you are applying for SEC registration or submitting an *annual updating amendment* to your SEC registration.

A. To register (or remain registered) with the SEC, you must check **at least one** of the Items 2.A.(1) through 2.A.(12), below. If you are submitting an *annual updating amendment* to your SEC registration and you are no longer eligible to register with the SEC, check Item 2.A.(13). Part 1A Instruction 2 provides information to help you determine whether you may affirmatively respond to each of these items.

You (the adviser):

☑ (1) are a **large advisory firm** that either:

(a) has regulatory assets under management of $100 million (in U.S. dollars) or more, or

(b) has regulatory assets under management of $90 million (in U.S. dollars) or more at the time of filing its most recent *annual updating amendment* and is registered with the SEC;

☐ (2) are a **mid-sized advisory firm** that has regulatory assets under management of $25 million (in U.S. dollars) or more but less than $100 million (in U.S. dollars) and you are either:

(a) not required to be registered as an adviser with the *state securities authority* of the state where you maintain your *principal office and place of business*, or

(b) not subject to examination by the *state securities authority* of the state where you maintain your *principal office and place of business*;

*Click **HERE** for a list of states in which an investment adviser, if registered, would not be subject to examination by the state securities authority.*

☐ (3) have your *principal office and place of business* **in Wyoming** (which does not regulate advisers);

☐ (4) have your *principal office and place of business* **outside the United States**;

☐ (5) are **an investment adviser (or sub-adviser) to an investment company** registered under the Investment Company Act of 1940;

☐ (6) are **an investment adviser to a company which has elected to be a business development company** pursuant to section 54 of the Investment Company Act of 1940 and has not withdrawn the election, and you have at least $25 million of regulatory assets under management;

☐ (7) are a **pension consultant** with respect to assets of plans having an aggregate value of at least $200,000,000 that qualifies for the exemption in rule 203A-2(a);

☐ (8) are a **related adviser** under rule 203A-2(b) that *controls*, is *controlled* by, or is under common *control* with, an investment adviser that is registered with the SEC, and your *principal office and place of business* is the same as the registered adviser;

If you check this box, complete Section 2.A.(8) of Schedule D.

☐ (9) are a **newly formed adviser** relying on rule 203A-2(c) because you expect to be eligible for SEC registration within 120 days;

If you check this box, complete Section 2.A.(9) of Schedule D.

☐ (10) are a **multi-state adviser** that is required to register in 15 or more states and is relying on rule 203A-2(d);

If you check this box, complete Section 2.A.(10) of Schedule D.

☐ (11) are an **Internet adviser** relying on rule 203A-2(e);

☐ (12) have **received an SEC order** exempting you from the prohibition against registration with the SEC;

If you check this box, complete Section 2.A.(12) of Schedule D.

☐ (13) are **no longer eligible** to remain registered with the SEC.

State Securities Authority Notice Filings* and State Reporting by *Exempt Reporting Advisers

C. Under state laws, SEC-registered advisers may be required to provide to *state securities authorities* a copy of the Form ADV and any amendments they file with the SEC. These are called *notice filings*. In addition, *exempt reporting advisers* may be required to provide *state securities authorities* with a copy of reports and any amendments they file with the SEC. If this is an initial application or report, check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings or reports you submit to the SEC. If this is an amendment to direct your *notice filings* or reports to additional state(s), check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings or reports you submit to the SEC. If this is an amendment to your registration to stop your *notice filings* or reports from going to state(s) that currently receive them, uncheck the box(es) next to those state(s).

Jurisdictions

☐ AL	☐ ID	☐ MO	☐ PA
☐ AK	☐ IL	☐ MT	☐ PR
☐ AZ	☐ IN	☐ NE	☐ RI
☐ AR	☐ IA	☐ NV	☐ SC
☐ CA	☐ KS	☐ NH	☐ SD
☐ CO	☐ KY	☐ NJ	☐ TN
☐ CT	☐ LA	☐ NM	☐ TX
☐ DE	☐ ME	☑ NY	☐ UT
☐ DC	☐ MD	☐ NC	☐ VT
☐ FL	☐ MA	☐ ND	☐ VI
☐ GA	☐ MI	☐ OH	☐ VA
☐ GU	☐ MN	☐ OK	☐ WA
☐ HI	☐ MS	☐ OR	☐ WV
			☐ WI

If you are amending your registration to stop your notice filings or reports from going to a state that currently receives them and you do not want to pay that state's notice filing or report filing fee for the coming year, your amendment must be filed before the end of the year (December 31).

SECTION 2.A.(8) Related Adviser

If you are relying on the exemption in rule 203A-2(b) from the prohibition on registration because you *control*, are *controlled* by, or are under common *control* with an investment adviser that is registered with the SEC and your *principal office and place of business* is the same as that of the registered adviser, provide the following information:

Name of Registered Investment Adviser

CRD Number of Registered Investment Adviser

SEC Number of Registered Investment Adviser
801 -

SECTION 2.A.(9) Newly Formed Adviser

If you are relying on rule 203A-2(c), the newly formed adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations. You must make both of these representations:

- ☐ I am not registered or required to be registered with the SEC or a *state securities authority* and I have a reasonable expectation that I will be eligible to register with the SEC within 120 days after the date my registration with the SEC becomes effective.
- ☐ I undertake to withdraw from SEC registration if, on the 120th day after my registration with the SEC becomes effective, I would be prohibited by Section 203A(a) of the Advisers Act from registering with the SEC.

SECTION 2.A.(10) Multi-State Adviser

If you are relying on rule 203A-2(d), the multi-state adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations.

If you are applying for registration as an investment adviser with the SEC, you must make both of these representations:

- ☐ I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of 15 or more states to register as an investment adviser with the *state securities authorities* in those states.
- ☐ I undertake to withdraw from SEC registration if I file an amendment to this registration indicating that I would be required by the laws of fewer than 15 states to register as an investment adviser with the *state securities authorities* of those states.

If you are submitting your *annual updating amendment*, you must make this representation:

- ☐ Within 90 days prior to the date of filing this amendment, I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of at least 15 states to register as an investment adviser with the *state securities authorities* in those states.

SECTION 2.A.(12) SEC Exemptive *Order*

If you are relying upon an SEC *order* exempting you from the prohibition on registration, provide the following information:

Application Number:
803-

Date of *order*:

Item 3 Form of Organization

A. How are you organized?

- ○ Corporation
- ○ Sole Proprietorship
- ○ Limited Liability Partnership (LLP)
- ○ Partnership
- ◉ Limited Liability Company (LLC)
- ○ Limited Partnership (LP)
- ○ Other (specify):

If you are changing your response to this Item, see Part 1A Instruction 4.

B. In what month does your fiscal year end each year?
DECEMBER

C. Under the laws of what state or country are you organized?

State	Country
Delaware	United States

If you are a partnership, provide the name of the state or country under whose laws your partnership was formed. If you are a sole proprietor, provide the name of the state or country where you reside.

If you are changing your response to this Item, see Part 1A Instruction 4.

Item 4 Successions

		Yes	No
A.	Are you, at the time of this filing, succeeding to the business of a registered investment adviser?	○	◉

If "yes", complete Item 4.B. and Section 4 of Schedule D.

B. Date of Succession: (MM/DD/YYYY)

If you have already reported this succession on a previous Form ADV filing, do not report the succession again. Instead, check "No." See Part 1A Instruction 4.

SECTION 4 Successions

No Information Filed

Item 5 Information About Your Advisory Business - Employees, Clients, and Compensation

Responses to this Item help us understand your business, assist us in preparing for on-site examinations, and provide us with data we use when making regulatory policy. Part 1A Instruction 5.a. provides additional guidance to newly formed advisers for completing this Item 5.

Employees

If you are organized as a sole proprietorship, include yourself as an employee in your responses to Item 5.A. and Items 5.B.(1), (2), (3), (4), and (5). If an employee performs more than one function, you should count that employee in each of your responses to Items 5.B.(1), (2), (3), (4), and (5).

A. Approximately how many *employees* do you have? Include full- and part-time *employees* but do not include any clerical workers.
60

B. (1) Approximately how many of the *employees* reported in 5.A. perform investment advisory functions (including research)?
30

(2) Approximately how many of the *employees* reported in 5.A. are registered representatives of a broker-dealer?
0

(3) Approximately how many of the *employees* reported in 5.A. are registered with one or more *state securities authorities* as *investment adviser representatives*?
0

(4) Approximately how many of the *employees* reported in 5.A. are registered with one or more *state securities authorities* as *investment adviser representatives* for an investment adviser other than you?
0

(5) Approximately how many of the *employees* reported in 5.A. are licensed agents of an insurance company or agency?
0

(6) Approximately how many firms or other *persons* solicit advisory *clients* on your behalf?
0

In your response to Item 5.B.(6), do not count any of your employees and count a firm only once – do not count each of the firm's employees that solicit on your behalf.

Clients

In your responses to Items 5.C. and 5.D. do not include as "clients" the investors in a private fund you advise, unless you have a separate advisory relationship with those investors.

C. (1) To approximately how many *clients* did you provide investment advisory services during your most recently completed fiscal year?

○ 0 ○ 1-10 ◉ 11-25
○ 26-100 ○ More than 100
If more than 100, how many?

(round to the nearest 100)

(2) Approximately what percentage of your *clients* are non-*United States persons*?
64%

D. *For purposes of this Item 5.D., the category "individuals" includes trusts, estates, and 401(k) plans and IRAs of individuals and their family members, but does not include businesses organized as sole proprietorships. The category "business development companies" consists of companies that have made an election pursuant to section 54 of the Investment Company Act of 1940. Unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940, check "None" in response to Item 5.D.(1)(d) and do not check any of the boxes in response to Item 5.D.(2)(d).*

(1) What types of *clients* do you have? Indicate the approximate percentage that each type of *client* comprises of your total number of *clients*. If a *client* fits into more than one category, check all that apply.

	None	Up to 10%	11-25%	26-50%	51-75%	76-99%	100%
(a) Individuals (other than *high net worth individuals*)							
(b) *High net worth individuals*							
(c) Banking or thrift institutions							
(d) Investment companies							
(e) Business development companies							
(f) Pooled investment vehicles (other than investment companies)							
(g) Pension and profit sharing plans (but not the plan participants)							
(h) Charitable organizations							
(i) Corporations or other businesses not listed above							
(j) State or municipal *government entities*							
(k) Other investment advisers							
(l) Insurance companies							
(m) Other:							

(2) Indicate the approximate amount of your regulatory assets under management (reported in Item 5.F. below) attributable to each of the following type of *client*. If a *client* fits into more than one category, check all that apply.

	None	Up to 25%	Up to 50%	Up to 75%	>75%
(a) Individuals (other than *high net worth individuals*)					
(b) *High net worth individuals*					
(c) Banking or thrift institutions					

(d) Investment companies

(e) Business development companies

(f) Pooled investment vehicles (other than investment companies)

(g) Pension and profit sharing plans (but not the plan participants)

(h) Charitable organizations

(i) Corporations or other businesses not listed above

(j) State or municipal *government entities*

(k) Other investment advisers

(l) Insurance companies

(m) Other:

Compensation Arrangements

E. You are compensated for your investment advisory services by (check all that apply):

- [x] (1) A percentage of assets under your management
- [ ] (2) Hourly charges
- [ ] (3) Subscription fees (for a newsletter or periodical)
- [ ] (4) Fixed fees (other than subscription fees)
- [ ] (5) Commissions
- [ ] (6) *Performance-based fees*
- [x] (7) Other (specify): PERFORMANCE-BASED ALLOCATIONS

Item 5 Information About Your Advisory Business - Regulatory Assets Under Management

Regulatory Assets Under Management

		Yes	No
F. (1)	Do you provide continuous and regular supervisory or management services to securities portfolios?	◉	○

(2) If yes, what is the amount of your regulatory assets under management and total number of accounts?

	U.S. Dollar Amount	Total Number of Accounts
Discretionary:	(a) $ 1,700,755,237	(d) 14
Non-Discretionary:	(b) $ 0	(e) 0
Total:	(c) $ 1,700,755,237	(f) 14

Part 1A Instruction 5.b. explains how to calculate your regulatory assets under management. You must follow these instructions carefully when completing this Item.

Item 5 Information About Your Advisory Business - Advisory Activities

Advisory Activities

G. What type(s) of advisory services do you provide? Check all that apply.

- ☐ (1) Financial planning services
- ☐ (2) Portfolio management for individuals and/or small businesses
- ☐ (3) Portfolio management for investment companies (as well as "business development companies" that have made an election pursuant to section 54 of the Investment Company Act of 1940)
- ☑ (4) Portfolio management for pooled investment vehicles (other than investment companies)
- ☐ (5) Portfolio management for businesses (other than small businesses) or institutional *clients* (other than registered investment companies and other pooled investment vehicles)
- ☐ (6) Pension consulting services
- ☑ (7) Selection of other advisers (including *private fund* managers)
- ☐ (8) Publication of periodicals or newsletters
- ☐ (9) Security ratings or pricing services
- ☐ (10) Market timing services
- ☐ (11) Educational seminars/workshops
- ☐ (12) Other(specify):

Do not check Item 5.G.(3) unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940, including as a subadviser. If you check Item 5.G.(3), report the 811 or 814 number of the investment company or investment companies to which you provide advice in Section 5.G.(3) of Schedule D.

H. If you provide financial planning services, to how many *clients* did you provide these services during your last fiscal year?

- ○ 0
- ○ 1 - 10
- ○ 11 - 25
- ○ 26 - 50
- ○ 51 - 100
- ○ 101 - 250
- ○ 251 - 500
- ○ More than 500

If more than 500, how many?
(round to the nearest 500)

In your responses to this Item 5.H., do not include as "clients" the investors in a private fund you advise, unless you have a separate advisory relationship with those investors.

I. If you participate in a *wrap fee program*, do you (check all that apply):

- ☐ (1) *sponsor* the *wrap fee program*?
- ☐ (2) act as a portfolio manager for the *wrap fee program*?

If you are a portfolio manager for a wrap fee program, list the names of the programs and their sponsors in Section 5.I.(2) of Schedule D.

If your involvement in a wrap fee program is limited to recommending wrap fee programs to your clients, or you advise a mutual fund that is offered through a wrap fee program, do not check either Item 5.I.(1) or 5.I.(2).

		Yes	No
J.	In response to Item 4.B. of Part 2A of Form ADV, do you indicate that you provide investment advice only with respect to limited types of investments?	○	◉

SECTION 5.G.(3) Advisers to Registered Investment Companies and Business Development Companies

No Information Filed

SECTION 5.I.(2) *Wrap Fee Programs*

No Information Filed

Item 6 Other Business Activities

In this Item, we request information about your firm's other business activities.

A. You are actively engaged in business as a (check all that apply):

- ☐ (1) broker-dealer (registered or unregistered)
- ☐ (2) registered representative of a broker-dealer
- ☑ (3) commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
- ☐ (4) futures commission merchant
- ☐ (5) real estate broker, dealer, or agent
- ☐ (6) insurance broker or agent
- ☐ (7) bank (including a separately identifiable department or division of a bank)
- ☐ (8) trust company
- ☐ (9) registered municipal advisor
- ☐ (10) registered security-based swap dealer
- ☐ (11) major security-based swap participant
- ☐ (12) accountant or accounting firm
- ☐ (13) lawyer or law firm
- ☐ (14) other financial product salesperson (specify):

If you engage in other business using a name that is different from the names reported in Items 1.A. or 1.B, complete Section 6.A. of Schedule D.

			Yes	No
B.	(1)	Are you actively engaged in any other business not listed in Item 6.A. (other than giving investment advice)?	○	◉
	(2)	If yes, is this other business your primary business?	○	○

If "yes," describe this other business on Section 6.B.(2) of Schedule D, and if you engage in this business under a different name, provide that name.

			Yes	No
	(3)	Do you sell products or provide services other than investment advice to your advisory *clients*?	○	◉

If "yes," describe this other business on Section 6.B.(3) of Schedule D, and if you engage in this business under a different name, provide that name.

SECTION 6.A. Names of Your Other Businesses

No Information Filed

SECTION 6.B.(2) Description of Primary Business

Describe your primary business (not your investment advisory business):

If you engage in that business under a different name, provide that name:

SECTION 6.B.(3) Description of Other Products and Services

Describe other products or services you sell to your *client*, You may omit products and services that you listed in Section 6.B.(2) above.

If you engage in that business under a different name, provide that name.

Item 7 Financial Industry Affiliations

In this Item, we request information about your financial industry affiliations and activities. This information identifies areas in which conflicts of interest may occur between you and your *clients*.

A. This part of Item 7 requires you to provide information about you and your *related persons*, including foreign affiliates. Your *related persons* are all of your *advisory affiliates* and any *person* that is under common *control* with you.

You have a *related person* that is a (check all that apply):

- ☐ (1) broker-dealer, municipal securities dealer, or government securities broker or dealer (registered or unregistered)
- ☑ (2) other investment adviser (including financial planners)
- ☐ (3) registered municipal advisor
- ☐ (4) registered security-based swap dealer
- ☐ (5) major security-based swap participant
- ☑ (6) commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
- ☐ (7) futures commission merchant
- ☐ (8) banking or thrift institution
- ☐ (9) trust company
- ☐ (10) accountant or accounting firm
- ☐ (11) lawyer or law firm
- ☐ (12) insurance company or agency
- ☐ (13) pension consultant
- ☐ (14) real estate broker or dealer
- ☐ (15) sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles
- ☑ (16) sponsor, general partner, managing member (or equivalent) of pooled investment vehicles

For each related person, including foreign affiliates that may not be registered or required to be registered in the United States, complete Section 7.A. of Schedule D.

You do not need to complete Section 7.A. of Schedule D for any related person if: (1) you have no business dealings with the related person in connection with advisory services you provide to your clients; (2) you do not conduct shared operations with the related person; (3) you do not refer clients or business to the related person, and the related person does not refer prospective clients or business to you; (4) you do not share supervised persons or premises with the related person; and (5) you have no reason to believe that your relationship with the related person otherwise creates a conflict of interest with your clients.

You must complete Section 7.A. of Schedule D for each related person acting as qualified custodian in connection with advisory services you provide to your clients (other than any mutual fund transfer agent pursuant to rule 206(4)-2(b)(1)), regardless of whether you have determined the related person to be operationally independent under rule 206(4)-2 of the Advisers Act.

SECTION 7.A. Financial Industry Affiliations

Complete a separate Schedule D Section 7.A. for each *related person* listed in Item 7.A.

1. Legal Name of *Related Person*:
   PLATINUM LIQUID OPPORTUNITY MANAGEMENT (NY) LLC

2. Primary Business Name of *Related Person*:
   PLATINUM LIQUID OPPORTUNITY MANAGEMENT (NY) LLC

3. *Related Person's* SEC File Number (if any) (e.g., 801-, 8-, 866-, 802-)
   -
   or
   Other

4. *Related Person's CRD* Number (if any):

5. *Related Person* is: (check all that apply)
   - (a) ☐ broker-dealer, municipal securities dealer, or government securities broker or dealer
   - (b) ☑ other investment adviser (including financial planners)
   - (c) ☐ registered municipal advisor
   - (d) ☐ registered security-based swap dealer
   - (e) ☐ major security-based swap participant
   - (f) ☑ commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
   - (g) ☐ futures commission merchant
   - (h) ☐ banking or thrift institution
   - (i) ☐ trust company
   - (j) ☐ accountant or accounting firm
   - (k) ☐ lawyer or law firm
   - (l) ☐ insurance company or agency
   - (m) ☐ pension consultant
   - (n) ☐ real estate broker or dealer
   - (o) ☐ sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles
   - (p) ☐ sponsor, general partner, managing member (or equivalent) of pooled investment vehicles

		Yes	No
6.	Do you *control* or are you *controlled* by the *related person*?	○	◉
7.	Are you and the *related person* under common *control*?	◉	○
8.	(a) Does the *related person* act as a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?	○	◉
	(b) If you are registering or registered with the SEC and you have answered "yes," to question 8(a) above, have you overcome the presumption that you are not operationally independent (pursuant to rule 206(4)-(2)(d)(5)) from the *related person* and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person*?	○	○
	(c)		

If you have answered "yes" to question 8.(a) above, provide the location of the *related person's* office responsible for *custody* of your *clients'* assets:

Number and Street 1: Number and Street 2:
City: State: Country: ZIP+4/Postal Code:
If this address is a private residence, check this box: ☐

			Yes	No
9.	(a)	If the *related person* is an investment adviser, is it exempt from registration?	○	◉
	(b)	If the answer is yes, under what exemption?		
10.	(a)	Is the *related person* registered with a *foreign financial regulatory authority* ?	○	◉
	(b)	If the answer is yes, list the name and country, in English, of each *foreign financial regulatory authority* with which the *related person* is registered. No Information Filed		
11.		Do you and the *related person* share any *supervised persons*?	◉	○
12.		Do you and the *related person* share the same physical location?	◉	○

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1. Legal Name of *Related Person*:
PLATINUM CREDIT MANAGEMENT L.P.

2. Primary Business Name of *Related Person*:
PLATINUM CREDIT MANAGEMENT L.P.

3. *Related Person's* SEC File Number (if any) (e.g., 801-, 8-, 866-, 802-)
-
or
Other

4. *Related Person's CRD* Number (if any):

5. *Related Person* is: (check all that apply)
   - (a) ☐ broker-dealer, municipal securities dealer, or government securities broker or dealer
   - (b) ☑ other investment adviser (including financial planners)
   - (c) ☐ registered municipal advisor
   - (d) ☐ registered security-based swap dealer
   - (e) ☐ major security-based swap participant
   - (f) ☑ commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
   - (g) ☐ futures commission merchant
   - (h) ☐ banking or thrift institution
   - (i) ☐ trust company
   - (j) ☐ accountant or accounting firm
   - (k) ☐ lawyer or law firm

(l) ☐ insurance company or agency
(m) ☐ pension consultant
(n) ☐ real estate broker or dealer
(o) ☐ sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles
(p) ☐ sponsor, general partner, managing member (or equivalent) of pooled investment vehicles

		Yes	No
6.	Do you *control* or are you *controlled* by the *related person*?	○	◉
7.	Are you and the *related person* under common *control*?	◉	○
8. (a)	Does the *related person* act as a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?	○	◉
(b)	If you are registering or registered with the SEC and you have answered "yes," to question 8(a) above, have you overcome the presumption that you are not operationally independent (pursuant to rule 206(4)-(2)(d)(5)) from the *related person* and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person*?	○	○

(c) If you have answered "yes" to question 8.(a) above, provide the location of the *related person's* office responsible for *custody* of your *clients'* assets:

Number and Street 1: Number and Street 2:
City: State: Country: ZIP+4/Postal Code:
If this address is a private residence, check this box: ☐

		Yes	No
9. (a)	If the *related person* is an investment adviser, is it exempt from registration?	○	◉
(b)	If the answer is yes, under what exemption?		
10. (a)	Is the *related person* registered with a *foreign financial regulatory authority* ?	○	◉

(b) If the answer is yes, list the name and country, in English, of each *foreign financial regulatory authority* with which the *related person* is registered.

No Information Filed

11.	Do you and the *related person* share any *supervised persons*?	◉	○
12.	Do you and the *related person* share the same physical location?	◉	○

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1. Legal Name of *Related Person*:
PLATINUM LIQUID OPPORTUNITY GP LLC

2. Primary Business Name of *Related Person*:
PLATINUM LIQUID OPPORTUNITY GP LLC

3. *Related Person's* SEC File Number (if any) (e.g., 801-, 8-, 866-, 802-)
-

or
Other

4. *Related Person's CRD* Number (if any):

5. *Related Person* is: (check all that apply)
   - (a) ☐ broker-dealer, municipal securities dealer, or government securities broker or dealer
   - (b) ☐ other investment adviser (including financial planners)
   - (c) ☐ registered municipal advisor
   - (d) ☐ registered security-based swap dealer
   - (e) ☐ major security-based swap participant
   - (f) ☑ commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
   - (g) ☐ futures commission merchant
   - (h) ☐ banking or thrift institution
   - (i) ☐ trust company
   - (j) ☐ accountant or accounting firm
   - (k) ☐ lawyer or law firm
   - (l) ☐ insurance company or agency
   - (m) ☐ pension consultant
   - (n) ☐ real estate broker or dealer
   - (o) ☐ sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles
   - (p) ☑ sponsor, general partner, managing member (or equivalent) of pooled investment vehicles

		Yes	No
6.	Do you *control* or are you *controlled* by the *related person*?	○	◉
7.	Are you and the *related person* under common *control*?	◉	○
8. (a)	Does the *related person* act as a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?	○	◉
(b)	If you are registering or registered with the SEC and you have answered "yes," to question 8(a) above, have you overcome the presumption that you are not operationally independent (pursuant to rule 206(4)-(2)(d)(5)) from the *related person* and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person*?	○	○

(c) If you have answered "yes" to question 8.(a) above, provide the location of the *related person's* office responsible for *custody* of your *clients'* assets:

Number and Street 1: Number and Street 2:
City: State: Country: ZIP+4/Postal Code:
If this address is a private residence, check this box: ☐

		Yes	No
9. (a)	If the *related person* is an investment adviser, is it exempt from registration?	○	◉

(b) If the answer is yes, under what exemption?

10. (a) Is the *related person* registered with a *foreign financial regulatory authority* ? ○ Yes ◉ No

(b) If the answer is yes, list the name and country, in English, of each *foreign financial regulatory authority* with which the *related person* is registered.

No Information Filed

11. Do you and the *related person* share any *supervised persons*? ◉ Yes ○ No

12. Do you and the *related person* share the same physical location? ◉ Yes ○ No

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1. Legal Name of *Related Person*:
PLATINUM CREDIT HOLDINGS LLC

2. Primary Business Name of *Related Person*:
PLATINUM CREDIT HOLDINGS LLC

3. *Related Person's* SEC File Number (if any) (e.g., 801-, 8-, 866-, 802-)
-
or
Other

4. *Related Person's CRD* Number (if any):

5. *Related Person* is: (check all that apply)

(a) ☐ broker-dealer, municipal securities dealer, or government securities broker or dealer
(b) ☐ other investment adviser (including financial planners)
(c) ☐ registered municipal advisor
(d) ☐ registered security-based swap dealer
(e) ☐ major security-based swap participant
(f) ☐ commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
(g) ☐ futures commission merchant
(h) ☐ banking or thrift institution
(i) ☐ trust company
(j) ☐ accountant or accounting firm
(k) ☐ lawyer or law firm
(l) ☐ insurance company or agency
(m) ☐ pension consultant
(n) ☐ real estate broker or dealer
(o) ☐ sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles
(p) ☑ sponsor, general partner, managing member (or equivalent) of pooled investment vehicles

Yes No

6. Do you *control* or are you *controlled* by the *related person*? ○ Yes ◉ No

			Yes	No
7.		Are you and the *related person* under common *control*?	◉	○
8.	(a)	Does the *related person* act as a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?	○	◉
	(b)	If you are registering or registered with the SEC and you have answered "yes," to question 8(a) above, have you overcome the presumption that you are not operationally independent (pursuant to rule 206(4)-(2)(d)(5)) from the *related person* and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person*?	○	○
	(c)	If you have answered "yes" to question 8.(a) above, provide the location of the *related person's* office responsible for *custody* of your *clients'* assets:		
		Number and Street 1: Number and Street 2:		
		City: State: Country: ZIP+4/Postal Code:		
		If this address is a private residence, check this box: ☐		
9.	(a)	If the *related person* is an investment adviser, is it exempt from registration?	○	◉
	(b)	If the answer is yes, under what exemption?		
10.	(a)	Is the *related person* registered with a *foreign financial regulatory authority* ?	○	◉
	(b)	If the answer is yes, list the name and country, in English, of each *foreign financial regulatory authority* with which the *related person* is registered.		
		No Information Filed		
11.		Do you and the *related person* share any *supervised persons*?	◉	○
12.		Do you and the *related person* share the same physical location?	◉	○

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1. Legal Name of *Related Person*:
   PLATINUM PARTNERS VALUE ARBITRAGE, LP

2. Primary Business Name of *Related Person*:
   PLATINUM PARTNERS VALUE ARBITRAGE, LP

3. *Related Person's* SEC File Number (if any) (e.g., 801-, 8-, 866-, 802-)
   -
   or
   Other

4. *Related Person's CRD* Number (if any):

5. *Related Person* is: (check all that apply)
   (a) ☐ broker-dealer, municipal securities dealer, or government securities broker or dealer
   (b) ☐ other investment adviser (including financial planners)
   (c) ☐ registered municipal advisor

(d) ☐ registered security-based swap dealer
(e) ☐ major security-based swap participant
(f) ☑ commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
(g) ☐ futures commission merchant
(h) ☐ banking or thrift institution
(i) ☐ trust company
(j) ☐ accountant or accounting firm
(k) ☐ lawyer or law firm
(l) ☐ insurance company or agency
(m) ☐ pension consultant
(n) ☐ real estate broker or dealer
(o) ☐ sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles
(p) ☑ sponsor, general partner, managing member (or equivalent) of pooled investment vehicles

		Yes	No
6.	Do you *control* or are you *controlled* by the *related person*?	☐	☐
7.	Are you and the *related person* under common *control*?	☐	☐
8.	(a) Does the *related person* act as a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?	☐	☐
	(b) If you are registering or registered with the SEC and you have answered "yes," to question 8(a) above, have you overcome the presumption that you are not operationally independent (pursuant to rule 206(4)-(2)(d)(5)) from the *related person* and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person*?	☐	☐

(c) If you have answered "yes" to question 8.(a) above, provide the location of the *related person's* office responsible for *custody* of your *clients'* assets:

Number and Street 1: Number and Street 2:
City: State: Country: ZIP+4/Postal Code:
If this address is a private residence, check this box: ☐

		Yes	No
9.	(a) If the *related person* is an investment adviser, is it exempt from registration?	☐	☐
	(b) If the answer is yes, under what exemption?		
10.	(a) Is the *related person* registered with a *foreign financial regulatory authority* ?	☐	☐
	(b) If the answer is yes, list the name and country, in English, of each *foreign financial regulatory authority* with which the *related person* is registered.		

No Information Filed

11.	Do you and the *related person* share any *supervised persons*?	☐	☐
12.	Do you and the *related person* share the same physical location?	☐	☐

Item 7 *Private Fund* Reporting

	Yes	No
B. Are you an adviser to any *private fund*?	◉	○

If "yes," then for each private fund that you advise, you must complete a Section 7.B.(1) of Schedule D, except in certain circumstances described in the next sentence and in Instruction 6 of the Instructions to Part 1A. If another adviser reports this information with respect to any such private fund in Section 7.B.(1) of Schedule D of its Form ADV (e.g., if you are a subadviser), do not complete Section 7.B.(1) of Schedule D with respect to that private fund. You must, instead, complete Section 7.B.(2) of Schedule D.

In either case, if you seek to preserve the anonymity of a private fund client by maintaining its identity in your books and records in numerical or alphabetical code, or similar designation, pursuant to rule 204-2(d), you may identify the private fund in Section 7.B.(1) or 7.B.(2) of Schedule D using the same code or designation in place of the fund's name.

SECTION 7.B.(1) *Private Fund* Reporting

A. PRIVATE FUND

Information About the *Private Fund*

1. (a) Name of the *private fund*:
   PLATINUM PARTNERS CREDIT OPPORTUNITIES MASTER FUND, L.P.
   (b) *Private fund* identification number:
   (include the "805-" prefix also)
   805-2904035132

2. Under the laws of what state or country is the *private fund* organized:

State:	Country:
Delaware	United States

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
PLATINUM CREDIT HOLDINGS LLC
PLATINUM CREDIT MANAGEMENT LP

4. The *private fund* (check all that apply; you must check at least one):
   ☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

☑ (2) qualifies for the exclusion from the definition of investment company under section 3(c) (7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

	Yes	No
6. (a) Is this a "master fund" in a master-feeder arrangement?	◉	○

(b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

Private Fund Name	Private Fund Identification Number
PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND (TE) LLC	805-4285171456
PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND INTERNATIONAL (A) LTD.	805-3763834654
PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND INTERNATIONAL LTD.	805-2519836650
PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND LLC	805-7126899155
PLATINUM PARTNERS CREDIT OPPORTUNITY FUND (BL) LLC	805-9273248131

	Yes	No
(c) Is this a "feeder fund" in a master-feeder arrangement?	○	◉

(d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?

Name of the *Private Fund*:

Private Fund Identification Number:
(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1). for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

Additional Feeder Fund Information : 5 Record(s) Filed.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

(a) Name of the *private fund*:

PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND (TE) LLC

(b) *Private fund* identification number:
(include the "805-" prefix also)
805-4285171456

(c) Under the laws of what state or country is the *private fund* organized:

State:	Country:
Delaware	United States

(d) Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
PLATINUM CREDIT HOLDINGS LLC, MANAGING MEMBER

(e) The *private fund* (check all that apply; you must check at least one):

☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

☑ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

(f) List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

(a) Name of the *private fund*:
PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND INTERNATIONAL (A) LTD.

(b) *Private fund* identification number:
(include the "805-" prefix also)
805-3763834654

(c) Under the laws of what state or country is the *private fund* organized:

State:	Country:
	Cayman Islands

(d) Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
BRIAN BURKHOLDER, DIRECTOR
JUSTIN STEBBING, DIRECTOR
PATRICK HARRIGAN, DIRECTOR

(e) The *private fund* (check all that apply; you must check at least one):

☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

☑ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

(f) List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

Name of Country/English Name of Foreign Financial Regulatory Authority
Other - CAYMAN ISLANDS MONETARY AUTHORITY

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

(a) Name of the *private fund*:

PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND INTERNATIONAL LTD.

(b) *Private fund* identification number:
(include the "805-" prefix also)

805-2519836650

(c) Under the laws of what state or country is the *private fund* organized:

State: Country:
Cayman Islands

(d) Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
BRIAN BURKHOLDER, DIRECTOR
PATRICK HARRIGAN, DIRECTOR
RICHARD H. COLES, DIRECTOR

(e) The *private fund* (check all that apply; you must check at least one):

☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

☑ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

(f) List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

Name of Country/English Name of Foreign Financial Regulatory Authority
Other - CAYMAN ISLANDS MONETARY AUTHORITY

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

(a) Name of the *private fund*:

PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND LLC

(b) *Private fund* identification number:
(include the "805-" prefix also)

805-7126899155

(c) Under the laws of what state or country is the *private fund* organized:

State:	Country:
Delaware	United States

(d) Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
PLATINUM CREDIT HOLDINGS LLC, MANAGING MEMBER

(e) The *private fund* (check all that apply; you must check at least one):

☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

☑ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

(f) List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

(a) Name of the *private fund*:
PLATINUM PARTNERS CREDIT OPPORTUNITY FUND (BL) LLC

(b) *Private fund* identification number:
(include the "805-" prefix also)
805-9273248131

(c) Under the laws of what state or country is the *private fund* organized:

State:	Country:
Delaware	United States

(d) Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
PLATINUM CREDIT MANAGEMENT LP, MANAGER

(e) The *private fund* (check all that apply; you must check at least one):
☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
☑ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

(f) List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.
No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

		Yes	No
8.	(a) Is this *private fund* a "fund of funds"?	○	◉
	(b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?	○	○

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

		Yes	No
9.	During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)?	○	◉

10. What type of fund is the *private fund*?

(●) hedge fund ( ) liquidity fund ( ) private equity fund ( ) real estate fund ( ) securitized asset fund ( ) venture capital fund ( ) Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:
$ 591,695,291

Ownership

12. Minimum investment commitment required of an investor in the *private fund*:
$ 100,000
NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund*'s beneficial owners:
251

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:
14%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:
2%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:
43%

Your Advisory Services

	Yes	No
17. (a) Are you a subadviser to this *private fund*?	( )	(●)

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

	Yes	No
18. (a) Do any other investment advisers advise the *private fund*?	( )	(●)

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

Yes No

19. Are your *clients* solicited to invest in the *private fund*? ○ Yes ◉ No

20. Approximately what percentage of your *clients* has invested in the *private fund*?
0%

Private Offering

	Yes	No
21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?	◉	○

22. If yes, provide the *private fund*'s Form D file number (if any):

Form D file number
021-128640
021-128642

B. SERVICE PROVIDERS

Auditors

	Yes	No
23. (a) (1) Are the *private fund*'s financial statements subject to an annual audit?	◉	○
(2) Are the financial statements prepared in accordance with U.S. GAAP?	◉	○

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

Additional Auditor Information : 1 Record(s) Filed.

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:
COHNREZNICK

(c) The location of the auditing firm's office responsible for the *private fund*'s audit (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(d) Is the auditing firm an *independent public accountant*?	◉	○
(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?	◉	○

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules? ◉ Yes ○ No

Yes No

(g) Are the *private fund*'s audited financial statements distributed to the *private fund*'s investors? ◉ Yes ○ No

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

○ Yes ○ No ◉ Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

Prime Broker

Yes No

24. (a) Does the *private fund* use one or more prime brokers? ◉ Yes ○ No

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

Additional Prime Broker Information : 2 Record(s) Filed.

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

(b) Name of the prime broker:
CREDIT SUISSE SECURITIES (USA) LLC

(c) If the prime broker is registered with the SEC, its registration number:
8 - 422
CRD Number (if any):
816

(d) Location of prime broker's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

Yes No

(e) Does this prime broker act as custodian for some or all of the *private fund*'s assets? ◉ Yes ○ No

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

(b) Name of the prime broker:
J.H. DARBIE & CO., INC.

(c) If the prime broker is registered with the SEC, its registration number:
8 - 50335
CRD Number (if any):
43520

(d) Location of prime broker's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(e) Does this prime broker act as custodian for some or all of the *private fund*'s assets?	◉	○

Custodian

	Yes	No
25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?	◉	○

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

Additional Custodian Information : 4 Record(s) Filed.

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
COR CLEARING INC

(c) Primary business name of custodian:
COR CLEARING INC

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
OMAHA	Nebraska	United States

	Yes	No
(e) Is the custodian a *related person* of your firm?	○	◉

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
-
CRD Number (if any):

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
CREDIT SUISSE SECURITIES (USA) LLC

(c) Primary business name of custodian:
CREDIT SUISSE SECURITIES (USA) LLC

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(e) Is the custodian a *related person* of your firm?	○	◉

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
8 - 422
CRD Number (if any):
816

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
JH DARBIE & CO.

(c) Primary business name of custodian:
JH DARBIE & CO.

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

Yes No

(e) Is the custodian a *related person* of your firm? ○ Yes ◉ No

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
-
CRD Number (if any):

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
THE BANK OF NEW YORK MELLON

(c) Primary business name of custodian:
THE BANK OF NEW YORK MELLON

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

Yes No

(e) Is the custodian a *related person* of your firm? ○ ◉

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
-
CRD Number (if any):

Administrator

Yes No

26. (a) Does the *private fund* use an administrator other than your firm? ◉ Yes ○ No

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

Additional Administrator Information : 1 Record(s) Filed.

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:
SS&C TECHNOLOGIES, INC.

(c) Location of administrator (city, state and country):

City:	State:	Country:
WINDSOR	Connecticut	United States

	Yes	No
(d) Is the administrator a *related person* of your firm?	○	◉

(e) Does the administrator prepare and send investor account statements to the *private fund*'s investors?

◉ Yes (provided to all investors) ○ Some (provided to some but not all investors) ○ No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund*'s investors? If investor account statements are not sent to the (rest of the) *private fund*'s investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund*'s assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?
1%
Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

Marketers

	Yes	No
28. (a) Does the *private fund* use the services of someone other than you or your *employees* for marketing purposes?	◉	○

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

Additional Marketer Information : 12 Record(s) Filed.

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer

the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
ALPHASOURCE CAPITAL SECURITIES LLC

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
8 - 67759
and CRD Number (if any):
145875

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
ALTERN8 INVESTMENT ADVISORS LTD

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City: MONACO | State: | Country: Monaco

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
BENZION REICH

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):
City: JERUSALEM | State: | Country: Israel

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
CANTONE RESEARCH INC.

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
8 - 41940
and CRD Number (if any):
26314

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
TINTON FALLS	New Jersey	United States

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
CRESCENDO ADVISORS INTERNATIONAL LTD.

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
ST PETER PORT		Guernsey

	Yes	No

(f) Does the marketer market the *private fund* through one or more websites? ○ Yes ◉ No

(g) If the answer to 28(f) is "yes", list the website address(es):

No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

Yes No

(b) Is the marketer a *related person* of your firm? ○ Yes ◉ No

(c) Name of the marketer:
FINANCIAL FAIRPLAY AG

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
ZUG		Switzerland

Yes No

(f) Does the marketer market the *private fund* through one or more websites? ○ Yes ◉ No

(g) If the answer to 28(f) is "yes", list the website address(es):

No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

Yes No

(b) Is the marketer a *related person* of your firm? ○ Yes ◉ No

(c) Name of the marketer:
GREEN HARVEST KOREA CO., LTD.

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
SEOUL		Korea, South

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
MICHAEL HANONO

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
PANAMA CITY		Panama

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):

No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
MONARCH BAY SECURITIES, LLC

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
8 - 67384
and CRD Number (if any):
141391

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
NEWPORT BEACH	California	United States

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
PALLADIUM CAPITAL ADVISORS, LLC

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
8 - 66223
and CRD Number (if any):
129400

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
TRIBLEY ASSET MANAGEMENT

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
HAMILTON		Bermuda

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
WORLD VISION STRATEGIES LIMITED

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
LONDON		United Kingdom

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

A. PRIVATE FUND

Information About the *Private Fund*

1. (a) Name of the *private fund*:
PLATINUM PARTNERS LIQUID OPPORTUNITY MASTER FUND L.P.
(b) *Private fund* identification number:
(include the "805-" prefix also)
805-5213677241

2. Under the laws of what state or country is the *private fund* organized:

State:	Country:
	Cayman Islands

3.

Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
PLATINUM LIQUID OPPORTUNITY GP LLC
PLATINUM PARTNERS LIQUID OPPORTUNITY MANAGEMENT (NY) LLC

4. The *private fund* (check all that apply; you must check at least one):

☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

☑ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

Name of Country/English Name of Foreign Financial Regulatory Authority
Other - CAYMAN ISLANDS MONETARY AUTHORITY

	Yes	No
6. (a) Is this a "master fund" in a master-feeder arrangement?	◉	○

(b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

Private Fund Name	Private Fund Identification Number
PLATINUM PARTNERS LIQUID OPPORTUNITY FUND (INTERNATIONAL) LTD.	805-8808839992
PLATINUM PARTNERS LIQUID OPPORTUNITY FUND (USA) L.P.	805-4186797902
PLATINUM PARTNERS LIQUID OPPORTUNITY INTERMEDIATE FUND, L.P.	805-2956993078

	Yes	No
(c) Is this a "feeder fund" in a master-feeder arrangement?	○	◉

(d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?

Name of the *Private Fund*:

Private Fund Identification Number:
(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1). for the master-feeder arrangement or reporting on the funds separately.

7.

If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

Additional Feeder Fund Information : 3 Record(s) Filed.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

(a) Name of the *private fund*:
PLATINUM PARTNERS LIQUID OPPORTUNITY FUND (INTERNATIONAL) LTD.

(b) *Private fund* identification number:
(include the "805-" prefix also)
805-8808839992

(c) Under the laws of what state or country is the *private fund* organized:

State:	Country:
	Cayman Islands

(d) Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
PLATINUM LIQUID OPPORTUNITY MANAGEMENT (NY) LLC

(e) The *private fund* (check all that apply; you must check at least one):

☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

☑ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

(f) List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

Name of Country/English Name of Foreign Financial Regulatory Authority
Cayman Islands - Cayman Islands Monetary Authority

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

(a) Name of the *private fund*:
PLATINUM PARTNERS LIQUID OPPORTUNITY FUND (USA) L.P.

(b) *Private fund* identification number:
(include the "805-" prefix also)
805-4186797902

(c) Under the laws of what state or country is the *private fund* organized:

State:	Country:
Delaware	United States

(d) Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
PLATINUM LIQUID OPPORTUNITY GP LLC

(e) The *private fund* (check all that apply; you must check at least one):
☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
☑ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

(f) List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.
No Information Filed

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

(a) Name of the *private fund*:
PLATINUM PARTNERS LIQUID OPPORTUNITY INTERMEDIATE FUND, L.P.

(b) *Private fund* identification number:
(include the "805-" prefix also)
805-2956993078

(c) Under the laws of what state or country is the *private fund* organized:

State:	Country:
	Cayman Islands

(d) Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director

Name of General Partner, Manager, Trustee, or Director
PLATINUM LIQUID OPPORTUNITY GP LLC, GENERAL PARTNER

(e) The *private fund* (check all that apply; you must check at least one):

☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

☑ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

(f) List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

		Yes	No
8.	(a) Is this *private fund* a "fund of funds"?	○	◉
	(b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?	○	○

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

		Yes	No
9.	During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)?	○	◉

10. What type of fund is the *private fund*?

◉ hedge fund ○ liquidity fund ○ private equity fund ○ real estate fund ○ securitized asset fund ○ venture capital fund ○ Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:
$ 27,435,803

Ownership

12. Minimum investment commitment required of an investor in the *private fund*:
$ 100,000

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund*'s beneficial owners:
20

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:
30%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:
0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:
50%

Your Advisory Services

	Yes	No
17. (a) Are you a subadviser to this *private fund*?	○	◉

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

	Yes	No
18. (a) Do any other investment advisers advise the *private fund*?	○	◉

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

	Yes	No
19. Are your *clients* solicited to invest in the *private fund*?	○	◉

20. Approximately what percentage of your *clients* has invested in the *private fund*?
0%

Private Offering

	Yes	No
21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?	◉	○

22. If yes, provide the *private fund*'s Form D file number (if any):

Form D file number
021-132230

Form D file number
021-132232

B. SERVICE PROVIDERS

Auditors

	Yes	No
23. (a) (1) Are the *private fund*'s financial statements subject to an annual audit?	◉	○
(2) Are the financial statements prepared in accordance with U.S. GAAP?	◉	○

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

Additional Auditor Information : 1 Record(s) Filed.

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:
COHNREZNICK

(c) The location of the auditing firm's office responsible for the *private fund*'s audit (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(d) Is the auditing firm an *independent public accountant*?	◉	○
(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?	◉	○
(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?	◉	○

	Yes	No
(g) Are the *private fund*'s audited financial statements distributed to the *private fund*'s investors?	◉	○

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

○ Yes ○ No ◉ Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

Prime Broker

	Yes	No
24. (a) Does the *private fund* use one or more prime brokers?	◉	○

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

Additional Prime Broker Information : 2 Record(s) Filed.

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

(b) Name of the prime broker:
CREDIT SUISSE SECURITIES (USA) LLC

(c) If the prime broker is registered with the SEC, its registration number:
8 - 422
CRD Number (if any):
816

(d) Location of prime broker's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(e) Does this prime broker act as custodian for some or all of the *private fund*'s assets?	◉	○

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

(b) Name of the prime broker:
NOMURA SECURITIES INTERNATIONAL, INC.

(c) If the prime broker is registered with the SEC, its registration number:
8 - 15255
CRD Number (if any):
4297

(d) Location of prime broker's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(e) Does this prime broker act as custodian for some or all of the *private fund*'s assets?	◉	○

Custodian

	Yes	No
25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?	◉	○

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

Additional Custodian Information : 5 Record(s) Filed.

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
COR CLEARING LLC

(c) Primary business name of custodian:
COR CLEARING LLC

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
OMAHA	Nebraska	United States

	Yes	No
(e) Is the custodian a *related person* of your firm?	○	◉

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
8 - 53595
CRD Number (if any):
117176

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
CREDIT SUISSE SECURITIES (USA) LLC

(c) Primary business name of custodian:
CREDIT SUISSE SECURITIES (USA) LLC

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(e) Is the custodian a *related person* of your firm?	○	◉

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
8 - 422
CRD Number (if any):
816

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
INTERACTIVE BROKERS LLC

(c) Primary business name of custodian:
INTERACTIVE BROKERS LLC

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
GEENWICH	Connecticut	United States

	Yes	No
(e) Is the custodian a *related person* of your firm?	○	◉

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
8 - 47257
CRD Number (if any):
36418

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
J.H. DARBIE & CO., INC.

(c) Primary business name of custodian:
J.H. DARBIE & CO., INC.

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(e) Is the custodian a *related person* of your firm?	○	◉

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
8 - 50335
CRD Number (if any):
43520

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
THE BANK OF NEW YORK MELLON

(c) Primary business name of custodian:
THE BANK OF NEW YORK MELLON

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(e) Is the custodian a *related person* of your firm?	○	◉

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
-
CRD Number (if any):

Administrator

	Yes	No
26. (a) Does the *private fund* use an administrator other than your firm?	◉	○

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

Additional Administrator Information : 1 Record(s) Filed.

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:
SS&C TECHNOLOGIES, INC.

(c) Location of administrator (city, state and country):

City:	State:	Country:
WINDSOR	Connecticut	United States

	Yes	No
(d) Is the administrator a *related person* of your firm?	○	◉

(e) Does the administrator prepare and send investor account statements to the *private fund*'s investors?

◉ Yes (provided to all investors) ○ Some (provided to some but not all investors) ○ No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund*'s investors? If investor account statements are not sent to the (rest of the) *private fund*'s investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund*'s assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?
60%
Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

Marketers

	Yes	No
28. (a) Does the *private fund* use the services of someone other than you or your *employees* for marketing purposes?	◉	○

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

Additional Marketer Information : 10 Record(s) Filed.

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
ALPHASOURCE CAPITAL SECURITIES LLC

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
8 - 67759
and CRD Number (if any):
145875

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
ALTERN INTERNATIONAL ADVISORS

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
MONACO		Monaco

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
CANTONE RESEARCH INC.

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
8 - 41940
and CRD Number (if any):
26314

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
TINTON FALLS	New Jersey	United States

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):

No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
CRESCENDO ADVISORS INTERNATIONAL LTD.

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
ST PETER PORT		Guernsey

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):

No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
FINANCIAL FAIRPLAY AG

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
ZUG		Switzerland

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
GREEN HARVEST KOREA CO., LTD.

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
SEOUL		Korea, South

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):

No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
MONARCH BAY SECURITIES, LLC

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
8 - 67384
and CRD Number (if any):
141391

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
NEWPORT BEACH	California	United States

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):

No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
PALLADIUM CAPITAL ADVISORS, LLC

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
8 - 66223
and CRD Number (if any):
129400

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
TRIBLEY ASSET MANAGEMENT

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
HAMILTON		Bermuda

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
WORLD VISION STRATEGIES LIMITED

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
LONDON		United Kingdom

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

A. PRIVATE FUND

Information About the *Private Fund*

1. (a) Name of the *private fund*:
PLATINUM PARTNERS VALUE ARBITRAGE FUND, L.P.
(b) *Private fund* identification number:
(include the "805-" prefix also)
805-4368569263

2. Under the laws of what state or country is the *private fund* organized:

State:	Country:
	Cayman Islands

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
PLATINUM MANAGEMENT (NY) LLC
PLATINUM PARTNERS VALUE ARBITRAGE LP

4. The *private fund* (check all that apply; you must check at least one):

☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

☑ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

Name of Country/English Name of Foreign Financial Regulatory Authority
Other - CAYMAN ISLANDS MONETARY AUTHORITY

	Yes	No
6. (a) Is this a "master fund" in a master-feeder arrangement?	◉	○

(b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

Private Fund Name	Private Fund Identification Number
PLATINUM PARTNERS VALUE ARBITRAGE (INTERNATIONAL) LTD.	805-8182918437
PLATINUM PARTNERS VALUE ARBITRAGE FUND (USA) L.P.	805-5664595703
PLATINUM PARTNERS VALUE ARBITRAGE INTERMEDIATE FUND LTD.	805-8246121585

	Yes	No
(c) Is this a "feeder fund" in a master-feeder arrangement?	○	◉

(d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?

Name of the *Private Fund*:

Private Fund Identification Number:
(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1). for the master-feeder arrangement or reporting on the funds separately.

7.

If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

Additional Feeder Fund Information : 3 Record(s) Filed.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

(a) Name of the *private fund*:
PLATINUM PARTNERS VALUE ARBITRAGE (INTERNATIONAL) LTD.

(b) *Private fund* identification number:
(include the "805-" prefix also)
805-8182918437

(c) Under the laws of what state or country is the *private fund* organized:

State:	Country:
	Cayman Islands

(d) Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
DAVID BREE, DIRECTOR
DON SEYMOUR, DIRECTOR
MARK NORDLICHT, DIRECTOR

(e) The *private fund* (check all that apply; you must check at least one):

☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

☑ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

(f) List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

Name of Country/English Name of Foreign Financial Regulatory Authority
Other - CAYMAN ISLANDS MONETARY AUTHORITY

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

(a) Name of the *private fund*:
PLATINUM PARTNERS VALUE ARBITRAGE FUND (USA) L.P.

(b) *Private fund* identification number:
(include the "805-" prefix also)
805-5664595703

(c) Under the laws of what state or country is the *private fund* organized:

State:	Country:
Delaware	United States

(d) Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
PLATINUM MANAGEMENT (NY) LLC

(e) The *private fund* (check all that apply; you must check at least one):
☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
☑ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

(f) List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

Name of Country/English Name of Foreign Financial Regulatory Authority
Cayman Islands - Cayman Islands Monetary Authority

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

(a) Name of the *private fund*:
PLATINUM PARTNERS VALUE ARBITRAGE INTERMEDIATE FUND LTD.

(b) *Private fund* identification number:
(include the "805-" prefix also)
805-8246121585

(c) Under the laws of what state or country is the *private fund* organized:

State:	Country:
	Cayman Islands

(d) Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
DAVID BREE, DIRECTOR
DON SEYMOUR, DIRECTOR
MARK NORDLICHT, DIRECTOR

(e) The *private fund* (check all that apply; you must check at least one):

☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

☑ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

(f) List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

		Yes	No
8.	(a) Is this *private fund* a "fund of funds"?	○	◉
	(b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?	○	○

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

		Yes	No
9.	During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)?	○	◉

10. What type of fund is the *private fund*?

◉ hedge fund ○ liquidity fund ○ private equity fund ○ real estate fund ○ securitized asset fund ○ venture capital fund ○ Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:

$ 1,077,253,127

Ownership

12. Minimum investment commitment required of an investor in the *private fund*:
    $ 100,000
    NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund*'s beneficial owners:
    365

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:
    27%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:
    3%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:
    56%

Your Advisory Services

	Yes	No
17. (a) Are you a subadviser to this *private fund*?	○	◉

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

	Yes	No
18. (a) Do any other investment advisers advise the *private fund*?	○	◉

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

	Yes	No
19. Are your *clients* solicited to invest in the *private fund*?	○	◉

20. Approximately what percentage of your *clients* has invested in the *private fund*?
    0%

Private Offering

	Yes	No
21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?	◉	○

22. If yes, provide the *private fund*'s Form D file number (if any):

Form D file number
021-51506
021-51507

B. SERVICE PROVIDERS

Auditors

	Yes	No
23. (a) (1) Are the *private fund*'s financial statements subject to an annual audit?	◉	○
(2) Are the financial statements prepared in accordance with U.S. GAAP?	◉	○

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

Additional Auditor Information : 1 Record(s) Filed.

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:
COHNREZNICK

(c) The location of the auditing firm's office responsible for the *private fund*'s audit (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(d) Is the auditing firm an *independent public accountant*?	◉	○
(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?	◉	○
(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?	◉	○

	Yes	No
(g) Are the *private fund*'s audited financial statements distributed to the *private fund*'s investors?	◉	○

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

○ Yes ○ No ◉ Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

Prime Broker

	Yes	No
24. (a) Does the *private fund* use one or more prime brokers?	◉	○

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

Additional Prime Broker Information : 1 Record(s) Filed.

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

(b) Name of the prime broker:
CREDIT SUISSE SECURITIES (USA) LLC

(c) If the prime broker is registered with the SEC, its registration number:
8 - 422
CRD Number (if any):
816

(d) Location of prime broker's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(e) Does this prime broker act as custodian for some or all of the *private fund*'s assets?	◉	○

Custodian

	Yes	No
25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?	◉	○

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

Additional Custodian Information : 6 Record(s) Filed.

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
COR CLEARING LLC

(c) Primary business name of custodian:
COR CLEARING LLC

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
OMAHA	Nebraska	United States

	Yes	No
(e) Is the custodian a *related person* of your firm?	○	◉

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
8 - 53595
CRD Number (if any):
117176

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
CREDIT SUISSE SECURITIES (USA) LLC

(c) Primary business name of custodian:
CREDIT SUISSE SECURITIES (USA) LLC

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(e) Is the custodian a *related person* of your firm?	○	◉

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
8 - 422
CRD Number (if any):
816

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
INTERACTIVE BROKERS LLC

(c) Primary business name of custodian:
INTERACTIVE BROKERS LLC

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
GREENWICH	Connecticut	United States

	Yes	No
(e) Is the custodian a *related person* of your firm?	○	◉

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
8 - 47257
CRD Number (if any):
36418

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
J.H. DARBIE & CO., INC.

(c) Primary business name of custodian:
J.H. DARBIE & CO., INC.

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(e) Is the custodian a *related person* of your firm?	○	◉

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)

8 - 50335

CRD Number (if any):
43520

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
MORGAN STANLEY CAPITAL SERVICES

(c) Primary business name of custodian:
MORGAN STANLEY CAPITAL SERVICES

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(e) Is the custodian a *related person* of your firm?	○	◉

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
-

CRD Number (if any):

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
THE BANK OF NEW YORK MELLON

(c) Primary business name of custodian:
THE BANK OF NEW YORK MELLON

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(e) Is the custodian a *related person* of your firm?	○	◉

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)

-

CRD Number (if any):

Administrator

	Yes	No
26. (a) Does the *private fund* use an administrator other than your firm?	◉	○

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

Additional Administrator Information : 1 Record(s) Filed.

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:

SS&C TECHNOLOGIES, INC.

(c) Location of administrator (city, state and country):

City:	State:	Country:
WINDSOR	Connecticut	United States

	Yes	No
(d) Is the administrator a *related person* of your firm?	○	◉

(e) Does the administrator prepare and send investor account statements to the *private fund*'s investors?

◉ Yes (provided to all investors) ○ Some (provided to some but not all investors) ○ No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund*'s investors? If investor account statements are not sent to the (rest of the) *private fund*'s investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund*'s assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?

3%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

Marketers

	Yes	No
28. (a) Does the *private fund* use the services of someone other than you or your *employees* for marketing purposes?	◉	○

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

Additional Marketer Information : 13 Record(s) Filed.

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
ALPHASOURCE CAPITAL SECURITIES LLC

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
8 - 67759
and CRD Number (if any):
145875

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
ALTERN INTERNATIONAL ADVISORS

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
MONACO		Monaco

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
CANTONE RESEARCH INC.

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
8 - 41940

and CRD Number (if any):
26314

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
TINTON FALLS	New Jersey	United States

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
CHARDAN CAPITAL MARKETS LLC

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
8 - 65277
and CRD Number (if any):
120128

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
CRESCENDO ADVISORS INTERNATIONAL LTD.

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
ST PETER PORT		Guernsey

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
FINANCIAL FAIRPLAY AG

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
ZUG		Switzerland

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):

No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
FINANCIAL WEST GROUP

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
801 - 57393
and CRD Number (if any):
16668

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
WESTLAKE VILLAGE	California	United States

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):

No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer

the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
GREEN HARVEST KOREA CO., LTD.

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
SEOUL		Korea, South

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
MICHAEL HANONO

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City: PANAMA CITY | State: | Country: Panama

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
MONARCH BAY SECURITIES, LLC

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
8 - 67384
and CRD Number (if any):
141391

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):
City: NEWPORT BEACH | State: California | Country: United States

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
PALLADIUM CAPITAL ADVISORS, LLC

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
8 - 66223
and CRD Number (if any):
129400

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
NEW YORK	New York	United States

	Yes	No
(f) Does the marketer market the *private fund* through one or more websites?	○	◉

(g) If the answer to 28(f) is "yes", list the website address(es):
No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

	Yes	No
(b) Is the marketer a *related person* of your firm?	○	◉

(c) Name of the marketer:
TRIBLEY ASSET MANAGEMENT

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
HAMILTON		Bermuda

Yes No

(f) Does the marketer market the *private fund* through one or more websites? ○ Yes ◉ No

(g) If the answer to 28(f) is "yes", list the website address(es):

No Information Filed

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

Yes No

(b) Is the marketer a *related person* of your firm? ○ Yes ◉ No

(c) Name of the marketer:
WORLD VISION STRATEGIES LIMITED

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-):
-
and CRD Number (if any):

(e) Location of the marketer's office used principally by the *private fund* (city, state and country):

City:	State:	Country:
LONDON		United Kingdom

Yes No

(f) Does the marketer market the *private fund* through one or more websites? ○ Yes ◉ No

(g) If the answer to 28(f) is "yes", list the website address(es):

No Information Filed

SECTION 7.B.(2) *Private Fund* Reporting

No Information Filed

Item 8 Participation or Interest in *Client* Transactions

In this Item, we request information about your participation and interest in your *clients*' transactions. This information identifies additional areas in which conflicts of interest may occur between you and your *clients*.

Like Item 7, Item 8 requires you to provide information about you and your *related persons*, including foreign affiliates.

Proprietary Interest in *Client* Transactions

		Yes	No
A.	Do you or any *related person*:		
(1)	buy securities for yourself from advisory *clients*, or sell securities you own to advisory *clients* (principal transactions)?		
(2)	buy or sell for yourself securities (other than shares of mutual funds) that you also recommend to advisory *clients*?		
(3)	recommend securities (or other investment products) to advisory *clients* in which you or any *related person* has some other proprietary (ownership) interest (other than those mentioned in Items 8.A.(1) or (2))?		

Sales Interest in *Client* Transactions

		Yes	No
B.	Do you or any *related person*:		
(1)	as a broker-dealer or registered representative of a broker-dealer, execute securities trades for brokerage customers in which advisory *client* securities are sold to or bought from the brokerage customer (agency cross transactions)?		
(2)	recommend purchase of securities to advisory *clients* for which you or any *related person* serves as underwriter, general or managing partner, or purchaser representative?		
(3)	recommend purchase or sale of securities to advisory *clients* for which you or any *related person* has any other sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer)?		

Investment or Brokerage Discretion

		Yes	No
C.	Do you or any *related person* have *discretionary authority* to determine the:		
(1)	securities to be bought or sold for a *client's* account?		
(2)	amount of securities to be bought or sold for a *client's* account?		
(3)	broker or dealer to be used for a purchase or sale of securities for a *client's* account?		
(4)	commission rates to be paid to a broker or dealer for a *client's* securities transactions?		
D.	If you answer "yes" to C.(3) above, are any of the brokers or dealers *related persons*?		
E.	Do you or any *related person* recommend brokers or dealers to *clients*?		
F.	If you answer "yes" to E above, are any of the brokers or dealers *related persons*?		
G. (1)	Do you or any *related person* receive research or other products or services other than execution from a broker-dealer or a third party ("soft dollar benefits") in connection with *client* securities transactions?		
(2)	If "yes" to G.(1) above, are all the "soft dollar benefits" you or any *related persons* receive eligible "research or brokerage services" under section 28(e) of the Securities Exchange Act of 1934?		

H. Do you or any *related person*, directly or indirectly, compensate any *person* for *client* referrals? ○ ◉

I. Do you or any *related person*, directly or indirectly, receive compensation from any *person* for *client* referrals? ○ ◉

In responding to Items 8.H and 8.I., consider all cash and non-cash compensation that you or a related person gave to (in answering Item 8.H) or received from (in answering Item 8.I) any person in exchange for client referrals, including any bonus that is based, at least in part, on the number or amount of client referrals.

Item 9 Custody

In this Item, we ask you whether you or a *related person* has *custody* of *client* (other than *clients* that are investment companies registered under the Investment Company Act of 1940) assets and about your custodial practices.

		Yes	No
A. (1)	Do you have *custody* of any advisory *clients*':		
	(a) cash or bank accounts?	◉	○
	(b) securities?	◉	○

If you are registering or registered with the SEC, answer "No" to Item 9.A.(1)(a) and (b) if you have custody solely because (i) you deduct your advisory fees directly from your clients' accounts, or (ii) a related person has custody of client assets in connection with advisory services you provide to clients, but you have overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)-(2)(d)(5)) from the related person.

(2) If you checked "yes" to Item 9.A.(1)(a) or (b), what is the approximate amount of *client* funds and securities and total number of *clients* for which you have *custody*:

U.S. Dollar Amount	Total Number of *Clients*
(a) $ 752,920,596	(b) 4

If you are registering or registered with the SEC and you have custody solely because you deduct your advisory fees directly from your clients' accounts, do not include the amount of those assets and the number of those clients in your response to Item 9.A.(2). If your related person has custody of client assets in connection with advisory services you provide to clients, do not include the amount of those assets and number of those clients in your response to 9.A.(2). Instead, include that information in your response to Item 9.B.(2).

		Yes	No
B. (1)	In connection with advisory services you provide to *clients*, do any of your *related persons* have *custody* of any of your advisory *clients*':		
	(a) cash or bank accounts?	◉	○
	(b) securities?	◉	○

You are required to answer this item regardless of how you answered Item 9.A.(1)(a) or (b).

(2) If you checked "yes" to Item 9.B.(1)(a) or (b), what is the approximate amount of *client* funds and securities and total number of *clients* for which your *related persons* have *custody*:

U.S. Dollar Amount	Total Number of *Clients*
(a) $ 549,402,718	(b) 12

C. If you or your *related persons* have *custody* of *client* funds or securities in connection with advisory services you provide to *clients*, check all the following that apply:

(1) A qualified custodian(s) sends account statements at least quarterly to the investors in the pooled investment vehicle(s) you manage. ☐

(2) An *independent public accountant* audits annually the pooled investment vehicle(s) that you manage and the audited financial statements are distributed to the investors in the pools. ☑

(3) ☐

An *independent public accountant* conducts an annual surprise examination of *client* funds and securities.

(4) An *independent public accountant* prepares an internal control report with respect to custodial services when you or your *related persons* are qualified custodians for *client* funds and securities. ☐

If you checked Item 9.C.(2), C.(3) or C.(4), list in Section 9.C. of Schedule D the accountants that are engaged to perform the audit or examination or prepare an internal control report. (If you checked Item 9.C.(2), you do not have to list auditor information in Section 9.C. of Schedule D if you already provided this information with respect to the private funds you advise in Section 7.B.(1) of Schedule D).

		Yes	No
D.	Do you or your *related person(s)* act as qualified custodians for your *clients* in connection with advisory services you provide to *clients*?		
	(1) you act as a qualified custodian	○	◉
	(2) your *related person(s)* act as qualified custodian(s)	○	◉

If you checked "yes" to Item 9.D.(2), all related persons that act as qualified custodians (other than any mutual fund transfer agent pursuant to rule 206(4)-2(b)(1)) must be identified in Section 7.A. of Schedule D, regardless of whether you have determined the related person to be operationally independent under rule 206(4)-2 of the Advisers Act.

E. If you are filing your *annual updating amendment* and you were subject to a surprise examination by an *independent public accountant* during your last fiscal year, provide the date (MM/YYYY) the examination commenced:

F. If you or your *related persons* have *custody* of *client* funds or securities, how many persons, including, but not limited to, you and your *related persons,* act as qualified custodians for your *clients* in connection with advisory services you provide to *clients?*
6

SECTION 9.C. *Independent Public Accountant*

You must complete the following information for each *independent public accountant* engaged to perform a surprise examination, perform an audit of a pooled investment vehicle that you manage, or prepare an internal control report. You must complete a separate Schedule D Section 9.C. for each *independent public accountant*.

(1) Name of the *independent public accountant*:
COHNREZNICK

(2) The location of the *independent public accountant's* office responsible for the services provided:

Number and Street 1:		Number and Street 2:	
1301 AVENUE OF THE AMERICAS			
City:	State:	Country:	ZIP+4/Postal Code:
NEW YORK	New York	United States	10019

Yes No

(3) Is the *independent public accountant* registered with the Public Company Accounting Oversight Board? ◉ ○

(4) If yes to (3) above, is the *independent public accountant* subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules? ◉ ○

(5) The *independent public accountant* is engaged to:

A. ☑ audit a pooled investment vehicle
B. ☐ perform a surprise examination of *clients'* assets
C. ☐ prepare an internal control report

(6) Does any report prepared by the *independent public accountant* that audited the pooled investment vehicle or that examined internal controls contain an unqualified opinion?

○ Yes
○ No
◉ Report Not Yet Received

If you check "Report Not Yet Received", you must promptly file an amendment to your Form ADV to update your response when the accountant's report is available.

Item 10 Control Persons

In this Item, we ask you to identify every *person* that, directly or indirectly, *controls* you.

If you are submitting an initial application or report, you must complete Schedule A and Schedule B. Schedule A asks for information about your direct owners and executive officers. Schedule B asks for information about your indirect owners. If this is an amendment and you are updating information you reported on either Schedule A or Schedule B (or both) that you filed with your initial application or report, you must complete Schedule C.

		Yes	No
A.	Does any *person* not named in Item 1.A. or Schedules A, B, or C, directly or indirectly, *control* your management or policies? *If yes, complete Section 10.A. of Schedule D.*	○	◉
B.	If any *person* named in Schedules A, B, or C or in Section 10.A. of Schedule D is a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934, please complete Section 10.B. of Schedule D.		

SECTION 10.A. *Control Persons*

No Information Filed

SECTION 10.B. Control Person Public Reporting Companies

No Information Filed

Item 11 Disclosure Information

In this Item, we ask for information about your disciplinary history and the disciplinary history of all your *advisory affiliates*. We use this information to determine whether to grant your application for registration, to decide whether to revoke your registration or to place limitations on your activities as an investment adviser, and to identify potential problem areas to focus on during our on-site examinations. One event may result in "yes" answers to more than one of the questions below.

Your *advisory affiliates* are: (1) all of your current *employees* (other than *employees* performing only clerical, administrative, support or similar functions); (2) all of your officers, partners, or directors (or any *person* performing similar functions); and (3) all *persons* directly or indirectly *controlling* you or *controlled* by you. If you are a "separately identifiable department or division" (SID) of a bank, see the Glossary of Terms to determine who your *advisory affiliates* are.

If you are registered or registering with the SEC or if you are an exempt reporting adviser, you may limit your disclosure of any event listed in Item 11 to ten years following the date of the event. If you are registered or registering with a state, you must respond to the questions as posed; you may, therefore, limit your disclosure to ten years following the date of an event only in responding to Items 11.A.(1), 11.A.(2), 11.B.(1), 11.B.(2), 11.D.(4), and 11.H.(1)(a). For purposes of calculating this ten-year period, the date of an event is the date the final order, judgment, or decree was entered, or the date any rights of appeal from preliminary orders, judgments, or decrees lapsed.

You must complete the appropriate Disclosure Reporting Page ("DRP") for "yes" answers to the questions in this Item 11.

	Yes	No
Do any of the events below involve you or any of your *supervised persons*?	○	◉

For "yes" answers to the following questions, complete a Criminal Action DRP:

	Yes	No
A. In the past ten years, have you or any *advisory affiliate*:		
(1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any *felony*?	○	◉
(2) been *charged* with any *felony*?	○	◉

If you are registered or registering with the SEC, or if you are reporting as an exempt reporting adviser, you may limit your response to Item 11.A.(2) to charges that are currently pending.

B. In the past ten years, have you or any *advisory affiliate*:		
(1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to a *misdemeanor* involving: investments or an *investment-related* business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?	○	◉
(2) been *charged* with a *misdemeanor* listed in Item 11.B.(1)?	○	◉

If you are registered or registering with the SEC, or if you are reporting as an exempt reporting adviser, you may limit your response to Item 11.B.(2) to charges that are currently pending.

For "yes" answers to the following questions, complete a Regulatory Action DRP:

	Yes	No
C. Has the SEC or the Commodity Futures Trading Commission (CFTC) ever:		
(1) *found* you or any *advisory affiliate* to have made a false statement or omission?	○	◉

(2) *found* you or any *advisory affiliate* to have been *involved* in a violation of SEC or CFTC regulations or statutes?

(3) *found* you or any *advisory affiliate* to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?

(4) entered an *order* against you or any *advisory affiliate* in connection with *investment-related* activity?

(5) imposed a civil money penalty on you or any *advisory affiliate*, or *ordered* you or any *advisory affiliate* to cease and desist from any activity?

D. Has any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority*:

(1) ever *found* you or any *advisory affiliate* to have made a false statement or omission, or been dishonest, unfair, or unethical?

(2) ever *found* you or any *advisory affiliate* to have been *involved* in a violation of *investment-related* regulations or statutes?

(3) ever *found* you or any *advisory affiliate* to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?

(4) in the past ten years, entered an *order* against you or any *advisory affiliate* in connection with an *investment-related* activity?

(5) ever denied, suspended, or revoked your or any *advisory affiliate's* registration or license, or otherwise prevented you or any *advisory affiliate*, by *order*, from associating with an *investment-related* business or restricted your or any *advisory affiliate's* activity?

E. Has any *self-regulatory organization* or commodities exchange ever:

(1) *found* you or any *advisory affiliate* to have made a false statement or omission?

(2) *found* you or any *advisory affiliate* to have been *involved* in a violation of its rules (other than a violation designated as a "*minor rule violation*" under a plan approved by the SEC)?

(3) *found* you or any *advisory affiliate* to have been the cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?

(4) disciplined you or any *advisory affiliate* by expelling or suspending you or the *advisory affiliate* from membership, barring or suspending you or the *advisory affiliate* from association with other members, or otherwise restricting your or the *advisory affiliate's* activities?

F. Has an authorization to act as an attorney, accountant, or federal contractor granted to you or any *advisory affiliate* ever been revoked or suspended?

G. Are you or any *advisory affiliate* now the subject of any regulatory proceeding that could result in a "yes" answer to any part of Item 11.C., 11.D., or 11.E.?

For "yes" answers to the following questions, complete a Civil Judicial Action DRP:

H. (1) Has any domestic or foreign court: **Yes No**

(a)	in the past ten years, enjoined you or any *advisory affiliate* in connection with any *investment-related* activity?	○ ◉
(b)	ever *found* that you or any *advisory affiliate* were *involved* in a violation of *investment-related* statutes or regulations?	○ ◉
(c)	ever dismissed, pursuant to a settlement agreement, an *investment-related* civil action brought against you or any *advisory affiliate* by a state or *foreign financial regulatory authority*?	○ ◉
(2)	Are you or any *advisory affiliate* now the subject of any civil proceeding that could result in a "yes" answer to any part of Item 11.H.(1)?	○ ◉

Item 12 Small Businesses

The SEC is required by the Regulatory Flexibility Act to consider the effect of its regulations on small entities. In order to do this, we need to determine whether you meet the definition of "small business" or "small organization" under rule 0-7.

Answer this Item 12 only if you are registered or registering with the SEC **and** you indicated in response to Item 5.F.(2)(c) that you have regulatory assets under management of less than $25 million. You are not required to answer this Item 12 if you are filing for initial registration as a state adviser, amending a current state registration, or switching from SEC to state registration.

For purposes of this Item 12 only:

- Total Assets refers to the total assets of a firm, rather than the assets managed on behalf of *clients*. In determining your or another *person's* total assets, you may use the total assets shown on a current balance sheet (but use total assets reported on a consolidated balance sheet with subsidiaries included, if that amount is larger).
- *Control* means the power to direct or cause the direction of the management or policies of a *person*, whether through ownership of securities, by contract, or otherwise. Any *person* that directly or indirectly has the right to vote 25 percent or more of the voting securities, or is entitled to 25 percent or more of the profits, of another *person* is presumed to *control* the other *person*.

	Yes	No
A. Did you have total assets of $5 million or more on the last day of your most recent fiscal year?	○	○

If "yes," you do not need to answer Items 12.B. and 12.C.

B. Do you:		
(1) *control* another investment adviser that had regulatory assets under management (calculated in response to Item 5.F.(2)(c) of Form ADV) of $25 million or more on the last day of its most recent fiscal year?	○	○
(2) *control* another *person* (other than a natural person) that had total assets of $5 million or more on the last day of its most recent fiscal year?	○	○
C. Are you:		
(1) *controlled* by or under common *control* with another investment adviser that had regulatory assets under management (calculated in response to Item 5.F.(2)(c) of Form ADV) of $25 million or more on the last day of its most recent fiscal year?	○	○
(2) *controlled* by or under common *control* with another *person* (other than a natural person) that had total assets of $5 million or more on the last day of its most recent fiscal year?	○	○

Schedule A

Direct Owners and Executive Officers

1. Complete Schedule A only if you are submitting an initial application or report. Schedule A asks for information about your direct owners and executive officers. Use Schedule C to amend this information.
2. Direct Owners and Executive Officers. List below the names of:
   (a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer(Chief Compliance Officer is required if you are registered or applying for registration and cannot be more than one individual), director, and any other individuals with similar status or functions;
   (b) if you are organized as a corporation, each shareholder that is a direct owner of 5% or more of a class of your voting securities, unless you are a public reporting company (a company subject to Section 12 or 15(d) of the Exchange Act);
   Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of your voting securities. For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.
   (c) if you are organized as a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of your capital;
   (d) in the case of a trust that directly owns 5% or more of a class of your voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of your capital, the trust and each trustee; and
   (e) if you are organized as a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of your capital, and (ii) if managed by elected managers, all elected managers.
3. Do you have any indirect owners to be reported on Schedule B? (•) Yes ( ) No
4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner or executive officer is an individual.
5. Complete the Title or Status column by entering board/management titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).
6. Ownership codes are:

NA - less than 5%	B - 10% but less than 25%	D - 50% but less than 75%
A - 5% but less than 10%	C - 25% but less than 50%	E - 75% or more

7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.
   (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15 (d) of the Exchange Act.
   (c) Complete each column.

FULL LEGAL NAME (Individuals:	DE/FE/I	Status	Date Status	Ownership Code	Control Person	PR	*CRD* No. If None: S.S. No. and Date

Last Name, First Name, Middle Name)			Acquired MM/YYYY				of Birth, IRS Tax No. or Employer ID No.
NORDLICHT, MARK, A	I	OWNER, CIO - PLATINUM MANAGEMENT (NY) LLC,PLATINUM CREDIT MANAGEMENT LP, PLATINUM LIQUID OPPORTUNITY MANAGEMENT (NY) LLC	01/2002	B	Y	N	3044897
POTEAT, PAUL, ANTHONY	I	CHIEF TECHNOLOGY OFFICER (ALL ADVISERS)	06/2007	NA	Y	N	3255219
MARK NORDLICHT GRANTOR TRUST	DE	OWNER - PLATINUM MANAGEMENT (NY) LLC, PLATINUM LIQUID OPPORTUNITY MANAGEMENT (NY) LLC	03/2009	D	Y	N	xxx-xx-xxxx
PLATINUM CREDIT MANAGEMENT LLC	DE	GENERAL PARTNER - PLATINUM CREDIT MANAGEMENT LP	09/2005	NA	Y	N	02-0751062
LEVY, DAVID, ISAIAH	I	OWNER & CO-CIO PLATINUM MGMT (NY) LLC, PLATINUM CREDIT MGMT LP, PLATINUM LIQUID OPPORTUNITY MGMT (NY) LLC	01/2015	B	Y	N	6317184
OTTENSOSER, DAVID	I	CHIEF COMPLIANCE OFFICER AND GENERAL COUNSEL (ALL ADVISERS)	12/2014	NA	Y	N	1553266
FUCHS, BERNARD	I	OWNER - PLATINUM MANAGEMENT (NY) LLC,PLATINUM CREDIT MANAGEMENT LP, PLATINUM LIQUID OPPORTUNITY MANAGEMENT (NY) LLC	01/2014	B	Y	N	1393663
HOROWITZ, SUZANNE, LEIGH	I	CHIEF LEGAL OFFICER (ALL ADVISERS)	06/2015	NA	Y	N	6272661
SANFILIPPO, JOSEPH	I		10/2015	NA	Y	N	5801640

		CHIEF FINANCIAL OFFICER (ALL ADVISERS)					
MARK NORDLICHT GRANTOR TRUST II	DE	OWNER - PLATINUM CREDIT MANAGEMENT LP	03/2009	D	Y	N	xxx-xx-xxxx

Schedule B

Indirect Owners

1. Complete Schedule B only if you are submitting an initial application. Schedule B asks for information about your indirect owners; you must first complete Schedule A, which asks for information about your direct owners. Use Schedule C to amend this information.
2. Indirect Owners. With respect to each owner listed on Schedule A (except individual owners), list below:
   (a) in the case of an owner that is a corporation, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 25% or more of a class of a voting security of that corporation;

   For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.
   (b) in the case of an owner that is a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 25% or more of the partnership's capital;
   (c) in the case of an owner that is a trust, the trust and each trustee; and
   (d) in the case of an owner that is a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 25% or more of the LLC's capital, and (ii) if managed by elected managers, all elected managers.
3. Continue up the chain of ownership listing all 25% owners at each level. Once a public reporting company (a company subject to Sections 12 or 15(d) of the Exchange Act) is reached, no further ownership information need be given.
4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner is an individual.
5. Complete the Status column by entering the owner's status as partner, trustee, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).
6. Ownership codes are:
   C - 25% but less than 50%
   D - 50% but less than 75%
   E - 75% or more
   F - Other (general partner, trustee, or elected manager)
7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.
   (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15 (d) of the Exchange Act.
   (c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Entity in Which Interest is Owned	Status	Date Status Acquired MM/YYYY	Ownership Code	Control Person	PR	*CRD* No. If None: S.S. No. and Date of Birth, IRS Tax No. or

								Employer ID No.
NORDLICHT, MARK, A	I	MARK NORDLICHT GRANTOR TRUST	TRUSTEE	03/2009	F	Y	N	3044897
NORDLICHT, MARK, A	I	PLATINUM CREDIT MANAGEMENT LLC	OWNER	01/2011	E	Y	N	3044897
NORDLICHT, MARK, A	I	MARK NORDLICHT GRANTOR TRUST II	TRUSTEE	03/2009	F	Y	N	3044897

Schedule D - Miscellaneous

You may use the space below to explain a response to an Item or to provide any other information.

1.PURSUANT TO GUIDANCE PUBLISHED BY THE COMMISSION STAFF IN THE "INVESTMENT ADVISERS ACT OF 1940 - SECTIONS 203(A) AND 208(D), AMERICAN BAR ASSOCIATION, BUSINESS LAW SECTION" NO-ACTION LETTER (PUB. AVAIL. JANUARY 18, 2012), PLATINUM MANAGEMENT (NY) LLC HEREBY DISCLOSES THAT IT IS FILING ON BEHALF OF ITSELF AND EACH OTHER ADVISER THAT IS CONTROLLED BY OR UNDER COMMON CONTROL WITH IT (EACH SUCH OTHER ADVISER, A "RELYING ADVISER"). EACH SUCH RELYING ADVISER IDENTIFIES ITSELF AS A RELYING ADVISER IN SECTION 1.B, OF SCHEDULE D OF PART 1A OF PLATINUM MANAGEMENT (NY) LLC'S FORM ADV. 2. WITH REGARD TO SECTION D 7 (B) (1), QUESTION 27, PLATINUM PARTNERS VALUE ARBITRAGE FUND, LP AND PLATINUM PARTNERS CREDIT OPPORTUNITIES MASTER FUND, LLC HAVE ENGAGED ALVAREZ & MARSAL VALUATION SERVICES LLC TO REVIEW THE VALUATIONS OF THE PRIVATE FUNDS' ASSETS AND PROVIDE A REPORT AS TO THEIR CONCLUSIONS OF FAIR VALUE.

DRP Pages

CRIMINAL DISCLOSURE REPORTING PAGE (ADV)

No Information Filed

REGULATORY ACTION DISCLOSURE REPORTING PAGE (ADV)

No Information Filed

CIVIL JUDICIAL ACTION DISCLOSURE REPORTING PAGE (ADV)

No Information Filed

Part 2

Exemption from brochure delivery requirements for SEC-registered advisers

SEC rules exempt SEC-registered advisers from delivering a firm brochure to some kinds of clients. If these exemptions excuse you from delivering a brochure to *all* of your advisory clients, you do not have to prepare a brochure.

	Yes	No
Are you exempt from delivering a brochure to all of your clients under these rules?	○	◉

If no, complete the ADV Part 2 filing below.

Amend, retire or file new brochures:

Brochure ID	Brochure Name	Brochure Type(s)
116075	PLATINUM MANAGEMENT (NY) LLC FIRM BROCHURE	Private funds or pools

Execution Pages

DOMESTIC INVESTMENT ADVISER EXECUTION PAGE

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial submission of Form ADV to the SEC and all amendments.

Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the Secretary of State or other legally designated officer, of the state in which you maintain your *principal office and place of business* and any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are submitting a *notice filing*.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having *custody* or possession of these books and records to make them available to federal and state regulatory representatives.

Signature: DAVID OTTENSOSER	Date: MM/DD/YYYY 03/30/2016
Printed Name: DAVID OTTENSOSER	Title: CHIEF COMPLIANCE OFFICER AND GENERAL COUNSEL
Adviser *CRD* Number: 139405	

***NON-RESIDENT* INVESTMENT ADVISER EXECUTION PAGE**

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial submission of Form ADV to the SEC and all amendments.

1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint each of the Secretary of the SEC, and the Secretary of State or other legally designated officer, of any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such persons may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding* or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of any state in which you are submitting a *notice filing*.

2. Appointment and Consent: Effect on Partnerships

If you are organized as a partnership, this irrevocable power of attorney and consent to service of process will continue in effect if any partner withdraws from or is admitted to the partnership, provided that the admission or withdrawal does not create a new partnership. If the partnership dissolves, this irrevocable power of attorney and consent shall be in effect for any action brought against you or any of your former partners.

3. *Non-Resident* Investment Adviser Undertaking Regarding Books and Records

By signing this Form ADV, you also agree to provide, at your own expense, to the U.S. Securities and Exchange Commission at its principal office in Washington D.C., at any Regional or District Office of the Commission, or at any one of its offices in the United States, as specified by the Commission, correct, current, and complete copies of any or all records that you are required to maintain under Rule 204-2 under the Investment Advisers Act of 1940. This undertaking shall be binding upon you, your heirs, successors and assigns, and any *person* subject to your written irrevocable consents or powers of attorney or any of your general partners and *managing agents*.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the *non-resident* investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having *custody* or possession of these books and records to make them available to federal and state regulatory representatives.

Signature: Date: MM/DD/YYYY

Printed Name: Title:

Adviser *CRD* Number:
139405

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Financial Statements
Year Ended December 31, 2014

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Contents

Independent Auditor's Report

To the General Partner
Platinum Partners Value Arbitrage Fund L.P.

We have audited the accompanying consolidated financial statements of Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries (the "Fund"), which comprise the consolidated statement of financial condition, including the consolidated condensed schedule of investments as of December 31, 2014, and the related consolidated statements of operations, changes in partners' capital and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries as of December 31, 2014, and the results of their operations, their changes in partners' capital and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 4 to the consolidated financial statements, the consolidated financial statements include certain investments valued at $800,853,473 (104.09% of partners' capital) as of December 31, 2014. The fair values of these investments have been estimated by management using inputs that are unobservable for the investments. Such estimated values may not necessarily represent amounts that will be ultimately realized in the near term through distribution, sale or liquidation of the investments, and the differences could be material. Our opinion is not modified with respect to this matter.

New York, New York
September 16, 2015

COHN REZNICK (CAYMAN)
CERTIFIED PUBLIC ACCOUNTANTS

Main: 888-542-6461
Fax: 888-542-3291
cohnreznick.com

Independent Auditor's Report

To the General Partner
Platinum Partners Value Arbitrage Fund L.P.

We have audited the accompanying consolidated financial statements of Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries (the "Fund"), which comprise the consolidated statement of financial condition, including the consolidated condensed schedule of investments as of December 31, 2014, and the related consolidated statements of operations, changes in partners' capital and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries as of December 31, 2014, and the results of their operations, their changes in partners' capital and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 4 to the consolidated financial statements, the consolidated financial statements include certain investments valued at $800,853,473 (104.09% of partners' capital) as of December 31, 2014. The fair values of these investments have been estimated by management using inputs that are unobservable for the investments. Such estimated values may not necessarily represent amounts that will be ultimately realized in the near term through distribution, sale or liquidation of the investments, and the differences could be material. Our opinion is not modified with respect to this matter.

Grand Cayman, Cayman Islands
September 16, 2015

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Statement of Financial Condition
(Stated in U.S. Dollars)

December 31, 2014	
Assets	
Investments in securities, at fair value (cost - $477,056,530)	**$ 872,158,921**
Unrealized appreciation on derivative contracts, at fair value	**21,746,444**
Securities purchased under agreements to resell (cost - $37,770,000)	**40,511,371**
Cash	**1,487,881**
Due from brokers	**67,519,778**
Notes receivable (Note 6)	**16,142,504**
Interest receivable	**11,656,957**
Claims receivable	**2,921,085**
Dividend receivables	**1,649,965**
Prepaid expenses and other assets	**736,039**
Total Assets	**$1,036,530,945**
Liabilities and Partners' Capital	
Liabilities:	
Securities sold, not yet purchased, at fair value (proceeds - $110,884,172)	**$ 101,222,392**
Unrealized depreciation on derivative contracts, at fair value	**17,120,085**
Notes payable	**47,119,547**
Due to Feeder Funds	**46,497,962**
Participation interest payable	**23,681,771**
Due to broker	**14,754,906**
Accrued trader fees (Note 12)	**7,894,082**
Accrued expenses and other liabilities	**7,509,220**
Interest payable	**857,374**
Due to General Partner (Note 12)	**483,854**
Total Liabilities	**267,141,193**
Commitments and Contingencies (Note 13)	
Partners' Capital:	
General partner	**125,773**
Partners' capital attributable to controlling interest	**766,965,761**
Partners' capital attributable to non-controlling interest	**2,298,218**
Total Partners' Capital	**769,389,752**
Total Liabilities and Partners' Capital	**$1,036,530,945**

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Investments in Securities:					
	Limited liability company interests:					
	United States:					
	Basic materials	$ -	$ -	$ 567,544	$ 567,544	0.07%
	Consumer, cyclical	-	-	10,323,000	10,323,000	1.34
	Energy:					
480	Golden Gate Oil LLC	-	-	140,000,000	140,000,000	18.20
1,000	Northstar Offshore Group LLC	-	-	138,111,795	138,111,795	17.95
1	Agera Energy LLC	-	-	4,620,000	4,620,000	0.60
	Total Limited Liability Company Interests (Cost $28,130,107)	-	-	293,622,339	293,622,339	38.16
	Common stock:					
	United States:					
	Basic materials	$ 74,967	$ -	$ -	$ 74,967	0.01%
	Communications	2,718,051	-	-	2,718,051	0.35
	Consumer, cyclical:					
3,291,200	China Horizon	-	-	55,950,400	55,950,400	7.26
	Other	1,015,249	3,260,314	-	4,275,563	0.56
	Consumer, non-cyclical:					
12,168,434	Navidea Biopharmaceuticals Inc.	22,998,327	-	-	22,998,327	2.99
	Other	3,597,436	727,223	-	4,324,659	0.56
	Diversified	-	1,094,625	-	1,094,625	0.14
	Energy:					
450,000	Golden Globe Energy Corp.	-	-	38,000,000	38,000,000	4.93
	Other	337,246	-	8,446,377	8,783,623	1.14
	Financial	1,454,119	-	2,696,437	4,150,556	0.54
	Funds	8,400	-	-	8,400	-
	Industrial:					
2,574,320	Implant Sciences Corp	-	-	901,012	901,012	0.12
	Other	1,028,603	-	2,017	1,030,620	0.13
	Mining	-	-	6,168,153	6,168,153	0.80
	Technology	1,258,404	28,573	-	1,286,977	0.17
	Utilities	47,837	-	-	47,837	0.01
	Total United States (Cost $72,767,679)	34,538,639	5,110,735	112,164,396	151,813,770	19.71

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Investments in Securities (Continued):					
	Common stock (continued):					
	Austria:					
	Industrial (Cost $49,726)	$ 47,494	$ -	$ -	$ 47,494	0.01%
	Belgium:					
	Various (cost $138,473)	134,148	-	-	134,148	0.02
	Bermuda:					
	Financial	194,423	-	-	194,423	0.02
	Industrial	47,348	-	-	47,348	0.01
	Total Bermuda (Cost $236,538)	241,771	-	-	241,771	0.03
	Australia:					
	Basic materials	5,956,741	-	163,500	6,120,241	0.80
	Communications	175,341	-	-	175,341	0.02
	Consumer, cyclical	1,925,343	-	-	1,925,343	0.25
	Energy	2,289,765	-	-	2,289,765	0.30
	Financial	75,118	-	-	75,118	0.01
	Industrial	957,235	-	-	957,235	0.12
	Total Australia (Cost $18,431,506)	11,379,543	-	163,500	11,543,043	1.50

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Investments in Securities (Continued):					
	Common stock (continued):					
	Canada:					
	Basic materials	$ 48,264	$ -	$ -	$ 48,264	0.01%
	Consumer, cyclical	97,750	-	-	97,750	0.01
	Consumer, non-cyclical	70,284	-	-	70,284	0.01
	Energy	49,999	-	-	49,999	0.01
	Financial	51,631	-	-	51,631	0.01
	Industrial	135,556	-	-	135,556	0.01
	Technology	56,443	-	-	56,443	0.01
	Total Canada (Cost $502,278)	509,927	-	-	509,927	0.07
	China:					
	Financial (cost $2,527,553)	292,453	-	-	292,453	0.04
	Denmark:					
	Diversified (cost $49,263)	48,996	-	-	48,996	0.01
	Faroe Islands:					
	Consumer, non-cyclical (cost $36,435)	35,964	-	-	35,964	-
	Finland:					
	Financial (cost $48,862)	48,349	-	-	48,349	0.01
	France:					
	Consumer, cyclical	40,717	-	-	40,717	-
	Financial	48,237	-	-	48,237	0.01
	Industrial	47,327	-	-	47,327	0.01
	Total France (Cost $146,889)	136,281	-	-	136,281	0.02

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Investments in Securities (Continued):					
	Common stock (continued):					
	Germany:					
	Energy	$ 49,376	$ -	$ -	$ 49,376	0.01%
	Industrial	49,229	-	-	49,229	0.01
	Various	97,032	-	-	97,032	0.01
	Total Germany (cost $206,642)	195,637	-	-	195,637	0.03
	Great Britain:					
	Communications	454,793	-	-	454,793	0.06
	Consumer, cyclical	50,933	-	-	50,933	0.01
	Diversified	48,759	-	-	48,759	0.01
	Energy	54,533	-	-	54,533	0.01
	Financial	656,812	-	-	656,812	0.09
	Mining	-	-	1,166,666	1,166,666	0.14
	Total Great Britain (cost $4,706,382)	1,265,830	-	1,166,666	2,432,496	0.32
	Hong Kong:					
	Financial (cost $145,290)	144,529	-	-	144,529	0.02
	India:					
	Basic materials (cost $48,337)	47,251	-	-	47,251	-
	Ireland:					
	Financial (cost $46,151)	48,810	-	-	48,810	0.01
	Israel:					
	Consumer, non-cyclical (cost $437,359)	44,760	-	-	44,760	-
	Italy:					
	Consumer, non-cyclical (cost $112,574)	93,405	-	-	93,405	0.01

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Investments in Securities (Continued):					
	Common stock (continued):					
	Japan:					
	Basic materials	$ 237,702	$ -	$ -	$ 237,702	0.03%
	Communications	243,199	-	-	243,199	0.03
	Consumer, cyclical	731,625	-	-	731,625	0.10
	Consumer, non-cyclical	144,572	-	-	144,572	0.02
	Diversified	49,885	-	-	49,885	0.01
	Energy	48,222	-	-	48,222	0.01
	Financial	1,110,112	-	-	1,110,112	0.14
	Industrial	364,261	-	-	364,261	0.05
	Technology	98,301	-	-	98,301	0.01
	Utilities	48,342	-	-	48,342	0.01
	Total Japan (Cost $3,081,091)	3,076,221	-	-	3,076,221	0.41
	Jersey:					
	Financial (cost $45,343)	49,647	-	-	49,647	0.01
	Luxembourg:					
	Financial (cost $34,850)	34,677	-	-	34,677	-
	Malta:					
	Consumer, cyclical (cost $38,242)	50,468	-	-	50,468	0.01
	Netherlands:					
	Technology (cost $82,634)	82,908	-	-	82,908	0.01
	New Zealand:					
	Energy	48,230	-	-	48,230	0.01
	Various	193,293	-	-	193,293	0.02
	Total New Zealand (Cost $221,589)	241,523	-	-	241,523	0.03

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Investments in Securities (Continued):					
	Common stock (continued):					
	Norway:					
	Consumer, non-cyclical	$ 147,774	$ -	$ -	$ 147,774	0.02%
	Energy	46,870	-	-	46,870	0.01
	Industrial	127,258	-	-	127,258	0.01
	Total Norway (Cost $337,621)	321,902	-	-	321,902	0.04
	Portugal:					
	Basic materials (cost $54,227)	47,543	-	-	47,543	0.01
	Puerto Rico:					
	Consumer, non-cyclical (cost $47,179)	47,801	-	-	47,801	0.01
	Singapore:					
	Basic materials	31,421	-	4,141,833	4,173,254	0.52
	Consumer, non-cyclical	12,554	-	-	12,554	-
	Financial	149,705	-	-	149,705	0.02
	Industrial	1,506,935	-	-	1,506,935	0.20
	Technology	47,341	-	-	47,341	0.01
	Total Singapore (Cost $6,502,252)	1,747,956	-	4,141,833	5,889,789	0.75
	Spain:					
	Financial (cost $47,024)	47,153	-	-	47,153	0.01
	Sweden:					
	Various (cost $94,008)	95,928	-	-	95,928	0.01
	Switzerland:					
	Financial (cost $45,224)	45,057	-	-	45,057	0.01
	Total Common Stock (Cost $111,269,221)	55,142,571	5,110,735	117,636,395	177,889,701	23.12

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Investments in Securities (Continued):					
	Convertible preferred stock:					
	United States:					
	Consumer, cyclical:					
361,813	China Horizon	-	-	**6,150,821**	**6,150,821**	**0.80**
	Consumer, non-cyclical:					
95	Urigen Pharmaceuticals Inc.	-	-	**68,376,969**	**68,376,969**	**8.89**
4,519	Navidea Biopharmaceuticals Inc.	-	**27,928,775**	-	**27,928,775**	**3.63**
	Other	-	**4,273,959**	**52,401**	**4,326,360**	**0.56**
	Financial	-	-	**6,375,000**	**6,375,000**	**0.83**
	Mining	-	-	**9,100,000**	**9,100,000**	**1.18**
	Total United States (Cost $43,537,344)	-	**32,202,734**	**90,055,191**	**122,257,925**	**15.89**
	China:					
	Communications (cost $8,341,822)	-	-	-	-	-
	Total Convertible Preferred Stock (Cost $51,879,166)	-	**32,202,734**	**90,055,191**	**122,257,925**	**15.89**

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Investments in Securities (Continued):					
	Notes receivable:					
	United States:					
	Basic materials	$ -	$ -	$ 10,305,768	$ 10,305,768	1.34%
	Consumer, cyclical:					
$4,320,635	China Horizon	-	-	4,320,635	4,320,635	0.56
	Other	-	-	3,700,000	3,700,000	0.48
	Consumer, non-cyclical:					
$ 3,218,669	Navidea Biopharmaceuticals Inc.	-	-	3,218,669	3,218,669	0.42
$ 2,000,000	Urigen Pharmaceuticals Inc.	-	-	2,000,000	2,000,000	0.26
	Other	-	-	14,037,565	14,037,565	1.82
	Energy:					
$ 9,552,560	Golden Gate Oil LLC	-	-	9,552,560	9,552,560	1.24
$ 6,082,086	Golden Globe Energy Corp	-	-	6,082,086	6,082,086	0.79
$ 5,000,000	Northstar Offshore Group LLC	-	-	5,000,000	5,000,000	0.65
	Other	-	-	5,247,598	5,247,598	0.68
	Financial	-	-	2,131,134	2,131,134	0.28
	Industrial:					
$ 9,599,839	Implant Sciences Corp	-	-	8,381,065	8,381,065	1.09
	Mining	-	-	12,121,338	12,121,338	1.58
	Total United States (Cost $87,460,674)	-	-	86,098,418	86,098,418	11.19
	Singapore:					
	Financial (cost $11,000,000)	-	-	11,000,000	11,000,000	1.43
	Total Notes Receivable (Cost $98,460,674)	-	-	97,098,418	97,098,418	12.62

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Investments in Securities (Continued):					
	Convertible notes:					
	United States:					
	Consumer, non-cyclical:					
$ 1,623,031	Urigen Pharmaceuticals Inc.	$ -	$ -	$ 1,623,031	$ 1,623,031	0.21%
	Energy:					
$ 330,039	Agera Energy LLC	-	-	36,575,000	36,575,000	4.75
	Financial	-	-	3,631,691	3,631,691	0.47
	Industrial:					
$36,032,850	Implant Sciences Corp	-	-	48,965,870	48,965,870	6.37
	Technology	-	504,600	-	504,600	0.07
	Total Convertible Notes (Cost $44,338,419)	-	504,600	90,795,592	91,300,192	11.87
	Certified emission credits:					
	United States:					
	Energy	-	-	29,240,748	29,240,748	3.80
	Financial	-	-	3,542,507	3,542,507	0.46
	Total United States (Cost $11,297,882)	-	-	32,783,255	32,783,255	4.26
	China:					
	Consumer cyclical	-	-	381,377	381,377	0.05
	Energy	-	-	1,334,570	1,334,570	0.17
	Industrial	-	-	65,807	65,807	0.01
	Total China (Cost $1,698,413)	-	-	1,781,754	1,781,754	0.23
	Total Certified Emission Credits ($12,996,295)	-	-	34,565,009	34,565,009	4.49

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Investments in Securities (Continued):					
	Investments in investment companies:					
	United States:					
	Financial (cost $25,656,539)	$ -	$ -	$ 23,638,452	$ 23,638,452	3.07%
	Corporate bonds:					
	United States:					
	Energy (cost $22,099,523)	-	19,658,518	-	19,658,518	2.56
	Preferred stock:					
	United States:					
	Energy	-	-	8,031,969	8,031,969	1.05
	Mining	-	-	503,863	503,863	0.06
	Total Preferred Stock (Cost $8,984,744)	-	-	8,535,832	8,535,832	1.11
	Equity call option:					
	United States:					
	Communications	3,905	-	-	3,905	-
	Consumer, non-cyclical	900,450	-	-	900,450	0.13
	Financial	-	1,013,581	-	1,013,581	0.13
	Industrial	7,600	-	-	7,600	-
	Technology	13,815	-	-	13,815	-
	Total Equity Call Option (Cost $3,375,831)	925,770	1,013,581	-	1,939,351	0.26

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Investments in Securities (Continued):					
	Commodity put option:					
	United States:					
	Energy (cost $226,295)	$ 729,600	$ -	$ -	$ 729,600	0.10%
	Convertible bonds:					
	Republic of Korea:					
	Technology (cost $1,600,433)	-	-	485,058	485,058	0.06
	Warrants:					
	Australia:					
	Basic materials	10,721	-	-	10,721	-
	Consumer, cyclical	-	322,749	-	322,749	0.04
	Total Australia	10,721	322,749	-	333,470	0.04
	Republic of Korea:					
	Industrial (cost $28,597)	-	-	-	-	-
	Total Warrants (Cost $28,597)	10,721	322,749	-	333,470	0.04
	Commodity call option:					
	United States:					
	Energy (cost $4,421,228)	104,880	-	-	104,880	0.01

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Investments in Securities (Continued):					
	Rights:					
	Australia:					
	Energy (cost $-0-)	$ 176	$ -	$ -	$ 176	-%
	Portfolio receivables:					
	United States:					
	Basic materials (cost $63,589,458)	-	-	-	-	-
	Total Investments in Securities (Cost $477,056,530)	**$ 56,913,718**	**$58,812,917**	**$756,432,286**	**$872,158,921**	**113.36%**
	Securities Purchased Under Agreement to Resell:					
	Indonesia:					
	Consumer, cyclical	$ -	$ -	$ 8,855,770	$ 8,855,770	1.15%
	Energy	-	-	9,320,709	9,320,709	1.21
	Financial	-	-	22,334,892	22,334,892	2.91
	Total Indonesia (Cost $37,770,000)	-	-	40,511,371	40,511,371	5.27

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Unrealized Appreciation on Derivative Contracts:					
	Commodity future:					
	United States:					
	Energy	$ 14,573,650	$ -	$ -	$ 14,573,650	1.89%
	Other	2,607,789	-	-	2,607,789	0.34
	Total Commodity Future	17,181,439	-	-	17,181,439	2.23
	Equity swap:					
	Indonesia:					
	Communications	-	4,275	-	4,275	-
	Consumer, cyclical	-	79,430	-	79,430	0.01
	Energy	-	119,143	-	119,143	0.02
	Financial	-	149,745	-	149,745	0.02
	Total Indonesia	-	352,593	-	352,593	0.05
	Singapore:					
	Basic materials	-	-	3,909,816	3,909,816	0.51
	Currency forward:					
	United States:					
	Currency forward	302,596	-	-	302,596	0.04
	Total Unrealized Appreciation on Derivative Contracts	17,484,035	352,593	3,909,816	21,746,444	2.83

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Securities Sold, Not Yet Purchased:					
	Common stock:					
	United States:					
	Basic materials	$ 52,272	$ -	$ -	$ 52,272	0.01%
	Communications	267,294	-	-	267,294	0.03
	Consumer, cyclical	901,289	-	-	901,289	0.12
	Consumer, non-cyclical	1,026,439	-	-	1,026,439	0.13
	Diversified	1,300	-	-	1,300	-
	Energy	102,380	-	-	102,380	0.01
	Financial	823,857	-	-	823,857	0.11
	Funds	2,574,720	-	-	2,574,720	0.33
	Industrial	803,395	-	-	803,395	0.10
	Technology	72,840	-	-	72,840	0.01
	Utilities	50,988	-	-	50,988	0.01
	Total United States (Proceeds $6,497,820)	6,676,774	-	-	6,676,774	0.86
	Indonesia:					
	Communications	882,244	-	-	882,244	0.10
	Consumer, cyclical	17,135,938	-	-	17,135,938	2.24
	Energy	32,590,294	-	-	32,590,294	4.23
	Financial	32,579,916	-	-	32,579,916	4.23
	Total Indonesia (Proceeds $89,070,323)	83,188,392	-	-	83,188,392	10.80

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Securities Sold, Not Yet Purchased (Continued):					
	Common stock (continued):					
	Australia:					
	Basic materials	$ 793,938	$ -	$ -	$ 793,938	0.10%
	Consumer, cyclical	101,103	-	-	101,103	0.01
	Consumer, non-cyclical	136,298	-	-	136,298	0.02
	Energy	11,309	-	-	11,309	-
	Industrial	50,924	-	-	50,924	0.01
	Total Australia (Proceeds $1,464,126)	1,093,572	-	-	1,093,572	0.14
	Canada:					
	Consumer, cyclical	4,524	-	-	4,524	-
	Energy	35	-	-	35	-
	Technology	4,661	-	-	4,661	-
	Total Canada (Proceeds $14,069)	9,220	-	-	9,220	-
	Cyprus:					
	Energy (proceeds $51,934)	51,968	-	-	51,968	0.01
	Denmark:					
	Industrial (proceeds $53,682)	53,083	-	-	53,083	0.01
	Finland:					
	Consumer, non-cyclical	50,845	-	-	50,845	0.01
	Industrial	101,723	-	-	101,723	0.01
	Total Finland (Proceeds $152,743)	152,568	-	-	152,568	0.02

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Securities Sold, Not Yet Purchased (Continued):					
	Common stock (continued):					
	France:					
	Consumer, cyclical (proceeds $53,085)	$ 53,955	$ -	$ -	$ 53,955	0.01%
	Germany:					
	Consumer, cyclical	108,843	-	-	108,843	0.01
	Industrial	53,837	-	-	53,837	0.01
	Total Germany (Proceeds $162,133)	162,680	-	-	162,680	0.02
	Great Britain:					
	Communications	51,898	-	-	51,898	0.01
	Consumer, cyclical	264,065	-	-	264,065	0.03
	Consumer, non-cyclical	240,091	-	-	240,091	0.03
	Diversified	52,806	-	-	52,806	0.01
	Financial	418,407	-	-	418,407	0.06
	Industrial	260,541	-	-	260,541	0.03
	Total Great Britain (Proceeds $1,318,612)	1,287,808	-	-	1,287,808	0.17
	Israel:					
	Industrial (proceeds $39,679)	52,642	-	-	52,642	0.01
	Italy:					
	Communications	51,644	-	-	51,644	0.01
	Consumer, cyclical	103,232	-	-	103,232	0.01
	Financial	155,668	-	-	155,668	0.02
	Industrial	51,666	-	-	51,666	0.01
	Total Italy (Proceeds $358,356)	362,210	-	-	362,210	0.05
	Japan:					
	Basic materials	51,457	-	-	51,457	0.01
	Communications	102,238	-	-	102,238	0.01
	Consumer, cyclical	102,244	-	-	102,244	0.01
	Consumer, non-cyclical	189,527	-	-	189,527	0.02
	Financial	153,329	-	-	153,329	0.02
	Industrial	250,874	-	-	250,874	0.04
	Utilities	51,454	-	-	51,454	0.01
	Total Japan (Proceeds $977,586)	901,123	-	-	901,123	0.12

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Securities Sold, Not Yet Purchased (Continued):					
	Common stock (continued):					
	Monaco:					
	Industrial (proceeds $52,929)	$ 53,724	$ -	$ -	$ 53,724	0.01%
	Netherlands:					
	Basic materials	104,433	-	-	104,433	0.01
	Consumer, non-cyclical	51,000	-	-	51,000	0.01
	Total Netherlands (Proceeds $156,387)	155,433	-	-	155,433	0.02
	New Zealand:					
	Technology (proceeds $10,467)	10,074	-	-	10,074	-
	Singapore:					
	Consumer, non-cyclical (proceeds $52,904)	51,386	-	-	51,386	0.01
	Spain:					
	Consumer, non-cyclical	53,511	-	-	53,511	0.01
	Industrial	105,137	-	-	105,137	0.01
	Utilities	54,640	-	-	54,640	0.01
	Total Spain (Proceeds $228,399)	213,288	-	-	213,288	0.03
	Sweden:					
	Various (proceeds $102,029)	103,318	-	-	103,318	0.01
	Switzerland:					
	Consumer, cyclical (proceeds $48,234)	50,608	-	-	50,608	0.01
	Total Common Stock (Proceeds $100,865,497)	94,683,826	-	-	94,683,826	12.31

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Securities Sold, Not Yet Purchased (Continued):					
	Commodity put option:					
	United States:					
	Energy (proceeds $2,592,687)	**$ 3,765,040**	**$ -**	**$ -**	**$ 3,765,040**	**0.49%**
	Equity put option:					
	United States:					
	Consumer, non-cyclical (proceeds $4,282,428)	**1,568,700**	**-**	**-**	**1,568,700**	**0.20**
	Commodity call option:					
	United States:					
	Energy (proceeds $3,080,498)	**1,147,520**	**-**	**-**	**1,147,520**	**0.15**
	American depository receipt:					
	Italy:					
	Energy (proceeds $52,573)	**48,650**	**-**	**-**	**48,650**	**0.01**
	Rights:					
	Great Britain:					
	Industrial (proceeds $-0-)	**-**	**5,101**	**-**	**5,101**	**-**
	Equity call option:					
	United States:					
	Communications (proceeds $10,489)	**3,555**	**-**	**-**	**3,555**	**-**
	Total Securities Sold, Not Yet Purchased (Proceeds $110,884,172)	**$101,217,291**	**$ 5,101**	**$ -**	**$101,222,392**	**13.16%**

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments
(Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $769,389,752
	Unrealized Depreciation on Derivative Contracts:					
	Commodity future:					
	United States:					
	Energy	$ 10,228,638	$ -	$ -	$ 10,228,638	1.34%
	Other	292,500	-	-	292,500	0.04
	Total Commodity Future	10,521,138	-	-	10,521,138	1.38
	Equity swap:					
	United States:					
	Consumer, non-cyclical:					
6,700,000	Navidea Biopharmaceuticals Inc.	-	3,233,000	-	3,233,000	0.42
	Indonesia:					
	Energy	-	3,009,232	-	3,009,232	0.39
	Total Equity Swap	-	6,242,232	-	6,242,232	0.81
	Currency forward:					
	United States:					
	Currency Forward	248,204	-	-	248,204	0.03
	Index future:					
	United States:					
	Index future	36,293	-	-	36,293	-
	Australia:					
	Index future	72,218	-	-	72,218	0.01
	Total Index Future	108,511	-	-	108,511	0.01
	Total Unrealized Depreciation on Derivative Contracts	$ 10,877,853	$ 6,242,232	$ -	$ 17,120,085	2.23%

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Statement of Operations
(Stated in U.S. Dollars)

Year ended December 31, 2014	
Investment Income:	
Interest	**$ 24,634,685**
Dividends (net of U.S. and foreign withholding taxes of $186,472)	**6,070,538**
Total Investment Income	**30,705,223**
Expenses:	
Margin and financing interest	**11,391,479**
Professional fees	**9,122,072**
Communications and data processing	**1,542,466**
Dividends	**1,467,727**
Brokerage fees	**1,145,665**
Trader fee	**890,368**
General and administrative	**1,380,077**
Total Expenses	**26,939,854**
Net Investment Income	**3,765,369**
Net Realized Gain (Loss) and Change in Unrealized Appreciation (Depreciation) From Investments and Foreign Currencies:	
Net realized gain from securities	**43,124,961**
Net realized loss from derivative contracts	**(3,311,182)**
Net realized gain from foreign currencies	**899,149**
Net change in unrealized appreciation on securities	**43,832,338**
Net change in unrealized appreciation on derivative contracts	**11,661,934**
Net change in unrealized depreciation on foreign currencies	**(453,423)**
Participation interest expense	**(8,017,445)**
Consolidated Net Increase in Partners' Capital Resulting From Operations	**91,501,701**
Add: Consolidated Net Decrease in Partners' Capital Resulting From Operations Attributable to Non-controlling Interest	**19,359,121**
Consolidated Net Increase in Partners' Capital Resulting From Operations Attributable to Controlling Interest	**$110,860,822**

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Statement of Changes in Partners' Capital
(Stated in U.S. Dollars)

Year ended December 31, 2014

		Limited Partners			
	General Partner	Platinum Partners Value Arbitrage Fund (USA) L.P.	Platinum Partners Value Arbitrage Fund (International) Limited and Subsidiary	Non-controlling Interest	Total
Balance, January 1, 2014	$ 108,980	$255,477,176	$475,607,346	$ 26,717,381	**$ 757,910,883**
Capital contributions	-	36,096,634	59,464,462	-	**95,561,096**
Capital withdrawals	-	(63,261,173)	(107,262,713)	(5,060,042)	**(175,583,928)**
Consolidated net increase (decrease) in partners' capital resulting from operations:					
Pro rata allocation	16,793	39,386,904	71,457,125	(19,359,121)	**91,501,701**
Balance, December 31, 2014	**$ 125,773**	**$267,699,541**	**$499,266,220**	**$ 2,298,218**	**$ 769,389,752**

See accompanying notes to consolidated financial statements.

Platinum Partners Value Arbitrage Fund L.P. and Subsidiaries

Consolidated Statement of Cash Flows
(Stated in U.S. Dollars)

Year ended December 31, 2014	
Cash Flows From Operating Activities:	
Consolidated net increase in partners' capital resulting from operations	$ 91,501,701
Adjustments to reconcile consolidated net increase in partners' capital resulting from operations to net cash provided by operating activities:	
Net realized gain from securities, derivative contracts and foreign currencies	(40,712,928)
Net change in unrealized depreciation on securities and foreign currencies	(43,378,915)
Net change in unrealized depreciation on derivative contracts	(11,661,934)
Purchases of investments in securities	(1,469,186,301)
Purchases of securities to cover securities sold, not yet purchased	(914,429,897)
Proceeds from sale of investments in securities	1,520,720,872
Proceeds from securities sold, not yet purchased	936,085,512
(Increase) decrease in operating assets:	
Due from brokers	(27,110,140)
Notes receivable	(16,142,504)
Interest receivable	(2,637,836)
Claims receivable	(323,937)
Participation asset	52,216,667
Dividend receivables	(1,631,747)
Prepaid expenses and other assets	(328,389)
Increase (decrease) in operating liabilities:	
Participation liabilities	(52,216,667)
Participation interest payable	23,259,026
Accrued trader fees	(8,449,574)
Due to brokers	(2,369,521)
Due to related parties	(631,704)
Interest payable	346,592
Accrued expenses and other liabilities	3,442,865
Net Cash Provided By Operating Activities	36,361,241
Cash Flows From Financing Activities:	
Proceeds from capital contributions	95,561,096
Payments for capital withdrawals	(163,329,171)
Proceeds from notes payable	95,444,547
Payments for notes payable	(57,625,000)
Distributions to non-controlling members	(5,060,042)
Net Cash Used In Financing Activities	(35,008,570)
Net Increase in Cash	1,352,671
Cash, Beginning of Year	135,210
Cash, End of Year	$ 1,487,881
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the year for interest	$ 11,044,887
Due to Feeder Funds	46,497,962

See accompanying notes to consolidated financial statements.

1. Organization

Platinum Partners Value Arbitrage Fund L.P., a Cayman Islands exempted limited partnership (the "Fund"), and Subsidiaries (collectively, the "Master Fund"), commenced operations on January 1, 2003 and will continue until terminated in accordance with the Limited Partnership Agreement. The Fund is registered under the Mutual Funds Law of the Cayman Islands and subject to regulation by the Cayman Islands Monetary Authority. The registered office of the Master Fund is located at Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9001, Cayman Islands.

The Master Fund is a master fund in a "master-feeder" structure with the sole purpose of investing substantially all of the assets of Platinum Partners Value Arbitrage Fund (USA) L.P. (the "USA Fund") and Platinum Partners Value Arbitrage Fund (International) Limited (the "International Limited") and Subsidiary (collectively, the "Offshore Fund").

Platinum Partners Value Arbitrage Fund (Intermediate) Ltd. (the "Intermediate Fund"), a Cayman Islands exempted limited partnership, is a special-purpose intermediary fund through which the International Limited makes its investment in the Master Fund.

The investment objective of the Master Fund is to invest and trade in U.S. and non-U.S. equities, public and private debt securities, currencies, futures, forward contracts, other commodity interests, options, swap contracts, other derivative instruments and other investments. See Note 3 for the disclosure of the significant risk factors.

General Partner and Limited Partners

Platinum Management (NY) LLC (the "General Partner") serves as the general partner of the Master Fund and its investment manager and is responsible for managing, trading, investing and allocating the Master Fund's assets. The General Partner is registered under the Investment Advisers Act of 1940 with the Securities and Exchange Commission ("SEC") as an investment adviser. The General Partner is responsible for the Master Fund's day-to-day operations and administration.

The USA Fund and the Offshore Fund (collectively, the "Feeder Funds") are the limited partners of the Master Fund.

Administrator

SS&C Technologies, Inc. (the "Administrator") serves as the Master Fund and the Feeder Funds' administrator. In consideration for the services, the Master Fund pays the Administrator a fee based on the average net assets of the Master Fund and will reimburse the Administrator for out-of-pocket expenses.

2. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are expressed in United States ("U.S.") dollars. The Master Fund follows the accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Fund and its subsidiaries in which the Fund has an effective controlling interest. All significant intercompany balances have been eliminated upon consolidation. Certain investments are made through Special Purpose Vehicles ("SPVs") and these SPVs were consolidated for financial reporting purposes.

Cash

Cash held at U.S. financial institutions, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation.

Investment Transactions

The Master Fund records investment transactions based on the trade date. Realized gains and losses from investment transactions are determined on a first-in, first-out basis. Dividend income, net of U.S. and foreign withholding taxes, and dividend expense are recognized on the ex-dividend date, and interest income and expense are recognized on an accrual basis. Interest income and interest expense include the accretion and amortization of the market discount or premium on debt instruments based on the effective yield methodology. Withholding taxes on foreign dividends have been provided for in accordance with the Master Fund's understanding of the applicable country's tax rules and rates.

On certain of the Master Fund's private investments, the Master Fund entered into purchase transactions at significant discounts ("OID" or Original Issue Discounts). The Master Fund amortizes the OID over the life of the financial instruments and records the amortization as interest income. For the year ended December 31, 2014, interest income included in the consolidated statement of operations amounted to $915,181 of amortized OID.

Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of securities denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Master Fund does not isolate the portion of the results of operations resulting from changes in foreign exchange rates on securities from the fluctuations arising from changes in fair value of securities owned or securities sold, not yet purchased. Such fluctuations are included within the net realized gain (loss) and net change in unrealized appreciation (depreciation) on securities in the consolidated statement of operations.

Reported net realized gain (loss) from foreign currencies arise from the sales of foreign currencies, currency gains or losses realized between the trade and the settlement dates on investment transactions and the differences between the amounts of dividends, interest and foreign withholding taxes recorded on the Master Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Reported net change in unrealized appreciation (depreciation) on foreign currencies arise from changes in the fair value of the assets and liabilities other than investments at year-end resulting from changes in exchange rates.

Fair Value of Financial Instruments

The fair values of the Master Fund's assets and liabilities, which qualify as financial instruments, approximate the carrying amounts presented in the consolidated statement of financial condition.

Fair Value Measurement

The General Partner values all investments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the investment based on market data. Unobservable inputs are inputs that reflect the Master Fund's assumptions about the factors market participants would use in valuing the investment based on the best information available in the circumstances. In determining fair value, the General Partner uses various valuation techniques that are consistent with the market or income approach. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical investments.

Level 2 - Valuations based on (i) quoted prices in markets that are not active; (ii) quoted prices for similar investments in active markets; and (iii) inputs other than quoted prices that are observable or inputs derived from or corroborated by market data.

Level 3 - Valuations based on inputs that are unobservable, supported by little or no market activity, and that are significant to the overall fair value measurement.

The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, such as the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The General Partner's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the investment.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the General Partner's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The General Partner uses prices and inputs that are current and best available as of the measurement date, including during periods of market dislocation.

Fair Value - Valuation Techniques and Inputs

Exchange-Listed Securities

Securities that are freely tradable and traded on major listed securities exchanges consist of investments such as common stock, exchange-traded funds, U.S. government securities, warrants and options. Listed securities are valued at the last reported sales price on the date of determination on the principal exchange on which such securities are traded or, if not available, at the last bid price if held long and the last ask price if sold short. Options are valued based on the last reported sales prices as of the date of valuation. Exchange listed securities are classified in Level 1 of the fair value hierarchy.

Derivatives

Investments in derivative instruments can be exchange-traded or over-the-counter ("OTC"). Exchange-traded derivative instruments may include futures contracts or options all of which are valued based on the last reported sales price as of the date of valuation. OTC derivative contracts, including forward foreign currency contracts, equity swaps and certified emission credits, are generally valued by the General Partner using observable inputs, models and/or quotations from counterparties. Inputs may include quotations from counterparties, the fair value of the underlying assets, market prices for reference securities, credit spreads, market liquidity and concentrations, foreign currency rates, funding and administrative costs. In instances where models are used, the value of the OTC derivative contracts is derived from the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs, such as the price of the underlying securities, credit spreads and foreign currency rates. Exchange-traded derivative instruments are classified in Level 1 of the fair value hierarchy and OTC derivative contracts are classified in Level 2 of the fair value hierarchy.

Investment Companies

For the investments in other investment companies the Master Fund follows the practical expedient provision which permits the measurement of fair value based on the net asset value of the investment, without further adjustment, unless it is probable that the investment will be sold at a value significantly less than the net asset value. In using net asset value as a practical expedient, certain attributes of the investment that may affect the fair value of the investment are not considered in measuring fair value. Attributes of those investments include the investment strategies of the investees and may also include, but are not limited to, restrictions on the investor's ability to redeem its investments at the measurement date and any unfunded commitments. Investments in investment companies are generally classified in Level 3 of the fair value hierarchy.

For the investments in other investment companies where in the Master Fund does not follow the practical expedient provision, the measurement of fair value is based on the implied equity value from a contemplated transaction. The General Partner reduced the equity values by the estimated fees and expenses incurred by the Master Fund. Once the adjusted equity value is determined, the General Partner allocates the values to the different investments in securities in the capital structure. As of December 31, 2014, the General Partner determined the fair value of $18,000,000 in other investment companies wherein the practical expedient was not followed.

Restricted or Thinly-Traded Securities

Investments for which the securities are restricted or thinly-traded are valued using a market approach. The securities consist of common stock, warrants and options. These securities are valued using the market price of the common stock and applying a discount for lack of marketability. Restricted or thinly-traded securities are generally classified in Level 2 or Level 3 of the fair value hierarchy.

Non-Exchange-Listed Warrants

The fair values of non-exchange-listed warrants are generally valued using the Black Scholes option pricing model, a valuation technique that follows the income approach. This pricing model takes into account the contractual terms (including maturity) as well as multiple inputs, including time value, implied volatility, equity prices, discounts for lack of marketability, interest rates and currency rates. Non-exchange-listed warrants are generally classified in Level 2 or Level 3 of the fair value hierarchy.

Corporate Bonds

The fair value of corporate bonds is estimated using recently executed transactions, market price quotations (where observable), bond spreads or credit defaults swaps spreads. The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issue is used. When observable price quotations are not available, fair value is determined based on cash flow models using yield curves, bond or single-name credit defaults swap spreads, and recovery rates based on collateral values as key inputs. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy. In instances where significant inputs are unobservable, they are categorized in Level 3 of the fair value hierarchy.

Non-Exchange-Listed Convertible Securities

Non-exchange-listed convertible securities may consist of convertible notes, convertible bonds and convertible preferred stock. The fair value of convertible securities is generally valued using a market approach based on the underlying value of the common equity. The pricing model takes into account equity prices and discounts for lack of marketability as appropriate. In certain cases where there is no market for the underlying equity or the face value of the security is greater than the underlying equity, the security may be valued using a discounted cash flow model. This valuation technique follows the income approach. This pricing model takes into account recovery rates, risk premiums and treasury yields. Non-exchange-listed convertible securities are generally classified in Level 2 or Level 3 of the fair value hierarchy.

Investments in Private Operating Companies

Investments in private operating companies consist of common stock, preferred stock, convertible bonds, notes receivable, portfolio receivables, certain limited liability company interests, warrants and convertible securities. The transaction price is typically the General Partner's best estimate of fair value at inception. Subsequent to the purchase date, the General Partner values the investment based upon assessment of inputs related to the specific investment.

These assessments typically incorporate valuation techniques using the income approach or market approach. The income approach measures the present worth of anticipated future cash flows over the remaining economic life of the investment discounted to present value using an appropriate risk adjusted discount rate it will incorporate but not be limited to, a review of the trends in the performance of the investment and actual results versus the investment's operating objective through the balance sheet date. The market approach includes an analysis of valuation metrics of comparable public companies for development in multiples used in valuation. In certain instances, the General Partner may use multiple valuation techniques for a particular investment and estimate its fair value based on a weighted average or a selected outcome within a range of multiple valuation results.

These investments in private operating companies are categorized in Level 3 of the fair value hierarchy.

Certified Emission Credits

Certified emission credits generated or projected to be generated under the Clean Development Mechanism of the Kyoto Protocol are valued using the income approach. The income approach measures the present worth of anticipated future cash flows. The net cash flow is forecast over the expected remaining economic life and discounted to present value using an appropriate risk adjusted discount rate which includes an adjustment factor based on the probability of the credits being issued for a particular project. This risk adjustment data is compiled from the United Nations ("U.N.") using average performance rates of peer projects. These investments are categorized in Level 3 of the fair value hierarchy.

Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase

Transactions involving purchases of securities under agreements to resell ("repurchase agreements") or sales of securities under agreements to repurchase ("reverse repurchase agreements") are treated as collateralized financing transactions and are recorded at their contracted resale or repurchase amounts plus accrued interest, as specified in the respective agreements. It is the policy of the Master Fund to obtain possession or control of collateral with a market value equal to or in excess of the principal amount loaned under repurchase agreements. To ensure that the market value of the underlying collateral remains sufficient, this collateral is valued daily with additional collateral obtained or excess collateral returned when appropriate, as required through contractual provisions.

In a reverse repurchase agreement, if the counterparty does not return the securities, the Master Fund may incur a loss equal to the amount by which the market value of the securities on the date of nonperformance, plus (less) any margin deposits pledged (held), exceeds the contract amount. As of December 31, 2014, the Master Fund held collateral consisting of securities worth $137,629,440 on open repurchase agreements of $40,511,371. The Master Fund does not offset assets and liabilities relating to repurchase agreements and reverse repurchase agreements on its consolidated statement of financial condition. Additional disclosures relating to offsetting are discussed in Note 8, "Offsetting of Assets and Liabilities."

Securities Sold, Not Yet Purchased

The Master Fund has sold securities that it does not own (i.e., securities sold short) and is, therefore, obligated to purchase such securities at a future date. The Master Fund has recorded this obligation on the consolidated statement of financial condition at the fair value of the securities borrowed. There is an element of off-balance sheet risk in that, if the securities sold short increase in value, it will be necessary to purchase the securities sold short at a cost in excess of the obligation reflected on the consolidated statement of financial condition. A gain, limited to the price at which the Master Fund sold the security short, or a loss, unlimited in amount, will be recognized upon the termination of a short sale.

Trader Fees (Note 12)

The Master Fund accrues trader fees for certain portfolio managers based on the performance of each portfolio manager's investment portfolio. The General Partner and each portfolio manager agree to a trader fee calculation methodology and terms before a trading strategy is executed. An individual portfolio manager's trader fee methodology and terms may differ based on what is negotiated between the portfolio manager and the General Partner. During periods when the net asset value of the Master Fund decreases, the Master Fund is exposed to the risk of paying trader fees to portfolio managers since the trader fees are calculated on a portfolio by portfolio basis.

Legal and Regulatory Matters

Legal Matters

From time to time, in the ordinary course of business, the Master Fund may receive legal or regulatory inquiries and information requests. Management does not believe that any matter exists as of the date of this report that will have a material adverse effect on the financial position or operations of the Master Fund. Additional disclosures relating to legal are discussed in Note 9.

General Regulatory

The General Partner is subject to certain regulatory examinations and inspections in the normal course of business as the General Partner is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940. Currently the SEC is conducting an examination covering the period from July 1, 2013 through June 30, 2014 of the General Partner, in its capacity as a registered investment adviser, pursuant to Section 204 of the Investment Advisers Act of 1940. The purpose of the examination is to assess the General Partner's compliance with the provisions of the Advisers Act and the rules thereunder. Through the date of this report no examination results have been received by the General Partner.

Offsetting Policy

The Master Fund has elected not to offset fair value amounts recognized for cash collateral receivables and payables against fair value amounts recognized for derivative positions executed with the same counterparty under the same master netting arrangement. At December 31, 2014, the Master Fund had cash collateral receivables of $68,183,384. The Master Fund's disclosures regarding offsetting are discussed in Note 8, "Offsetting of Assets and Liabilities."

Use of Estimates

The preparation of these consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of gains (losses), income and expenses during the reporting year. Actual results could significantly differ from those estimates and such differences may be material.

Income Taxes

The Master Fund is exempt from all forms of taxation in the Cayman Islands, including income, capital gains and withholding taxes. In certain jurisdictions other than the Cayman Islands, taxes may be withheld at source jurisdiction on dividends and interest received by the Master Fund. Capital gains derived by the Master Fund in such jurisdictions generally will be exempt from foreign income or withholding taxes at source.

The Master Fund recognizes a tax benefit from an uncertain income tax position only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents. If this threshold is met, the Master Fund measures the tax benefit as the largest amount of benefit that is more likely than not being realized upon ultimate settlement. The Master Fund is subject to potential examination by taxing authorities in various jurisdictions. The open tax years under potential examination vary by jurisdiction. The Master Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the consolidated statement of operations. As of December 31, 2014, there was no impact to the consolidated financial statements related to accounting for uncertain income tax positions.

3. Significant Risk Factors

In the normal course of business, the Master Fund enters into transactions in various financial instruments. The Master Fund's financial instruments are subject to, but are not limited to, the following risks:

Off-Balance Sheet Risk

Some of the Master Fund's financial instruments contain off-balance sheet risk. Generally, these financial instruments represent future commitments to purchase or sell other financial instruments at specific terms at specific future dates. The changes in the fair value of the financial instruments underlying derivatives and the obligation to purchase securities sold short may be in excess of the amounts recognized in the consolidated statement of financial condition.

Limited Diversification

The Master Fund may invest a high percentage of its assets in a specific entity or in a specific sector or sectors of the financial market. As a result, the Master Fund may be more susceptible to developments in a particular investment or sector of the market, positive or negative, and may experience increased volatility of net asset value. At December 31, 2014, certain specific concentrations risks were as follows:

(a) The Master Fund seeks to invest capital across the capital structure. The Master Fund takes an active approach to investing, seeking situations where significant value can be unlocked and created through balance sheet restructuring, operational improvements, acquisitions and strategic management. The Master Fund may invest in situations that may be overlooked by others, including in companies suffering from capital markets dislocation, material financial distress, high barriers to entry and complexity. As part of the Master Fund's investment strategy, the Master Fund provides sourcing and structuring to these investment situations, and may be involved in multifaceted transactions and positions throughout in various points of a business's capital structure.

(b) The Master Fund makes investments in early stage enterprises, which may entail specific risks in addition to liquidity. These risks are not limited to but include possible difficulty in obtaining information regarding the true assets and liabilities of start-up entities, adverse effects of insolvency laws, a bankruptcy court's discretionary power to reduce or disallow certain claims, and the potential erratic price volatility and increase the subjectivity of assessing the fair value of these investments.

(c) Concentration in Energy Industry

The investment portfolio of the Master Fund has a concentration related to energy industry assets, primarily, but not limited to oil and gas assets. Thus, the Master Fund's performance is particularly susceptible to developments affecting securities of issuers in that industry, such as changes in commodity prices, regulatory approvals, changes in general economic conditions and the abilities to successfully extract energy resources from the related assets. The following investments at December 31, 2014 are subject to these risks:

	Fair Value				
Investment Name	Debt Securities	Equity Securities, net	Derivative Contracts, net	Securities Purchased Under Agreements to Resell	Total
Golden Gate Oil, LLC	$ 9,552,560	$140,000,000	$ -	$ -	$149,552,560
Northstar Offshore Group LLC	5,000,000	138,111,795	-	-	143,111,795
Golden Globe Energy Corp	6,082,086	38,000,000	-	-	44,082,086
Agera Energy LLC	36,575,000	4,620,000	-	-	41,195,000
Other	24,906,116	(13,402,045)	27,952,333	9,320,709	48,777,113
Total	$82,115,762	$307,329,750	$27,952,333	$9,320,709	$426,718,554

Market Risk

Market risk represents the potential loss that can be caused by a change in the fair value of a financial instrument or underlying of a derivative.

Credit Risk

Credit risk represents the potential loss that the Master Fund would incur if the counterparties failed to perform pursuant to the terms of their obligations to the Master Fund. The Master Fund minimizes its exposure to credit risk by conducting transactions with established, reputable financial institutions. Counterparty exposure is monitored on a regular basis.

The clearing and depository operations of the Master Fund's securities transactions are provided by the following financial institutions pursuant to prime brokerage and other related agreements:

AK Jensen	J.H. Darbie
Bank of New York Mellon	Macquarie Bank Limited
Credit Suisse	Morgan Stanley
Crossland LLC	Nomura Securities International, Inc.
Daewoo Securities	Solo Capital
Goldman Sachs	

These brokers are members of major securities exchanges. The Master Fund is subject to credit risk should the broker be unable to fulfill its obligations.

The cash at the U.S.-based brokers, at times, may exceed the amount insured by the Securities Investor Protection Corporation.

Liquidity Risk

Liquidity risk represents the possibility that the Master Fund may not be able to sell its positions in times of low volume trading, high volatility and financial stress at a reasonable price.

Interest Rate Risk

Interest rate risk represents the effect from a change in interest rates, which could result in an adverse change in the fair value of an interest-bearing financial instrument.

Currency Risk

The Master Fund is exposed to risks that the exchange rate of the U.S. dollar relative to other currencies may change in a manner which has an adverse effect on the reported value of the Master Fund's assets and liabilities denominated in currencies other than the U.S. dollar.

Prepayment Risk

Most senior floating rate interests and certain debt securities allow for prepayment of principal without penalty. Senior floating rate interests and securities subject to prepayment risk generally offer less potential for gains when interest rates decline, and may offer a greater potential for loss when interest rates rise. In addition, with respect to debt securities, rising interest rates may cause prepayments to occur at a slower than expected rate, thereby effectively lengthening the maturity of the security and making the security more sensitive to interest rate changes. Prepayment risk is a major risk of mortgage-backed securities and certain asset-backed securities. Accordingly, the potential for the value of a senior floating rate interest or debt security to increase in response to interest rate declines is limited. For certain asset-backed securities, the actual maturity may be less than the stated maturity. As a result, the timing of income recognition relating to these securities may vary based upon the actual maturity.

Political Risk

The Master Fund is exposed to political risk to the extent that its General Partner, on its behalf and subject to its investment guidelines, trades securities that are listed on various U.S. and foreign exchanges and markets. The governments in any of these jurisdictions could impose restrictions, regulations or other measures, which may have a material adverse impact on the Master Fund's investment strategy.

Use of Leverage

As part of the Master Fund's investment strategy, the Master Fund may borrow and utilize leverage through various swaps, futures, forward foreign currency contracts and margining of its prime brokerage accounts. While borrowing and leverage present opportunities for increasing total return, they may have the effect of potentially creating or increasing losses. The General Partner monitors its use of leverage and available margin lines with counterparties on a regular basis.

4. Financial Instruments and Fair Value

The hierarchy of the Master Fund's financial instruments' fair value measurements has been reflected on the consolidated condensed schedule of investments.

Changes in the Master Fund's Level 3 assets for the year ended December 31, 2014 are as follows:

	Balance, January 1, 2014	Net Realized Gains or (Losses)	Net Change in Unrealized Appreciation or (Depreciation) [a]	Purchases	Sales	Interest Income [b]	Restructuring [c]	Transfers into Level 3 [d]	Balance, December 31, 2014
Assets									
Investments in securities:									
Certified emission credits	$ 31,807,248	$ (89,946)	$ 1,699,619	$ 1,498,088	$ (350,000)	$ -	$ -	$ -	$ 34,565,009
Common stock	75,824,050	10,296,163	35,831,503	4,103,436	(13,403,640)	-	917,466	4,067,417	117,636,395
Convertible bonds	612,495	-	(120,257)	-	(7,180)	-	-	-	485,058
Convertible notes	53,384,339	(2,690,899)	40,971,396	5,976,612	(6,175,093)	-	(670,763)	-	90,795,592
Convertible preferred stock	39,030,178	(764,856)	53,940,500	200,000	(592,499)	-	(1,758,132)	-	90,551,191
Investment in investment companies	12,245,243	377,603	10,419,661	3,926,420	(3,330,475)	-	-	-	23,638,452
Limited liability company interests	355,800,304	4,813,091	(52,522,367)	18,133,189	(32,601,878)	-	-	-	293,622,339
Notes receivable	85,021,248	(6,833,335)	12,939,308	75,043,437	(69,072,240)	-	-	-	97,098,418
Preferred stock	16,017,470	-	48,092	40,366,763	(47,896,493)	-	-	-	8,535,832
Warrants	-	(50,304)	50,304	-	-	-	-	-	-
Total	669,742,575	5,057,517	103,257,759	149,247,945	(173,429,498)	-	(1,511,429)	4,067,417	756,432,286
Securities purchased under agreements to resell	12,357,810	-	-	29,381,475	(5,053,304)	3,825,390	-	-	40,511,371
Equity swaps	-	-	-	-	3,547,093	211,300	-	151,423	3,909,816
Grand Total	$682,100,385	$ 5,057,517	$103,257,759	$178,629,420	$(174,935,709)	$4,036,690	$(1,511,429)	$4,218,840	$800,853,473

(a) For Level 3 investments still held at December 31, 2014, the increase in the unrealized appreciation for the year ended December 31, 2104 of $104,335,745 is reflected in the net change in the unrealized appreciation on securities in the consolidated statement of operations.

(b) During the year ended December 31, 2014, the Master Fund earned $3,825,390 of income for securities purchased under agreements to resell.

(c) Included in this column are investments that have undergone restructurings during the year whereby the Master Fund has exchanged a certain security type of a particular company for a different security type. The types of exchange include exchanges of 1) debt for equity, 2) convertible debt, convertible preferred stock and warrants for common stock, 3) debt for convertible debt and 4) preferred stock for common stock.

(d) During the year ended December 31, 2014, the Master Fund reclassified $4,067,417 of common stock from Level 1 to Level 3 as the common stock was valued based on the strike price of a put option on the stock that the Master Fund received from a third party. The Master Fund accounts for the change in Level 3 transfers based on the fair value at the time when the event occurred.

Master Fund Controlling Interests

At December 31, 2014, the Master Fund had a controlling interest in various investments valued at $506,915,858 consisting of $410,935,171 of equity securities, net, and $95,980,687 of debt securities.

Level 3 Valuation Processes

The General Partner establishes valuation processes and procedures to ensure that the valuation techniques for investments that are categorized within Level 3 of the fair value hierarchy are fair, consistent and verifiable. The General Partner designates a Valuation Committee (the "Committee") to oversee the valuation process of the Master Fund's Level 3 investments. The Committee is comprised of Senior Investment Manager personnel and presided over by the Chief Investment Officer ("CIO") and President of the General Partner. The Committee is responsible for reviewing the Master Fund's written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the fairness and consistent application of the valuation policies as established by the General Partner.

Additionally, as part of the review process, the Master Fund has engaged a third-party independent valuation specialist to review and report on all material Level 2 and Level 3 investment valuations on a quarterly basis.

Level 3 Valuation Techniques

The following table summarizes the valuation techniques and significant unobservable inputs used for the Master Fund's investments that are categorized within Level 3 of the fair value hierarchy as of December 31, 2014:

	Fair Value at December 31, 2014	Valuation Techniques	Unobservable Inputs	Range of Inputs (Weighted Average)
Investments in securities:				
Limited liability company interests	$293,622,339	Market approach	Valuation multiples (present value of reserves)	.76
		Market approach	Discount for lack of marketability	30%
		Market approach	Discount on valuation multiples	15% to 39% (20%)
		Market approach	Valuation multiples (enterprise value/EBITDA)	6.1 to 7.2 (6.5)
		Income approach	Net present value discount	10%
		Income approach	Terminal growth rate	3%
Common stock	117,636,395	Market approach	Discount for lack of marketability	0% to 51% (18%)
		Market approach	Comparable transaction	n/a
		Market approach	Valuation multiples (enterprise value/ounce of gold)	37.6
		Market approach	Discounts on valuation multiples	40%
Convertible preferred stock	90,055,191	Market approach	Comparable transaction	n/a
		Income approach	Net present value discount	18%
Notes receivable	97,098,418			
		Income approach	Market yield	0% to 15% (9.73%)
		Income approach	Discount rate	0% to 12.7% (10.84%)
		Income approach	Months to maturity	.5 to 106.73 (24.86)
		Liquidation approach	Replacement cost	n/a
Convertible notes	90,795,592	Market approach	Discount for lack of marketability	51%
		Income approach	Net present value discount	18%
		Income approach	Discount on valuation multiples	15%
		Income approach	Terminal growth rate	3%
		Income approach	Valuation multiple (enterprise value/EBITDA)	7.2
Securities purchased under agreements to resell	40,511,371	Income approach	Net present value discount	19% to 20% (19.23%)
Certified emission credits	34,565,009	Income approach	Net present value discount	10%
Investment companies	23,638,452	NAV at fair value	n/a	n/a
		Market approach	Comparable transaction	n/a
Preferred stock	8,535,832	Income approach	Net present value discount	10%
		Income approach	Probability of payout	70%
		Market approach	Valuation multiples (present value of reserves)	0.87
Convertible bonds	485,058	Income Approach	Discount rate	9.89%
Unrealized appreciation on derivative contracts:				
Equity swaps	3,909,816	Market approach	Transaction price	n/a
Total	$800,853,473			

5. Investments in Investment Companies

The Master Fund invests in certain investment companies that invest in various types of securities and derivative financial instruments.

The classification level within the fair value hierarchy for investments in investment companies is determined by the Master Fund's ability to redeem the investment with the investee at net asset value at the measurement date. The investments in investment companies are illiquid in nature and the redemption terms are restrictive. The value ultimately realized from these investments may differ from the investment companies' estimates of fair value as of December 31, 2014.

Redemptions of the Master Fund's interests in these investment companies vary, but are primarily available at month-end, quarter-end, or year-end with appropriate notice. Management fees and incentive fees are charged by these investment companies at annual rates ranging from 0% to 5%, and 10% to 35%, respectively. These fees are included in the net change in unrealized depreciation on securities on the accompanying consolidated statement of operations.

The Master Fund's investments in the investment companies are summarized below based on the investment objectives of the specific investments as described in the disclosure documents for investments in investment companies:

December 31, 2014	Fair Value
Investment objective:	
Environmental products	$ 5,638,452
Private equity (a)	18,000,000
Total	$23,638,452

(a) For the investments in other investment companies wherein the Master Fund does not follow the practical expedient provision, the measurement of fair value is based on the implied equity value from a contemplated transaction. The General Partner reduced the equity values by the estimated fees and expenses incurred by the Master Fund. Once the adjusted equity value is determined, the General Partner allocates the values to the different investments in securities in the capital structure. As of December 31, 2014, the General Partner determined the fair value of $18,000,000 in other investment companies wherein the practical expedient was not followed.

Investment Commitments

At December 31, 2014, the Master Fund is committed to invest approximately $5,908,000 of additional capital into two investment companies. The Master Fund is required to pay its share of allocated expenses related to maintaining its investment holdings.

6. Notes Receivable

Effective March 28, 2014, the General Partner entered into a separation agreement with a former portfolio manager. As part of the separation agreement and at December 31, 2013, the Master Fund agreed to transfer certain investment securities it owned to the former portfolio manager in exchange for notes receivable ("Notes") totaling $16,142,504. The total amount of the Notes represented the fair value of the investment securities transferred as of December 31, 2013. The Notes are collateralized by the investment securities transferred and bear an interest rate at 2% with a term of 5 years.

The Master Fund's recourse is limited to the transferred investment securities and approximately $4,000,000 for which the Master Fund owed the portfolio manager for services rendered through December 31, 2013 (the "Services Payment"). The Master Fund shall hold back the Services Payment until the Notes are paid in full and will serve as additional collateral for the Note. The Services Payment bears an interest rate at 8%. The liability for the Services Payment are recorded in accrued trader fee and accrued expenses and other liabilities in the consolidated statement of financial condition.

As of December 31, 2014 the Master Fund is still maintaining custody of the transferred securities. For presentation purposes we have included the transferred investment securities as part of Investments in Securities and have recorded an offsetting liability in participation interest payable on the Consolidated Statement of Financial Condition. Both the asset and liability are reflected at fair value as of December 31, 2014. Any income earned on the transferred investment securities is shown within the Consolidated Statement of Operations with an offsetting amount recorded within participation interest expense.

7. Derivative Contracts

In the normal course of business, the Master Fund enters into derivative instruments which serve as components of the Master Fund's investment strategies and are utilized primarily to structure the portfolio to economically match the investment strategies of the Master Fund. These instruments are subject to various risks, similar to non-derivative instruments, including market, credit, liquidity and operational risks. The Master Fund manages these risks on an aggregate basis along with the risks associated with its investing activities as part of its overall risk management policy.

The Master Fund's derivative trading activities are primarily the purchase of forward foreign currency contracts, futures contracts, options, swaps, warrants and certified emission credits. All derivatives are reported at fair value in the consolidated statement of financial condition and changes in fair value are reflected in the consolidated statement of operations. The amounts representing the fair value of derivative contracts appearing on the consolidated statement of financial condition are shown based on whether the derivative is in a gain (asset) or loss (liability) position.

OTC derivative contracts expose the Master Fund to credit risk arising from the potential inability of the counterparties to perform under the terms of the contracts. The notional amounts of such contracts do not represent the Master Fund's risk of loss due to counterparty nonperformance. The Master Fund's exposure to credit risk associated with counterparty nonperformance for these contracts is limited to the unrealized gains (asset) inherent in such contracts and any related collateral placed with the counterparty.

The Master Fund may trade, but are not limited to, the following types of derivative instruments.

Forward Foreign Currency Contracts

The Master Fund enters into forward foreign currency contracts to hedge against foreign currency exchange rate risk for its foreign currency denominated assets and liabilities due to adverse foreign currency fluctuations against the U.S. dollar and to manage the price risk associated with its commodity portfolio positions. A forward foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The market value of a forward foreign currency contract fluctuates with changes in foreign currency exchange rates. Forward foreign currency contracts are marked to market daily and the change in value is recorded by the Master Fund as unrealized appreciation or depreciation. Realized gains or losses

are recorded upon delivery or receipt of the currency and equal the difference between the value of the contract at the time it was opened and the value at the time it was closed. Risks associated with forward contracts are the inability of counterparties to perform as specified in their contracts and unfavorable changes in the exchange rates of the underlying currencies.

Futures Contracts

The Master Fund enters into futures contracts to manage its exposure to the securities markets or to movements in interest rates and currency values. Futures contracts are contracts to buy or sell a standardized quantity of a specified commodity and are valued based on exchange settlement prices or independent market quotes. Initial margin deposits, in either cash or securities, are required to trade in the futures market. Futures contracts are marked to market daily and an appropriate payable or receivable for the change in value ("variation margin") is recorded by the Master Fund. Variation margin are settled daily. Unrealized appreciation or depreciation on futures contracts is recognized to reflect the fair value of the contracts and is included as a component of the net change in unrealized appreciation (depreciation) on derivatives on the Master Fund's consolidated statement of operations. When the contract is terminated, the Master Fund recognizes a realized gain or loss equal to the difference between the value of the contract at the time it was entered into and the time it was closed. Risks associated with futures contracts are unfavorable changes in the value of the underlying instruments.

Written Options

The Master Fund may write (sell) put and call options on securities or derivative instruments in order to gain exposure to or protect against changes in the markets. Options written obligate the Master Fund to buy or sell within a limited time, a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices. When the Master Fund writes a call or a put option, an amount equal to the premium received by the Master Fund is included on the Master Fund's consolidated statement of financial condition as a liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. If an option which the Master Fund has written either expires unexercised on its stipulated expiration date or the Master Fund enters into a closing purchase transaction, the Master Fund realizes a gain or loss (if the cost of a closing purchase transaction is less than or exceeds, respectively, the premium received when the option was written) without regard to any unrealized gain or loss on the underlying security or derivative instrument, and the liability related to such option is extinguished. If a call option which the Master Fund has written is exercised, the Master Fund recognizes a realized gain or loss from the sale of the underlying security or derivative instrument and the proceeds from the sale are increased by the premium originally received. If a put option which the Master Fund has written is exercised, the amount of the premium originally received reduces the cost of the security or derivative instrument which the Master Fund purchases upon exercise of the option. In writing an option, the Master Fund bears the market risk of an unfavorable change in the price of the derivative instrument or security underlying the written option.

The Master Fund's written put options constitute guarantees where the Master Fund is obligated to purchase the underlying financial instrument. The maximum payout for these written put options is limited to the number of contracts written and the related exercise prices of the options. At December 31, 2014, the Master Fund had a maximum payout amount of $12,200,000 relating to the written options. The fair value of the written put options as of December 31, 2014 is $1,568,700, and is included in securities sold, not yet purchased, at fair value, on the consolidated statement of financial condition.

Purchased Options

The Master Fund may also purchase put and call options on securities or derivative instruments in order to gain exposure to or protect against changes in the markets. Purchased option contracts give the Master Fund the right, but not the obligation, to buy or sell within a limited time, a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices. Purchasing call options tends to increase exposure to the underlying instrument. Purchasing put options tends to decrease exposure to the underlying instrument. The Master Fund pays a premium, which is recorded as an asset and subsequently marked-to-market to reflect the current value of the option. Premiums paid for purchasing options which expire unexercised are treated as realized losses. Premiums paid for purchasing options which are exercised are added to the amounts paid for or offset against the proceeds received on the underlying security or reference investment. Purchased options are included in the consolidated statement of financial condition in investments in securities. The risk associated with purchasing put and call options is limited to the premium paid.

Swaps

The Master Fund may enter into interest rate swaps, credit default swaps, total return swaps (on fixed income, equity and futures) and index swaps to gain exposure to certain investments and to hedge against unfavorable changes in the value of investments. Interest rate swaps generally involve a fixed rate for floating-rate swap in a single currency, with payments on both sides as determined by interest rate levels. Credit default swap contracts represent agreements in which one party, the protection buyer, pays a fixed fee, the premium, in return for a payment by the other party, the protection seller, contingent upon a specified default event relating to the underlying reference asset or pool of assets. A total return swap is a swap in which one party receives the income payments and any capital gains or losses from a specified reference asset and the other party receives a specified fixed or floating cash flow. A fixed income total return swap is a swap in which the non-floating rate side is based on the total return of a fixed income instrument with a life generally longer than the swap. A futures swap is a total return swap where the reference asset is a futures contract. Index swaps and equity swaps involve an exchange of cash flows based on index-linked or equity-linked returns on a notional amount. The valuation of the swaps for the approximate net amount to be received or paid (i.e., the fair value) is marked to market either by using pricing vendor quotations, counterparty prices or model prices, and such valuations are based on current credit spreads for the referenced obligation of the underlying issuer relative to the terms of the contract, current interest rates, interest accrual through the valuation date, and certain other factors.

The net amount received/paid during the life of the swap is included in net realized gain/(loss) from derivative contracts and changes in unrealized appreciation (depreciation) of these swaps, including accrual of periodic interest payments, are reflected in net change in unrealized appreciation (depreciation) on derivative contracts in the consolidated statement of operations. Entering into swaps involves varying degrees of risk, including the possibility that there is no liquid market for the contracts, the counterparty to the swap may default on its obligation to perform, and there may be unfavorable changes in the fluctuation of currency exchange rates, interest rates, credit spreads of the underlying financial instrument or index/equity returns. Certain swaps require the Master Fund to pay or receive an upfront fee. These upfront fees are carried forward as costs or proceeds to the swaps.

Warrants

The Master Fund may purchase or receive warrants from its portfolio companies upon an investment in the debt or equity of a company. The warrants provide the Master Fund with exposure and potential gains upon equity appreciation of the portfolio company's share price.

The value of a warrant has two components: time value and intrinsic value. A warrant has a limited life and expires on a certain date. As the expiration date of a warrant approaches, the time value of a warrant will decline. In addition, if the stock underlying the warrant declines in price, the intrinsic value of an "in the money" warrant will decline. Further, if the price of the stock underlying the warrant does not exceed the strike price of the warrant on the expiration date, the warrant will expire worthless. As a result, there is the potential for the Master Fund to lose its entire investment in a warrant.

Certified Emission Credits

The Master Fund enters into multi-year commodity forward contracts called Emission Reduction Purchase Agreements ("ERPAs") of Certified Emission Reductions ("CERs"). CERs are a type of emissions unit or carbon credit issued by the Clean Development Mechanism Executive Board ("CDM") and verified by a Designated Operation Entity under the rules of the Kyoto Protocol. CERs are generated by clean energy and energy efficiency projects which reduce greenhouse gas emissions. CERs are issued through a U.N. mandated regulatory approval process.

The Master Fund pays for the CERs after the projects become registered with the CDM. Purchase prices of the CERs can be fixed or floating based on market prices. The Master Fund typically covers the administrative costs of the project to obtain regulatory approval. Project returns are achieved through the spread between the contract price and the open market price of the CER. Several exchanges, including Intercontinental Exchange, Inc., provide contracts for various vintages of CERs which enables hedging for any fixed price exposure. The Master Fund enters into futures contracts to hedge its fixed price exposure.

The following table sets forth the gross fair value of derivative asset and liability contracts by major risk type as of December 31, 2014. The fair values of these derivative contracts are presented on a gross basis, even when derivatives contracts are subject to master netting agreements. In addition, if there are any cash collateral payables and receivables associated with the derivative contracts, they are not added or netted against the fair value amounts. The table also includes information on the volume of derivative based on the value/number of contracts open at December 31, 2014.

	Asset Derivatives – Balance Sheet Location			
	Investments in Securities		Derivative Contracts	
Underlying Risk Type	Base Notional/Number of Contracts Open - Assets	Fair Value	Base Notional/Number of Contracts Open - Assets	Fair Value
Commodity:				
Call options	2,208*	$ 104,880	-	$ -
Certified emission credits	22*	34,565,009	-	-
Futures contracts	-	-	58,609,705	17,181,439
Put options	448*	729,600	-	-
Equity price:				
Call options	18,493,395*	1,939,351	-	-
Swaps	-	-	83,197,674	4,262,409
Rights	215,200**	176	-	-
Warrants	60,865,100**	333,470	-	-
Foreign exchange:				
Forward contracts	-	-	2*	302,596
Totals		$37,672,486		$21,746,444

	Liability Derivatives - Balance Sheet Location			
	Securities Sold, Not Yet Purchased		Derivative Contracts	
Underlying Risk Type	Base Notional/Number of Contracts Open - Liabilities	Fair Value	Base Notional/Number of Contracts Open - Liabilities	Fair Value
Commodity:				
Call options	848*	$ 1,147,520	-	$ -
Futures contracts	-	-	26,457,500	10,521,138
Put options	328*	3,765,040	-	-
Equity price:				
Call options	711*	3,555	-	-
Put options	61,000*	1,568,700	-	-
Swaps	-	-	$19,556,758	6,242,232
Rights	1,866*	5,101	-	-
Foreign exchange:				
Forward contracts	-	-	2*	248,204
Index rate:				
Futures contracts	-	-	2,720,801	108,511
Totals		$ 6,489,916		$17,120,085

* Amount represents number of contracts.

** Amount represents number of units.

The effect of transactions in derivative instruments on the consolidated statement of operations for the year ended December 31, 2014 was as follows:

Underlying Risk Type	Net Realized Gain (Loss) From Investments	Net Change in Unrealized Appreciation (Depreciation) on Investments	Net Realized Gain (Loss) From Derivative Contracts	Net Change in Unrealized Appreciation (Depreciation) on Derivative Contracts
Commodity:				
Bond futures	$ -	$ -	$ (6,609)	$ -
Call options	330,487	(2,512,989)	-	-
Certified emission credits	2,793,660	1,699,615	-	-
Futures contracts	-	-	(2,605,915)	8,657,257
Put options	(3,621,636)	(465,506)	-	-
Equity price:				
Call options	(1,483,818)	(7,621,712)	-	-
Put options	(18,737,298)	2,783,977	-	-
Rights	8,570,003	(3,163)	-	-
Swaps	-	-	(1,472,162)	3,226,165
Warrants	(216,471)	(491,601)	-	-
Index:				
Call options	(42,133)	(133,583)	-	-
Futures contracts	-	-	220,258	(274,759)
Put options	(253,651)	-	-	-
Foreign exchange:				
Call options	(339,229)	-	-	-
Forward contracts	-	-	109,560	53,271
Futures contracts	-	-	443,686	-
Put options	(577,770)	-	-	-
Totals	$(13,577,786)	$(6,744,962)	$(3,311,182)	$11,661,934

The Master Fund's derivative contracts are entered into with its counterparties pursuant to the International Swaps and Derivatives Association, Inc. ("ISDA") Master Agreement and related documentation which may require the Master Fund, among other things, to maintain a predetermined level of net assets and/or provide limits regarding a decline of the Master Fund's net asset value over [1-month, 3-month, and 12-month periods] (each, a "Trigger"). If the Master Fund were to violate such a Trigger, the counterparty to the derivative contract could terminate the agreement and related derivative contracts and request immediate payment of any amounts due. As of December 31, 2014, the Master Fund was not in a net liability position to any counterparty pursuant to any ISDA Master Agreement.

8. Offsetting of Assets and Liabilities

The Master Fund is required to disclose the impact of offsetting assets and liabilities represented in the consolidated statement of financial condition to enable users of the consolidated financial statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities. These recognized assets and liabilities are financial instruments and derivative instruments that are either subject to an enforceable master netting arrangement or similar agreement or meet the following right of setoff criteria: the amounts owed by the Master Fund to another party are determinable, the Master Fund has the right to set off the amounts owed with the amounts owed by the other party, the Master Fund intends to set off, and the Master Fund's right of setoff is enforceable by law.

Excluding the criteria that the Master Fund intends to set off, securities purchased under agreements to resell and securities sold under agreements to repurchase need to meet the following additional criteria to be offset: positions are with the same counterparty, have the same explicit settlement date specified at the inception of the agreements, are executed in accordance with a master netting arrangement, have securities underlying the agreements that exist in book entry form and can be transferred only by means of entries in the records of the transfer system operator or securities custodian, will both be settled on a securities transfer system and have an associated banking arrangements in place as described by the FASB, and intends to use the same account at the clearing bank or other financial institution at the settlement date in transacting both the cash inflows resulting from the settlement of the securities purchased under agreements to resell and the cash outflows in settlement of the offsetting securities sold under agreements to repurchase.

As of December 31, 2014, the Master Fund holds financial instruments and derivative instruments that are eligible for offset in the consolidated statement of financial condition and are subject to a master netting arrangement. The master netting arrangement allows the counterparty to net applicable collateral held on behalf of the Master Fund against applicable liabilities or payment obligations of the Master Fund to the counterparty. These arrangements also allow the counterparty to net any of its applicable liabilities or payment obligations they have to the Master Fund against any collateral sent to the Master Fund. The Master Fund presents its assets and liabilities subject to such arrangement on a gross basis in the consolidated statement of financial condition.

The following table presents information about the offsetting financial and derivative instruments and related collateral amounts as of December 31, 2014. As of December 31, 2014, the Master Fund was not in a net liability position to any counterparty pursuant to any ISDA Master Agreement.

December 31, 2014

	(a)	(b)	(c) = (a) - (b)	(d) Gross Amounts Not Offset in the Consolidated Statement of Assets and Liabilities		(e) = (c) - (d)
Description	Gross Amounts of Recognized Assets and Liabilities	Gross Amounts Offset in the Statement of Consolidated Financial Condition	Net Amounts Presented in the Statement of Consolidated Financial Condition	Financial Instruments	Cash Collateral Received/ Pledged [1]	Net Amount
Assets						
Derivative contracts	$21,746,444	$ -	$21,746,444	$(11,098,496)	$ -	$10,647,948
Repurchase agreements	40,511,371	-	40,511,371	-	(40,511,371)	-
Total	$62,257,815	$ -	$62,257,815	$(11,098,496)	$(40,511,371)	$10,647,948
Liabilities						
Derivative contracts	$17,120,085	$ -	$17,120,085	$(11,098,496)	$ (6,021,590)	$ -
Total	$17,120,085	$ -	$17,120,085	$(11,098,496)	$ (6,021,590)	$ -

(1) The disclosure of collateral in the table above limits the collateral to the fair value of the related financial instruments after considering any financial instrument offsets with the respective counterparties. At December 31, 2014, the Master Fund's fair value of collateral received was in excess of the related gross fair value of the financial assets.

9. Litigation Matters

General Litigation

The Master Fund is a defendant in various legal actions arising in the normal course of business. While predicting the outcome of litigation is inherently very difficult, and the ultimate resolution, range of loss or recoveries and impact of the operating results cannot be reliably estimated, management of the Master Fund believes, based upon its understanding of the facts and the advice of applicable legal counsel, that it has meritorious defenses for all such actions and it intends to defend each of these vigorously, and that the resolution of these actions in the aggregate is not expected to have a materially adverse effect on the Master Fund's financial position.

Claims Receivable

At December 31, 2014, the Master Fund had $2,921,085 in claims receivable related to defaulted loans receivable (the "Loans") made by the Master Fund and other investment partnerships (collectively, the "Investment Funds") to Banyon Investments, LLC and other related entities (collectively, "Banyon") in 2008. Banyon borrowed from the Investment Funds to purchase litigation receivables ("Structured Settlements") marketed by Rothstein Rosenfeldt & Adler, P.A. ("RRA"), a law firm in Fort Lauderdale, Florida. The Loans were secured by Banyon assets and unconditionally guaranteed (the "Guaranty") by the Banyon principals, George Levin and Gayla Sue Levin (the "Guarantors").

In early November 2009, RRA principal Scott Rothstein was charged by a Federal grand jury in the Southern District of Florida in connection with the Structured Settlements. In January 2010, Rothstein pleaded guilty to the charges in the indictment and admitted to having operated a Ponzi scheme involving the sale of phony legal settlements, including those purchased by Banyon.

The Master Fund immediately asserted its rights with respect to the Guaranty. In 2009, the Master Fund commenced an action against Gayla Sue Levin in Federal district court in Las Vegas, Nevada. In 2010, the Master Fund, working with other creditors of the Guarantors, prosecuted involuntary petitions for relief against them under Chapter 7 of the Bankruptcy Code. In December 2011, the Master Fund reached a settlement with the Guarantors, pursuant to which Gayla Sue Levin agreed to a judgment in the amount of $200 million, of which the Master Fund's portion was in excess of $120 million. Under that agreement (the "Levin Settlement"), George Levin agreed to consent to relief in his Chapter 7 case and that the Master Fund held a general unsecured claim against him in excess of $150 million.

Following Rothstein's indictment, creditors of RRA commenced a Chapter 11 bankruptcy against RRA in the United States Bankruptcy Court for the Southern District of Florida (the "Bankruptcy Court"), and a trustee (the "RRA Trustee") was subsequently appointed. In December 2010, the RRA Trustee commenced an action against the Master Fund in the Bankruptcy Court, in which he asserted that certain transfers to the Master Fund by Banyon, in the aggregate amount of approximately $267 million, were recoverable by the RRA estate. In June 2012, the Master Fund entered into a settlement agreement (the "RRA Settlement") to resolve the RRA Trustee's claims. The RRA Settlement required a payment to the RRA estate in the amount of $32 million in exchange for an allowed general unsecured claim against the RRA estate in the amount of $28 million, plus an allowed "senior subordinated" claim against the RRA estate in the amount of $26 million.

The Master Fund filed suit against third parties in connection with the Banyon investment, including TD Bank, N.A. ("TD Bank"), which served as the custodian of the attorney escrow accounts for RRA and provided the General Partner with incorrect confirmations of the balances in such accounts. In June 2013, the Master Fund entered into a settlement agreement with TD Bank, in resolution of claims asserted by the Master Fund and other parties. Pursuant to the settlement, TD Bank paid approximately $43.75 million in cash, of which amount approximately $26 million was paid to the RRA Trustee to satisfy the Master Fund's obligations under the RRA Settlement. The Master Fund pledged to TD Bank certain rights and receivables it obtained under the RRA Settlement and the Levin Settlement, including the $200 million judgment from Gayla Sue Levin and the claim against George Levin in his Chapter 7 bankruptcy case. The Master Fund did not pledge to TD Bank, and still holds, an allowed general unsecured claim in the RRA case in the amount of $24 million (of which, approximately $20 million has been paid thus far), as well as rights to certain Levin properties.

The claims receivable, which represent the value of the recoveries from the RRA estate allocated to the participating investment partnership, were valued using a discounted cash flow model.

In 2012, the Master Fund was named as a defendant in a defamation action pending in the state court in Palm Beach County, Florida, which arises out of facts relating to the Loans. The plaintiff was indicted by the Federal government on unrelated securities market manipulation charges on July 15, 2014. The Master Fund is defending the action.

In 2013, the Master Fund was named as a defendant in a civil action pending in the state court in Broward County, Florida, which also arises out of facts relating to the Loans. The Master Fund entered an agreement in November 2014 to settle the action for an amount that, in the Master

Fund's judgment, was less than it would have cost the Master Fund to continue to defend the action. The action was dismissed with prejudice in March 2015.

In December 2014, a successor trustee appointed for the RRA estate commenced a declaratory judgment action in the Bankruptcy Court in Florida, and named several creditors of the RRA estate, including the Master Fund, as defendants. The action seeks an Order from the Bankruptcy Court clarifying the trustee's obligations with regard to future distributions, and also seeks to unwind certain prior distributions from the RRA estate to the Master Fund. A tentative settlement agreement has been reached by which the Master Fund will not disgorge any prior distributions from the RRA estate and will receive future distributions.

No amounts related to these actions have been included in the consolidated financial statements.

Correspondence with the SEC

The Master Fund made an investment into an unrelated investment fund in late 2007 and early 2008 regarding the purchase and sale of certain variable annuities offered by many insurance companies. The unrelated investment fund was subject to an investigation by the staff of the SEC. During 2014, management of the investment fund agreed to settle the investigation. The Master Fund paid a capital call in 2014 to the investment fund of $2,143,531 in connection with the matter. No action was taken against the General Partner and the CIO of the Master Fund.

10. Due From/To Brokers

The due from brokers balance of $67,519,778 and the due to broker balance of $14,754,906 include cash balances (net of margin debt balances), cash collateral held or posted and amounts receivable or payable for securities transactions that have not yet settled at December 31, 2014.

Cash balances, net of related margin debt balances, amount to $52,984,484, of which substantially all are held at Credit Suisse, Cantor Fitzgerald Europe, EDF Trading North America LLC, Macquarie Bank Limited, Midcontinent Independent System Operator, Inc. and Nomura Securities International, Inc. Cash at the brokers related to securities sold, not yet purchased is pledged as collateral until the securities are purchased; therefore restricted. Securities sold, not yet purchased are also collateralized by certain of the Master Fund's investments in securities.

The amounts receivable and payable for securities transactions that have not yet settled at December 31, 2014 were $32,148,995 and $32,368,607, respectively.

11. Allocation of Net Increase (Decrease) in Partners' Capital Resulting From Operations

The Master Fund's net increase (decrease) in partners' capital resulting from operations is allocated to each partner in proportion to their Master Fund interest at the beginning of each month. Any incentive allocations or management fees are charged at the Feeder Funds' level.

The audit of the Master Fund's consolidated financial statements for December 31, 2013 audit resulted in a reduction of net income and net asset value from the draft amounts originally reported to partners in the amount of $29,634,692. In an effort to maintain the net asset value of the Master Fund as originally reported to the limited partners of the Feeder Funds, the General Partner Investment Manager agreed to settle the previously recorded accrued trader fees and non-controlling interest balances of certain portfolio managers at the General Partner Investment Manager entity level. This resulted in a reversal of accrued trader fees in the amount of

$9,653,381 and a decrease in partners' capital resulting from operations attributable to non-controlling interest of $19,981,311. This adjustment was recorded in the consolidated statement of operations on January 1st, 2014 and allocated pro-rata to all partners that were invested in the Master Fund on December 1, 2013.

12. Related Party Transactions

Trader Fees Expenses with the General Partner

The Master Fund reimburses the General Partner for certain trader fees expenses paid to the employees of the General Partner for portfolio management services performed on behalf of the Master Fund. As of December 31, 2014, the Master Fund owed the General Partner $483,854 for trader fee expenses paid by the General Partner on behalf of the Master Fund.

At December 31, 2014, the Master Fund owed total trader fees payable of $7,894,082 of which $6,447,276 was payable to employees of the General Partner.

Master Fund Partners' Capital Transactions

At December 31, 2014, the Master Fund had payables to the USA Fund and the Offshore Fund in the amount of $8,028,552 and $38,469,410, respectively, to satisfy its Feeder Fund's capital withdrawals payable and incentive fee payable.

Feeder Funds Capital Associated with the General Partner

At December 31, 2014, certain limited partners of the USA Fund and the Offshore Fund had an association with the General Partner accounting for $91,395,347 and $28,697,027, respectively, of the consolidated partners' capital.

Financing Transactions

During 2014, the Master Fund entered into multiple financing transactions with lenders, who were investors in the Feeder Funds, investors in affiliated funds, employees and affiliates of the General Partner and third party lenders in order to complete multiple investment transactions. The notes payable are collateralized by all assets of the Master Fund. The gross amount of borrowings was $95,444,547 of which $48,325,000 was repaid during 2014 in accordance with the terms of the financing agreements. The monthly interest rate incurred on these financing agreements ranges from 1.33% to 1.58% and for the year ended December 31, 2014, the Master Fund incurred interest expense of $3,204,379.

Master Fund Transactions with PPLO

On December 11, 2014, the Master Fund entered into a $2,300,000 loan agreement with Platinum Partners Liquid Opportunity Master Fund L.P. ("PPLO"). PPLO is an affiliate of the General Partner. Under the loan agreement the loan bears interest at a rate of 16% per annum. For the year ended December 31, 2014, the total interest expense on the loan was $19,422, none of which was paid in 2014 and no principal payments were repaid to PPLO (Note 15).

The Master Fund has profit participation agreements with PPLO relating to securities purchased under agreements to resell (the "repo transactions"). As of December 31, 2014, there was no participation payable under these agreements. For the year ended December 31, 2014, the Master Fund incurred interest expense of $474,041 as a result of the profit participation agreements which was allocated to PPLO.

Master Fund Transactions with PPCO

In October 2014, the Master Fund entered into a $10,000,000 loan agreement with Platinum Partners Credit Opportunities Master Fund LP ("PPCO"), a related party to the Master Fund through common control of the Master Fund and PPCO's General Partner. Under the loan agreement the loan bears interest at a rate of 16% per annum. For the year ended December 31, 2014, the total interest expense on the loan was $305,000 and the loan was repaid in full to PPCO. In addition the Master Fund will invest in transactions that may include PPCO or other affiliated entities. These transactions are recorded on a pro rata basis based upon the contributed equity of each party in the investment.

In additional, the Master Fund, at times, will invest in transactions that may include PPCO or other affiliated entities.

Master Fund Transactions

During January and February 2014, the Master Fund made capital contributions of $3,020,000 and received capital withdrawals of $11,100,000 from its investment in ALS Capital Ventures LLC ("ALS"). On February 19, 2014, the Master Fund sold its investment in ALS to Credit Strategies LLC, an affiliate of the Master Fund, for a total of $24,250,000. The Master Fund recorded a realized gain on the sale in the amount of $4,813,491.

On April 1, 2014, the Master Fund entered into an exchange agreement with Platinum Partners Black Elk Opportunities Fund International Ltd. ("PPBE International"), an affiliate of the General Partner, whereas the Master Fund exchanged Black Elk Energy Offshore Operations, LLC ("BEEOO") and its wholly-owned subsidiaries' corporate bonds with a face value of $22,792,000 for a cash payment of $12,751,260 and the extinguishment of the existing $9,300,000 note payable. The $96.75 exchange price of the corporate bond was based on the March 31, 2014 closing price. During 2014, the Master Fund paid $475,333 in interest expense relating to the note payable.

On April 1, 2014, the Master Fund entered into an exchange agreement with Platinum Partners Black Elk Opportunities Fund LLC ("PPBE"), an affiliate of the Master Fund, whereas the Master Fund exchanged BEEOO corporate bonds with a face value of $20,516,000 for a cash payment of $5,294,814 and 14,554,416 Series E Preferred Units of BEEOO. The $96.75 exchange price of the corporate bond was based on the March 31, 2014 closing price and the exchange price of the Series E Preferred Units was at par. During 2014, the Master Fund purchased 3,898,828 BEEOO Preferred paid-in-kind units from PPBE for a total cash purchase price of $3,898,828.

On April 1, 2014, the Master Fund sold BEEOO corporate bonds with a face value of $7,000,000 to PPLO for a total cash purchase price of $6,772,500. The $96.75 sales price of the corporate bond was based on the March 31, 2014 closing price.

During 2014, the Master Fund sold short BEEOO corporate bonds with an aggregate face value of $24,987,000 to an investor in the Feeder Funds for total proceeds of $24,497,130. The prices of the short sales ranged from $96 to $99. The securities were borrowed from PPBE in order to effectuate the short sale transaction.

On August 18, 2014, the Master Fund repurchased the BEEOO corporate bonds it had previously sold to PPBE and PPBE International on April 1, 2014, with a combined face value of $43,308,000, for an aggregate purchase price of $42,224,217, equivalent to 97.078 percent of par representing amortized cost, of which $24,987,000 was used to cover the short position and the Master Fund retained BEEOO corporate bonds with a face value of $18,321,000.

Certain brokerage arrangements provide that the General Partner receives soft dollar credits related to brokerage commissions paid by the Master Fund. Such credits can be used by the General Partner for research related services to facilitate investment decisions made on behalf of the Master Fund or other funds that are managed by the General Partner that would then be paid for/provided by the brokers.

Master Fund Guarantees

During 2014, in order to induce a lender who is an investor in the Feeder Funds to extend credit to certain portfolio companies of the Master Fund, the Master Fund guaranteed the obligations of the portfolio companies pursuant to its loan agreements. At December 31, 2014, the total amount of indebtedness guaranteed by the Master Fund was approximately $50,102,000, with maturities ranging between 1 and 5 years as of December 31, 2014.

During 2014, in order to induce lenders to extend credit to certain portfolio companies of the Master Fund, the Master Fund entered into various put option agreements that function as guarantees of the obligations of the portfolio companies, pursuant to its loan agreements. Under certain circumstances (i.e. a default triggering events), the lender can sell the outstanding balance under the note agreements back to the Master Fund. The Master Fund's purchase of these notes can be settled in cash or a transfer of securities as defined under the agreement. At December 31, 2014, the total amount of indebtedness guaranteed under the put option agreements by the Master Fund was approximately $87,943,000, of which $57,940,000 is guaranteed to an investor in the Feeder Funds, with maturities ranging between 1 and 5 years as of December 31, 2014.

The Master Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Master Fund that have not yet occurred. However, the Master Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

During 2014, the Master Fund participated as a guarantor under a $30,000,000 loan agreement to issue standby letters of credit on behalf of a portfolio company. The Master Fund participates in 50% of the outstanding standby letters of credit. As the letters of credit are standby, no cash was advanced under the loan. The Master Fund receives a monthly interest payment on the standby letters of credit in the amount of 6% per annum. Effective March 2015, the portfolio company withdrew from the loan agreement as it was replaced by new financing from Marbridge Energy Finance Fund II, LLC and Marbridge Energy Finance Fund International II, Ltd, affiliates of the Master Fund.

13. Commitments and Contingencies

Indemnifications

In the normal course of business, the Master Fund enters into contracts that contain a variety of representations and indemnifications. The Master Fund's maximum exposure under these arrangements is unknown. However, the Master Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

Revolving Credit Facilities

As of December 31, 2014, the Master Fund is committed to invest approximately $52,023,432 into four of its current portfolio companies under existing revolving credit facilities.

Guarantees

In the normal course of its operations, the Master Fund enters into contracts and agreements that contain indemnifications and warranties, including guarantees of indebtedness of certain portfolio companies that the Master Fund, along with its affiliates, has a controlling interest. The General Partner believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the consolidated financial condition or results of operations of the Master Fund. The Master Fund has guaranteed certain surety bonds posted on behalf of one of its portfolio companies. As of December 31, 2014 the maximum exposure on these surety bonds net of collateral already posted was $49,950,868.

14. Financial Highlights

The financial highlights represent the return and ratios for the limited partners' capital, taken as a whole, for the year ended December 31, 2014.

The total return and ratios are computed based on the change in the limited partners' capital account taken as a whole during the year, adjusted for the timing of capital transactions. An individual partner's return and ratios may vary from those returns and ratios based on different arrangements such as side letter agreements, new issue participation, special investment participation and/or the timing of capital transactions.

Total return	14.34%
Ratios to average limited partners' capital:	
Interest and dividend expense	1.62%
Core overhead expenses	0.37
Trader fees	0.11
Other expenses	1.30
Total expense	3.40%
Net investment income	0.48%

15. Subsequent Events

Management has evaluated subsequent events through September 16, 2015, the date the consolidated financial statements were available to be issued. Management has determined that there are no material events that would require adjustment to or disclosure in the Master Fund's consolidated financial statements other than those listed below.

For the period January 1, 2015 through September 16, 2015, the Master Fund accepted capital contributions of approximately $65,651,000 and had requests for capital withdrawals of approximately $126,945,000.

Related Party Transactions 2015

On March 2, 2015, the Master Fund purchased all of PPLO's interest in the Sugih Energy TBK PT repurchase agreement for $2,991,356.

During 2015, the Master Fund purchased PPLO's 4,845,000 preferred shares of Northstar Offshore Group LLC for $4,845,000. The shares were purchased at par.

Financing Transactions 2015

During 2015, PPLO advanced a total of $880,000 to and received $3,180,000 from the Master Fund under the terms of the December 2014 loan agreement (Note 12). As of the date of this report, there was no balance outstanding under this loan agreement.

During 2015, the Master Fund entered into a $25,000,000 revolving line of credit ("Revolver") with PPCO at an interest rate of 16% per annum which matures on December 31, 2017. As of September 1, 2015, $10,560,673 was drawn against the line and the Master Fund incurred interest expense totaling $1,287,207, of $1,024,352 has been paid. Effective September 1, 2015, the interest rate changed to 12% per annum.

On January 30, 2015, Montsant Partners LLC ("Montsant"), a wholly-owned subsidiary of the Master Fund, entered into a $35,500,000 loan agreement with an investor of the Feeder Funds with an interest rate of 12% per annum which matures on January 30, 2017. The agreement allows for any outstanding principal amounts together with any accrued and unpaid interest and any other unpaid balances to be due and payable in full on the maturity date. As of the date of this report, Montsant incurred interest expense totaling $2,851,833, of which $2,496,833 has been paid.

On May 22, 2015, the Master Fund entered into a $14,000,000 sale of a participation interest with an investor in the Feeder Funds entitling a promissory note valued at $11,790,492 of note principal and $3,666,460 of accrued interest to an investor in the feeder funds for $14,000,000. In order to induce the investor in the Feeder Funds to purchase this participation interest, the Master Fund entered into a put option agreement whereby the Master Fund is obligated to repurchase the participation interest, at cost, if the put option is exercised.

On June 17, 2015, the Master Fund, entered into a $7,200,000 loan agreement with a counterparty with an interest rate of 1.33% per month which matures on September 28, 2015. The loan agreement is collateralized by all assets of the Master Fund and the lender holds a subordinate security interest.

On August 18, 2015, the Master Fund, entered into a $7,000,000 loan agreement with a counterparty with an interest rate of 8% per annum (subject to a default rate of 15% per annum) which matures on August 18, 2017. Interest only payments are due quarterly and the balance of the loan shall be paid in full at maturity.

Black Elk Energy Offshore Operations, LLC

On August 11, 2015, Black Elk Energy Offshore Operations, LLC ("BEEOO") creditors filed a petition to place the company into involuntary Chapter 7 bankruptcy under the Texas Southern Bankruptcy Court. BEEOO is in the process of amending the Chapter 7 filing into a Chapter 11 bankruptcy filing which allows for a court approved reorganization plan to pay creditors over time. On August 17, 2015, U.S. Federal prosecutors filed criminal charges against BEEOO regarding safety lapses that led to a fatal explosion at one of BEEOO's Gulf of Mexico production platforms three years ago. The U.S. Attorney's filing listed six counts of alleged violations of federal regulations. The General Partner at this time cannot yet determine the effects on the Master Fund's investments in BEEOO.

Platinum Partners Credit Opportunities Master Fund LP
and Subsidiaries
(A Limited Partnership)

Consolidated Financial Statements
and Independent Auditor's Report

December 31, 2014

Platinum Partners Credit Opportunities Master Fund LP and Subsidiaries

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Independent Auditor's Report

To the Partners
Platinum Partners Credit Opportunities Master Fund LP

We have audited the accompanying financial statements of Platinum Partners Credit Opportunities Master Fund LP and Subsidiaries (A Limited Partnership) (the "Company"), which comprise the consolidated statement of assets, liabilities and partners' capital, including the condensed schedule of investments, as of December 31, 2014, and the related consolidated statements of operations, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Platinum Partners Credit Opportunities Master Fund LP and Subsidiaries as of December 31, 2014, and the results of their operations, their changes in partners' capital and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 4 to the consolidated financial statements, the financial statements include certain investments valued at $448,488,499 (103.2% of partners' capital) as of December 31, 2014. The fair values of these investments have been estimated by management using inputs that are unobservable for the investments. Such estimated values may not necessarily represent amounts that will be ultimately realized in the near term through distribution, sale or liquidation of the investments, and the differences could be material. Our opinion is not modified with respect to this matter.

New York, New York
April 30, 2015

Platinum Partners Credit Opportunities Master Fund LP and Subsidiaries

Consolidated Statement of Assets, Liabilities and Partners' Capital
December 31, 2014

Assets:	
Investments, at fair value:	
Investments in securities (cost $287,881,336)	$ 372,003,712
Investments in other investment companies(cost $59,021,374)	87,246,962
Cash	801,166
Interest receivable	9,369,235
Other assets	866,064
Total assets	$ 470,287,139
Liabilities and partners' capital:	
Liabilities:	
Capital withdrawals payable	$ 11,374,208
Management fee payable	1,406,265
Income tax payable	229,002
Notes payable, related parties	20,255,031
Accrued expenses and other liabilities	2,554,622
Total liabilities	35,819,128
Commitments and contingencies	
Partners' capital:	
Partners' capital - Platinum Partners Credit Opportunities Master Fund LP	432,183,418
Noncontrolling interest	2,284,593
Total partners' capital	434,468,011
Total liabilities and partners' capital	$ 470,287,139

See Notes to the Consolidated Financial Statements

Platinum Partners Credit Opportunities Master Fund LP and Subsidiaries

Consolidated Condensed Schedule of Investments
December 31, 2014

	Shares/ Principal Amount	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital
Investments in Securities						
Common stock						
United States						
Technology		$ 7,121,944	$ -	$ -	$ 7,121,944	1.64%
Healthcare		-	120,150	-	120,150	0.03%
Consumer, cyclical		-	182,388	-	182,388	0.04%
Energy		-	15,500	-	15,500	0.00%
Total United States (cost $5,887,772)		7,121,944	318,038	-	7,439,982	1.71%
Singapore						
Communications (cost $900,000)		1,530,000	-	-	1,530,000	0.35%
Total common stock (cost $6,787,772)		8,651,944	318,038	-	8,969,982	2.06%
Notes receivable						
United States						
Litigation		-	-	12,613,059	12,613,059	2.90%
Financial		-	-	16,874,905	16,874,905	3.88%
Real estate		-	-	1,580,000	1,580,000	0.36%
Energy						
Agera Energy, LLC (cost $270,000)	$270,000	-	-	29,925,000	29,925,000	6.89%
Other		-	-	47,942,404	47,942,404	11.03%
Technology		-	717,000	-	717,000	0.17%
Automotive		-		500,000	500,000	0.12%
Consumer, cyclical		-	-	5,698,457	5,698,457	1.31%
Healthcare		-	-	2,000,000	2,000,000	0.46%
Life insurance		-	-	448,550	448,550	0.10%
Mining		-	-	6,578,700	6,578,700	1.51%
Total United States (cost $110,445,037)		-	717,000	124,161,075	124,878,075	28.73%
Australia						
Mining (cost $18,637,477)		-	-	18,637,477	18,637,477	4.29%
Brazil						
Mining (cost $12,351,000)		-	-	12,351,000	12,351,000	2.84%
Singapore						
Mining (cost $8,898,905)		-	-	8,898,905	8,898,905	2.05%
United Kingdom						
Financial (cost $413,509)		-	-	413,510	413,510	0.10%
Total notes receivable (cost $150,745,928)		-	717,000	164,461,967	165,178,967	38.01%
Private equity						
United States						
Energy						
Buffalo Lake Advanced Biofuels, LLC (cost $38,753,904)	1	-	-	50,000,000	50,000,000	11.51%
Northstar Energy, LLC (cost $27,469,000)	27,469,000	-	-	27,469,000	27,469,000	6.32%
Agera Energy, LLC (cost $3,780,000)	11.25	-	-	3,780,000	3,780,000	0.87%
Other		-	-	40,085,504	40,085,504	9.23%
Retail		-	-	4,162,500	4,162,500	0.96%
Healthcare		-	-	10,000,000	10,000,000	2.30%
Financial		-	-	5,000,000	5,000,000	1.15%
Total United States (cost $99,185,770)		-	-	140,497,004	140,497,004	32.34%
Australia						
Mining (cost $0)		-	-	14,000,000	14,000,000	3.22%
Canada						
Mining (cost $5,979,742)		-	-	3,900,000	3,900,000	0.90%
Total private equity (cost $105,165,512)		-	-	158,397,004	158,397,004	36.46%
Other investments						
United States						
Litigation		-	-	33,336,903	33,336,903	7.67%
Energy		-	-	4,625,000	4,625,000	1.06%
Financial		-	-	115,103	115,103	0.03%
Life insurance		-	-	155,560	155,560	0.04%
Total other investments (cost $20,062,367)		-	-	38,232,566	38,232,566	8.80%

Platinum Partners Credit Opportunities Master Fund LP and Subsidiaries

Consolidated Condensed Schedule of Investments
December 31, 2014

		Fair Value Hierarchy				
	Shares/ Principal Amount	Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital
Options						
United States						
Technology		-	655,726	-	655,726	0.15%
Total Options (cost $4,515,775)		-	655,726	-	655,726	0.15%
Warrants						
United States						
Energy (cost $153,982)		-	-	-	-	
Australia						
Mining (cost $450,000)		-	-	150,000	150,000	0.03%
Total Warrants (cost $603,982)		-	-	150,000	150,000	0.03%
Forward contracts						
China						
Energy			419,467	-	419,467	0.10%
Total Forward contracts (cost $0)		-	419,467	-	419,467	0.10%
Total investments in securities						
(cost $287,881,336)		$ 8,651,944	$ 2,110,231	$ 361,241,537	$ 372,003,712	85.61%
Investments in Other Investment Companies						
United States						
Financial						
ALS Capital Ventures, LLC						
(cost $57,274,040)	1	-	-	85,485,852	85,485,852	19.68%
Other		-	-	1,761,110	1,761,110	0.41%
Total investments in other investment companies		$ -	$ -	$ 87,246,962	$ 87,246,962	20.09%
(cost $59,021,374)						
Grand Total Investments						
(cost $346,902,710)		$ 8,651,944	$ 2,110,231	$ 448,488,499	$ 459,250,674	105.70%

See Notes to the Consolidated Financial Statements

Platinum Partners Credit Opportunities Master Fund LP and Subsidiaries

Consolidated Statement of Operations
Year Ended December 31, 2014

Investment income:	
Interest	$ 22,696,971
Other	2,695,737
Total	25,392,708
Expenses:	
Management fees	7,898,151
Local income tax	1,981,408
Interest expense	4,293,513
Payroll	1,277,612
Administrative fees	566,869
Professional fees	4,635,270
Other expenses	829,414
Total	21,482,237
Net investment income	3,910,471
Realized and unrealized gain from investments and derivatives	
Net realized gain	1,770,483
Net change in unrealized appreciation	36,691,488
Net realized and unrealized gain from investments and derivatives	38,461,971
Consolidated net income from operations	42,372,442
Less net income of subsidiaries attributable to noncontrolling interests	(1,596,207)
Net income from operations attributable to Platinum Partners Credit Opportunities Master Fund LP	$ 40,776,235

See Notes to the Consolidated Financial Statements

Platinum Partners Credit Opportunities Master Fund LP and Subsidiaries

Consolidated Statement of Changes in Partners' Capital
Year Ended December 31, 2014

	Platinum Partners Credit Opportunities Master Fund LP	Noncontrolling Interests	Total
Partners' capital, January 1, 2014	$ 314,686,584	$ 4,203,557	$ 318,890,141
Capital contributions	200,831,948	28,898	200,860,846
Capital withdrawals	(124,111,349)	(3,544,069)	(127,655,418)
Allocation of net income:			
Pro rata allocation (after incentive allocation)	32,620,465	1,596,207	34,216,672
Incentive allocation to General Partner	8,155,770	-	8,155,770
Partners' capital, December 31, 2014	$ 432,183,418	$ 2,284,593	$ 434,468,011

See Notes to the Consolidated Financial Statements

Platinum Partners Credit Opportunities Master Fund LP and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended December 31, 2014

Operating activities:	
Consolidated net income from operations	$ 42,372,442
Adjustments to reconcile consolidated net income from operations to net cash used in operating activities:	
Net realized gain from investments and derivatives	(1,770,483)
Net change in unrealized appreciation from investments and derivatives	(36,691,488)
Other non-cash income	(2,695,737)
Purchases of investments in securities	(216,089,043)
Sales/repayments of investments in securities	148,021,725
Purchases of investments in other investment companies	(47,415,478)
Sales of investments in other investment companies	18,088,342
Changes in operating assets and liabilities:	
Interest receivable	(2,099,315)
Insurance receivable	10,419,500
Other assets	761,914
Management fee payable	1,406,265
Interest received in advance	(148,902)
Income taxes payable	229,002
Accrued expenses and other liabilities	188,235
Net cash used in operating activities	(85,423,021)
Financing activities:	
Proceeds from capital contributions	188,495,948
Payments for capital withdrawals	(124,722,328)
Proceeds from capital contributions by noncontrolling interests	28,898
Payments for capital withdrawals by noncontrolling interests	(3,544,069)
Proceeds from notes payable	38,100,000
Repayment of notes payable	(17,844,969)
Net cash provided by financing activities	80,513,480
Net decrease in cash	(4,909,541)
Cash, beginning of year	5,710,707
Cash, end of year	$ 801,166
Supplemental disclosures of cash flow information:	
Capital withdrawals not paid at end of year	$ 11,374,208
Income taxes paid during the year	$ 1,668,874
Interest paid during the year	$ 3,957,154

See Notes to the Consolidated Financial Statements

Platinum Partners Credit Opportunities Master Fund LP and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 - Organization

Platinum Partners Credit Opportunities Master Fund LP (the "Master Fund"), a limited partnership organized under the laws of the State of Delaware, was formed on June 25, 2008 and commenced operations on July 1, 2008. The Master Fund is an asset-based investment fund designed to achieve risk-adjusted returns irrespective of the direction of broader financial market activity by originating loans and/or making equity investments in markets that are underserved by traditional sources of financing. The Master Fund conducts its business in various industries, including but not limited to, consumer finance, litigation, metals and mining, oil and gas, alternative energy, retail energy, life settlements and asset based finance. The portfolio manager is opportunistic and continuously seeks out new strategies.

The Master Fund serves as the master fund in a master-feeder structure. Three feeder funds, Platinum Partners Credit Opportunities Fund International, Ltd., Platinum Partners Credit Opportunities Fund International (A), Ltd., and Platinum Partners Credit Opportunities Fund (TE) LLC invest substantially all of their capital in Platinum Partners Credit Opportunities Fund (BL) LLC (the "Blocker Company") which, in turn, invests substantially all of its capital in the Master Fund. A fourth feeder fund, Platinum Partners Credit Opportunities Fund LLC, invests substantially all its capital directly in the Master Fund. The Company follows the accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946.

Platinum Credit Holdings LLC, (the "General Partner"), a limited liability company organized under the laws of the State of Delaware, serves as the General Partner of the Master Fund. Platinum Credit Management L.P., (the "Portfolio Manager"), a limited partnership organized under the laws of the State of Delaware, serves as the Portfolio Manager of the Master Fund.

Note 2 - Significant accounting policies

Basis of consolidation

The consolidated financial statements include the financial statements of the Master Fund and its subsidiaries in which the Master Fund has an effective controlling interest.

The Master Fund and its subsidiaries are collectively referred to hereinafter as the "Company". The Master Fund will have either 100% or a majority of the subsidiaries' ownership, with the minority ownership held by the respective sub-advisors. The minority ownership is reflected in the consolidated statement of assets, liabilities and partners' capital and the consolidated statement of operations as noncontrolling interest. All material intercompany balances and transactions have been eliminated in consolidation.

The Company prepares its financial statements in conformity with accounting principles generally accepted in the United States of America. The following is a summary of the significant accounting policies applied by the Company:

Fair value of financial instruments

The Portfolio Manager values all investments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

U.S. GAAP, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and provides disclosure requirements for fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities recorded at fair value are categorized based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability.

Level 1: Valuations based on quoted prices in active markets for identical investments.

Level 2: Valuations based on (i) quoted prices in markets that are not active; (ii) quoted prices for similar investments in active markets; and (iii) inputs other than quoted prices that are observable or inputs derived from or corroborated by market data.

Level 3: Valuations based on inputs that are unobservable, supported by little or no market activity and that are significant to the overall fair value measurement.

The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, such as the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The following section describes the valuation techniques used by the Company to measure different financial instruments at fair value and includes the level within the fair value hierarchy in which the financial instrument is categorized.

Exchange listed securities

Exchange listed equity securities are generally valued using market quoted prices. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized in Level 1 of the fair value hierarchy. The fair value of equity securities that are not actively traded or restricted is estimated using recently executed

transactions and market price quotations and is categorized in Level 2 of the fair value hierarchy.

Investments in private operating companies
Investments in private operating companies consist of common stock, preferred stock, notes receivable, convertible bonds, certain limited liability company interests, warrants and convertible securities. The transaction price is typically the Portfolio Manager's best estimate of fair value at inception. Subsequent to the purchase date, the Portfolio Manager values the investment based upon assessment of inputs related to the specific investment.

These assessments typically incorporate valuation techniques using the income approach or market approach. The income approach measures anticipated future cash flows over the remaining economic life of an investment, discounted to present value using an appropriate risk adjusted discount rate. The discount rate determined by the Portfolio Manager will incorporate a review of the trends in the performance of the investment and actual results versus the investment's operating objective through the balance sheet date. The market approach includes an analysis of valuation metrics of comparable public companies for development of multiples used in valuation. In certain instances, the Portfolio Manager may use multiple valuation techniques for a particular investment and estimate its fair value based on a weighted average or a selected outcome within a range of multiple valuation results. These private investments are categorized in Level 3 of the fair value hierarchy.

The determination of the fair value of notes receivable, some of which may be converted to equity, are based on discounted cash flows giving consideration to interest rate risk and creditworthiness of the borrower. In addition, the Portfolio Manager may obtain independent appraisals for significant collateral. The Portfolio Manager performs periodic credit reviews of the loan portfolio and considers current economic conditions, creditworthiness of the borrower, industry factors and the value of the underlying collateral, in determining the fair value.

Other investment companies
For the investments in other investment companies, the Portfolio Manager follows the practical expedient provision which permits the measurement of fair value based on the net asset value ("NAV") of the investment, without further adjustment, unless it is probable that the investment will be sold at a value significantly less than the net asset value. In using net asset value as a practical expedient, certain attributes of the investment that may affect the fair value of the investment are not considered in measuring fair value, but are considered in determining classification in the fair value hierarchy. These attributes include the investment strategies of the investees and may also include, but are not limited to, restrictions on the investor's ability to redeem its investments at the measurement date and any unfunded commitments. Investments in investment companies are generally classified in Level 2 of the fair value hierarchy if a reporting entity can redeem its investment with the investee at NAV per share at the measurement date or within a short period of time after the measurement date.

Otherwise, investments in investment companies are classified as Level 3 of the fair value hierarchy.

Forward contracts
Forward contracts are contracts for delayed delivery of a commodity in which the seller agrees to make delivery of a specified instrument at a specific date at a specified price or yield. These contracts are priced using a pricing model where price inputs are observed from actively quoted markets. These financial instruments are classified in Level 2 in the fair value hierarchy.

Investments classified as Level 3 in the fair value hierarchy are valued at an aggregate amount of $448,488,499 as of December 31, 2014 (103.2% of partners' capital). These values have been estimated by the Portfolio Manager in the absence of readily ascertainable market values. Because of the inherent uncertainty of valuation, the estimated values of these investments may differ significantly from the values that would have been used had a ready market for the securities existed and the differences could be material.

Interest receivable
Interest income on loans is accrued and included in operating income based on contractual rates applied to the principal balances of notes receivable outstanding. The accrual of interest is discontinued when management believes, after considering collection efforts and other factors, the amount ultimately to be collected will be insufficient to cover the additional interest payments. Interest previously accrued may be reversed at that time and such reversal is included in interest income on the consolidated statement of operations. During the year ended December 31, 2014, the Company reversed $2,361,331 of interest previously accrued, which has been recorded as a reduction to interest income.

Subsequent recognition of income occurs only to the extent payment is received and subject to management's assessment of the collectability of the remaining interest and principal. A nonaccrual loan is restored to accrual status when it is no longer delinquent and collectability of interest and principal is no longer in doubt. The fair value of loans on non-accrual status at December 31, 2014 is $44,950,230, of which $40,811,423 is past due. Total accrued interest at December 31, 2014 on non-accrual loans is $4,575,110. The Portfolio Manager believes that there is sufficient collateral to cover the fair value of the loans and any previously accrued interest.

Investment transactions and related income
Purchases and sales of securities and the related revenues and expenses are recorded on a trade date basis. Net trading gains or losses are included as a component of realized and unrealized gain or loss on investments and are calculated on a first in, first out basis. Interest income and expense are recognized on the accrual basis. The Company records its proportionate share of the other investment companies' income or loss within net change in unrealized appreciation. Other income is comprised of various types of fees which are recognized when earned.

Income taxes

No provision is made in the accompanying consolidated financial statements for Federal and state income taxes since such liabilities are the responsibility of the individual partners. However, the Company is subject to New York City unincorporated business tax on its net investment income, which is reflected in the consolidated statement of operations as local income tax.

FASB ASC Topic 740, *Income Taxes*, provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the consolidated financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more likely than not" of being sustained "when challenged" or "when examined" by the applicable tax authority. For the year ended December 31, 2014, management has determined that there are no uncertain tax positions. The Company is no longer subject to U.S. Federal and state tax examinations by tax authorities for years before 2011.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the fair value of investments, reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Capital withdrawals payable

The Company recognizes capital withdrawals payable in conjunction with ASC 480, *Distinguishing Liabilities from Equity*. Capital withdrawals are recognized as liabilities when the amount specified in the capital withdrawal notice becomes fixed. This generally may occur either at the time of the notice, or on the last day of a fiscal period. As a result, capital withdrawals paid after the end of the year, but based upon year-end capital balances, are reflected as capital withdrawals payable at December 31, 2014. Pursuant to the Company's governing documents, capital withdrawals payable are treated as capital for purposes of allocations of profits and losses through the effective date of withdrawal.

Note 3 – Significant risk factors

Market Risk

Market risk represents the potential loss that can be caused by a change in the fair value of a financial instrument or underlying of a derivative.

Credit risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash, interest receivable, private equity investments, other investments and notes receivable. The Company maintains its cash with high-credit financial institutions. At times, such amounts may exceed Federally insured limits.

Liquidity Risk
Liquidity risk represents the possibility that the Company may not be able to sell its investments in private operating companies in times of financial stress at a reasonable price due to little or no market activity.

Interest Rate Risk
Interest rate risk represents the effect from a change in interest rates, which could result in an adverse change in the fair value of an interest-bearing financial instrument.

Political Risk
The Company is exposed to political risk to the extent that its Portfolio Manager, on its behalf and subject to its investment guidelines, may invest in companies with assets in foreign jurisdictions. The governments in any of these jurisdictions could impose restrictions, regulations or other measures, which may have a material adverse impact on the Company's investment strategy.

Use of Leverage
As part of the Company's investment strategy, the Company may borrow and utilize leverage. While borrowing and leverage present opportunities for increasing total return, they may have the effect of potentially creating or increasing losses. The Portfolio Manager monitors its use of leverage and available margin lines with counterparties on a regular basis.

Note 4 - Fair value measurements
The Portfolio Manager establishes valuation processes and procedures to ensure that the valuation techniques for investments that are categorized within Level 3 of the fair value hierarchy are fair, consistent and verifiable. The Portfolio Manager designates a Valuation Committee (the "Committee") to oversee the valuation process of the Company's Level 3 investments. The Committee is comprised of senior Portfolio Manager personnel. The Committee is responsible for reviewing the Company's written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the fairness and consistent application of the valuation policies as established by the Portfolio Manager.

The Committee meets on a quarterly basis or as needed to review the valuation of the Company's Level 3 investments. Additionally, as part of the review process the Company has engaged a third-party independent valuation specialist to review and report on material Level 3 investment valuations on a periodic basis.

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2014:

Platinum Partners Credit Opportunities Master Fund LP and Subsidiaries

Notes to Consolidated Financial Statements

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common stock	$ 8,651,944	$ 318,038	$ -	$ 8,969,982
Equity options	-	655,726	-	655,726
Equity warrants	-	-	150,000	150,000
Forward contracts	-	419,467	-	419,467
Private equity	-	-	158,397,004	158,397,004
Other investment companies	-	-	87,246,962	87,246,962
Other investments	-	-	38,232,566	38,232,566
Notes receivable	-	717,000	164,461,967	165,178,967
Total	$ 8,651,944	$ 2,110,231	$ 448,488,499	$ 459,250,674

Financial instruments classified as Level 3 in the fair value hierarchy represent the Company's investments in financial instruments in which management has used at least one significant unobservable input in the valuation model. The following table presents a reconciliation of activity for the Level 3 financial instruments:

	Other Investments	Notes Receivable	Private Equity	Equity Warrants	Other Investment Companies
Balance, December 31, 2013	$ 27,646,580	$131,174,678	$ 76,723,962	$ 2,600,000	$ 3,383,483
Realized and unrealized gain or loss	12,342,572	14,805,732	20,135,864	(2,900,000)	(788,969)
Other income	-	3,719,779	-	450,000	-
Purchases	6,195,539	93,216,245	27,750,687	-	-
Asset exchanges (i)	-	(928,495)	63,344,033	-	-
Transfers from Level 2	-	-	-	-	85,485,851
Sales/repayments	(7,952,125)	(77,525,972)	(29,557,542)	-	(833,403)
Balance, December 31, 2014	$ 38,232,566	$164,461,967	$158,397,004	$ 150,000	$87,246,962
Change in unrealized appreciation attributable to all Level 3 investments still held as of December 31, 2014			$ 66,905,508		

(i) Asset exchanges include non-cash transactions that resulted in the exchange of assets between the Company and an investee Company. Such exchanges include equity for debt or vice-a-versa.

Transfers between levels are recognized at the end of the year. The Company's investment in ALS Capital Ventures, LLC was transferred from Level 2 to Level 3 due to a change in the redemption policy of the investment company. At December 31, 2014, redemptions are at the discretion of the managing member and can be restricted.

The following table summarizes the valuation techniques and significant unobservable inputs used for the Company's investments that are categorized within Level 3 of the fair value hierarchy as of December 31, 2014:

Platinum Partners Credit Opportunities Master Fund LP and Subsidiaries

Notes to Consolidated Financial Statements

Description	Fair Value at December 31, 2014	Range of Inputs Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)
Notes receivable	$164,461,967	Income approach	Months to maturity	1.07 months – 56.83 months (18.12)
			Market yield	4% - 30% (18%)
			Market yield on past due loans	0%
		Market approach	Enterprise value as a multiple of gross margin	7.2 times
			Discount Rate	15%
Private equity	$158,397,004	Market approach	Enterprise value as a multiple of EBITDA	6.1 times – 7.2 times (6.67)
			Enterprise value as of multiple of an ounce of gold	37.61 times
			Enterprise value as a multiple of revenue	1.3 times
			Enterprise value as a multiple PV-10 oil and gas reserves	.64 times
			Discount rate	0% - 41% (14%)
			Discount for lack of marketability	0% - 30% (9%)
		Income approach	Discount rate	10% - 25% (16%)
			Discount for lack of marketability	0% - 50% (7%)
			Growth rate	0% - 3% (2%)
Other investments	$38,232,566	Income approach	Exit multiple of earnings	0 – 4 times (.88)
			Life expectancy	130 months
			Probability of payout	100%
			Discount rate	0% - 25% (10%)
			Market Yield	100%
			Discount for lack of marketability	0% - 10% (3%)
Warrants	$150,000	Market approach	Discount for lack of marketability	25%

The Company's other Level 3 investments have been valued using unadjusted net asset value of the investments in other investment companies. No unobservable inputs internally developed by the Company have been applied to these investments, thus they have been excluded from the above table.

The following table presents the Company's investments in the other investment companies with a reported net asset value at December 31, 2014:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
ALS Capital Ventures LLC	$ 85,485,852		Discretionary	N/A
Grey K Environmental Fund II, LP	1,761,110	$ 2,044,436	Discretionary	N/A
Total	$ 87,246,962			

Grey K Environmental Fund II, LP

The partnership makes structured investments in the environmental markets by investing the partnership's assets in a diversified portfolio of environmental products. The partnership is a private equity fund. As such, the nature of this investment is that distributions are received through the liquidation of its investments over various years.

ALS Capital Ventures LLC

ALS Capital Ventures LLC ("ALS") was formed as a limited liability company, pursuant to the Delaware Revised Uniform Limited Company Act on October 25, 2012, and commenced operations on November 15, 2012. The Company's principal place of business is New York, New York. The Company was formed for the purpose of managing life insurance policies (the "Life Settlement Assets") to either sell or hold to term. Effective February 19, 2014, Credit Strategies, LLC, a subsidiary of the Master Fund, was appointed the new managing member of ALS. At December 31, 2014, Credit Strategies, LLC represented approximately 84% of the members' capital of ALS.

ALS qualifies as an investment company, as defined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946, *Financial Services – Investment Companies* and, therefore, is applying the specialized accounting and reporting guidance in ASC Topic 946.

The fair value of a Life Settlement Asset is estimated at the present value of discounted expected cash flows for the Life Settlement Asset. The expected cash flows are discounted at a rate that includes a risk premium that market participants would demand at the measurement date. The risk premium assumed reflects, among other factors, current market rates, risks associated with assessing the current medical condition of the insured, changes in the average remaining life expectancy, potential volatility of mortality experience, illiquidity of the investment, anticipated premiums, and market and credit risk, and requires significant judgment.

At December 31, 2014, the Company's investments in Life Settlement Assets consisted of the following (dollar values rounded to the nearest thousand, in thousands):

	Number of Assets	Face Value		Death Benefit		Acquisition Cost		Estimated Fair Value	
		Range	Total	Range	Total	Range	Total	Range	Total
Life Settlement Assets	39	$850-$30,000	$296,158	$850-$30,000	$277,463	$37 - $13,352	$56,261	$124-$20,895	$102,880

Life Settlement Assets are inherently long term investments. The individuals for whom the life insurance is issued are in varying states of health with indications of continuing life spans in excess of five (5) years in most cases. Accounting for the value of these policies using the fair value method provides a more accurate indication of the present value of these policies, as it takes into account the net effect of holding the policy over an extended period during which the investment into the asset is increased, by virtue of continuing premium payments.

The following table represents the remaining life expectances for each of the first five succeeding years as of December 31, 2014 for Life Settlement Assets held by ALS at fair value (dollar values rounded to the nearest thousand, in thousands):

Policy Type	Remaining Life Expectancy [1]	Number Of Life Settlement Assets	Face Value	Death Benefit	Acquisition Cost	Estimated Fair Value
Life Settlement Assets						
	1 year	--	$ --	$ --	$ --	$ --
	2 years	2	50,000	46,500	20,303	31,977
	3 years	3	22,500	19,600	6,655	10,333
	4 years	5	33,008	31,508	8,501	16,043
	5 years	7	59,150	56,405	9,862	20,217
	Thereafter	22	131,500	123,450	10,940	24,310
		39	$296,158	$277,463	$56,261	$102,880

Premiums on each Life Settlement Asset will continue to be paid by ALS until death benefits are received or the asset is sold. Additionally, the managing member may decide to lapse the asset, in which case, the remaining surrender value will be requested from the carrier, if one is available.

[1] Remaining life expectancy is based on original life expectancy estimates and is not an indication of expected maturity. Actual maturity dates may vary significantly (either earlier or later) from the remaining life expectancy.

The following table provides additional information about the valuation techniques and significant unobservable inputs used for investments categorized in Level 3 of the fair value hierarchy as of December 31, 2014:

Assets	Fair Value at December 31, 2014	Valuation Technique Used	Unobservable Input	Input
Life Settlement Assets	$102,880,220	Industry accepted model, discounted cash flow	Discount rate for lack of marketability, including risk premium	18%
			Mortality improvements	.25% - .75% per annum
			Life expectancies	19.5 – 109 months

Due to the illiquidity of the Life Settlement Asset market and the uncertainty of when such maturities will take place, the Company, as managing member, will make contributions on

an as needed basis to fund premiums, or seek contributions from other members. The failure to pay the required premiums due on a policy would result in that policy lapsing and consequently the loss of both the Company's capital invested in the related Life Settlement Asset and any future benefits to be derived from it. The Company will take all actions reasonably available to it to avoid a policy lapsing.

At December 31, 2014, the premiums to be paid by ALS for the investment in Life Settlement Contracts at fair value, assuming baseline probabilistic maturities, are as follows:

Year	Amount
2015	$ 12,141,578
2016	14,012,526
2017	10,466,206
2018	9,183,258
2019	7,182,429
Thereafter	18,186,568
Total	$ 71,172,565

At December 31, 2014, ALS has been named as a defendant in two separate interpleader actions challenging ALS's claim to benefits under certain Life Settlement Assets. The Company has moved to dismiss both counts of the actions, believing that it is the rightful beneficiary since it is listed as such on these policies and has been paying premiums for these Life Settlement Assets since ALS's inception. The ultimate outcome of these actions cannot presently be determined. ALS has not recorded an adjustment to the expected proceeds or any other provision for this matter as management believes the actions are without merit and are vigorously defending their claim.

Note 5 - Partners' capital, allocations, fees and other terms

Capital contributions and withdrawals

Partners' capital transactions are governed by the feeder funds.

Allocations

Each partner of the Company has a capital account with an initial balance equal to the amount the partner contributed to the Company. The Company's net assets are determined at the end of each month or shorter accounting period. Any net income or net loss from the end of the preceding month or shorter accounting period is added to or subtracted from the account of each partner in their proportionate share.

Management fee

The Company pays the Portfolio Manager a monthly management fee of 1/12th of 2% per annum of the total month-end partners' capital of the Company before deductions of the incentive allocation, as defined, and before any distributions or redemptions made during the month. Certain investors may be charged a discounted management fee as described in the notes to the feeder funds' financial statements.

Incentive allocation

At the end of each fiscal year, the General Partner receives an incentive allocation equal to 20% of the net income that would otherwise be credited to the capital account of limited partners. The General Partner's capital invested in the Company as of December 31, 2014 was $8,155,770, which is generated from the incentive allocation. If there is a loss for the fiscal period, such loss is carried forward to future periods and no incentive allocation will be made to the General Partner until prior fiscal losses have been recovered. Certain investors may be charged a discounted incentive allocation as described in the notes to the feeder funds' financial statements.

Note 6 - Related party transactions

In the normal course of business, the Company and its affiliates may make advances to each other, which are short-term in nature and generally represent normal activities of the entities. The timing and payment of these amounts periodically cause intercompany payables and receivables between the affiliates. During the year, the Company made short-term advances to the Portfolio Manager. The advances earned interest between 1.33% and 3.00% per month. The Company recorded approximately $100,000 of interest income during the year ended December 31, 2014 in connection with these advances. At December 31, 2014, there were no due to/from affiliate balances.

During 2014, the Company entered into multiple financing transactions with lenders, who were investors in the feeder funds, to complete multiple investment transactions. The gross amount of borrowings was $38,100,000 of which $17,844,969 was repaid during 2014 in accordance with the terms of the financing agreements. As of December 31, 2014, $20,255,031 is due to lenders who are investors in the feeder funds. The borrowings have a stated maturity date of February 28, 2019; however, the Company may repay the balance before the maturity date without penalty. The monthly interest rate incurred on these financing agreements ranges from 1.33% to 3.00% and the Company incurred interest expense of $3,940,219 during the year ended December 31, 2014.

In addition, the Company, at times, will invest in transactions that may include Platinum Partners Value Arbitrage LP ("PPVA") or other affiliated entities. PPVA is a related party to the Company through common control of the Company and PPVA's general partner. These transactions are recorded on a pro rata basis based upon the contributed equity of each party in the investment.

During 2014, the Company made capital contributions of $16,960,000 and received capital withdrawals of $17,254,937 from its investment in ALS (Note 4). On February 19, 2014, the Company purchased additional membership interest in ALS from PPVA for $24,250,000 and from Platinum Partners Liquid Opportunity Master Fund LP, an affiliate of the Company, for $1,017,560. Also during 2014, the Company purchased additional membership interests in ALS from un-affiliated third parties for an aggregate purchase price $5,187,917.

On March 31, 2014, the Company sold its interest in a note with an aggregate face value of $20,366,336 (including accrued interest) along with a participation in the Company's

ownership of supplemental interest in the gross case revenues of the same borrower to an investor in one of the Feeder Funds for total proceeds of $20,366,336.

On April 1, 2014, the Company entered into an exchange agreement with Platinum Partners Black Elk Opportunities Fund, LLC ("PPBE"), an affiliate of the Company, whereas the Company exchanged Black Elk Energy Offshore Operations, LLC ("BEEOO") corporate bonds with a face value of $32,917,000 for a cash payment of $8,495,291 and 23,351,906 Series E Preferred Units of BEEOO. The exchange price of the corporate bond was based on the March 31, 2014 closing price of $96.75 and the exchange price of the Series E Preferred Units was at par.

In July 2014, the Company borrowed BEEOO corporate bonds with a face value of $3,335,000 from PPBE, an affiliate of the Company, and sold them to an investor in the fund for a cash payment of $3,351,327, which included $49,678 of accrued interest, equivalent to 99 percent of par. The Company did not pay any financing fees for borrowing the corporate bond.

On August 18, 2014, the Company purchased the BEEOO corporate bonds from PPBE and Platinum Partners Black Elk Opportunities Fund International Ltd ("PPBE International"), with a combined face value of $32,917,000, for an aggregate purchase price of $32,096,303, equivalent to 97.078 percent of par (representing amortized cost). As part of the repurchase transaction, $3,335,000 of the aggregate purchase price was used to cover the short sale described above. As such, the Company retained BEEOO corporate bonds with a face value of $29,582,000.

In August 2014, the Company made contributions in-kind to PPBE and PPBE International of $5,230,649 and $1,000,000, respectively, which represented certain Class C members' interest that were transferred to the Company. In connection with the August 2014 transaction described above, the Company fully redeemed its interest in both companies at the end of the same month.

In October 2014, the Company loaned $10,000,000 to PPVA. The loan earned interest at 16% per annum and was payable upon demand. For the year ended December 31, 2014, the total interest earned and paid on the loan was approximately $305,000. At December 31, 2014, the loan was repaid in full.

Note 7 - Derivative financial instruments

The Company may purchase or receive options or warrants from its portfolio companies upon an investment in the debt or equity of a company. The options and warrants provide the Company with exposure and potential gains upon equity appreciation of the portfolio company's share price. The value of an option or warrant has two components: time value and intrinsic value. An option or warrant has a limited life and expires on a certain date. As the expiration date of an option or warrant approaches, the time value will decline. In addition, if the stock underlying the option or warrant declines in price, the intrinsic value of an "in the money" option or warrant will decline. Further, if the price of the stock underlying the option or warrant does not exceed the strike price of the option or warrant on the

expiration date, the option or warrant will expire worthless. As a result, there is the potential for the Company to lose its entire investment in an option or warrant.

The Company enters into multi-year commodity forward contracts called Emission Reduction Purchase Agreements ("ERPAs") of Certified Emission Reductions ("CERs"). CERs are a type of emissions unit or carbon credit issued by the Clean Development Mechanism Executive Board ("CDM") and verified by a Designated Operation Entity under the rules of the Kyoto Protocol. CERs are generated by clean energy and energy efficiency projects which reduce greenhouse gas emissions. CERs are issued through a United Nations ("U.N.") mandated regulatory approval process.

The Company pays for the CERs after the projects become registered with the CDM. Purchase prices of the CERs can be fixed or floating based on market prices. The Company typically covers the administrative costs of the project to obtain regulatory approval. Project returns are achieved through the spread between the contract price and the open market price of the CER. Several exchanges, including Intercontinental Exchange, Inc., provide contracts for various vintages of CERs which enables hedging for any fixed price exposure.

At December 31, 2014, the volume of the Company's derivatives, based on the number of units and notional amounts is as follows:

Security Type	Units	Notional Amount
Warrants	41,889,845	$ 21,044,422
Options	10,928,780	54,644
Carbon Credits	766,364	848,463
	53,584,989	$ 21,947,529

Notional amounts for derivatives are calculated as the number of shares times the strike price of the underlying instruments as if exercised at December 31, 2014. The fair values of such derivatives are separately classified in the accompanying consolidated condensed schedule of investments.

The Company's net trading gains and losses related to derivative instruments are included as a component of realized and unrealized gain from investments and derivatives in the accompanying consolidated statement of operations. The trading gains related to derivatives during the year ended December 31, 2014 is as follows:

Security Type	Unrealized Gains (Losses)	Realized Gains (Losses)	Total
Warrants	$ (4,584,620)	$ -	$ (4,584,620)
Options	(3,060,050)	-	(3,060,050)
Carbon Credits	50,132	-	50,132
	$ (7,594,538)	$ -	$ (7,594,538)

Note 8 – Litigation and regulatory matters

The Company is subject to various claims and legal proceedings that arise in the ordinary course of its business activities. In addition, the Company at times, in connection with foreclosure and bankruptcy proceedings, is involved in litigation as defendants and plaintiffs with creditor committees and other interested parties. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the consolidated financial condition or results of operations of the Company.

The Portfolio Manager is subject to certain regulatory examinations and inspections in the normal course of business as the Portfolio Manager is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940. Currently, the SEC is conducting an examination covering the period from July 1, 2013 through June 30, 2014, of the Portfolio Manager, in its capacity as a registered investment adviser, pursuant to Section 204 of the Investment Advisers Act of 1940. The purpose of the examination is to assess the Portfolio Manager's compliance with the provisions of the Advisers Act and the rules thereunder. Through the date of this report, no examination results have been received by the Portfolio Manager.

Note 9 – Commitments and contingencies

In the normal course of its operations, the Company enters into contracts and agreements that contain indemnifications and warranties, including guarantees of indebtedness of certain portfolio companies that the Company, along with its affiliates, has a controlling interest. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the consolidated financial condition or results of operations of the Company.

During 2014, in order to induce a lender, who is an investor in a feeder fund, to extend credit to certain of the Company's portfolio companies, the Company guaranteed the obligations, by the portfolio companies, pursuant to their Loan Agreements. The total amount of indebtedness guaranteed by the Company at December 31, 2014 was approximately $46,600,000, with maturities ranging between 1 and 5 years from December 31, 2014.

During 2014, the Company participated as a guarantor under a $30,000,000 loan agreement to issue standby letters of credit on behalf of a portfolio company. The Company participates in 50% of the outstanding standby letters of credit. As the letters of credit are standby, no cash was advanced under the loan. The Company receives a monthly interest payment on the standby letters of credit in the amount of 6% per annum. Effective March 2015, the portfolio company withdrew from the loan agreement as it was replaced by new financing from Marbridge Energy Finance Fund II, LLC and Marbridge Energy Finance Fund International II, Ltd, affiliates of the Company.

The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

Platinum Partners Credit Opportunities Master Fund LP and Subsidiaries

Notes to Consolidated Financial Statements

Note 10 - Financial highlights

Financial highlights of the Company for the year ended December 31, 2014 are as follows:

Ratio to average limited partners' capital	
Net investment income before incentive allocation	0.99%
Incentive allocation	(2.07)%
Net investment loss after incentive allocation	(1.08)%
Expense and incentive allocation	
Operating expenses	4.36%
Interest expense	1.09%
Total expenses before incentive allocation	5.45%
Incentive allocation	2.07%
Total expenses and incentive allocation	7.52%
Total return before incentive allocation	10.93%
Incentive allocation	(2.10)%
Total return after incentive allocation	8.83%

The above ratios and total return are calculated for the limited partner class taken as a whole. The computation of such ratios for an individual investor and an individual investor's return may vary from these ratios and returns based on different management fee and incentive arrangements (as applicable) and the timing of capital transactions.

The above ratios of net investment income and total expenses do not include amounts from the Company's investments in other investment companies.

The ratios are calculated based on the monthly average capital balances during the year.

Note 11 -Subsequent events

Subsequent events have been evaluated through April 30, 2015, which is the date the consolidated financial statements were available to be issued. For the period from January 1, 2015 through April 30, 2015, the Company recorded capital contributions and withdrawals of approximately $48,687,000 and $17,936,000, respectively. During 2015, the General Partner transferred a portion of its capital account balance in the Company of $6,050,393 to Platinum Partners Credit Opportunities Fund LLC. This amount is included in total subsequent withdrawals.

Pursuant to an agreement dated January 2, 2015, between the Company and PPVA, the Company loaned to PPVA $18,000,000. The loan bears interest at 16% per annum and matures on September 30, 2017.

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Consolidated Financial Statements
Year Ended December 31, 2014

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Contents

Independent Auditor's Report

To the General Partner
Platinum Partners Liquid Opportunity Master Fund L.P.

We have audited the accompanying consolidated financial statements of Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries (the "Fund"), which comprise the consolidated statement of financial condition, including the consolidated condensed schedule of investments as of December 31, 2014, and the related consolidated statements of operations, changes in partners' capital and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries as of December 31, 2014, and the results of their operations, their changes in partners' capital and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 4 to the consolidated financial statements, the consolidated financial statements include certain investments valued at $16,296,175 (53.7% of partners' capital) as of December 31, 2014. The fair values of these investments have been estimated by management using inputs that are unobservable for the investments. Such estimated values may not necessarily represent amounts that will be ultimately realized in the near term through distribution, sale or liquidation of the investments, and the differences could be material. Our opinion is not modified with respect to this matter.

New York, New York
April 30, 2015

COHN REZNICK (CAYMAN)
CERTIFIED PUBLIC ACCOUNTANTS

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cohnreznick.com

Independent Auditor's Report

To the General Partner
Platinum Partners Liquid Opportunity Master Fund L.P.

We have audited the accompanying consolidated financial statements of Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries (the "Fund"), which comprise the consolidated statement of financial condition, including the consolidated condensed schedule of investments as of December 31, 2014, and the related consolidated statements of operations, changes in partners' capital and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries as of December 31, 2014, and the results of their operations, their changes in partners' capital and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 4 to the consolidated financial statements, the consolidated financial statements include certain investments valued at $16,296,175 (53.7% of partners' capital) as of December 31, 2014. The fair values of these investments have been estimated by management using inputs that are unobservable for the investments. Such estimated values may not necessarily represent amounts that will be ultimately realized in the near term through distribution, sale or liquidation of the investments, and the differences could be material. Our opinion is not modified with respect to this matter.

Grand Cayman, Cayman Islands
April 30, 2015

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Consolidated Statement of Financial Condition (Stated in U.S. Dollars)

December 31, 2014	
Assets	
Investments in securities, at fair value (cost - $46,034,007)	**$37,481,139**
Unrealized appreciation on derivative contracts, at fair value	**3,636,500**
Securities purchased under agreements to resell (cost - $2,422,728)	**2,904,484**
Cash	**1,280,450**
Due from brokers	**429,038**
Due from related party	**2,300,000**
Other assets	**101,012**
Total Assets	**$48,132,623**
Liabilities and Partners' Capital	
Liabilities:	
Securities sold, not yet purchased, at fair value (proceeds - $4,373,966)	**$ 4,101,013**
Unrealized depreciation on derivative contracts, at fair value	**2,583,312**
Due to brokers	**7,904,899**
Due to feeder funds	**1,856,414**
Accrued trader fees	**799,098**
Accrued expenses and other liabilities	**429,000**
Accrued interest payable	**42,417**
Due to related parties	**69,000**
Total Liabilities	**17,785,153**
Partners' Capital:	
Limited partners	**30,347,470**
Total Liabilities and Partners' Capital	**$48,132,623**

See accompanying notes to consolidated financial statements.

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments (Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $30,347,470
	Investments in Securities:					
	Common stock:					
	United States:					
	Basic materials	$ 18,522	$ -	$ -	$ 18,522	0.06%
	Communications	569,974	-	-	569,974	1.88
	Consumer, cyclical	238,069	845,947	-	1,084,016	3.57
	Consumer, non-cyclical					
	Other	380,115	-	500,000	880,115	2.90
678,452	Echo Therapeutics Inc.	915,910	-	-	915,910	3.02
2,435,169	Navidea Biopharmaceuticals, Inc.	4,602,469	-	-	4,602,469	15.16
	Energy					
	Other	84,311	-	-	84,311	0.28
4,925,000	Wexford Petroleum Corp.	-	-	1,674,500	1,674,500	5.52
	Financial	185,082	-	-	185,082	0.61
	Industrial	254,839	-	-	254,839	0.84
	Technology	309,703	153,005	-	462,708	1.52
	Utilities	11,959	-	-	11,959	0.04
	Total United States (Cost $8,582,110)	7,570,953	998,952	2,174,500	10,744,405	35.40
	Australia:					
	Basic materials:					
	Other	779,260	-	-	779,260	2.57
5,346,332	Hillgrove Resources Ltd.	1,966,783	-	-	1,966,783	6.48
	Communications	43,835	-	-	43,835	0.14
	Consumer, cyclical	481,336	-	-	481,336	1.59
	Energy					
40,526,897	Cokal Limited	2,650,459	-	-	2,650,459	8.73
	Other	126,555	-	-	126,555	0.42
	Financial	18,780	-	-	18,780	0.06
	Industrial	239,308	-	-	239,308	0.79
	Total Australia (Cost $11,410,079)	6,306,316	-	-	6,306,316	20.78

See accompanying notes to consolidated financial statements.

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments (Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $30,347,470
	Investments in Securities (Continued):					
	Common stock (continued):					
	Japan:					
	Basic materials	$ 59,426	$ -	$ -	$ 59,426	0.20%
	Communications	48,590	-	-	48,590	0.16
	Consumer, cyclical	182,905	-	-	182,905	0.60
	Consumer, non-cyclical	36,144	-	-	36,144	0.12
	Diversified	12,471	-	-	12,471	0.04
	Energy	12,055	-	-	12,055	0.04
	Financial	277,527	-	-	277,527	0.91
	Industrial	91,067	-	-	91,067	0.30
	Technology	36,785	-	-	36,785	0.12
	Utilities	12,085	-	-	12,085	0.04
	Total Japan (Cost $770,272)	769,055	-	-	769,055	2.53
	South Korea:					
	Industrial (cost $354,174)	357,338	-	-	357,338	1.18
	Great Britain:					
	Consumer, cyclical	12,733	-	-	12,733	0.04
	Diversified	12,190	-	-	12,190	0.04
	Energy	15,799	-	-	15,799	0.05
	Financial	164,203	-	-	164,203	0.55
	Total Great Britain (Cost $196,093)	204,925	-	-	204,925	0.68
	Canada:					
	Basic materials	12,066	-	-	12,066	0.04
	Consumer, cyclical	24,437	-	-	24,437	0.08
	Consumer, non-cyclical	17,186	-	-	17,186	0.06
	Energy	12,500	-	-	12,500	0.04
	Financial	12,908	-	-	12,908	0.04
	Industrial	33,889	-	-	33,889	0.11
	Technology	14,111	-	-	14,111	0.05
	Total Canada (Cost $113,412)	127,097	-	-	127,097	0.42
	China:					
	Communications	-	-	19,145	19,145	0.06
	Financial	73,113	-	-	73,113	0.24
	Total China (Cost $132,578)	73,113	-	19,145	92,258	0.30
	Norway:					
	Consumer, non-cyclical	36,934	-	-	36,934	0.13
	Energy	11,717	-	-	11,717	0.04
	Industrial	31,819	-	-	31,819	0.10
	Total Norway (Cost $84,402)	80,470	-	-	80,470	0.27

See accompanying notes to consolidated financial statements.

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments (Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $30,347,470
	Investments in Securities(Continued):					
	Common stock (continued):					
	Singapore:					
	Basic materials	$ 7,855	$ -	$ -	$ 7,855	0.03%
	Consumer, non-cyclical	3,138	-	-	3,138	0.01
	Financial	36,085	-	-	36,085	0.12
	Industrial	16,021	-	-	16,021	0.05
	Technology	12,309	-	-	12,309	0.04
	Total Singapore (Cost $78,128)	75,408	-	-	75,408	0.25
	Bermuda:					
	Financial	48,606	-	-	48,606	0.16
	Industrial	11,837	-	-	11,837	0.04
	Total Bermuda (Cost $59,134)	60,443	-	-	60,443	0.20
	New Zealand:					
	Communications	12,150	-	-	12,150	0.04
	Consumer, cyclical	11,632	-	-	11,632	0.04
	Consumer, non-cyclical	12,150	-	-	12,150	0.04
	Energy	12,057	-	-	12,057	0.04
	Utilities	12,393	-	-	12,393	0.04
	Total New Zealand (Cost $55,399)	60,382	-	-	60,382	0.20
	Germany:					
	Consumer, cyclical	11,699	-	-	11,699	0.04
	Energy	12,344	-	-	12,344	0.04
	Financial	12,082	-	-	12,082	0.04
	Industrial	12,307	-	-	12,307	0.04
	Utilities	462	-	-	462	0.00
	Total Germany (Cost $51,646)	48,894	-	-	48,894	0.16
	Hong Kong:					
	Financial (cost $36,322)	36,133	-	-	36,133	0.12
	France:					
	Consumer, cyclical	10,906	-	-	10,906	0.03
	Financial	12,059	-	-	12,059	0.04
	Industrial	11,832	-	-	11,832	0.04
	Total France (Cost $37,556)	34,797	-	-	34,797	0.11
	Belgium:					
	Basic materials	9,599	-	-	9,599	0.03
	Financial	8,096	-	-	8,096	0.03
	Technology	11,796	-	-	11,796	0.04
	Total Belgium (Cost $30,331)	29,491	-	-	29,491	0.10

See accompanying notes to consolidated financial statements.

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments (Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $30,347,470
	Investments in Securities(Continued):					
	Common stock (continued):					
	Sweden:					
	Diversified	$ 11,854	$ -	$ -	$ 11,854	0.04%
	Technology	12,128	-	-	12,128	0.04
	Total Sweden (Cost $23,501)	23,982	-	-	23,982	0.08
	Italy:					
	Consumer, non-cyclical (cost $28,144)	23,352	-	-	23,352	0.08
	Switzerland:					
	Financial (cost $12,710)	12,672	-	-	12,672	0.04
	Malta:					
	Consumer, cyclical (cost $9,566)	12,617	-	-	12,617	0.04
	Jersey:					
	Financial (cost $11,336)	12,412	-	-	12,412	0.04
	Denmark:					
	Diversified (cost $12,316)	12,249	-	-	12,249	0.04
	Ireland:					
	Financial (cost $11,538)	12,202	-	-	12,202	0.04
	Finland:					
	Financial (cost $12,215)	12,087	-	-	12,087	0.04
	Puerto Rico:					
	Consumer, non-cyclical (cost $11,795)	11,950	-	-	11,950	0.04
	Portugal:					
	Basic materials (cost $13,557)	11,886	-	-	11,886	0.04
	Austria:					
	Industrial (cost $12,431)	11,874	-	-	11,874	0.04
	Netherlands:					
	Technology (cost $12,032)	11,844	-	-	11,844	0.04
	India:					
	Basic materials (cost $12,084)	11,813	-	-	11,813	0.04
	Spain:					
	Financial (cost $11,756)	11,788	-	-	11,788	0.04
	Israel:					
	Consumer, non-cyclical (cost $52,742)	11,190	-	-	11,190	0.04
	Faeroe Island:					
	Consumer, non-cyclical (cost $9,109)	8,991	-	-	8,991	0.03
	Luxembourg:					
	Financial (cost $8,708)	8,664	-	-	8,664	0.03
	Total Common Stock (Cost $22,257,171)	16,056,388	998,952	2,193,645	19,248,985	63.44

See accompanying notes to consolidated financial statements.

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments (Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $30,347,470
	Investments in Securities (Continued):					
	Convertible bonds:					
	United States:					
	Consumer, non-cyclical (cost $500,000)	$ -	$ -	$ 714,300	$ 714,300	2.35%
	South Korea:					
	Technology (cost $1,628,297)	-	-	509,724	509,724	1.68
	Total Convertible Bonds (Cost $2,128,297)	-	-	1,224,024	1,224,024	4.03
	Convertible notes:					
	Australia:					
	Basic materials:					
2	Alcyone Resources Limited	-	-	2,000,000	2,000,000	6.59
	Total Convertible Notes (Cost $2,390,200)	-	-	2,000,000	2,000,000	6.59
	Corporate bonds:					
	United States:					
	Energy:					
6,647,000	Black Elk Energy Offshore Operations, LLC	-	5,776,243	-	5,776,243	19.03
	Total Corporate Bonds (Cost $6,407,721)	-	5,776,243	-	5,776,243	19.03
	Equity Call Option:					
	United States:					
	Communications	1,670	-	-	1,670	0.01
	Consumer, non-cyclical	250	-	-	250	0.00
	Industrial	3,250	-	-	3,250	0.01
	Technology	5,925	-	-	5,925	0.02
	Total Equity Call Option (Cost $33,125)	11,095	-	-	11,095	0.04
	Note receivable:					
	United States:					
	Consumer, non-cyclical (cost $828,981)	-	-	828,981	828,981	2.73
	Preferred stock:					
	United States:					
	Consumer, non-cyclical:					
1,350,723	Echo Therapeutics Inc.	-	742,126	-	742,126	2.44
	Energy:					
6,894,643	Northstar Offshore Group	-	-	6,894,643	6,894,643	22.72
	Total United States (Cost $9,856,380)	-	742,126	6,894,643	7,636,769	25.16
	China:					
	Communications (cost $172,345)	-	-	25,398	25,398	0.08
	Total Preferred Stock (Cost $10,028,725)	-	742,126	6,920,041	7,662,167	25.24

See accompanying notes to consolidated financial statements.

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments (Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $30,347,470
	Investments in Securities (Continued):					
	Rights:					
	Australia - Energy (cost $-0-)	$ 44	$ -	$ -	$ 44	-%
	Warrants:					
	United States:					
	Consumer, non-cyclical:					
1,500,000	Bang Holdings Corp.	-	-	225,000	225,000	0.74
	Total United States (Cost $-0-)			225,000	225,000	0.74
	South Korea:					
	Financial	-	23,538	-	23,538	0.08
	Industrial	-	189,074	-	189,074	0.62
	Total South Korea (Cost $769,976)	-	212,612	-	212,612	0.70
	Australia:					
	Basic materials:					
	Alcyone Resources Limited	-	2,680	-	2,680	0.01
	Consumer, cyclical	-	80,688	-	80,688	0.27
	Energy	-	-	-	-	0.00
	Total Australia (Cost $27,930)	-	83,368	-	83,368	0.28
	Great Britain:					
	Energy (cost $-0-)	-	-	-	-	-
	Total Warrants (Cost $797,906)	-	295,980	225,000	520,980	1.72
	Commodity call options:					
	United States - Energy (cost $1,105,307)	26,220	-	-	26,220	0.09
	Commodity put options:					
	United States:					
	Energy	142,500	-	-	142,500	0.47
	Natural gas	39,900	-	-	39,900	0.13
	Total United States (Cost $56,574)	182,400	-	-	182,400	0.60
	Total Commodity Put Options (Cost $56,574)	182,400	-	-	182,400	0.60
	Total Investments in Securities (Cost $46,034,007)	$16,276,147	$7,813,301	$13,391,691	$37,481,139	123.51%

See accompanying notes to consolidated financial statements.

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments (Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $30,347,470
	Unrealized Appreciation on Derivative Contracts:					
	Unrealized appreciation on futures contracts:					
	United States:					
	Commodity futures	$ 3,636,500	$ -	$ -	$ 3,636,500	11.98%
	Total Unrealized Appreciation on Derivative Contracts	$ 3,636,500	$ -	$ -	$ 3,636,500	11.98%
	Securities Purchased Under Agreements to Resell:					
	Indonesia:					
	Repurchase Agreement:					
	Energy:					
	Sugih Energy TBK PT	$ -	$ -	$2,904,484	$ 2,904,484	9.57%
	Total Securities Purchased Under Agreements to Resell (Cost $2,422,728)	$ -	$ -	$2,904,484	$ 2,904,484	9.57%
	Securities Sold, Not Yet Purchased:					
	Common stock:					
	United States:					
	Basic materials	$ 13,068	$ -	$ -	$ 13,068	0.04%
	Communications	64,545	-	-	64,545	0.21
	Consumer, cyclical	210,918	-	-	210,918	0.70
	Consumer, non-cyclical	255,061	-	-	255,061	0.84
	Diversified	12,912	-	-	12,912	0.04
	Energy	37,383	-	-	37,383	0.12
	Financial	205,797	-	-	205,797	0.68
	Exchange-traded funds	643,680	-	-	643,680	2.13
	Industrial	198,068	-	-	198,068	0.65
	Technology	13,370	-	-	13,370	0.04
	Utilities	12,747	-	-	12,747	0.04
	Total United States (Proceeds $1,626,047)	1,667,549	-	-	1,667,549	5.49
	Great Britain:					
	Communications	12,974	-	-	12,974	0.04
	Consumer, cyclical	66,016	-	-	66,016	0.22
	Consumer, non-cyclical	60,026	-	-	60,026	0.20
	Diversified	13,202	-	-	13,202	0.04
	Financial	104,595	-	-	104,595	0.35
	Industrial	65,134	-	-	65,134	0.21
	Total Great Britain (Proceeds $329,649)	321,947	-	-	321,947	1.06
	Australia:					
	Basic materials	198,485	-	-	198,485	0.66
	Consumer, cyclical	25,275	-	-	25,275	0.08
	Consumer, non-cyclical	34,074	-	-	34,074	0.11
	Energy	2,827	-	-	2,827	0.01
	Industrial	12,731	-	-	12,731	0.04
	Total Australia (Proceeds $370,510)	273,392	-	-	273,392	0.90

See accompanying notes to consolidated financial statements.

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments (Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $30,347,470
	Securities Sold, Not Yet Purchased (Continued):					
	Common stock (continued):					
	Japan:					
	Basic materials	$ 12,864	$ -	$ -	$ 12,864	0.04%
	Communications	25,560	-	-	25,560	0.08
	Consumer, cyclical	25,561	-	-	25,561	0.08
	Consumer, non-cyclical	47,383	-	-	47,383	0.16
	Financial	38,332	-	-	38,332	0.13
	Industrial	62,718	-	-	62,718	0.21
	Utilities	12,864	-	-	12,864	0.04
	Total Japan (Proceeds $244,397)	225,282	-	-	225,282	0.74
	Italy:					
	Communications	12,911	-	-	12,911	0.04
	Consumer, cyclical	25,808	-	-	25,808	0.09
	Financial	38,917	-	-	38,917	0.13
	Industrial	12,917	-	-	12,917	0.04
	Total Italy (Proceeds $89,589)	90,553	-	-	90,553	0.30
	Spain:					
	Consumer, non-cyclical	13,372	-	-	13,372	0.04
	Industrial	26,467	-	-	26,467	0.09
	Utilities	13,660	-	-	13,660	0.05
	Total Spain (Proceeds $57,282)	53,499	-	-	53,499	0.18
	Germany:					
	Consumer, cyclical	27,211	-	-	27,211	0.09
	Industrial	13,459	-	-	13,459	0.04
	Total Germany (Proceeds $40,533)	40,670	-	-	40,670	0.13
	Netherlands:					
	Basic materials	26,108	-	-	26,108	0.09
	Consumer, non-cyclical	12,750	-	-	12,750	0.04
	Total Netherlands (Proceeds $39,096)	38,858	-	-	38,858	0.13
	Finland:					
	Consumer, non-cyclical	12,711	-	-	12,711	0.04
	Industrial	25,431	-	-	25,431	0.09
	Total Finland (Proceeds $38,186)	38,142	-	-	38,142	0.13
	Sweden:					
	Consumer, non-cyclical	12,807	-	-	12,807	0.04
	Financial	13,023	-	-	13,023	0.05
	Total Sweden (Proceeds $25,507)	25,830	-	-	25,830	0.09
	France:					
	Consumer, non-cyclical (proceeds $13,271)	13,489	-	-	13,489	0.04
	Monaco:					
	Industrial (proceeds $13,232)	13,431	-	-	13,431	0.04

See accompanying notes to consolidated financial statements.

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Consolidated Condensed Schedule of Investments (Stated in U.S. Dollars)

December 31, 2014

Number of Shares or Principal Amount	Description	Fair Value Hierarchy Level 1	Level 2	Level 3	Total Fair Value	% of Partners' Capital of $30,347,470
	Securities Sold, Not Yet Purchased (Continued):					
	Common stock (continued):					
	Demark:					
	Industrial (proceeds $13,420)	$ 13,271	$ -	$ -	$ 13,271	0.04%
	Israel:					
	Industrial (proceeds $9,920)	13,160	-	-	13,160	0.04
	Cyprus:					
	Energy (proceeds $12,984)	12,992	-	-	12,992	0.04
	Singapore:					
	Consumer, non-cyclical (proceeds $13,226)	12,846	-	-	12,846	0.04
	Switzerland:					
	Consumer, cyclical (proceeds $12,059)	12,652	-	-	12,652	0.04
	New Zealand:					
	Technology (proceeds $2,616)	2,516	-	-	2,516	0.01
	Total Common Stock (Proceeds $2,951,524)	$ 2,870,079	$ -	$ -	$ 2,870,079	9.44%
	Commodity call options:					
	United States:					
	Energy (proceeds $770,124)	$ 286,880	$ -	$ -	$ 286,880	0.95%
	Commodity put options:					
	United States:					
	Energy	915,360	-	-	915,360	3.01
	Natural gas	25,900	-	-	25,900	0.09
	Total Commodity Put Options (Proceeds $648,172)	941,260	-	-	941,260	3.10
	Equity call options:					
	United States:					
	Communications (proceeds $4,146)	1,520	-	-	1,520	0.01
	Rights:					
	Great Britain:					
	Industrial (proceeds $-0-)	1,274	-	-	1,274	0.00
	Total Securities Sold, Not Yet Purchased (Proceeds $4,373,966)	$ 4,101,013	$ -	$ -	$ 4,101,013	13.50%
	Unrealized Depreciation on Derivative Contracts:					
	Unrealized depreciation on futures contracts:					
	United States:					
	Commodity futures	$ 2,553,507	$ -	$ -	$ 2,553,507	8.41%
	Index futures:					
	Australia	18,055	-	-	18,055	0.06
	United States	11,750	-	-	11,750	0.04
	Total Index Futures	29,805	-	-	29,805	0.08
	Total Unrealized Depreciation on Derivative Contracts	$ 2,583,312	$ -	$ -	$ 2,583,312	8.55%

See accompanying notes to consolidated financial statements.

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Consolidated Statement of Operations (Stated in U.S. Dollars)

Year ended December 31, 2014

Investment Income:	
Interest	$ 2,594,288
Dividends (net of U.S. and foreign withholding taxes of $91,751)	623,035
Total Investment Income	3,217,323
Expenses:	
Interest	1,286,599
Trader fees	991,184
Professional fees	833,320
Dividends	815,841
Commissions and fees	626,417
Communications and data processing	430,072
Other expenses	143,805
Total Expenses	5,127,238
Net Investment Loss	(1,909,915)
Net Realized Gain (Loss) and Net Change in Unrealized Appreciation (Depreciation) From Investments and Foreign Currencies:	
Net realized gain from securities	10,771,631
Net realized loss from derivative contracts	(911,620)
Net realized gain from foreign currencies	249,892
Net change in unrealized depreciation on securities	(9,424,101)
Net change in unrealized appreciation on derivative contracts	990,475
Net change in unrealized appreciation on foreign currencies	948,217
Total Net Realized Gain (Loss) and Net Change in Unrealized Appreciation (Depreciation) From Investments and Foreign Currencies	2,624,494
Consolidated Net Increase in Partners' Capital Resulting From Operations	$ 714,579

See accompanying notes to consolidated financial statements.

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Consolidated Statement of Changes in Partners' Capital (Stated in U.S. Dollars)

Year ended December 31, 2014

	Platinum Partners Liquid Opportunity Fund (USA) L.P.	Platinum Partners Liquid Opportunity Fund (International) Ltd. and Subsidiary	Total
Balance, January 1, 2014	$ 10,890,548	$ 13,726,729	**$24,617,277**
Capital contributions	8,194,357	4,000,000	**12,194,357**
Capital withdrawals	(5,288,420)	(1,890,323)	**(7,178,743)**
Consolidated net increase in partners' capital resulting from operations:			
Pro rata allocation	265,263	449,316	**714,579**
Balance, December 31, 2014	**$14,061,748**	**$16,285,722**	**$30,347,470**

See accompanying notes to consolidated financial statements.

Platinum Partners Liquid Opportunity Master Fund L.P. and Subsidiaries

Consolidated Statement of Cash Flows (Stated in U.S. Dollars)

Year ended December 31, 2014

Cash Flows From Operating Activities:	
Consolidated net increase in partners' capital resulting from operations	$ 714,579
Adjustments to reconcile consolidated net increase in partners' capital resulting from operations to net cash used in operating activities:	
Net realized gain from securities	(10,771,631)
Net realized loss from derivative contracts	911,620
Net change in unrealized depreciation on securities	9,424,101
Net change in unrealized appreciation on derivative contracts	(990,475)
Purchases of investments in securities	(689,756,094)
Purchase of securities to cover securities sold, not yet purchased	(530,551,854)
Proceeds from sale of investments in securities	780,833,971
Proceeds from securities sold, not yet purchased	439,520,762
(Increase) decrease in operating assets:	
Due from brokers	2,276,285
Participation receivable	422,745
Due from related party	(2,268,496)
Other assets	(73,559)
Increase (decrease) in operating liabilities:	
Due to brokers	(4,924,077)
Accrued trader fees	(70,147)
Due to related parties	69,000
Accrued interest payable	(29,210)
Accrued expenses and other liabilities	89,064
Net Cash Used In Operating Activities	(5,173,416)
Cash Flows From Financing Activities:	
Proceeds from capital contributions	12,194,357
Payments for capital withdrawals	(6,834,425)
Net Cash Provided By Financing Activities	5,359,932
Net Increase in Cash	186,516
Cash, Beginning of Year	1,093,934
Cash, End of Year	$ 1,280,450
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the year for interest	$ 1,315,809
Capital withdrawals payable	$ 1,856,414

See accompanying notes to consolidated financial statements.

1. Organization

Platinum Partners Liquid Opportunity Master Fund L.P., a Cayman Islands exempted limited partnership (the "Fund"), and Subsidiaries (collectively, the "Master Fund"), commenced operations on July 1, 2009 and will continue until terminated in accordance with the Limited Partnership Agreement. The Fund is registered under the Mutual Funds Law of the Cayman Islands and subject to regulation by the Cayman Islands Monetary Authority. The registered office of the Master Fund is located at Walkers, 190 Elgin Avenue, George Town, Grand Cayman KY1-9001, Cayman Islands.

The Master Fund is a master fund in a "master-feeder" structure with the sole purpose of investing substantially all of the assets of Platinum Partners Liquid Opportunity Fund (USA) L.P. (the "USA Fund") and Platinum Partners Liquid Opportunity Fund (International) Ltd. (the "Company") and Subsidiary (collectively, the "Offshore Fund").

Platinum Partners Liquid Opportunity Intermediate Fund L.P. (the "Intermediate Fund"), a Cayman Islands exempted limited partnership, is a special-purpose intermediary fund through which the Company makes its investment in the Master Fund.

The investment objective of the Master Fund is to invest and trade in U.S. and non-U.S. equity and debt securities (both public and private), currencies, futures, forward contracts, and other commodity interests, options, swap contracts and other derivative instruments and other investments.

General Partner and Limited Partners

Platinum Liquid Opportunity GP LLC (the "General Partner") serves as the general partner of the Master Fund. The General Partner is responsible for the Master Fund's day-to-day operations and administration.

The USA Fund and the Offshore Fund (collectively, the "Feeder Funds") are the limited partners of the Master Fund.

Investment Manager

Platinum Liquid Opportunity Management (NY) LLC (the "Investment Manager") serves as the investment manager of the Master Fund and is responsible for managing, trading, investing and allocating the Master Fund's assets. Platinum Management (NY) LLC ("PMNY") is the investment manager of Platinum Partners Value Arbitrage Fund L.P. ("PPVA"), a related party of the Master Fund. The Master Fund's Investment Manager is considered a "Relying Adviser" as part of PMNY's registration under the Investment Advisers Act of 1940 with the Securities and Exchange Commission ("SEC") as an investment adviser.

General Regulatory

The Investment Manager is subject to certain regulatory examinations and inspections in the normal course of business as the Investment Manager is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940 ("Advisors Act"). Currently, the SEC is conducting an examination covering the period from July 1, 2013 through June 30, 2014 of the Investment Manager, in its capacity as a registered investment adviser, pursuant to Section 204 of the Investment Advisers Act of 1940. The purpose of the examination is to assess the Investment Manager's compliance with the provisions of the Advisers Act and the rules thereunder. Through the date of this report, no examination results have been received by the Investment Manager.

Administrator

SS&C Technologies, Inc. (the "Administrator") serves as the Master Fund and Feeder Funds' administrator. In consideration for the services, the Master Fund pays the Administrator a fee based on the average net assets of the Master Fund and will reimburse the Administrator for out-of-pocket expenses.

2. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are expressed in United States ("U.S.") dollars.

The Fund follows the accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Fund and its wholly-owned subsidiaries. All significant intercompany balances have been eliminated upon consolidation. Certain investments are made through Special Purpose Vehicles ("SPVs") and these SPVs were consolidated for financial reporting purposes.

Cash

Cash held at U.S. financial institutions, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation.

Investment Transactions

The Master Fund records investment transactions based on a trade date. Realized gains and losses from investment transactions are determined on a first-in, first-out basis. Dividend income, net of U.S. and foreign withholding taxes, and dividend expense are recognized on the ex-dividend date, and interest income and expense are recognized on an accrual basis. Interest income and interest expense include the accretion and amortization of the market discount or premium on debt instruments based on the effective yield methodology. Withholding taxes on foreign dividends have been provided for in accordance with the Master Fund's understanding of the applicable country's tax rules and rates.

Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of securities denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Reported net realized gain (loss) from foreign currencies arise from the sales of foreign currencies, currency gains or losses realized between the trade and the settlement dates on investment transactions and the differences between the amounts of dividends, interest and foreign withholding taxes recorded on the Master Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Reported net change in unrealized appreciation (depreciation) or foreign currencies arise from changes in the fair value of the assets and liabilities other than investments at year-end resulting from changes in exchange rates.

Fair Value of Financial Instruments

The fair values of the Master Fund's assets and liabilities, which qualify as financial instruments, approximate the carrying amounts presented in the consolidated statement of financial condition.

Fair Value Measurement

The Investment Manager values all investments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the investment based on market data. Unobservable inputs are inputs that reflect the Master Fund's assumptions about the factors market participants would use in valuing the investment based on the best information available in the circumstances. In determining fair value, the Investment Manager uses various valuation techniques that are consistent with the market or income approach. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical investments.

Level 2 - Valuations based on (i) quoted prices in markets that are not active; (ii) quoted prices for similar investments in active markets; and (iii) inputs other than quoted prices that are observable or inputs derived from or corroborated by market data.

Level 3 - Valuations based on inputs that are unobservable, supported by little or no market activity, and that are significant to the overall fair value measurement.

The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, such as the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Investment Manager's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Investment Manager's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Investment Manager uses prices and inputs that are current and best available as of the measurement date, including during periods of market dislocation.

Fair Value - Valuation Techniques and Inputs

Exchange-Listed Securities

Securities that are freely tradable and traded on major listed securities exchanges consist of investments such as common stock, warrants and options. Listed securities are valued at the last reported sales price on the date of determination on the principal exchange on which such securities are traded or, if not available, at the last bid price if held long and the last ask price if sold short. Options are valued at the closing "bid" price if owned and the closing "asked" price if sold short. Exchange listed securities are classified in Level 1 of the fair value hierarchy.

Derivatives

Investments in derivative instruments can be exchange-traded or over-the-counter ("OTC"). Exchange-traded derivative instruments may include futures contracts or options that are valued based on the last reported sales price on the date of valuation. OTC derivative contracts, including forward foreign currency contracts, are generally valued by the Investment Manager using observable inputs, models and/or quotations from counterparties. Inputs may include quotations from counterparties, the fair value of the underlying assets, market prices for reference securities, credit spreads, market liquidity and concentrations, foreign currency rates, funding and administrative costs. In instances where models are used, the value of the OTC derivative contracts is derived from the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs, such as the price of the underlying securities, credit spreads and foreign currency rates. Exchange-traded derivative instruments are classified in Level 1 of the fair value hierarchy and OTC derivative contracts are classified in Level 2 of the fair value hierarchy.

Limited Liability Company Interest

For the investment in a limited liability company interest, the Master Fund follows the practical expedient provision which permits the measurement of fair value based on the net asset value of the investment, without further adjustment, unless it is probable that the investment will be sold at a value significantly less than the net asset value. In using net asset value as a practical expedient, certain attributes of the investment that may affect the fair value of the investment are not considered in measuring fair value. Attributes of those investments include the investment strategies of the investees and may also include, but are not limited to, restrictions on the investor's ability to redeem its investments at the measurement date and any unfunded commitments. Investments in a limited liability company interest are generally classified in Level 3 of the fair value hierarchy.

Restricted or Thinly-Traded Securities

Investments for which the securities are restricted or thinly traded are valued using a market approach. The securities consist of common stock, warrants and options. These securities are valued using the market price of the common stock and applying a discount for lack of marketability. Restricted or thinly-traded securities are generally classified in Level 2 or Level 3 of the fair value hierarchy.

Non-Exchange-Listed Warrants

The fair values of non-exchange-listed warrants are generally valued using the Black Scholes option pricing model, a valuation technique that follows the income approach. This pricing model takes into account the contractual terms (including maturity) as well as multiple inputs, including time value, implied volatility, equity prices, discounts for lack of marketability, interest rates and currency rates. Non-exchange-listed warrants are generally classified in Level 2 or Level 3 of the fair value hierarchy.

Corporate Bonds

The fair value of corporate bonds is estimated using recently executed transactions, market price quotations (where observable), bond spreads or credit defaults swaps spreads. The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issue is used. When observable price quotations are not available, fair value is determined based on cash flow models using yield curves, bond or single-name credit defaults swap spreads, and recovery rates based on collateral values as key inputs. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy. In instances where significant inputs are unobservable, they are categorized in Level 3 of the fair value hierarchy.

Non-Exchange-Listed Convertible Securities

Non-exchange-listed convertible securities may consist of convertible notes, convertible bonds and convertible preferred stock. The fair value of convertible securities is generally valued using a market approach based on the underlying value of the common equity. The pricing model takes into account equity prices and discounts for lack of marketability as appropriate. In certain cases where there is no market for the underlying equity or the face value of the security is greater than the underlying equity, the security may be valued using a discounted cash flow model. This valuation technique follows the income approach. This pricing model takes into account recovery rates, risk premiums and treasury yields. Non-exchange-listed convertible securities are generally classified in Level 2 or Level 3 of the fair value hierarchy.

Investments in Private Operating Companies

Investments in private operating companies consist of common stock, preferred stock, convertible bonds, notes receivable, certain limited liability company interests, warrants and convertible securities. The transaction price is typically the Investment Manager's best estimate of fair value at inception. Subsequent to the purchase date, the Investment Manager values the investment based upon assessment of inputs related to the specific investment.

These assessments typically incorporate valuation techniques using the income approach or market approach. The income approach measures the present worth of anticipated future cash flows over the remaining economic life of the investment discounted to present value using an appropriate risk adjusted discount rate it will incorporate but not be limited to, a review of the trends in the performance of the investment and actual results versus the investment's operating objective through the balance sheet date. The market approach includes an analysis of valuation metrics of comparable public companies for development in multiples used in valuation. In certain instances, the Investment Manager may use multiple valuation techniques for a particular investment and estimate its fair value based on a weighted average or a selected outcome within a range of multiple valuation results.

These investments in private operating companies are categorized in Level 3 of the fair value hierarchy.

Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase

Transactions involving purchases of securities under agreements to resell ("repurchase agreements") or sales of securities under agreements to repurchase ("reverse repurchase agreements") are treated as collateralized financing transactions and are recorded at their contracted resale or repurchase amounts plus accrued interest, as specified in the respective agreements. It is the policy of the Master Fund to obtain possession or control of collateral with a market value equal to or in excess of the principal amount loaned under repurchase agreements. To ensure that the market value of the underlying collateral remains sufficient, this collateral is valued daily with additional collateral obtained or excess collateral returned when appropriate, as required through contractual provisions.

In a reverse repurchase agreement, if the counterparty does not return the securities, the Master Fund may incur a loss equal to the amount by which the market value of the securities on the date of nonperformance, plus (less) any margin deposits pledged (held), exceeds the contract amount. As of December 31, 2014, the Master Fund held collateral consisting of securities worth $8,866,711 on open repurchase agreements of $2,904,483.

The Master Fund does not offset assets and liabilities relating to repurchase agreements and reverse repurchase agreements on its consolidated statement of financial condition. Additional disclosures relating to offsetting are discussed in Note 6, "Offsetting of Assets and Liabilities."

Securities Sold, Not Yet Purchased

The Master Fund has sold securities that it does not own (i.e., securities sold short) and is, therefore, obligated to purchase such securities at a future date. The Master Fund has recorded this obligation on the consolidated statement of financial condition at the fair value of the securities borrowed. There is an element of off-balance sheet risk in that, if the securities sold short increase in value, it will be necessary to purchase the securities sold short at a cost in excess of the obligation reflected on the consolidated statement of financial condition. A gain, limited to the price at which the Master Fund sold the security short, or a loss, unlimited in amount, will be recognized upon the termination of a short sale.

Trader Fees

The Master Fund accrues trader fees for certain portfolio managers based on the performance of each portfolio manager's investment portfolio. The General Partner and each portfolio manager agree to a trader fee calculation methodology and terms before a trading strategy is executed. An individual portfolio manager's trader fee methodology and terms may differ based on what is negotiated between the portfolio manager and the General Partner. During periods when the net asset value of the Master Fund decreases, the Master Fund is exposed to the risk of paying trader fees to portfolio managers since the trader fees are calculated on a portfolio by portfolio basis.

Legal and Regulatory Matters

From time to time, in the ordinary course of business, the Master Fund may receive legal or regulatory inquiries and information requests. As of the date of this report, management does not believe that any matter exists that will have a material adverse effect on the financial position or operations of the Master Fund.

Offsetting Policy

The Master Fund has elected not to offset fair value amounts recognized for cash collateral receivables and payables against fair value amounts recognized for derivative positions executed with the same counterparty under the same master netting arrangement. At December 31, 2014, the Master Fund had no cash collateral receivables. The Master Fund's disclosures regarding offsetting are discussed in Note 6, "Offsetting of Assets and Liabilities."

Use of Estimates

The preparation of these consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of gains (losses), income and expenses during the reporting year. Actual results could significantly differ from those estimates.

Income Taxes

The Master Fund is exempt from all forms of taxation in the Cayman Islands, including income, capital gains and withholding taxes. In certain jurisdictions other than the Cayman Islands, taxes may be withheld at source jurisdiction on dividends and interest received by the Master Fund. Capital gains derived by the Master Fund in such jurisdictions generally will be exempt from foreign income or withholding taxes at source.

The Master Fund recognizes a tax benefit from an uncertain income tax position only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents. If this threshold is met, the Master Fund measures the tax benefit as the largest amount of benefit that is more likely than not being realized upon ultimate settlement. The Master Fund is subject to potential examination by taxing authorities in various jurisdictions. The open tax years under potential examination vary by jurisdiction. The Master Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the consolidated statement of operations. As of December 31, 2014, there was no impact to the consolidated financial statements related to accounting for uncertain income tax positions.

Recent Accounting Developments

In June 2013, the FASB issued Accounting Standards Update ("ASU") 2013-08, "Financial Services - Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements," which provides comprehensive guidance to determine whether an entity is an investment company, and sets certain measurement and disclosure requirements for investment companies. ASU 2013-08 changes the assessment of whether an entity is an investment company and, therefore, within the scope of industry-specific guidance in ASC 946, "Financial Services - Investment Companies," by developing a new structured approach for that assessment. ASU 2013-08 states that an entity regulated under the Investment Company Act of 1940 ("1940 Act") is an investment company for accounting purposes. Entities that are not regulated under the 1940 Act are required to meet certain fundamental characteristics to be considered investment companies and are also required to be assessed for other typical characteristics of investment companies. An entity should consider its purpose and design when conducting the assessment. The amendments in ASU 2013-08 are effective for an entity's interim and annual reporting periods in fiscal years that begin after December 15, 2013. Early adoption is prohibited.

3. Significant Risk Factors

In the normal course of business, the Master Fund enters into transactions in various financial instruments. The Master Fund's financial instruments are subject to, but are not limited to, the following risks:

Off-Balance Sheet Risk

Some of the Master Fund's financial instruments contain off-balance sheet risk. Generally, these financial instruments represent future commitments to purchase or sell other financial instruments at specific terms at specific future dates. The changes in the fair value of the financial instruments underlying derivatives and the obligation to purchase securities sold short may be in excess of the amounts recognized in the consolidated statement of financial condition.

Market Risk

Market risk represents the potential loss that can be caused by a change in the fair value of a financial instrument or underlying of a derivative.

Credit Risk

Credit risk represents the potential loss that the Master Fund would incur if the counterparties failed to perform pursuant to the terms of their obligations to the Master Fund. The Master Fund minimizes its exposure to credit risk by conducting transactions with established, reputable financial institutions. Counterparty exposure is monitored on a regular basis.

The clearing and depository operations of the Master Fund's securities transactions are provided by the following financial institutions pursuant to prime brokerage and other related agreements:

Bank of New York Mellon	Macquarie Bank Limited
Credit Suisse	Nomura Securities International, Inc.
Daewoo Securities	Interactive Brokers
J.H. Darbie	

These brokers are members of major securities exchanges. The Master Fund is subject to credit risk should the broker be unable to fulfill its obligations.

The cash at U.S.-based brokers, at times, may exceed the amount insured by the Securities Investor Protection Corporation.

Liquidity Risk

Liquidity risk represents the possibility that the Master Fund may not be able to sell its positions in times of low trading volume, high volatility and financial stress at a reasonable price.

Interest Rate Risk

Interest rate risk represents the effect from a change in interest rates, which could result in an adverse change in the fair value of an interest-bearing financial instrument.

Currency Risk

The Master Fund is exposed to risks that the exchange rate of the U.S. dollar relative to other currencies may change in a manner which has an adverse effect on the reported value of the Master Fund's assets and liabilities denominated in currencies other than the U.S. dollar.

Political Risk

The Master Fund is exposed to political risk to the extent that its General Partner, on its behalf and subject to its investment guidelines, trades securities that are listed on various U.S. and foreign exchanges and markets. The governments in any of these jurisdictions could impose restrictions, regulations or other measures, which may have a material adverse impact on the Master Fund's investment strategy.

Use of Leverage

As part of the Master Fund's investment strategy, the Master Fund may borrow and utilize leverage through various forward and futures contracts and margining of its prime brokerage accounts. While borrowing and leverage present opportunities for increasing total return, they may have the effect of potentially creating or increasing losses. The General Partner monitors its use of leverage and available margin lines with counterparties on a regular basis.

4. Financial Instruments and Fair Value

The hierarchy of the Master Fund's financial instruments' fair value measurements has been reflected on the consolidated condensed schedule of investments.

Changes in the Master Fund's Level 3 assets for the year ended December 31, 2014 are as follows:

	Balance, January 1, 2014	Net Realized Gains or (Losses)	Net Change in Unrealized Appreciation (Depreciation)[1]	Purchases	Sales	Transfers Into Level 3[2]	Balance, December 31, 2014
Investments in securities:							
Common stock	$ -	$ -	$1,500,315	$ 689,817	$ -	$ 3,513	$ 2,193,645
Limited liability company interest	1,000,000	17,560	-	-	(1,017,560)	-	-
Warrants	-	-	225,000	-	-	-	225,000
Convertible bonds	643,640	-	142,848	500,000	(62,464)	-	1,224,024
Notes receivable	-	-	-	828,981	-	-	828,981
Preferred stock	-	-	(7,634)	6,894,643	-	33,032	6,920,041
Convertible notes	3,096,383	10,152	(114,553)	366,476	(1,358,458)		2,000,000
	4,740,023	27,712	1,745,976	9,279,917	(2,438,482)	36,545	13,391,691
Securities purchased under agreements to resell	2,904,484	517,560	-	-	(517,560)	-	2,904,484
Total	$7,644,507	$545,272	$1,745,976	$9,279,917	$(2,956,042)	$36,545	$16,296,175

(1) For Level 3 investments still held at December 31, 2014, the increase in unrealized appreciation for the year ended December 31, 2014 of $1,745,976 is reflected in the net change in unrealized depreciation on securities in the consolidated statement of operations.

(2) During the year ended December 31, 2014, the Master Fund reclassified $36,545 of common stock and preferred stock from Level 1 into Level 3 as the Master Fund discounted the market price of the investments based on the Investment Manager's estimate of market risk.

Level 3 Valuation Processes

The Investment Manager establishes valuation processes and procedures to ensure that the valuation techniques for investments that are categorized within Level 3 of the fair value hierarchy are fair, consistent and verifiable. The Investment Manager designates a Valuation Committee (the "Committee") to oversee the valuation process of the Master Fund's Level 3 investments. The Committee is comprised of Senior Investment Manager personnel and presided over by the Chief Investment Officer ("CIO") and President of the Investment Manager. The Committee is responsible for reviewing the Master Fund's written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the fairness and consistent application of the valuation policies as established by the Investment Manager.

The Committee meets on a quarterly basis or as needed to review the valuation of the Master Fund's Level 3 investments. Valuations determined by the CIO and presented to the Committee are required to be supported by market data, third party pricing sources, industry accepted pricing models, counterparty prices, or other methods the Committee deems to be appropriate, including the use of proprietary pricing models.

Level 3 Valuation Techniques

The following table summarizes the valuation techniques and significant unobservable inputs used for the Master Fund's investments that are categorized within Level 3 of the fair value hierarchy as of December 31, 2014.

	Fair Value at December 31, 2014	Valuation Techniques	Unobservable Inputs	Range of Inputs (Weighted Average)
Investments in securities:				
Preferred stock	$ 6,920,041	Market approach	Recent transaction	Par
Securities purchased under agreements to resell	2,904,484	Discount approach	Discount rate	20%
Common stock	2,193,645	Market approach	Recent transaction	$0.43 to $0.50/share (.45)
Convertible notes	2,000,000	Income approach	Discount rate	25%
		Market approach	Recent transaction	$0.50/underlying share
Convertible bonds	1,224,024	Income approach	Discount rate	9.89%
		Market approach	Recent transaction	$0.50
Notes receivable	828,981	Market approach	Recent transaction	Par
Warrants	225,000	Market approach	Recent transaction	$0.50/share
Total	$16,296,175			

5. Derivative Contracts

In the normal course of business, the Master Fund enters into derivative instruments which serve as components of the Master Fund's investment strategies and are utilized primarily to structure the portfolio to economically match the investment strategies of the Master Fund. These instruments are subject to various risks, similar to non-derivative instruments, including market, credit, liquidity and operational risks. The Master Fund manages these risks on an aggregate basis along with the risks associated with its investing activities as part of its overall risk management policy.

The Master Fund's derivative trading activities are primarily the purchase of futures contracts, options and warrants. All derivatives are reported at fair value in the consolidated statement of financial condition and changes in fair value are reflected in the consolidated statement of operations. The amounts representing the fair value of derivative contracts appearing on the consolidated statement of financial condition are shown based on whether the derivative is in a gain (asset) or loss (liability) position.

OTC derivative contacts expose the Master Fund to credit risk arising from the potential inability of the counterparties to perform under the terms of the contracts. The notional amounts of such contracts do not represent the Master Fund's risk of loss due to counterparty nonperformance. The Master Fund's exposure to credit risk associated with counterparty nonperformance for these contracts is limited to the unrealized gains (asset) inherent in such contracts and any related collateral placed with the counterparty.

The Master Fund may trade but not be limited to the following types of derivative instruments:

Forward Foreign Currency Contracts

The Master Fund enters into forward foreign currency contracts to hedge against foreign currency exchange rate risk for its foreign currency denominated assets and liabilities due to adverse foreign currency fluctuations against the U.S. dollar and to manage the price risk associated with its commodity portfolio positions. A forward foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The market value of a forward foreign currency contract fluctuates with changes in foreign currency exchange rates. Forward foreign currency contracts are marked to market daily and the change in value is recorded by the Master Fund as unrealized appreciation or depreciation. Realized gains or losses are recorded upon delivery or receipt of the currency and equal the difference between the value of the contract at the time it was opened and the value at the time it was closed. Risks associated with forward contracts are the inability of counterparties to perform as specified in their contracts and unfavorable changes in the exchange rates of the underlying currencies.

Futures Contracts

The Master Fund enters into futures contracts to manage its exposure to the securities markets or to movements in interest rates and currency values. Futures contracts are contracts to buy or sell a standardized quantity of a specified commodity and are valued based on exchange settlement prices or independent market quotes. Initial margin deposits, in either cash or securities, are required to trade in the futures market. Futures contracts are marked to market daily and an appropriate payable or receivable for the change in value ("variation margin") is recorded by the Master Fund. Variation margins are settled daily. Unrealized appreciation or depreciation on futures contracts is recognized to reflect the fair value of the contracts and is included as a component of the net change in unrealized appreciation (depreciation) on derivatives on the

Master Fund's consolidated statement of operations. When the contract is terminated, the Master Fund recognizes a realized gain or loss equal to the difference between the value of the contract at the time it was entered into and the time it was closed. Risks associated with futures contracts are unfavorable changes in the value of the underlying instruments.

Written Options

The Master Fund may write (sell) put and call options on securities or derivative instruments in order to gain exposure to or protect against changes in the markets. Options written obligate the Master Fund to buy or sell within a limited time, a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices. When the Master Fund writes a call or a put option, an amount equal to the premium received by the Master Fund is included on the Master Fund's consolidated statement of financial condition as a liability. The amount of the liability is subsequently marked to market to reflect the current market value of the option written. If an option which the Master Fund has written either expires unexercised on its stipulated expiration date or the Master Fund enters into a closing purchase transaction, the Master Fund realizes a gain or loss (if the cost of a closing purchase transaction is less than or exceeds, respectively, the premium received when the option was written) without regard to any unrealized gain or loss on the underlying security or derivative instrument, and the liability related to such option is extinguished. If a call option which the Master Fund has written is exercised, the Master Fund recognizes a realized gain or loss from the sale of the underlying security or derivative instrument and the proceeds from the sale are increased by the premium originally received. If a put option which the Master Fund has written is exercised, the amount of the premium originally received reduces the cost of the security or derivative instrument which the Master Fund purchases upon exercise of the option. In writing an option, the Master Fund bears the market risk of an unfavorable change in the price of the derivative instrument or security underlying the written option.

The Master Fund's written put options constitute guarantees where the Master Fund is obligated to purchase the underlying financial instrument. The maximum payout for these written put options is limited to the number of contracts written and the related exercise prices of the options. At December 31, 2014, the Master Fund did not own written put options.

Purchased Options

The Master Fund may also purchase put and call options on securities or derivative instruments in order to gain exposure to or protect against changes in the markets. Purchased option contracts give the Master Fund the right, but not the obligation, to buy or sell within a limited time, a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices. Purchasing call options tends to increase exposure to the underlying instrument. Purchasing put options tends to decrease exposure to the underlying instrument. The Master Fund pays a premium, which is recorded as an asset and subsequently marked to market to reflect the current value of the option. Premiums paid for purchasing options which expire unexercised are treated as realized losses. Premiums paid for purchasing options which are exercised are added to the amounts paid for or offset against the proceeds received on the underlying security or reference investment. Purchased options are included in the consolidated statement of financial condition in investments in securities. The risk associated with purchasing put and call options is limited to the premiums paid.

Warrants

The Master Fund may purchase or receive warrants from its portfolio companies upon an investment in the debt or equity of a company. The warrants provide the Master Fund with exposure and potential gains upon equity appreciation of the portfolio company's share price.

The value of a warrant has two components: time value and intrinsic value. A warrant has a limited life and expires on a certain date. As the expiration date of a warrant approaches, the time value of a warrant will decline. In addition, if the stock underlying the warrant declines in price, the intrinsic value of an "in the money" warrant will decline. Further, if the price of the stock underlying the warrant does not exceed the strike price of the warrant on the expiration date, the warrant will expire worthless. As a result, there is the potential for the Master Fund to lose its entire investment in a warrant.

The following table sets forth the gross fair value of derivative asset and liability contracts by major risk type as of December 31, 2014. The fair values of these derivative contracts are presented on a gross basis, even when derivative contracts are subject to master netting agreements. In addition, if there are any cash collateral payables and receivables associated with the derivative contracts, they are not added or netted against the fair value amounts. The table also includes information on the volume of derivative contracts based on the base notional value/number of contracts open at December 31, 2014.

	Fair Value of Derivative Contracts as of December 31, 2014			
	Investment		Derivative Contracts	
Underlying Risk Type	Base Notional/Number of Contracts Open - Assets	Fair Value	Base Notional/Number of Contracts Open - Assets	Fair Value
Commodity:				
Call options	552*	$ 26,220	-	$ -
Put options	112*	182,400	-	-
Futures contracts	-	-	$9,035,520	3,636,500
Equity price:				
Call options	1,526*	11,095	-	-
Warrants	91,271,739**	520,980	-	-
Total		$ 740,695		$3,636,500

	Liability Derivative - Balance Sheet Location			
	Securities Sold, Not Yet Purchased		Derivative Contracts	
Underlying Risk Type	Base Notional/Number of Contracts Open - Liabilities	Fair Value	Base Notional/Number of Contracts Open - Liabilities	Fair Value
Commodity:				
Call options	212*	$ 286,880	-	$ -
Put options	82*	941,260	-	-
Futures contracts	-	-	$8,988,720	2,553,507
Equity price:				
Call options	304*	1,520	-	-
Rights	466**	1,274		
Index rate:				
Futures contracts	-	-	680,200	29,805
Total		$1,230,934		$2,583,312

* Amount represents number of contracts.

** Amount represents number of units.

The effect of transactions in derivative instruments to the consolidated statement of operations during the year ended December 31, 2014 was as follows:

Underlying Risk Type	Net Realized Gain (Loss) from Investments	Net Change in Appreciation (Depreciation) on Investments	Net Realized Gain (Loss) From Derivative Contracts	Net Change in Appreciation on Derivative Contracts
Equity price:				
Call options	$ (642,507)	$(100,500)	$ -	$ -
Put options	(3,750,336)	18,385	-	-
Warrants	(302,383)	238,575	-	-
Futures contracts	-	-	329,901	-
Commodity:				
Call options	-	(605,152)	-	-
Put options	(120,515)	(143,150)	-	-
Futures contracts	(133,523)	-	(1,661,814)	1,069,341
Swaps	-	-	406,062	-
Foreign exchange:				
Futures contracts	-	-	(480)	-
Index rate:				
Futures contracts	-	-	14,586	(78,866)
Bonds:				
Futures contracts	-	-	125	-
Total	$(4,949,264)	$(591,842)	$ (911,620)	$ 990,475

The Master Fund's derivative contracts are entered into with its counterparties pursuant to the International Swaps and Derivatives Association, Inc. ("ISDA") Master Agreement and related documentation which may require the Master Fund, among other things, to maintain a predetermined level of net assets and/or provide limits regarding a decline of the Master Fund's net asset value over [1-month, 3-month, and 12-month periods] (each, a "Trigger"). If the Master Fund were to violate such a Trigger, the counterparty to the derivative contract could terminate the agreement and related derivative contracts and request immediate payment of any amounts due. As of December 31, 2014, there were no derivative instruments that are in a net liability position containing such Triggers.

6. Offsetting of Assets and Liabilities

The Master Fund is required to disclose the impact of offsetting assets and liabilities represented in the consolidated statement of financial condition to enable users of the financial statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities. These recognized assets and liabilities are financial instruments and derivative instruments that are either subject to an enforceable master netting arrangement or similar agreement or meet the following right of setoff criteria: the amounts owed by the Master Fund to another party are determinable, the Master Fund has the right to set off the amounts owed with the amounts owed by the other party, the Master Fund intends to set off, and the Master Fund's right of set off is enforceable by law.

Excluding the criteria that the Master Fund intends to set off, securities purchased under agreements to resell and securities sold under agreements to repurchase need to meet the following additional criteria to be offset: positions are with the same counterparty, have the same explicit settlement date specified at the inception of the agreements, are executed in accordance with a master netting arrangement, have securities underlying the agreements that exist in book

entry form and can be transferred only by means of entries in the records of the transfer system operator or securities custodian, will both be settled on a securities transfer system and have associated banking arrangements in place as described by the FASB, and intends to use the same account at the clearing bank or other financial institution at the settlement date in transacting both the cash inflows resulting from the settlement of the securities purchased under agreements to resell and the cash outflows in settlement of the offsetting securities sold under agreements to repurchase.

As of December 31, 2014, the Master Fund holds financial instruments and derivative instruments that are eligible for offset in the consolidated statement of financial condition and are subject to a master netting arrangement. The master netting arrangement allows the counterparty to net applicable collateral held on behalf of the Master Fund against applicable liabilities or payment obligations of the Master Fund to the counterparty. These arrangements also allow the counterparty to net any of its applicable liabilities or payment obligations they have to the Master Fund against any collateral sent to the Master Fund. The Master Fund presents its assets and liabilities subject to such arrangement on a gross basis in the consolidated statement of financial condition.

The following table presents information about the offsetting financial and derivative instruments and related collateral amounts as of December 31, 2014.

December 31, 2014

	(a)	(b)	(c) = (a) - (b)	(d) Gross Amounts Not Offset in the Consolidated Statement of Assets and Liabilities		(e) = (c) - (d)
Description	Gross Amounts of Recognized Assets and Liabilities	Gross Amounts Offset in the Statement of Consolidated Financial Condition	Net Amounts Presented in the Statement of Consolidated Financial Condition	Financial Instruments	Cash Collateral Received/ Pledged[1]	Net Amount
Assets						
Derivative contracts	$3,636,500	$ -	$3,636,500	$(2,583,312)	$ -	$1,053,188
Repurchase agreements	2,904,484	-	2,904,484	-	(2,904,484)	-
Total	$6,540,984	$ -	$6,540,984	$(2,583,312)	$(2,904,484)	$1,053,188
Liabilities						
Derivative contracts	$2,583,312	$ -	$2,583,312	$(2,583,312)	$ -	$ -
Total	$2,583,312	$ -	$2,583,312	$(2,583,312)	$ -	$ -

(1) The disclosure of collateral in the table above limits the collateral to the fair value of the related financial instruments after considering any financial instrument offsets with the respective counterparties. At December 31, 2014, the Master Fund's fair value of collateral received was in excess of the related gross fair value of the financial assets.

7. Due From/To Brokers

The due from brokers balance of $429,038 and the due to brokers balance of $7,904,899 include margin debt (net of cash balances), cash collateral held or posted and amounts receivable or payable for securities transactions that have not yet settled at December 31, 2014.

Margin debt balances, net of cash balances, amount to $7,154,463, of which substantially all are held at Credit Suisse, Interactive Brokers, J.H. Darbie and Nomura Securities International, Inc. Cash at the brokers related to securities sold, not yet purchased is pledged as collateral until the securities are purchased; and therefore restricted. Securities sold, not yet purchased are also collateralized by certain of the Master Fund's investments in securities.

In order to enter into various OTC contracts, the Master Fund is required to make collateral deposits with certain counterparties. At December 31, 2014, the Master Fund did not have any cash collateral deposits posted with the counterparties.

The amounts receivable and payable for securities transactions that have not yet settled at December 31, 2014 were $2,538,379 and $2,859,778, respectively.

8. Allocation of Net Increase (Decrease) in Partners' Capital Resulting From Operations

The Master Fund's net increase (decrease) in partners' capital resulting from operations is allocated to each partner in proportion to their Master Fund interests at the beginning of each month. Any incentive allocations or management fees are charged at the Feeder Funds' level.

9. Related Party Transactions

Due To/From Related Party

On December 11, 2014, the Master Fund entered into a loan agreement with PPVA. As of December 31, 2014, under the loan agreement the Master Fund had a receivable from PPVA in the amount of $2,300,000. The loan bears interest at a rate of 16% per annum. For the year ended December 31, 2014, the total interest earned on the loan was $19,422, none of which was paid in 2014 (Note 12).

Occasionally, the Master Fund may take a loan from the Investment Manager to meet its short term liquidity needs. Any such loans from the Investment Manager are interest free and have an indefinite term. As of December 31, 2014, the Master Fund had loans payable to the Investment Manager of $69,000.

Master Fund Transactions

At December 31, 2014, the Master Fund had payables to the USA Fund and Offshore Fund in the amount of $1,145,182 and $711,232, respectively, to satisfy its Feeder Funds' capital withdrawals payable.

On February 19, 2014, the Master Fund fully redeemed its investment in ALS Capital Ventures LLC ("ALS") for total proceeds of $1,017,560. ALS is managed by an affiliate of the Master Fund. The Master Fund recorded a realized gain of $17,560 on the redemption.

On April 1, 2014, the Master Fund purchased Black Elk Energy Offshore, LLC ("BEEOO") corporate bonds with a face value of $7,000,000 from PPVA for a total cash purchase price of $6,772,500. The $96.75 sales price of the bond was based on the March 31, 2014 closing price.

On April 1, 2014, the Master Fund entered into an exchange agreement with Platinum Partners Black Elk Opportunities Fund LLC ("PPBE"), an affiliate of the Master Fund, whereas the Master Fund exchanged BEEOO corporate bonds with a face value of $17,046,000 for a cash payment of $4,328,327 and 12,163,678 Series E Preferred Units of BEEOO. The $96.75 exchange price of the corporate bond was based on the March 31, 2014 closing price and the exchange price of the Series E Preferred Units was at par. As part of the agreement PPVA guaranteed a minimum rate of return of 20% on all Capital Outlays. In addition, PPVA agreed to reimburse the Master Fund for the realized loss of $326,495 it incurred on the exchange of the BEEOO corporate bonds.

On July 8, 2014, the Master Fund sold short BEEOO corporate bonds with a face value of $3,335,000 to an investor in PPVA for total proceeds of $3,301,650. The price of the sale was at $99. The securities were borrowed from PPBE in order to effectuate the short sale transaction.

On August 18, 2014, the Master Fund repurchased the BEEOO Corporate bonds it had previously sold to PPBE on April 1, 2014. The bonds, having a face value of 17,046,000 were repurchased for a price of $16,619,424 of which $3,335,000 was used to cover the short position and the Master Fund retained BEEOO corporate bonds with a face value of $13,711,000.

The Master Fund had profit participation agreements with PPVA relating to securities purchased under agreements to resell (the "repo transactions"). As of December 31, 2014, there was no total participation receivable under these agreements. For the year ended December 31, 2014, the Master Fund earned interest income of $474,041 as a result of the profit participation agreements.

Certain brokerage arrangements provide that the Investment Manager receives soft dollar credits related to brokerage commissions paid by the Master Fund. Such credits can be used by the Investment Manager for research related services to facilitate investment decisions made on behalf of the Master Fund or other funds that are managed by the Investment Manager that would then be paid for/provided by the brokers.

Administrative Expenses

The Investment Manager allocates certain administrative expenses of the portfolio traders to the Master Fund and other affiliated funds under management based upon the activities of the portfolio traders to the respective investment portfolio of the affiliated funds. For the year ended December 31, 2014, the Master Fund was allocated approximately $100,306.

Correspondence With SEC

PPVA made an investment into an unrelated investment fund in late 2007 and early 2008 regarding the purchase and sale of certain variable annuities offered by many insurance companies. The unrelated investment fund was subject to an investigation by the staff of the SEC. During 2014, management of the investment fund agreed to settle the investigation. PPVA paid a capital call in 2014 to the investment fund of $2,143,531 in connection with the matter. No action was taken against PMNY and CIO related to the investment manager of PPVA and the Master Fund.

10. Indemnifications

In the normal course of business, the Master Fund enters into contracts that contain a variety of representations and indemnifications. The Master Fund's maximum exposure under these arrangements is unknown. However, the Master Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

11. Financial Highlights

The financial highlights represent the return and ratios for the limited partners' capital, taken as a whole for the year ended December 31, 2014.

An individual partner's return and ratios may vary from those returns and ratios based on different arrangements such as side letter arrangements, new issue participation, special investment participation and/or timing of capital transactions.

Total return	3.18%
Ratios to average limited partners' capital:	
Interest and dividend expense	6.48%
Core overhead expenses	4.50
Trader fees	3.06
Other expenses	1.77
Total expense	15.81%
Net investment loss	(5.89)%

12. Subsequent Events

Management has evaluated subsequent events through April 30, 2015, the date the consolidated financial statements were available to be issued. Management has determined that there are no material events that would require adjustment to or disclosure in the Master Fund's consolidated financial statements other than those listed below.

For the period January 1, 2015 through April 30, 2015, the Master Fund received requests for capital withdrawals of approximately $2,578,000.

Related Party Transactions 2015

The Master Fund advanced a total of $880,000 to and received $3,180,000 from PPVA under the December 2014 loan agreement. As of the date of this report there was no balance outstanding under this loan agreement (Note 9).

On March 2, 2015 the Master Fund sold 100% of its interest in the Sugih Energy TBK PT repurchase agreement to PPVA for proceeds of $2,991,356. The Master Fund recorded a realized gain of $568,628 on the sale of this investment.

On April 21, 2015 the Master Fund sold to PPVA 1,125,000 preferred shares of Northstar Offshore Group LLC for total proceeds of $1,125,000. The shares were sold at par.

PLATINUM PARTNERS VALUE ARBITRAGE FUND (USA) L.P.

A Delaware Limited Partnership

Minimum Initial Subscription: $1,000,000

CONFIDENTIAL PRIVATE OFFERING MEMORANDUM

THE SECURITIES OFFERED HEREIN HAVE NOT BEEN, AND ARE NOT EXPECTED TO BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY FOREIGN, STATE OR OTHER SECURITIES LAWS. ALL OFFERS AND SALES OF THE SECURITIES DESCRIBED HEREIN ARE MADE IN RELIANCE UPON EXEMPTIONS FROM REGISTRATION CONTAINED IN THE SECURITIES ACT AND APPLICABLE SECURITIES LAWS OF THE SEVERAL JURISDICTIONS. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY OTHER JURISDICTION, NOR HAS ANY AUTHORITY OR COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (TOGETHER WITH THE EXHIBITS, THE "MEMORANDUM"). ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN IN ANY JURISDICTION IN WHICH, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. THE DISTRIBUTION OF THIS MEMORANDUM AND THE OFFER AND SALE OF THE SECURITIES DESCRIBED HEREIN IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW.

SEE CFTC DISCLOSURES ON PAGE (ii).

April 2015

CFTC DISCLOSURES

WHILE THE PARTNERSHIP MAY TRADE COMMODITY INTERESTS SUCH AS SWAPS, THE GENERAL PARTNER AND THE INVESTMENT MANAGER ARE EXEMPT FROM REGISTRATION WITH THE U.S. COMMODITY FUTURES TRADING COMMISSION ("CFTC") AS A COMMODITY POOL OPERATOR (A "CPO") PURSUANT TO CFTC RULE 4.13(a)(3). THEREFORE, UNLIKE A REGISTERED CPO, NEITHER THE GENERAL PARTNER NOR THE INVESTMENT MANAGER ARE REQUIRED TO DELIVER A CFTC DISCLOSURE DOCUMENT TO PROSPECTIVE INVESTORS, NOR ARE THEY REQUIRED TO PROVIDE INVESTORS WITH CERTIFIED ANNUAL REPORTS THAT SATISFY THE REQUIREMENTS OF CFTC RULES APPLICABLE TO REGISTERED CPOS. THE CFTC DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A POOL OR UPON THE ADEQUACY OR ACCURACY OF AN OFFERING MEMORANDUM. CONSEQUENTLY, THE CFTC HAS NOT REVIEWED OR APPROVED THIS MEMORANDUM OR ANY OFFERING IN CONNECTION HEREWITH.

NON-U.S. FUTURES. YOU SHOULD ALSO BE AWARE THAT THE PARTNERSHIP MAY TRADE FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE UNITED STATES, INCLUDING MARKETS FORMALLY LINKED TO A UNITED STATES MARKET, MAY BE SUBJECT TO REGULATIONS WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION TO THE POOL AND ITS PARTICIPANTS. FURTHER, UNITED STATES REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-UNITED STATES JURISDICTIONS WHERE TRANSACTIONS FOR THE POOL MAY BE EFFECTED.

GENERAL INFORMATION

This Confidential Private Offering Memorandum (this "**Memorandum**") has been prepared in connection with the sale of Class L limited partnership interests ("**Class L Interests**") and Class P limited partnership interests ("**Class P Interests**", together with the Class L Interests, the "**Interests**") in Platinum Partners Value Arbitrage Fund (USA) L.P., a Delaware limited partnership (the "**Partnership**"). The Partnership directly and Platinum Partners Value Arbitrage Fund (International) Ltd. ("**Platinum International**") indirectly are limited partners in Platinum Partners Value Arbitrage Fund L.P., a Cayman Islands exempted limited partnership (the "**Master Fund**"). The Master Fund serves as a vehicle for investing capital contributed by the Partnership and Platinum International for purposes of achieving the investment objectives of the Partnership. (See "*Introduction — Investment Objective and Strategy*" herein.)

This Memorandum is being furnished for consideration by eligible investors who are interested in potentially participating in the Partnership and who are Accredited Investors and Qualified Purchasers as such terms are described under "*The Offering — Eligible Investors*" (collectively, "**Eligible Investors**"). (See "*The Offering — Eligible Investors*" herein for a more complete description of the requirements for investing in the Interests.) The use or retention of this Memorandum for any purpose other than the purpose set forth above is not authorized and no part of this Memorandum may be transmitted, reproduced or made available to any person other than the intended recipient or used for any other purpose without the express written consent of the Partnership. Each prospective investor, by accepting delivery of this Memorandum, agrees to return the same and all related documents to the Partnership in the event such investor does not purchase any of the Interests. Investors should inform themselves as to the income and other tax consequences of a purchase of the Interests. No assurance can be given that existing laws will not be changed or interpreted adversely. The investor must rely on the investor's own evaluation of the investment and the terms of the offering, including the merits and risks involved in making an investment decision with respect to the Interests.

No person has been authorized to give any information or to make any representations other than those contained in this Memorandum in connection with the offering and sale of the Interests and, if given or made, such information and/or representations not contained herein must not be relied upon as having been authorized by or on behalf of the Partnership, the Investment Manager or the Administrator (each as defined herein). The contents of this Memorandum should not be considered to constitute legal, tax, investment, accounting or other advice and each prospective investor should carefully review this Memorandum with its legal and financial advisers, and consult such advisers as to matters concerning legal, tax, regulatory, financial and accounting consequences of an investment in the Interests.

Certain information in this Memorandum has been obtained from sources believed to be reliable, although neither the Partnership nor the Investment Manager guarantees its accuracy, completeness or fairness. Opinions and estimates may be changed without notice.

This Memorandum contains forward-looking statements, including observations about markets, industry or regulatory trends, projections or other estimates (including estimates of return or performance). These forward-looking statements are based upon certain assumptions.

Forward-looking statements may be identified by, among other things, the use of words like "intends," "expects," "anticipates," "believes," "seeks," "estimates," "should," or the negatives of these terms, and similar expressions. Other events that were not taken into account may occur and may significantly affect the analysis. Any assumptions should not be construed to be indicative of the actual events that will occur. Actual events are difficult to predict and may depend upon factors that are beyond the Partnership's and the Investment Manager's control. Certain assumptions have been made to simplify the presentation and, accordingly, actual results may differ, perhaps materially, from those presented. Some important factors which could cause actual results to differ materially from those in any forward-looking statements include, among others, the following: foreign-exchange developments and financial, market, economic or legal conditions. Prospective investors are cautioned not to place undue reliance on such statements. None of the Partnership, the Investment Manager or any affiliate thereof has an obligation to update any of the forward-looking statements in this Memorandum.

Certain provisions of the Limited Partnership Agreement of the Partnership, as amended from time to time, and other documents are summarized in this Memorandum, but it should not be assumed that the summaries are complete and such summaries are qualified in their entirety by the contents of the documents which they purport to summarize.

The Investment Manager is registered as an investment adviser under the Investment Advisers Act of 1940. Neither the Partnership nor the Master Fund is registered as an investment company under the Investment Company Act of 1940, as amended.

This Memorandum has been prepared on behalf of the Partnership and each recipient hereof acknowledges that no person or party other than the Partnership will have any responsibility or liability for the accuracy and completeness of the contents hereof. The information in this Memorandum is as of the date hereof and is subject to change or amendment. The delivery of this Memorandum at any time does not imply that the information contained herein is correct at any time subsequent to the date hereof. The Interests are being offered subject to withdrawal, cancellation, or modification of the offering or of the terms and conditions pursuant to which the offering is made. The Partnership reserves the right to accept or reject any application to purchase the Interests in whole or in part at any time for any reason prior to the termination of the offer.

* * *

INTERESTS ARE AVAILABLE ONLY TO PERSONS WILLING AND ABLE TO BEAR THE ECONOMIC RISKS OF THIS INVESTMENT. THE INTERESTS ARE SPECULATIVE AND INVOLVE A SUBSTANTIAL RISK OF LOSS INCLUDING AN INVESTOR'S ENTIRE INVESTMENT IN THE PARTNERSHIP. SEE "RISK FACTORS." THE INTERESTS ARE NOT TRANSFERABLE WITHOUT THE GENERAL PARTNER'S CONSENT AND HAVE LIMITED WITHDRAWAL RIGHTS. IN ADDITION, THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE

THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THIS MEMORANDUM HAS BEEN PREPARED BY THE GENERAL PARTNER SOLELY FOR THE BENEFIT OF PERSONS INTERESTED IN THE PROPOSED SALE OF THE INTERESTS, AND ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE GENERAL PARTNER, IS PROHIBITED. ANY CONTRARY ACTION MAY PLACE THE PERSON OR PERSONS TAKING SUCH ACTION IN VIOLATION OF STATE AND FEDERAL SECURITIES LAWS. THE OFFEREE AGREES TO RETURN THIS MEMORANDUM TO THE PARTNERSHIP UPON REQUEST.

NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, EACH LIMITED PARTNER (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF SUCH LIMITED PARTNER), MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF (I) THE PARTNERSHIP AND THE MASTER FUND AND (II) ANY OF THEIR TRANSACTIONS, AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE LIMITED PARTNER RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE, IT BEING UNDERSTOOD THAT "TAX TREATMENT" AND "TAX STRUCTURE" DO NOT INCLUDE THE NAME OR IDENTIFYING INFORMATION OF (I) THE PARTNERSHIP OR THE MASTER FUND, OR (II) THE PARTIES TO A TRANSACTION.

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SUMMARY

The information set forth below is intended for quick reference only and is qualified in its entirety by reference to the more detailed information appearing under the applicable caption in the full text of this Memorandum or in the Limited Partnership Agreement of the Partnership, as amended from time to time, attached as Exhibit A.

The Partnership

The Partnership: Platinum Partners Value Arbitrage Fund (USA) L.P. (the "**Partnership**") is a Delaware limited partnership formed on October 25, 2002.

The Master Fund: Platinum Partners Value Arbitrage Fund L.P. (the "**Master Fund**") is an exempted limited partnership formed under the laws of the Cayman Islands on December 17, 2002. The Partnership directly and Platinum Partners Value Arbitrage Fund (International) Ltd. ("**Platinum International**"), a Cayman Islands exempted company, formed primarily for the benefit of tax-exempt U.S. persons and non-U.S. persons, indirectly are the initial limited partners of the Master Fund. Other limited partners may be admitted to the Master Fund at future dates. In accordance with this "master-feeder" arrangement, the Master Fund serves as a vehicle for investing capital contributed by the Partnership and Platinum International for purposes of achieving the investment objectives of the Partnership. The Partnership has invested all of its investable capital in the Master Fund.

The Master Fund commenced operations as of January 1, 2003. The Master Fund's initial capital consisted of certain assets transferred from another investment fund managed by the Investment Manager (as defined herein) together with cash contributed by the Partnership and Platinum International.

The Investment Manager: The investment manager of the Partnership, Platinum International and the Master Fund is Platinum Management (NY) LLC, a Delaware limited liability company (the "**Investment Manager**"). The controlling principal of the Investment Manager is Mark Nordlicht. The Investment Manager is responsible for managing, trading, investing and allocating the Partnership's assets. The Investment Manager also serves as the general partner

of the Master Fund.

General Partner:

Platinum Partners Value Arbitrage, LP, a Delaware limited partnership, is the general partner of the Partnership (the "**General Partner**"). The general partner of the General Partner is Platinum Partners Value Arbitrage (GP) Corp., a Delaware corporation.

Administrator:

The Partnership has retained SS&C Technologies Inc. (acting through its business unit, SS&C Fund Services) (the "**Administrator**") to perform certain administrative, bookkeeping and registrar and transfer agency services.

Investment Objective of the Partnership:

The investment objective of the Partnership is to achieve superior capital appreciation through its investment as a limited partner in the Master Fund. The Master Fund is a multi-strategy hedge fund that seeks to achieve superior returns while attempting to minimize downside risk. The strategies that are employed by the Master Fund include, but are not limited to, long/short fundamental equity strategies, quantitative arbitrage, event-driven investing, opportunistic/macro investing, energy related arbitrage, Asia-based arbitrage, convertible arbitrage, asset-based finance, including in the energy and mining sectors, and private equity investments in select industries.

The Investment Manager may discontinue or limit the use of any of the foregoing strategies or pursue other strategies or employ other techniques it considers to be appropriate and in the Master Fund's best interest. (See "*Investment Objective and Strategy*" herein.) There is no assurance that the investment objectives of the Partnership or the Master Fund will be achieved, and investment results may vary substantially on a monthly and annual basis. (See "*Risk Factors*" herein.)

To achieve its investment objectives, the Master Fund invests and trades in U.S. and non-U.S. equity and debt securities (both public and private); currencies, futures, forward contracts, and other commodity interests; options, swaps and other derivative instruments; and other instruments and investments (collectively, "**Financial Instruments**"). Investments also may be made by the Master Fund in alternative investment funds that are managed by persons unrelated to the Investment Manager ("**Other Funds**").

The Investment Manager has granted trading authority over the Master Fund's assets to individuals or entities who, or that, typically are independent contractors selected by the Investment Manager (the "**Portfolio Managers**") pursuant to written agreements. The Investment Manager monitors the trading activities of the Portfolio Managers. The Portfolio Managers chosen by the Investment Manager to trade the subsidiaries' assets generally are selected on the basis of their expertise in a particular style or area of investing.

The Investment Manager also employs investment professionals who are responsible for sourcing, negotiating, performing due diligence on and monitoring investments, and appraising and advising the Investment Manager on such investments (the "**Investment Professionals**"). The Investment Professionals are generally at will employees of the Investment Manager and/or the Master Fund.

Certain Risks:

An investment in the Partnership is speculative and involves a high degree of risk, including the risk of loss of the entire investment of a Limited Partner (as defined below). These risks include, but are not limited to, the enhanced leverage inherent in the trading of commodities, the speculative nature of trading Financial Instruments, and the substantial charges which the Partnership will incur, regardless of whether any profits are earned. Please see "*Risk Factors*" for a more thorough discussion of the potential risks associated with investment in the Partnership.

Leverage:

The Partnership has the authority to borrow, trade on margin, utilize derivatives and otherwise obtain leverage from brokers, banks and others on a secured or unsecured basis. When deemed appropriate by the Investment Manager, the Master Fund will use leverage to effect its investment program. While leverage presents opportunities for increasing the total return on investments, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent that leverage is utilized. The cumulative effect of the use of leverage with respect to any investments in a market that moves adversely to such investments could result in a substantial loss which would be greater than if the

investments were not leveraged. Leverage is inherent in the trading of commodities.

Conflicts of Interest:

Significant actual and potential conflicts of interest exist in the structure and operation of the Partnership's business. (See "*Conflicts of Interests*" herein.)

Fees, Expenses and the Incentive Allocation

Management Fee:

With respect to the Class L Interests, the Partnership pays the Investment Manager a monthly management fee equal to 1/12th of 2.0% of the month-end Net Asset Value of the Partnership before deduction of any Incentive Allocation (as defined below) and any distributions or withdrawals made during the month (2.0% per annum), and after giving effect to other expenses as provided herein (including the Partnership's pro rata share of the Master Fund's expenses) (the "**Class L Management Fee**"). Without the consent of the Limited Partners, the Class L Management Fee may be charged to and paid by the Master Fund instead of the Partnership.

With respect to the Class P Interests, the Partnership pays the Investment Manager a monthly management fee equal to 1/12th of 1.5% of the month-end Net Asset Value of the Partnership before deduction of any Incentive Allocation and any distributions or withdrawals made during the month (1.5% per annum), and after giving effect to other expenses as provided herein (including the Partnership's pro rata share of the Master Fund's expenses) (the "**Class P Management Fee**"). Without the consent of the Limited Partners, the Class P Management Fee may be charged to and paid by the Master Fund instead of the Partnership.

All or part of the Management Fee may be waived by the Investment Manager with respect to one or more Limited Partners from time to time, in its sole discretion without notice to or the consent of the other Limited Partners. The General Partner's capital account will not be debited with any Management Fees.

Incentive Allocation:

At the end of each accounting period of the Partnership, any net capital appreciation or depreciation, after deducting all Partnership expenses, will be allocated to all Partners (including the General Partner) in proportion to their respective capital accounts for such period.

Appreciation and depreciation from "new issues" will be allocated in accordance with the rules of the Financial Industry Regulatory Authority ("**FINRA**").

Generally, with respect to the Class L Interests, twenty percent (20%) of any net capital appreciation allocated to the capital accounts of the Class L Limited Partners for such fiscal year will be reallocated to the General Partner, including any proceeds or appreciation from any key man life insurance on the life of Mark Nordlicht (the "**Class L Incentive Allocation**").

Generally, with respect to the Class P Interests, at the end of each fiscal year, any net capital appreciation (after payment of Management Fees and other expenses), including any proceeds or appreciation from any key man life insurance on the life of Mark Nordlicht, initially will be apportioned to the General Partner and the Class P Limited Partners *pro rata* in accordance with their respective beginning capital account balance for such fiscal year, as adjusted for any additional subscriptions and withdrawals made during the year. The amount initially apportioned to the General Partner for such fiscal year shall be allocated to the General Partner, and the amount initially apportioned to each Class P Limited Partner for such fiscal year shall be divided between such Limited Partner and the General Partner and allocated as follows:

(i) *8% Preferred Return*: First, 100% to such Limited Partner, until such Limited Partner has been allocated an amount equal to a preferred return of 8% per annum on such Limited Partner's beginning capital account balance for such fiscal year, as adjusted for any additional subscriptions and withdrawals made during the year;

(ii) *Catch-Up*: Second, 100% to the General Partner until the cumulative allocations to the General Partner under this clause (ii) equals 20% of the total amounts allocated pursuant to clause (i) and this clause (ii); and

(iii) *80/20 Split:* Third, (a) 80% to such Limited Partner; and (b) 20% to the General Partner (this 20%, together with amounts allocated to the General Partner pursuant to clause (ii) and the Class L Incentive Allocation, the "**Incentive Allocation**").

All or part of the Incentive Allocation may be waived by

the General Partner with respect to one or more Limited Partners from time to time, in its sole discretion without notice to or the consent of the other Limited Partners.

The Partnership maintains a memorandum loss recovery account for each capital account of a Limited Partner (a "**Loss Recovery Account**"). Each Loss Recovery Account is credited with any net capital depreciation allocated to the related capital account and debited (but not below zero) with any net capital appreciation allocated to the related capital account. The General Partner will not be allocated any Incentive Allocation with respect to a Limited Partner's capital accounts until such Limited Partner has recovered any net capital depreciation credited to its Loss Recovery Accounts (as adjusted for withdrawals of capital).

If a Limited Partner withdraws all or a portion of any of its capital accounts other than at the end of a fiscal year, an Incentive Allocation (the "**Interim Incentive Allocation**") with respect to such capital accounts will be determined on the effective distribution date of the withdrawal proceeds for the period from the last date on which an Incentive Allocation or an Interim Incentive Allocation (if a previous partial withdrawal has been made in the same fiscal year) has been made through the effective date of distribution; provided, however, that such Incentive Allocation will be based upon the net capital appreciation allocated to such capital account for the applicable period, prorated for the portion of the capital accounts being withdrawn. Any Incentive Allocation with respect to the amounts remaining in the capital account of such Limited Partner at the end of the fiscal year in which such Interim Incentive Allocation has been made will be determined and reallocated as described above; provided, however, that in no event will any portion of any Interim Incentive Allocation made to the General Partner be reallocated or returned to the Limited Partner. Appropriate adjustments, if required, will be made to the Limited Partner's Loss Recovery Accounts.

The General Partner will have the right at the end of any fiscal quarter to withdraw all or any portion of its capital account equal to the amount of the Incentive Allocation allocated thereto (as adjusted for any appreciation or depreciation thereon).

Organizational Expenses:

Initial organizational expenses were borne by the Partnership and were amortized over a period of 60 months. Each of Class L Interests and Class P Interests will bear all of the organizational expenses attributable to its Class of Interests. Organizational expenses attributable to the Class L Interests and the Class P Interests are being amortized over a period not to exceed 60 months. While such amortization is not in accordance with U.S. generally accepted accounting principles, which requires such expenses to be expensed when incurred, the Partnership believes that amortizing these expenses is more equitable than requiring the initial Class L Limited Partners and the Class P Limited Partners to bear the entire cost of establishing the Class L Interests and the Class P Interests.

Operating Expenses:

In addition to the Management Fee, each of the Class L Interests and the Class P Interests will bear their pro rata share of the Partnership's ordinary and extraordinary expenses as well as their pro rata share of the Master Fund's ordinary and extraordinary expenses. Ordinary operating expenses may include, but are not limited to, fees for administrative services, entity-level taxes, investment expenses (e.g., brokerage commissions, interest expense and due diligence-related expenses including, without limitation, travel costs), legal expenses, compliance expenses, professional expenses (including, without limitation, consultants and experts), escrow expenses, insurance expenses (including, without limitation, director and officer liability insurance and error and omission liability insurance with respect to the activities of the Master Fund and the Investment Manager), accounting expenses, audit and tax preparation expenses, custodial fees, and any extraordinary expenses, such as indemnification of the General Partner and the Investment Manager.

In addition to the Incentive Allocation and the Management Fee, each of the Class L Interests and the Class P Interests of the Partnership will also bear their pro rata share of the asset-based fees and performance fees and/or allocations paid or allocated to Portfolio Managers and Investment Professionals as described in the following paragraph.

The Portfolio Managers may be compensated in the form of fees and/or allocations from assets of the Partnership

based on the performance of their respective portfolios pursuant to contractual arrangements. The Investment Manager also may allocate amounts to Portfolio Managers and Investment Professionals from the Partnership as deemed appropriate by the Investment Manager on a discretionary basis.

The Offering

Securities Offered:

Class L limited partnership interests ("**Class L Interests**") and Class P limited partnership interests ("**Class P Interests**", together with the Class L Interests, the "**Interests**") are being offered on a private placement basis to persons that satisfy the eligibility standards described below. Accepted subscribers for Class L Interests and Class P Interests will be admitted to the Partnership as limited partners (each, a "**Limited Partner**" and together with the General Partner, the "**Partners**"). The Partnership will also issue sub-classes of the Interests (each, a "**Sub-Class**") as described below.

In order to permit investments by the Master Fund in "new issues," as such term is defined by FINRA, the Partnership is offering to eligible investors different Sub-Classes of Interests. Restricted Persons, as defined in the Partnership's Subscription Documents (as defined below), will receive a Sub-Class of Interests that participate in the aggregate (including all Restricted Persons) in only 10% of the profits, losses and costs associated with "new issues." Non-Restricted Persons will receive a separate Sub-Class of Interests not subject to the 10% limitation as described in the preceding sentence.

Additional Classes:

The Partnership may offer one or more new classes (each, a "**Class**") of Interests, having different terms with respect to the Management Fee, the Incentive Allocation, subscription and withdrawal provisions, voting and distribution rights, fees payable to service providers and in other respects from those offered hereby without notice to the existing Limited Partners, unless the creation thereof would materially adversely affect the class rights of any such existing Limited Partners, in which case consent will be required. Existing holders of Interests have no preemptive rights with respect to subsequent Classes or Sub-Classes of Interests.

Currently, in addition to the Class L Interests and the Class P Interests, the Partnership also has issued and outstanding

	Class A Interests, Class B Interests, Class I Interests, Class IN Interests, Class K Interests and Class J Interests (collectively, the "**Other Interests**"). Except as noted in the following sentences, the Other Interests are identical to the Class L Interests. Unlike Class L Interests and Class P Interests, the Class A Interests, Class B Interests, Class I Interests, Class IN Interests, Class J Interests and Class K Interests will participate in profits or losses relating to the Banyon Investment (as defined below). The Class IN Interests do not have voting rights. Although updated disclosures in this Memorandum are relevant to the Other Interests, the Class A Interests, Class B Interests, Class I Interests, Class IN Interests, Class J Interests and Class K Interests, unless otherwise indicated, are not currently being offered, although the Partnership reserves the right to offer these Classes or other Classes of Interests in the future.
The Offering:	The Partnership generally will sell Interests on the first Business Day (as defined below) of each calendar month, and at such other times as may be determined by the General Partner (each, an "**Subscription Date**"). Each capital contribution by a Limited Partner will be aggregated with that Limited Partner's existing Interests. Allocations and expenses will be calculated on a Partner-by-Partner basis. The offering may be suspended or terminated at any time for any reason by the General Partner. The issuance of Interests will be suspended for any period during which calculation of the Net Asset Value of the Partnership has been suspended.
Minimum Subscription:	The minimum initial subscription for the Interests is $1,000,000 per subscriber, and existing Limited Partners may subscribe for additional amounts with a minimum additional subscription of $100,000, or such lesser amounts as the General Partner in its sole discretion may permit.
Subscription Procedure:	In order to purchase Interests, a subscriber must (i) complete, execute and deliver to the Administrator the Subscription Documents in the form annexed hereto as Exhibit B (the "**Subscription Documents**") and (ii) pay the full amount of the subscription by arranging for a wire

transfer pursuant to the instructions set forth in the Subscription Documents.

Existing Limited Partners, in lieu of (i) above, need only update any information in their original Subscription Documents that may have changed and deliver such information with a completed and signed Additional Subscription Request (which is attached to the Subscription Documents) to the Administrator. Any subscriptions for Interests may be accepted or rejected, in whole or in part, in the discretion of the General Partner or the Administrator on its behalf. All subscriptions are irrevocable unless otherwise determined by the General Partner in its sole discretion. If a subscription request is not accepted, the subscription funds will be reimbursed to the subscriber.

All Subscription Documents must be received by the Administrator at least five Business Days before the requested Subscription Date or such shorter period as the Administrator may determine. Subscription funds must be credited to the Partnership's subscription account two Business Days before the requested Subscription Date in order for a subscription to be accepted as of the requested Subscription Date, unless the untimeliness is waived by the General Partner, provided that no such waiver will occur after the fifth Business Day following the requested Subscription Date. Pending acceptance of a subscription and issuance of Interests, subscription funds will be held in the Partnership's subscription account at the Administrator. No interest will be paid on subscription amounts from the date of receipt until the subscription is accepted at a Subscription Date.

Placement of Interests:

The Interests are being offered directly by the Partnership. There are no selling commissions payable from subscription amounts; however, the Partnership may elect to retain one or more solicitors that are registered broker-dealers to market Interests on a private placement basis and to compensate such persons with an amount equal to a portion of the Management Fee and/or the Incentive Allocation otherwise payable or allocable to the Investment Manager and the General Partner, respectively.

Suitability:

The Partnership will accept subscriptions only from a limited number of sophisticated individuals and entities that are (a) "accredited investors" within the meaning of

Regulation D under the Securities Act of 1933, as amended, and (b) "qualified purchasers" under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The General Partner, in its sole discretion, may decline to admit any subscriber for any reason.

ERISA, Tax-Exempt and Non-U.S. Investors

The Partnership will not admit as Partners entities that are subject to the Employee Retirement Income Security Act of 1974 as amended ("**ERISA**"), other tax-exempt entities or non-U.S. persons. Such investors may, however, be eligible to invest in Platinum International.

Liquidity

Withdrawal of Interests:

Subject to certain restrictions described in this Memorandum, a Limited Partner, with respect to its Class L Interests, may withdraw all or a portion of its capital account balances as of the last day of each fiscal quarter (each, a "**Class L Withdrawal Date**") upon not less than sixty (60) days' prior written notice to the Administrator and the Investment Manager (subject to the discretion of the General Partner to waive such notice in its sole discretion).

Subject to certain restrictions described in this Memorandum, a Limited Partner, with respect to its Class P Interests, may withdraw all or a portion of its capital account balances as of the last day of each fiscal quarter (each, a "**Class P Withdrawal Date**"; together with a Class L Withdrawal Date, a "**Withdrawal Date**") upon not less than one (1) year's prior written notice to the Administrator and the Investment Manager (subject to the discretion of the General Partner to waive such notice in its sole discretion).

The withdrawal price will be based on the Net Asset Value of the Partnership (as defined under "*Net Asset Valuation*" below) as of the relevant Withdrawal Date (which reflects accrued organizational and operational expenses of the Partnership and the Partnership's pro rata share of such expenses relating to the Master Fund, as well as any Incentive Allocation allocable on withdrawal with respect to the withdrawn Interests).

The Partnership intends to pay at least ninety percent (90%) of the withdrawal price, and may pay more than

90% of the withdrawal price in the discretion of the General Partner, within thirty (30) days after the applicable Withdrawal Date and the balance thereof (subject to audit adjustments) will be paid without interest within thirty (30) days after completion of the audit of the Partnership's books for such fiscal year. Such payments may be made in cash and/or in kind. The Partnership assets included in an in-kind distribution will be determined by the Investment Manager in its sole discretion and may not constitute a pro rata portion of either the Partnership's entire portfolio or the Partnership's illiquid positions.

If a partial withdrawal would result in a Limited Partner holding a capital account having a balance of $250,000 or less (or such other minimum amount as may be determined by the General Partner in its sole discretion), then the Partnership will have the right either to (i) refuse to honor such request for a partial withdrawal or (ii) compel the withdrawal of all such Limited Partner's Interests.

After receiving notice of a withdrawal from a Limited Partner, the Partnership may, upon at least 24 hours' notice to the Limited Partner (via email or otherwise), pay all or a portion of the withdrawal proceeds at any time prior to the requested Withdrawal Date.

A Limited Partner may, upon at least 60 days' notice, postpone a withdrawal request up to two times and, in each case, such postponement must be for at least one fiscal quarter from the date the withdrawal was to be effected. In the event that a Limited Partner makes multiple withdrawal requests with respect to a Class of Interests within any fiscal year and the aggregate amount requested to be withdrawn ("**Withdrawal Amount**") as a result of such multiple requests exceeds such Limited Partner's capital account balance in respect of such Class of Interests for that fiscal year, the withdrawal request with respect to the portion of the Withdrawal Amount of the longest outstanding withdrawal request equal to the amount in excess of such Limited Partner's capital account balance at such time shall be deemed void.

Suspension of Withdrawals: The Partnership will suspend withdrawals of Interests during any period in which the calculation of the Net Asset Value of the Partnership or the Net Asset Value of the Interests has been suspended. (See "*Net Asset*

Valuation- Suspension of Calculation" herein.)

Mandatory Withdrawals:

The Partnership may compulsorily withdraw the Interests of any Limited Partner at any time, for any reason or for no reason, upon at least 2 days' prior written notice, in the sole discretion of the General Partner. (See "*Withdrawals*" herein.)

This mandatory withdrawal right may be exercised by sending notice (including e-mail notice) to the Limited Partner or any agent of the Limited Partner listed in the Subscription Documents.

Freezing Withdrawals:

If the Partnership reasonably believes that a Limited Partner is a "prohibited investor" as described in the Subscription Documents or has otherwise breached its representations and warranties to the Partnership, the Partnership may, following the withdrawal of Interests, freeze and segregate the withdrawal proceeds in accordance with applicable laws and regulations.

Distributions:

It is the present policy of the Partnership to reinvest any dividends or other income it may receive through the Master Fund. If the Investment Manager determines that the assets of the Master Fund exceed a size that can be effectively invested by the Master Fund in accordance with the Master Fund's investment strategies and objectives, the Investment Manager may elect to make distributions to the limited partners of the Master Fund, including to the Partnership. Such distributions may be made in cash and/or in kind. The Master Fund assets included in an in-kind distribution will be determined by the Investment Manager in its sole discretion and may not constitute a pro rata portion of either the Master Fund's entire portfolio or the Master Fund's illiquid positions. It is anticipated that any such distributions to the Partnership from the Master Fund will in turn be distributed by the Partnership by way of distributions to the Partners. Except for such distributions, if any, Limited Partners are not expected to receive current income on their Interests.

Transfers:

Without the written consent of the General Partner, which may be given or withheld in its sole discretion, a Limited Partner may not (i) directly, indirectly or synthetically transfer, pledge, assign, hypothecate, sell, convey, exchange, reference under a derivatives contract or any other arrangement or otherwise dispose of or encumber all

	or any portion of its Interest to any other person (each, a "**Transfer**"), except by operation of law, or (ii) substitute for itself as a Partner any other person. Any attempted Transfer or substitution not made in accordance with the foregoing, to the fullest extent permitted by applicable law, will be null and void *ab initio*.
Net Asset Valuation:	The Net Asset Value of the Partnership and the Net Asset Value of the Interests will be determined by the Administrator and calculated as of the close of business on the last Business Day of each month and on such other dates as may be designated by the General Partner in its sole discretion (collectively, "**Valuation Dates**").
Regulatory Matters:	The Investment Manager is registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940, as amended, and accordingly has a chief compliance officer, a compliance manual and a code of ethics. Neither the Investment Manager nor the General Partner is registered as a commodity pool operator with the Commodity Futures Trading Commission ("**CFTC**") pursuant to an exemption under CFTC Regulation § 4.13(a)(3) or as a commodity trading advisor. Neither the Partnership nor the Master Fund is registered as an investment company under the Investment Company Act.
Brokerage and Custodial Arrangements:	The Master Fund may execute and clear its transactions through a variety of brokers and clearing firms (together with all other brokers, the "**Brokers**"). Brokers will be selected by the Investment Manager on the basis of obtaining the best overall terms available, which the Investment Manager will evaluate based on a variety of factors, including the ability to achieve prompt and reliable executions at favorable prices, the operational efficiency with which transactions are effected, the quality of service, reputation, corporate access, the competitiveness of the commission rates, the securities lending arrangements available from the Broker, the Broker's ability to protect the Master Fund's trading patterns, positions and strategies from the broader market and the financial strength, integrity and stability of the Broker.

	The Investment Manager may receive "soft dollar" benefits that fall within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended, as well as capital introduction benefits that may fall outside of Section 28(e).
Tax Considerations:	The General Partner intends to operate the Partnership as a partnership and not as an association or a publicly traded partnership taxable as a corporation for Federal tax purposes. Accordingly, the Partnership does not expect to be subject to Federal income tax, and each Limited Partner will be required to report on its own annual tax return such Limited Partner's distributive share of the Partnership's taxable income or loss. (See "*Certain Tax Considerations*")
Reports to Limited Partners:	Limited Partners will receive annual audited financial statements within 180 days of the fiscal year end or as soon as reasonably practicable thereafter.
Fiscal Year:	The fiscal year of the Partnership ends on December 31.
Business Day:	Any day, excluding Saturday, Sunday and any other day on which banking institutions or stock exchanges in New York, New York are authorized or obligated to close.
Legal Counsel:	Schulte Roth & Zabel LLP ("**SRZ**") serves as U.S. legal counsel to the Partnership, the Master Fund, the General Partner and the Investment Manager. SRZ's representation of the Partnership, the Master Fund, the General Partner, the Investment Manager and their respective affiliates is limited to specific matters as to which it has been consulted by the General Partner and/or the Investment Manager. There may exist other matters that could have a bearing on the Partnership, the Master Fund, the General Partner, the Investment Manager and their respective affiliates as to which it has not been consulted. In addition, SRZ does not undertake (nor does it intend) to monitor the compliance of the General Partner, the Investment Manager and their respective affiliates with the investment program, valuation procedures and other guidelines set forth in this Memorandum, nor does it monitor compliance with applicable laws. In their review of this Memorandum, SRZ relied upon information furnished to it by the General Partner, the Investment Manager and/or their respective

affiliates, and did not investigate or verify the accuracy and completeness of information set forth herein concerning the Partnership, the Master Fund, the General Partner, the Investment Manager and their respective affiliates and personnel.

SRZ does not represent any prospective investors in connection with the offering and will not be representing the Limited Partners.

Auditors: The Partnership's independent auditor is CohnReznick LLP.

Additional Information: Requests for additional information should be directed to the Investment Manager or to the Administrator, whose respective contact information appears in the Directory.

Use of this Memorandum: This Memorandum is important and should be read and understood in its entirety before an investor decides whether to subscribe for any Interests in the Partnership. Each investor should consult with its financial, legal or tax advisors, as needed, before making an investment decision.

Amendments: This Memorandum (including without limitation the investment strategy, Financial Instruments, risk factors, conflicts of interest, terms pursuant to which the Investment Manager provides its services, and terms of capital contributions by Limited Partners) may be amended or supplemented at any time and from time to time by the General Partner in its sole discretion, subject either to the consent of the Limited Partners or notice and an opportunity for such Limited Partners to withdraw their Interests without penalty, if applicable.

INTRODUCTION

Platinum Partners Value Arbitrage Fund (USA) L.P., a Delaware limited partnership (the "**Partnership**"), has been organized to enable eligible investors to participate indirectly, through a limited partnership interest in Platinum Partners Value Arbitrage Fund L.P., a Cayman Islands exempted limited partnership (the "**Master Fund**"), in the investment objective of achieving capital appreciation by investing and trading in Financial Instruments (as defined below). The investment manager of the Partnership, Platinum Partners Value Arbitrage Fund (International) Ltd. ("**Platinum International**") and the Master Fund is Platinum Management (NY) LLC, a Delaware limited liability company (the "**Investment Manager**"). The Investment Manager also serves as the general partner of the Master Fund. Platinum Partners Value Arbitrage, LP, a Delaware limited partnership, is the general partner of the Partnership (the "**General Partner**").

The Master Fund is a multi-strategy hedge fund that employs various investment strategies including but not limited to long/short fundamental equity strategies, quantitative arbitrage, event-driven investing, opportunistic/macro investing, energy related arbitrage, Asia-based arbitrage, convertible arbitrage, asset-based finance, including in the energy and mining sectors, and private equity investments in select industries.

The Partnership is a limited partner in the Master Fund, and it invests all of its investable capital in the Master Fund. The Master Fund pools the capital contributions of the Partnership and for the benefit of Platinum International, a Cayman Islands exempted company formed to permit participation by non-U.S. investors and tax-exempt U.S. investors, and invests such contributions in accordance with the investment objectives of the Master Fund.

INVESTMENT OBJECTIVE AND STRATEGIES

Investment Objective

The investment objective of the Partnership is to achieve superior returns through its investment as a limited partner in the Master Fund. The Master Fund is a multi-strategy hedge fund seeking to achieve superior returns while minimizing downside risk. The strategies employed from time to time by the Master Fund include, without limitation, long/short fundamental equity strategies, quantitative arbitrage, event-driven investing, opportunistic/macro investing, energy related arbitrage, Asia-based arbitrage, convertible arbitrage, asset-based finance, including in the energy and mining sectors, and private equity investments in select industries.

Every strategy employed by the Master Fund begins by identifying downside risk. Limiting downside exposure is an important objective of the Master Fund. In this regard, the Investment Manager employs a downside risk strategy that focuses on managing the Master Fund's portfolio with the goal of avoiding a significant net asset decline.

The Investment Manager believes that the Master Fund's overall strategy is unique in that it seeks to pursue niche strategies that are less commonly utilized by other market participants.

When employing strategies that may be considered widely used, such as quantitative and computerized arbitrage, the Investment Manager may do so in a proprietary manner such that, in the opinion of the Investment Manager, the Master Fund could have an advantage over other investors using similar strategies. The Master Fund's Portfolio Managers (as defined below) have been selected on the basis of their experience in their respective trading strategies. (See "*The Investment Manager, the General Partner and the Team*" herein.)

Certain Investment Strategies

The following are among the investment strategies expected to be employed, directly or indirectly, by the Master Fund.

Equity Arbitrage. The Master Fund may engage in various forms of equity arbitrage trading strategies, including, without limitation, long/short equity and event-driven. Long/short equity trading typically uses fundamental research to identify equity securities that either should perform well (in which case the securities will be held long) or poorly (in which case the equities will be sold short). Typically, the Portfolio Managers employing long/short equity techniques hold some combination of both long and short positions that will at least partly offset one another to minimize market risk. Event-driven trading may include investments in long and short positions of listed and unlisted equities, convertible debt, options, futures, debt and warrants that the Investment Manager or a Portfolio Manager expects to profit from the occurrence of certain issuer-specific events. These strategies may be fundamentally based or non-discretionary model driven. In employing these strategies, the Master Fund seeks to avoid exposure to the direction of the broader markets. The Master Fund may also engage in privately-negotiated equity transactions whereby the Master Fund will finance publicly traded companies through a private placement which typically consists of debt and/or equity. In addition, most negotiated financings will offer downside protection to the Master Fund while also providing upside exposure through warrants, equity or debt that converts into equity. The Master Fund may invest in special purpose acquisition companies when they are trading at a discount to the amount of cash per share they hold in escrow and a structural opportunity exists to realize the cash within a predetermined timeframe.

Energy and Power Arbitrage. The Master Fund may engage in various energy trading strategies, including, without limitation, location arbitrage and volatility arbitrage. These strategies may include investments in exchange-listed futures, options and options on futures contracts which are intended to profit from volatility spreads in the options markets of major world energy exchanges. Strategy risks include volatility risks and position concentration risks. Risks are managed by stress testing market moves and volatility moves to ensure risks are within strategy risk limits. In addition, risks are controlled by generally being net long options, often including long wing options, thereby protecting against "event risk." The Master Fund may take directional risk in the energy markets as deemed appropriate and timely by the Investment Manager. Furthermore, the Master Fund may engage in various trading strategies in the global carbon and financial transmission right ("**FTR**") electricity markets. The Master Fund's carbon trading strategy often engages in opportunistic investments in which it obtains the rights to the commodity stream of carbon credits from clean energy projects such as wind farms, hydroelectric power plants, coal mine methane power plants, and energy efficiency projects at cement factories. In exchange for advancing a limited amount of project development costs for

each project, the Master Fund procures the right to purchase the resulting carbon credits at a discount to the then-current open market price, earning the corresponding spread (if any) upon a subsequent sale on the market. The electricity trading strategy involves fundamentally evaluating the FTR market, including analyzing historical congestions based on fundamental factors of transmission, generation and load and capturing aberrations in valuations of electricity congestion in the transmission market.

Convertible Arbitrage. The Master Fund may engage in various forms of convertible arbitrage trading strategies. Through these strategies, the Master Fund typically seeks to profit from fundamental research and exploit differences in the availability of capital including, without limitation, capital in emerging market economies. The success of the Master Fund's convertible arbitrage strategy depends upon the Investment Manager's ability to identify convertible securities that appear incorrectly valued relative to their theoretical value, purchase (or sell short) such a convertible security and sell short (or purchase) the underlying security for which the convertible security can be exchanged to exploit price differentials. There can be no assurance that the Investment Manager will be able to identify convertible arbitrage opportunities or that changes in price differentials will not cause losses. In addition, these strategies may utilize currency hedging techniques, including investment in futures and forward currency contracts which are intended to mitigate the Master Fund's exposure to foreign currency movements and country-specific political risk. Furthermore, the Master Fund may provide capital to well established non-U.S. companies seeking to raise capital for business purposes. These investments will be secured by shares of the publicly traded company. The Master Fund typically structures the financing in a manner that best secures the collateral in accordance with the laws of the local jurisdiction. It is anticipated that corporate executives or management of the non-U.S. company will sell their equity holdings to the Master Fund at an agreed upon discount (pursuant to a sale and repurchase agreement) whereby the counterparty agrees to repurchase the equity for a set price on a specified date in the future. If on any trading day the aggregate market value of equity holdings fall below a pre-agreed price, the counterparty is required to deliver sufficient additional shares to maintain the agreed upon purchase discount percentage. If the repurchase price is not paid to the Master Fund when due, or if additional shares are not received as described above, the Master Fund may elect to sell the shares into the open market to realize its investment and anticipated return.

Asia-Based Arbitrage. The Master Fund may engage in various forms of Asia-based investment strategies. The strategy includes investments in secured financing against publicly-traded Asian equities positions and/or convertible debt of exchange-listed, rapidly growing companies in emerging market countries. These investments typically seek to profit from fundamental research and exploit differences in the availability of capital in emerging market economies. Strategy risks include volatility, credit risk, and political risk. Risks are generally controlled via the use of position and concentration limits, extensive credit research and due diligence. In addition, this strategy may utilize currency hedging techniques including investments in futures and forward currency contracts which are intended to eliminate Fund exposure to foreign currency movements and to mitigate country specific political risk. Capital is also provided to well established foreign companies seeking to raise capital for business purposes, secured by shares of the publicly-traded company. The Master Fund seeks to structure investments in a manner that best secures the collateral in accordance with the laws of the local jurisdiction. Corporate executives or management of the foreign company may sell their equity

holdings to the Master Fund at an agreed upon discount (pursuant to a sale and repurchase agreement) whereby the counterparty agrees to repurchase the equity for a set price on a specified date in the future. If on any trading day the aggregate market value of equity holdings fall below a pre-agreed price, the counterparty is required to deliver sufficient additional shares to maintain the agreed upon purchase discount percentage. If the repurchase price is not paid to the Master Fund when due, or if additional shares are not received as described above, the Master Fund may elect to sell the shares into the open market to realize its investment and anticipated return.

Quantitative Arbitrage. The Master Fund may employ various non-discretionary quantitative arbitrage strategies that seek to exploit the occurrence of certain market phenomena in the equity, commodity, currency, and fixed income markets via the use of model-based investing strategies. Such strategies may be executed via investments in futures, options, equities, exchange-traded funds and other securities or instruments typically using computerized, algorithmic processes.

Asset-Based Finance. The Master Fund may employ various asset-based financing strategies that seek to profit from secured financing supported by assets in excess of the value of the debt, including, without limitation, asset-based convertible debt strategies, health care receivables strategies and legal finance strategies. These investments generally have strong opportunities to participate in equity appreciation through warrants, conversion features, or grants of stock that are part of the investment package. Asset-based convertible debt strategies may include privately negotiated investments in senior secured debt instruments convertible into underlying equity and/or collateral assets of public and private companies. Legal finance strategies may include investments in a pool of litigation being pursued by a single law firm, or investment in a single litigation, which may include the rights to participate in the proceeds received from the eventual outcome of the litigation(s) and/or a fixed return on the monies advanced. Asset-based investments in companies exploring for, or producing, natural resources, including but not limited to asset-based investments in the mining and energy sectors, may include privately negotiated investments in senior secured debt instruments typically secured via underlying collateral in excess of the value of the debt. These obligations are typically secured by the natural resource or rights to extract it owned by the companies and the collateral is evaluated based on the proven in-situ resource corresponding to the rights owned by such companies. The companies may or may not employ commodity hedging strategies to protect themselves from potential changes in the underlying resource.

Private Equity Investments. The Master Fund may employ various investment strategies that seek to profit from equity and debt investments in private or public companies. These investments include privately negotiated investments in debt instruments, preferred stock or units, membership interests and common stock of the companies. These investments generally have outsized opportunities to participate in equity appreciation relative to the investment at risk. Private equity investments include, but are not limited to, investments in the energy, natural resource, retail, medical and healthcare industries.

Opportunistic/Macro. The Master Fund may employ various investment strategies that seek to profit from investments that use macroeconomic principles and economic views to seek to identify global opportunities across various equity, fixed income, currency, and futures

markets. The strategy generally seeks to exploit the occurrence of certain market phenomena via the use of model-based investing strategies. Certain risks are mitigated by using hedging techniques.

Other. The Master Fund is opportunistic and may also engage in other strategies and one-off opportunities in the sole discretion of the Investment Manager.

Investment Techniques

To achieve its investment objectives, the Master Fund invests and trades in U.S. and non-U.S. equity and debt securities (both public and private); currencies, futures, forward contracts, and other commodity interests; options, swaps and other derivative instruments; and other instruments and investments (collectively, "**Financial Instruments**"). Moreover, in order to implement the investment strategies of the Master Fund described above, the Investment Manager uses a variety of investment techniques.

The Master Fund may invest in options on stocks, bonds, currencies or market indices, thereby allowing the Master Fund to leverage its returns from specific Financial Instruments. Options may also be used to hedge against, or profit from, sudden fluctuations in markets. The level of cash and cash equivalents held by the Master Fund may vary from time to time and the Master Fund may also invest in longer-term debt instruments. When deemed appropriate by the Investment Manager, the Master Fund may also invest in warrants, convertible securities, government securities, corporate bonds (both investment grade and high yield) and repurchase and reverse repurchase agreements. The Master Fund is not limited in the types of Financial Instruments in which it may invest, the positions it may take (i.e., long or short), the use of leverage, or the concentration of its assets in particular investments. Investments also may be made by the Master Fund in alternative investment funds that are managed by persons unrelated to the Investment Manager ("**Other Funds**").

The Investment Manager may also employ over-the-counter or forward contracts, or options on such contracts, in managing the investments of the Master Fund, which also involve the future purchase or sale of Financial Instruments, market indices or other commodities. The Investment Manager may engage in short sales. Such positions may be taken as part of a basic trading strategy or as hedging tools. Such contracts may be traded on recognized futures exchanges or may be negotiated, or "over-the-counter," Financial Instruments.

The Master Fund may invest its excess funds in short-term investments, including U.S. Government securities, money market funds, commercial paper, certificates of deposit and bankers' acceptances.

The Investment Manager will have considerable flexibility in seeking the most profitable investment opportunities for the Master Fund. Allocations of capital to Portfolio Managers and among investment strategies are subject to frequent change and there can be no assurances that the investment strategies described above will continue to be pursued by the Investment Manager. Accordingly, the Master Fund may take advantage of opportunities in investment vehicles that are not presently contemplated for use by the Master Fund or that are not currently available to the extent such opportunities are both consistent with the Master Fund's investment

objectives and legally permissible for the Master Fund. This will allow the Master Fund to react to changes in the market and seek to capitalize on attractive opportunities that arise.

The investment objectives and policies summarized above represent the Investment Manager's current intentions. Depending on conditions and trends in the markets in which Financial Instruments are issued or traded and the economy generally, the Investment Manager may pursue other objectives or employ other strategies and techniques it considers appropriate and in the best interest of the Master Fund.

The Master Fund's investment program is speculative and entails substantial risks. Because risks are inherent to varying degrees in all Financial Instruments and investment strategies employed by the Investment Manager, there can be no assurance that the investment objectives of the Master Fund will be achieved. Some investment practices that may or will be employed by the Master Fund can, in certain circumstances, substantially increase the risks to which the Master Fund's investment portfolio is subject and potentially results in a loss of capital. (See "*Risk Factors*" herein.)

THE INVESTMENT MANAGER, THE GENERAL PARTNER AND THE TEAM

The Investment Manager

Platinum Management (NY) LLC, a Delaware limited liability company, serves as the general partner of the Master Fund and the Investment Manager of the Partnership, Platinum International and the Master Fund. The Investment Manager has full discretionary authority and responsibility to invest and re-invest the assets of the Partnership and the Master Fund pursuant to an Investment Management Agreement among the Investment Manager, the Master Fund, Platinum International, the Partnership and Platinum Partners Value Arbitrage Intermediate Fund Ltd., a Cayman Islands exempted company (the "**Intermediate Fund**") (the "**Investment Management Agreement**").

The Investment Manager is registered with the U.S. Securities and Exchange Commission ("**SEC**") as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), and accordingly has a chief compliance officer, a compliance manual and a code of ethics.

The Investment Manager is not registered with the Commodity Futures Trading Commission (the "**CFTC**") as a commodity pool operator ("**CPO**") pursuant to an exemption under CFTC Regulation § 4.13(a)(3) or as a commodity trading advisor.

Neither the Investment Management Agreement nor the Limited Partnership Agreement of the Partnership (as amended from time to time, the "**Partnership Agreement**") restricts the Investment Manager, the General Partner or their members, principals, officers, employees and affiliates (such members, principals, officers, employees and affiliates, collectively, the "**Affiliates**") from entering into other investment advisory relationships or engaging in other business activities with other investment funds (which may or may not have similar investment strategies and objectives and compensation arrangements as the Partnership or the Master Fund) even though such activities may be in competition with the Partnership or the Master Fund

and/or may involve substantial amounts of the General Partner's, the Investment Manager's or their affiliates' time and resources. (See "*Risk Factors*" and "*Conflicts of Interest*" herein.)

The General Partner

Platinum Partners Value Arbitrage, LP, a Delaware limited partnership, was formed on March 9, 2007, and serves as the general partner of the Partnership (the "**General Partner**"). The sole general partner of the General Partner is Platinum Partners Value Arbitrage (GP) Corp., a Delaware corporation.

The General Partner is not registered with the CFTC as a CPO pursuant to an exemption under CFTC Regulation § 4.13(a)(3) or as a commodity trading advisor.

The Team

Mark Nordlicht
Chairman and Co-Chief Investment Officer

Mark Nordlicht founded Platinum Partners in 2003, bringing with him more than 20 years of experience in the investment industry. As Chairman and Co-Chief Investment Officer, Mr. Nordlicht is responsible for overseeing all trading, asset allocation and risk management activity for the firm's multi-strategy approach. Under Mr. Nordlicht's leadership, Platinum Partners continues to uncover new strategies and investments that provide uncorrelated, risk adjusted returns.

Mr. Nordlicht began his career as the youngest trader on the New York Cotton Exchange and in 1991 launched Northern Lights Trading, a proprietary options firm. In 1997, Mr. Nordlicht founded West End Capital, a New York-based money management firm, where he served as managing partner.

Mr. Nordlicht has a Bachelor of Arts in Philosophy from Yeshiva University.

David Levy
Co-Chief Investment Officer

David Levy serves as Co-Chief Investment Officer of Platinum Partners and is responsible for overseeing more than $1 billion in total investments. Mr. Levy directly manages more than $250 million in capital, focusing on investments in asset-based lending and credit-based strategies, across a variety of industries, seeking to generate returns with less risk than traditional strategies.

Mr. Levy has spent his career as an investment specialist and portfolio manager. Prior to joining Platinum Partners, Mr. Levy co-founded Crius Energy, a publicly listed national retail energy platform, which currently provides power to over 500,000 residential consumer equivalents (RCEs) in the United States. He also previously worked in the office of New York City Mayor Michael Bloomberg, and prior to that, with the Chief Counsel to United States Senator Orrin Hatch.

Mr. Levy serves as a member of the Advisory Council for the International Crisis Group. He holds a Bachelor of Science in Finance from Yeshiva University.

Feng (Alex) Shi
Chief Risk Officer

Feng Shi was named the Chief Risk Officer of Platinum Partners in March 2015. He previously served as a Risk Associate for Platinum Management, where he was responsible for managing, monitoring and evaluating various portfolio investments.

Prior to joining Platinum Management, Mr. Shi worked for Nomura as a Quantitative Associate in the firm's New York offices. During his three years with Nomura, Mr. Shi supported both client and principal desks on live trading systems, focusing on quantitative risk analysis, stress and back testing, liquidity analysis, and what-if analysis.

Mr. Shi is a certified actuary and licensed to sell life insurance in New York State. He earned a Master of Science in Operations Research in Financial Engineering from Columbia University, a Master of Arts in Physics from the City University of New York, and a Bachelor of Science in Physics from the University of Science and Technology of China.

Naftali Manela
Chief Operating Officer

Naftali Manela is the Chief Operating Officer of Platinum Partners and is responsible for overseeing operations for all funds under the firm's management. He also works closely with the firm's senior management and investment teams to supporting deal structuring.

Mr. Manela previously served as the Chief Financial Officer of Platinum Credit Management LP, where he oversaw all accounting and reporting for Platinum Partners Credit Opportunities Master Fund LP, and its feeder funds, as well as several special purpose vehicles managed by Platinum Partners.

Before joining Platinum Partners in 2008, Mr. Manela served as Vice President of Financial Reporting at S.A.C. Capital Management, LLC, where he was responsible for fund administration and financial reporting. Prior to that, Mr. Manela launched and managed a family office and fund of funds. Mr. Manela began his career at PricewaterhouseCoopers, where he worked as an auditor in the Capital Markets group focusing primarily on auditing hedge funds.

Mr. Manela is a Certified Public Accountant in the State of New York and graduated *summa cum laude* from Touro College with a Bachelor of Science in Accounting.

Daniel Mandelbaum
Chief Financial Officer

Daniel Mandelbaum was named the Chief Financial Officer of Platinum Partners in 2015, bringing sixteen years of hedge fund experience to the firm.

Prior to joining Platinum Partners, Mr. Mandelbaum served as Chief Financial Officer and Chief Operating Officer for Royal Capital Management, LLC, a fundamental long/short equity firm based in New York City, where he worked for thirteen years. He was responsible for overseeing all business development as well as financial, tax, operational and compliance issues.

Mr. Mandelbaum began his career at PricewaterhouseCoopers, where he held roles as an analyst and eventually senior analyst in the Capital Markets group, focusing on auditing hedge funds.

Mr. Mandelbaum is a Certified Public Accountant. He graduated *cum laude* with a Bachelor of Science in Accounting from the Sy Syms School of Business at Yeshiva University.

Gilad Kalter
Principal

Gilad Kalter is a Principal for Platinum Partners and is responsible for overseeing the firm's marketing efforts.

Mr. Kalter previously served as the Chief Operating Officer of Platinum Credit Management LP, where he oversaw operations for the Platinum Partners Credit Opportunities funds. As a specialist in the structuring and formation of complex investment vehicles, he worked closely with the Portfolio Management teams to insure that all deal terms included proper controls and procedures.

Prior to joining Platinum Credit Management LP, Mr. Kalter served as a Senior Vice President of the Partnership, where he focused on marketing and investor relations and worked closely with the Chief Operating Officer on various operations initiatives. He also worked with the Partnership's private placement group on a variety of debt financing transactions, including deal sourcing, structuring and negotiating.

Mr. Kalter began his career as an attorney at McDermott, Will & Emery, LLP, in New York. He practiced in the Corporate Department focusing on a range of corporate matters including complex loan transactions, structured finance transactions, public and private mergers and acquisitions, as well as general securities matters and compliance requirements under the Sarbanes-Oxley Act of 2002.

Mr. Kalter received his Juris Doctor degree from New York University School of Law in 2003. He is licensed to practice law in the State of New York and is a member of the New York State Bar Association. Mr. Kalter graduated *summa cum laude* from Yeshiva University with a Bachelor of Arts in Economics.

The Portfolio Managers and Investment Professionals. The Master Fund allocates capital to multiple subsidiaries that specialize in trading and/or investing in certain types of Financial Instruments (each, a "**Subsidiary**"). Each Subsidiary has one or more individuals or entities who have been delegated trading authority over the Subsidiary's assets (each, a "**Portfolio Manager**") pursuant to either the operating agreement of the given Subsidiary or a separate written trading or investment advisory agreement. Certain Portfolio Managers conduct their

trading activities on the premises of the Investment Manager, while others operate independently outside of the Investment Manager's principal office. Onsite Portfolio Managers are provided access to the Investment Manager's computers, research, software and other trading tools as necessary or desirable to implement their trading strategies.

The Investment Manager also employs investment professionals who are responsible for sourcing, negotiating, performing due diligence on and monitoring investments, and advising the Investment Manager generally on such investments (the "**Investment Professionals**"). The Investment Professionals are generally at will employees of the Investment Manager and/or the Master Fund.

The Portfolio Managers may be compensated in the form of fees and/or allocations from assets of the Partnership based on the performance of their respective portfolios pursuant to contractual arrangements. The Investment Manager also may allocate amounts to Portfolio Managers and Investment Professionals from the Partnership as deemed appropriate by the Investment Manager on a discretionary basis.

THE INVESTMENT MANAGEMENT AGREEMENT

The Investment Management Agreement grants the Investment Manager full investment discretion and authority to manage, invest and re-invest the Master Fund's, Platinum International's and the Partnership's assets. The Investment Manager is responsible for the selection of service providers in connection with the investment program of the Master Fund, Platinum International and the Partnership and may also, from time to time, assist the Administrator in the calculation of the Net Asset Value (each as defined below) of the Partnership.

The Partnership pays the Investment Manager a Management Fee (as defined below).

The Investment Management Agreement may be terminated by any party thereto upon 30 days' written notice to the other parties.

The Investment Management Agreement contains exculpation and indemnification provisions that benefit the Indemnified Persons (as defined below), but, under applicable law, the Limited Partners have certain rights and causes of action that may not be waived. Such non-waivable rights and causes of action may include, among others, claims for violations of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"); claims for material misstatements and omissions in this Memorandum; claims under the anti-fraud provisions of the federal securities laws; and certain claims arising under state law. The Investment Management Agreement provides that the Investment Manager and each of its members, managers, partners, officers, employees, consultants, independent contractors, agents and affiliates (each, an "**Indemnified Person**") who was or is made a party to, or is threatened to be made a party to, or is involved in, will not be liable for, and will be indemnified by the Partnership from and against any and all losses, claims, damages, liabilities (joint and/or several), expenses, judgments, fines, settlements and other amounts ("**Losses**") that relate to any threatened, pending or contemplated action, suit or proceeding, whether civil or criminal, administrative, arbitrative or investigative (each, a "**Proceeding**") or any appeal in or from any Proceeding, relating to such Indemnified

Person's performance or participation in the performance of duties or the rendering of advice or consultation with respect thereto, or that relate to, the Partnership, its business or its affairs except to the extent those Losses arise from actions or failures that constitute gross negligence or a willful violation of law by the Indemnified Person. Notwithstanding the foregoing, as an additional level of protection for the Class L Interests and the Class P Interests, the Investment Manager has agreed to indemnify the Class L Interests and the Class P Interests with respect to any direct losses they may suffer as a result of the assets of the Participating Classes not being sufficient to satisfy any liabilities of the Partnership and/or the Master Fund resulting from the Banyon Investment (as defined below).

The Investment Management Agreement may not be assigned by the Partnership, Platinum International or the Master Fund, on the one hand, or the Investment Manager, on the other, without the consent of the other, except that the Investment Manager may, without consent, assign its rights under the Investment Management Agreement to and cause its obligations under that agreement to be assumed by, in whole or in part, one or more persons or entities who control, are controlled by, or are under common control with the Investment Manager or the person or persons who control the Investment Manager immediately prior to such assignment so long as that transaction or act does not constitute an "assignment" within the meaning of the Advisers Act or other similar law applicable to the Investment Manager.

RISK FACTORS

There is a high degree of risk associated with the purchase of Interests of the Partnership, and any such purchase should be made only after consultation with independent qualified sources of investment, legal and tax advice. No investor should subscribe for more than it can comfortably afford to lose.

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Partnership. Prospective Limited Partners should read this entire Memorandum, the Partnership Agreement, and the Master Fund Agreement (as defined below) and consult with their own advisors before deciding whether to invest in the Partnership.

The identification of attractive investment opportunities is difficult and involves a significant degree of uncertainty. Returns generated from the Partnership's investments may not adequately compensate Limited Partners for the business and financial risks assumed. The Partnership will be subject to market risks common to investing in all types of Financial Instruments, including market volatility. Subscribers should consider the following risks before subscribing for Interests.

Investment Risks

Investment and Trading Risks in General

An investment in any type of Financial Instrument bears the risk of loss of capital. As with any investment approach or strategy, no assurances can be given that the Investment Manager's strategy and methodology will be successful or that the Partnership's or the Master

Fund's investment objective will in fact be realized. Any past success with any strategy or methodology cannot assure future results.

General Economic and Market Conditions

The success of the Master Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Master Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the Master Fund's investments. Volatility or illiquidity could impair the Master Fund's profitability or result in losses. The Master Fund may maintain substantial trading positions that could be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss.

Availability of Investments; No Assurance of Investment Return

The task of the Investment Manager of: (i) identifying and evaluating investment opportunities, including the best entry point to invest in an asset, (ii) managing such investments and (iii) realizing a return for investors, is difficult. In addition to the volatility and unpredictability of the markets, certain markets in which the Master Fund may invest are very competitive for attractive investment opportunities and, as a result, there may be reduced investment returns. Many firms competing with the Partnership and the Master Fund have substantially greater financial resources and research staff. A number of organizations operated by persons of competence and integrity have been unable to make, manage and realize such investments successfully. There is no assurance that the Master Fund will be able to invest its capital on attractive terms or generate the desired returns for the Limited Partners.

Availability and Accuracy of Public Information

The Investment Manager selects investments for the Master Fund, in part, on the basis of information and data filed by issuers with various government regulators or made available to the Investment Manager by the issuers or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and may seek independent corroboration when the Investment Manager considers it appropriate and when independent corroboration is reasonably available, the Investment Manager often will not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information will not be available. Investments may not perform as expected if information is inaccurate.

Misrepresentation

With respect to certain types of investment activities, the possibility of material misrepresentation or omission on the part of a counterparty could impair investment returns or result in losses. Such inaccuracy or incompleteness may adversely affect the valuation of an asset on behalf of the Master Fund. The Master Fund relies upon the accuracy and completeness of representations made by counterparties to the extent reasonable, but cannot guarantee that

such representations are accurate or complete. Under certain circumstances, payments or distributions to the Master Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Equity Risks

The Master Fund expects to invest in equity and equity derivative securities. The value of these Financial Instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Master Fund may suffer losses if it invests in equity securities of issuers whose performance diverges from the Investment Manager's expectations or if equity markets generally move in a single direction and the Master Fund has not hedged against such a general move. In its equity derivatives and private placements investment activities, the Master Fund is exposed to risks that issuers will not fulfill their contractual obligations to the Master Fund, such as delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Private Placements and Unregistered Securities

The Master Fund may invest in equity, convertible securities and fixed income obligations, the disposition of which may be restricted under applicable U.S. securities laws. Whether or not so restricted, the market to resell such securities may be illiquid. Therefore, such investments may be required to be held for a lengthy period of time or, if the Master Fund were forced to liquidate its position in such securities, such liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such investment.

Certain private investments made by the Master Fund will share many of the same risk characteristics as venture capital investing, offering the opportunity for significant gains, but also involving a high degree of risk, including the complete loss of capital. Among these risks are the general risks associated with investing in companies operating at a loss or with substantial variations in operating results from period to period and investing in companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including competition from companies with greater financial resources, more expansive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Furthermore, less information and disclosure may be available with respect to securities that are not publicly registered and thus such securities may be difficult to value and may be difficult to sell at a price representative of their intrinsic value.

The Master Fund may invest in the form of equity or "equity-linked" securities. As a result, the rights or claims of the Master Fund may be subordinate to those of other parties, including debt or senior equity holders, in the event of the failure of any portfolio company. Portfolio companies may be thinly traded and under-capitalized and therefore may be more sensitive to adverse business or financial developments. In the event that a portfolio company is unable to generate sufficient cash flow or raise additional equity capital to meet its projected cash needs, the value of the Master Fund's investment in such portfolio company could be significantly reduced or lost entirely.

Trading in Financial Instruments May be Illiquid

Certain investment positions of the Master Fund may be highly illiquid. The investment strategies of the Investment Manager may require that the Master Fund invest in Financial Instruments for which no secondary markets exist and for which none are expected to develop. The Master Fund may invest in trade receivables, derivative contracts, bank debt, interests in legal claims, bonds and other securities, whether publicly traded or issued in a private placement, of financially troubled companies as well as illiquid over-the-counter securities, non-publicly traded securities, mortgage-backed securities and securities traded on foreign exchanges. Futures positions may be illiquid as described below under "*Risk Factors--Trading in Commodities, Futures and Options.*"

Valuation of such illiquid securities may be difficult or uncertain because there may be limited information available about the issuers of such securities. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and the Master Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Master Fund may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, the Master Fund may be required to hold such securities despite adverse price movements and thus unable to make timely redemption payments. Even those markets that the Investment Manager expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid.

Trading in Commodities, Futures and Options

The Master Fund may purchase futures or options contracts. Substantially all trading in commodities and futures has as its basis a contract to purchase or sell a specified quantity of a particular asset for delivery at a specified time, although certain Financial Instruments, such as market index futures contracts, may be settled only in cash based on the value of the underlying composite index. Futures trading involves trading in contracts for future delivery of standardized, rather than specific, lots of particular assets.

(i) *Volatility*: Futures prices are highly volatile. Price movements for the futures contracts which the Master Fund may trade are influenced by, among other things, changing supply and demand relationships, government, trade, fiscal, and economic events, and changes in interest rates. Governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly.

(ii) *Position Limits*: The CFTC has jurisdiction to establish, or cause exchanges to establish, position limits with respect to all commodities traded on exchanges located in the U.S. and may do so, and any exchange may impose limits on positions on that exchange. No such limits presently exist in the forward contract market or on certain non-U.S. exchanges. Insofar as such limits do exist, all commodity accounts (including the Master Fund's accounts) owned,

held, controlled or managed by the Investment Manager may be combined (that is, aggregated) for position limit purposes. The existence of these limits may reduce the liquidity of the Master Fund's positions.

(iii) *Price Limits*: U.S. commodity exchanges may limit fluctuations in futures contracts prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." In addition, even if futures prices have not moved the daily limit, the Investment Manager may not be able to execute futures trades at favorable prices if little trading in such contracts is taking place (a "thin" market).

(iv) *Margin and Leverage*: Futures are typically traded on "margin." The "margin" is the amount of escrow or performance bond deposit that the Master Fund will have to make and maintain with its futures commission merchants (futures brokers) to secure its future obligation to close out open positions. The initial margin requirements may be satisfied by the deposit of cash (or, in some U.S. markets, certain U.S. Government obligations). The open positions must be "marked to market" daily, requiring additional margin deposits if the position reflects a loss that reduces the Master Fund's equity below the level required to be maintained and permitting release of a portion of the deposit if the position reflects a gain that results in excess margin equity. The level of margin that must be maintained for a given position is sometimes subject to increase, requiring additional cash outlays. In the futures markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold which results in leverage embedded in such futures contracts. Because margin requirements normally range upward from as little as 2% or less of the total value of the contract, a comparatively small commitment of cash or its equivalent may permit trading in futures contracts of substantially great value. As a result, price fluctuations may result in a contract profit or loss that is disproportionate to the amount of funds deposited as margin. Such a profit or loss may materialize suddenly, since the prices of futures frequently fluctuate rapidly and over wide ranges, reflecting both supply and demand changes and changes in market sentiment.

(v) *Size of the Master Fund's Account*: Depending upon the size of the Master Fund's account, it may be difficult or impossible for the Investment Manager to take or liquidate a position in a particular commodity, method or strategy due to the size of the accounts which may be managed by the Investment Manager.

Leverage; Interest Rates; Margin

The Investment Manager intends to borrow funds on behalf of the Master Fund and expects that the Master Fund's investment portfolio will be highly leveraged in order to be able to increase the amount of capital available for investment. The Investment Manager also intends to leverage the Master Fund's investment return with margin and trading in, options, commodity futures contracts, short sales, swaps, forwards and other derivative instruments. Certain over-the-counter ("**OTC**") securities require no margin to be deposited. In addition, in some cases, variation margin is not bilateral, whereby the Master Fund may, in a leveraged transaction, be required to pay variation margin to a counterparty but receive no variation margin from that counterparty. The amount of borrowings which the Master Fund may have outstanding at any time may be large in relation to its capital. Consequently, the level of interest rates, generally,

and the rates at which the Master Fund can borrow, in particular, will affect the operating results of the Master Fund.

In general, the Master Fund's anticipated use of short-term margin borrowings results in certain additional risks to the Master Fund. For example, should the securities pledged to brokers to secure the Master Fund's margin accounts decline in value, the Master Fund could be subject to a "margin call," pursuant to which the Master Fund must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Master Fund's assets, the Master Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

The Master Fund's anticipated use of borrowed funds results in certain additional risks to the Master Fund. For example, in the event that the borrowed funds become payable and the Master Fund does not have enough liquidity on hand to repay the borrowed funds, the Master Fund may be forced to liquidate securities or investments to repay the borrowed funds. In the event of a sudden precipitous drop in the value of the Master Fund's assets, the Master Fund might not be able to liquidate assets quickly enough to pay off the borrowed funds.

The Master Fund may sell ("write") exchange-traded options on commodity futures contracts. The Master Fund is required to post margin with a clearing member of the appropriate clearing corporation. The amount of minimum margin is generally computed using a "SPAN" analysis to determine minimum requirements or is increased after being subjected to further risk analysis by the clearing member. The Master Fund may also trade OTC options. Whether any margin deposit will be required for OTC options will depend on the credit determinations and agreement of the parties to the transaction.

Short Selling

The Investment Manager will engage in short selling for the Master Fund when deemed appropriate to its investment strategy. This practice may include situations where the Investment Manager believes, on the basis of its research and analysis, that the relevant security is overvalued, or that supply of such security is greater than that likely to be absorbed by current or future demand. The Investment Manager may also use short selling in an effort to limit the exposure of the Master Fund's portfolio or particular positions to price declines or fluctuations. Selling securities short involves selling securities that the Master Fund does not own. In order to make delivery to a purchaser, the Master Fund must borrow securities from a third-party lender. The Master Fund subsequently returns the borrowed securities by delivering to the lender securities purchased in the open market. Short selling inherently involves certain additional risks. Selling securities short creates the risk of losing an amount greater than the initial investment in a relatively short period of time and the risk of a potentially unlimited increase in the market price of the securities sold short. Short selling can also involve significant borrowing and other costs, which can reduce the profit or create losses in particular positions.

Hedging Transactions

The Master Fund may engage in short sales and utilize derivative instruments such as options, futures, forward contracts, interest rate swaps, caps and floors, both for investment purposes and to seek to hedge against fluctuations in the relative values of the Master Fund's portfolio positions. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus potentially moderating the decline in the overall value of positions held in the portfolio. Such hedge transactions also limit the opportunity for gain if the value of a hedged portfolio position should increase. Moreover, it may not be possible for the Master Fund to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that the Master Fund is not able to enter into a hedging transaction at a price sufficient to protect the Master Fund from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

The success of the Master Fund's hedging transactions will be subject to the Investment Manager's ability to correctly assess the relationships between groupings of securities within the Master Fund's portfolio, as well as, in the case of hedges designed to address currency exchange rate and interest rate fluctuations, to correctly predict movements in the direction of such rates. Therefore, while the Master Fund may enter into such transactions to seek to reduce market currency exchange rate and interest rate risks, incorrect assessments of relationships between groupings of securities and unanticipated changes in currency or interest rates may result in less favorable overall performance for the Master Fund than if it had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the Investment Manager may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Master Fund from achieving the intended hedge or expose the Master Fund to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Master Fund's portfolio holdings.

Speculative Positions Limits

The CFTC and certain commodity exchanges have established limits referred to as "speculative position limits" or "position limits" on the maximum net long or net short position which any person or group of persons may hold or control in particular futures and options. Limits on trading in options contracts also have been established by the various options exchanges and the Financial Industry Regulatory Authority ("**FINRA**"). The Investment Manager believes that established position limits will not adversely affect the Master Fund's contemplated trading. However, it is possible that the trading decisions of the Master Fund may have to be modified and that positions held by the Master Fund may have to be liquidated in order to avoid exceeding such limits. Such modification or liquidation, if required, could adversely affect the operations and profitability of the Master Fund.

Non-U.S. Investments

The Master Fund may invest in non-U.S. or U.S. securities denominated in foreign currencies and/or traded outside of the U.S. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the U.S. or foreign governments, the imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

There may be less publicly available information about certain foreign companies than would be the case for comparable companies in the U.S., and certain foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Securities markets outside the U.S., while growing in volume, have, for the most part, substantially less volume than U.S. markets, and many securities traded on these foreign markets are less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some non-U.S. markets is much slower and more subject to failure than in U.S. markets. There also may be less extensive regulation of the securities markets in particular countries than in the U.S.

Additional costs could be incurred in connection with the Master Fund's international investment activities. Foreign brokerage commissions and trading costs are generally higher than in the U.S. Expenses also may be incurred on currency exchanges when the Master Fund purchases or sells investments denominated in a currency other than U.S. dollars. Increased custodian costs as well as administrative difficulties (such as the applicability of foreign laws to foreign custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the maintenance of assets in foreign jurisdictions.

Forward Trading

The Master Fund may trade forward contracts in the U.S. and in markets (including interbank markets) located outside the U.S. Forward contracts and options thereon, 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. In such a case, the Master Fund will be subject to the risk that a counterparty will be unable, or refuse, to perform with respect to such contracts. 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 that at which they were prepared to sell. Disruptions can occur in any

market traded by the Master Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Investment Manager or the Portfolio Managers would otherwise recommend, to the possible detriment of the Master Fund. Market illiquidity or disruption could result in major losses to the Master Fund.

Non-U.S. Currencies

The Master Fund may invest a portion of its assets in Financial Instruments denominated in currencies other than the U.S. dollar and in other Financial Instruments, including futures, the price of which is determined with reference to currencies other than the U.S. dollar. The Master Fund will, however, value its securities and other assets in U.S. dollars. To the extent unhedged, the value of the Master Fund's assets will fluctuate with U.S. dollar exchange rates as well as with price changes of the Master Fund's investments in the various local markets and currencies. Thus, a change in the value of the U.S. dollar compared to the other currencies in which the Master Fund makes its investments will affect the prices of the Master Fund's securities in their local markets. The Master Fund also may utilize forward currency contracts, futures and options to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be implemented, or if implemented, will be effective.

Options

The Master Fund may purchase and sell ("write") options on Financial Instruments on national and international commodities and securities exchanges and in the domestic and international OTC market. The seller ("writer") of a put option which is covered (e.g., the writer has a short position in the underlying security, currency or commodity) assumes the risk of an increase in the market price of the underlying security, currency or commodity above the sales price (in establishing the short position) of the underlying security, currency or commodity plus the premium received, and gives up the opportunity for gain on the underlying security, currency or commodity below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security, currency or commodity 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. If the buyer of the put holds the underlying security, currency or commodity, the loss on the put will be offset in whole or in part by any gain on the underlying security, currency or commodity.

The writer of a call option which is covered (e.g., the writer holds the underlying security, currency or commodity) assumes the risk of a decline in the market price of the underlying security, currency or commodity below the purchase price of the underlying security, currency or commodity less the premium received, and gives up the opportunity for gain on the underlying security, currency or commodity 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, currency or commodity above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. If

the buyer of the call sells short the underlying security, currency or commodity, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security, currency or commodity.

Options may be cash settled, settled by physical delivery or by entering into a closing purchase transaction. In entering into a closing purchase transaction, the Master Fund may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written.

Swap Agreements

The Master Fund may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Master Fund's exposure to long-term or short-term interest rates (in the U.S. or abroad), foreign currency values, mortgage securities, corporate borrowing rates, or other factors such as security prices, baskets of equity securities, or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Master Fund is not limited to any particular form of swap agreement if the Investment Manager determines it is consistent with the Master Fund's investment objective and policies.

Swap agreements tend to shift the Master Fund's investment exposure from one type of investment to another. For example, if the Master Fund agrees to exchange payments in dollars for payments in foreign currency, the swap agreement would tend to change the Master Fund's exposure to U.S. interest rates and its exposure to foreign currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Master Fund's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Master Fund. If a swap agreement calls for payments by the Master Fund, the Master Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Master Fund.

Repurchase and Reverse-Repurchase Agreements

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

Risks of Early-Stage Companies

The Master Fund may invest in privately-placed securities of companies at an early stage of development, which involves a high degree of business and financial risk. Early-stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses.

Global Macro

The success of the Master Fund's global macro investment strategy depends upon the Investment Manager's ability to identify and exploit perceived fundamental, economic, financial and political imbalances that may exist in and between markets throughout the world. Identification and exploitation of such imbalances involves significant uncertainties. There can be no assurance that the Investment Manager will be able to locate investment opportunities or to exploit such imbalances. In the event that the theses underlying the Master Fund's positions fail to be borne out in developments expected by the Investment Manager, the Master Fund may incur losses, which could be substantial.

Asset-Based Financing

Returns on an investment in asset-based financing, including those in the energy or mining industry, depend on the borrower's ability to make required payments, which in turn can be dependent on political risk, mineralogical and engineering risk and market risk related to the value of the underlying commodity produced by the mine or the energy source. Any of these risks and others could trigger a default and a subsequent foreclosure proceeding. Foreclosures can be lengthy and expensive, and borrowers often assert claims, counterclaims and defenses to delay or prevent foreclosure actions. At any time during the proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure action and further delaying the process, and materially increasing the expense thereof, which expenses may or may not be recoverable by the Master Fund. In addition, "antideficiency" and related laws in certain states limit recourse and remedies available against borrowers in connection with or as a result of foreclosure proceedings or other enforcement actions taken with respect to such borrowers. Such laws can result in the loss of liens on collateral or recourse against a borrower altogether.

Such loans may have their collateral affected by catastrophic events and other force majeure events. These events could include fires, floods, earthquakes, adverse weather conditions, mudslides, cave-ins, electrical events, labor and social protests and related issues, assertions of eminent domain, wars, riots, terrorist acts, acts of God and similar risks. These events could result in a partial or total loss of an investment. Force majeure risks are inherently unpredictable and impossible to anticipate.

Private Equity Investments

Returns on private equity investments depend on the underlying company's ability to execute its business plan and other outside factors that may influence performance of the underlying company. The underlying company's performance can be impacted by any number of factors including, but not limited to, political risk, operational, regulatory, mineralogical and engineering risk and market risk related to the value of the product or underlying commodity produced by the company, along with other factors that would affect a business of the type the investment was made into. Any of these risks and others could affect the profitability or prospects of the companies, and the companies may file for bankruptcy at any time.

Such investments may also have their assets and prospects affected by catastrophic events and other force majeure events. These events could include fires, floods, earthquakes, adverse weather conditions, mudslides, cave-ins, electrical events, labor and social protests and related issues, assertions of eminent domain, wars, riots, terrorist acts, acts of God and similar risks. These events could result in a partial or total loss of an investment. Force majeure risks are inherently unpredictable and impossible to anticipate.

Control Issues

Although the Master Fund may seek protective provisions, including, possibly, board representation, in connection with certain of its private equity investments, to the extent that the Master Fund takes minority positions in companies in which it invests, it may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies.

Highly-Leveraged Companies

Investments in private equity of highly-leveraged companies involve a high degree of risk. Some of the Master Fund's investments in companies may involve leverage, which in turn will increase the exposure of such companies to adverse economic factors such as downturns in the economy or deterioration in the conditions of such companies or their respective industries. In the event any such company cannot generate adequate cash flow to meet debt service, the Master Fund may suffer a partial or total loss of capital invested in the company, which, depending on the size of the Master Fund's investments, could adversely affect the return on the capital of the Master Fund.

Risks Associated with Investing in Other Funds

Although the Investment Manager carefully screens the third-party managers who manage the Other Funds, the Investment Manager has no ability to control the selection of investments by the Other Funds or whether such managers will act in accordance with their investment objectives and strategies. Allocation by the Investment Manager to Other Funds, rather than investing the Partnership's assets directly in Financial Instruments, significantly increases the fees, allocations and expenses borne by the Partnership because the managers charge their own fees, allocations and expenses, which are in addition to the Incentive Allocation, Management Fee and expenses incurred directly and/or indirectly by the Partnership. There can be no assurance that such investments will be successful or will not result in

substantial losses. In addition, the Partnership will rely on the valuations provided by the Other Funds for the purposes of calculating the Net Asset Value of the Partnership and preparing financial reports. There is no assurance that such valuations will be correct or that such information will be received in a timely manner.

Securities Lending

Some of the securities held by the Master Fund may be pledged as collateral for the margin accounts, which subjects the Master Fund to the risks associated with such pledging arrangements. In addition, the Master Fund may also lend its securities. To the extent the Master Fund engages in securities lending, there may be risks of delay and costs involved in the recovery of securities or even losses, should the borrower of the securities have financial difficulty or otherwise fail to meet its obligations under the securities lending arrangement.

While the Master Fund expects to receive collateral in connection with the lending of securities, there is the risk that the price of the securities could increase while they are on loan and that the collateral will be inadequate to cover their value. In general, it is expected that the Master Fund's securities lending agent will seek to consider all relevant facts and circumstances, including the creditworthiness of the broker, dealer or other borrower, in making decisions with respect to the lending of securities, although this cannot be assured.

Trade Errors

The Master Fund may on occasion experience errors with respect to trades made on its behalf. Trade errors may include, for example, (i) the placement of orders (either purchases or sales) in excess of, or less than, the amount of securities the Master Fund intended to trade; (ii) the sale of a security when it should have been purchased; (iii) the purchase of a security when it should have been sold; (iv) the purchase or sale of the wrong security; (v) the purchase or sale of a security contrary to regulatory restrictions or Master Fund investment guidelines or restrictions; (vi) incorrect allocations of trades between the Master Fund and any Other Account that does not trade pari passu with the Master Fund; (vii) keystroke errors that occur when entering trades into an electronic trading system; and (viii) typographical or drafting errors related to derivatives contracts or similar agreements. Any loss or gain resulting from a trade error will be for the account of the Master Fund. The Investment Manager generally will seek to detect trade errors prior to settlement and promptly correct and/or mitigate them. To the extent an error is caused by a counterparty, such as a broker-dealer, the Investment Manager will seek to recover any losses associated with such error from the counterparty.

Banyon Investment

On April 3, 2008, a subsidiary of the Master Fund entered into a credit agreement (the "**Credit Agreement**") with Banyon Funding LLC, a Nevada limited liability company ("**Banyon**") (such transaction and the transactions related thereto are collectively referred to herein as the "**Banyon Investment**"). In 2009, Banyon defaulted under the Credit Agreement, and it became known that the structured settlement agreements in which Banyon was acquiring interests were fabricated by attorney Scott Rothstein of the law firm Rothstein Rosenfeldt Adler,

P.A. ("**RRA**"), the purported attorneys for the plaintiffs/claimants in such actions, as part of what has been reported to be a larger Ponzi scheme.

In December 2011, the Master Fund executed a settlement agreement with Banyon's principals, George and Gayla Levin, to resolve litigation the Master Fund commenced against them in Nevada and Florida (the "**Levin Settlement**"). The settlement agreement required Gayla Levin to confess to judgment in the amount of $200 million, and required George Levin to consent to relief in a Chapter 7 bankruptcy case that the Master Fund and its affiliates were prosecuting against him.

In June 2012, the Master Fund entered a settlement agreement to resolve "preference" and "fraudulent transfer" claims asserted by a bankruptcy trustee appointed by the Florida bankruptcy court administering the RRA estate. The settlement required a payment to the RRA estate by the Master Fund and certain of its affiliates in the amount of $32 million over three years (all payments have been made) in exchange for an allowed general unsecured claim against the RRA estate in the amount of $28 million, plus an allowed senior subordinated claim against the RRA estate in the amount of $26 million. The RRA estate has distributed 100 cents on the dollar to holders of general unsecured claims like those held by the Master Fund.

In June 2013, the Master Fund entered into a settlement agreement with TD Bank, N.A. ("**TD Bank**"), which served as the custodian of the attorney escrow accounts for RRA. Pursuant to the settlement (the "**TD Bank Settlement**"), TD Bank paid approximately $43.75 million in cash, of which amount approximately $26 million was paid to the RRA trustee to satisfy the obligations of the Master Fund and its affiliates under the RRA Settlement. The Master Fund pledged to TD Bank certain rights and receivables it obtained under the RRA Settlement and the Levin Settlement, including the $200 million judgment from Gayla Levin.

In February 2013, a group of RRA investors called "FEP" served the Master Fund with a complaint that alleged that the Master Fund and others aided Rothstein in his fraud. An agreement to settle the action was reached in October 2014.

In 2012, an individual investor in the RRA scheme brought an action against the Master Fund and certain managers alleging that certain managers of the Master Fund caused the news media to write articles about this investor. The Master Fund is defending the action vigorously and believes it to be frivolous.

Due to historical uncertainty regarding the Banyon Investment, the Class L Interests and the Class P Interests do not participate in any profits or losses relating to the Banyon Investment, including, without limitation, the expenses of any litigations or other actions relating to the Banyon Investment, any recoveries by the Master Fund in such litigations, and any damages awarded in connection with such litigations. These profits and losses will be allocated only to the other existing classes of the Master Fund's limited partnership interests (collectively, the "**Participating Classes**"). However, in the event that the assets of the Participating Classes are not sufficient to satisfy any liabilities of the Partnership and/or the Master Fund resulting from the Banyon Investment, the assets of the Class L Interests and the Class P Interests will be available to creditors to satisfy such liabilities, even though the Class L Interests and the Class P Interests are not entitled to any portion of the profits from the Banyon Investment. (See "*Risk*

Factors – Cross Class Liability") In light of the foregoing, as an additional level of protection for the Class L Interests and the Class P Interests, the Investment Manager has agreed to indemnify the Class L Interests and the Class P Interests with respect to any direct losses they may suffer as a result of the assets of the Participating Classes not being sufficient to satisfy any liabilities of the Partnership and/or the Master Fund resulting from the Banyon Investment.

Portfolio Manager and Investment Professional Compensation

The Portfolio Managers' incentive fees and allocations may be based on the individual performance of each Portfolio Manager, irrespective of the overall performance of the Partnership. The fact that incentive fees and allocations may be individually calculated exposes the Partnership to the risk of paying a Portfolio Manager during periods when the Net Asset Value of the Partnership decreases and of having its assets actually depleted by incentive fee payments.

Offsetting Investments

The Portfolio Managers at times may hold economically offsetting positions. To the extent that the Portfolio Managers do, in fact, hold such positions, the Partnership, considered as a whole, may not achieve any gain or loss despite incurring expenses, including incentive fees and allocations.

Possible Licensing Requirements

The Master Fund may be required to obtain various licenses in order to make, hold or dispose of certain investments. The Master Fund has not applied for these licenses and may not do so. The Investment Manager expects that if the Master Fund is required to obtain any such licenses, this process will be costly and may take an extended period of time. There is no assurance that the Master Fund will obtain all of the licenses that it desires or that the Master Fund would not experience significant delays in seeking these licenses. Furthermore, the Master Fund may be subject to various information and other requirements in order to obtain and maintain these licenses, and there is no assurance that the Master Fund will satisfy those requirements. The Master Fund's failure to obtain or maintain licenses might restrict its investment options and have other adverse consequences for the Master Fund.

Fund Risks

Operating History

The past investment performance of the Partnership, the Master Fund, Platinum Partners Liquid Opportunity Fund (International) Ltd., Platinum Partners Liquid Opportunity Fund (USA) L.P., Platinum Partners Liquid Opportunity Fund (USA) II L.P. (collectively, "**Platinum Liquid Opportunity Funds**"), Platinum Partners Credit Opportunities Fund LLC, Platinum Partners Credit Opportunities Fund (TE) LLC, Platinum Partners Credit Opportunities Fund International, Ltd., Platinum Partners Credit Opportunities Fund International (A), Ltd. (collectively, "**Platinum Partners Credit Opportunities Funds**"), any other fund entity managed by the Investment Manager or its affiliates, Mark Nordlicht, David Levy and/or any of the entities with which they have been associated should not be construed as an indication of the future results of an investment in the Partnership.

No Participation in Management

Limited Partners have no right or power to take part in the management or control of the business of the Partnership, the Intermediate Fund or the Master Fund. All investment and trading decisions for the Master Fund are made by the Investment Manager or persons designated by the Investment Manager. Limited Partners must rely solely on the judgment of the Investment Manager in selecting investments and trades and should not invest in the Partnership unless they are willing to entrust all aspects of the portfolio management of the Master Fund to the Investment Manager.

Dependence Upon Investment Manager

Investment and trading decisions made by the Investment Manager ultimately are based on the judgment of Mark Nordlicht. No assurance can be given that the Master Fund's investment and trading methods and strategies will be successful under any market conditions. If Mr. Nordlicht were to die or become disabled or otherwise terminate his relationship with the Investment Manager, any such event could have a material adverse effect on the Partnership and its performance. The Partnership has obtained a key man life insurance policy in the amount of $40 million on Mr. Nordlicht the proceeds of which are payable to the Master Fund and are intended to defray the costs of liquidation of the Master Fund. Investors should note that although the Master Fund currently intends to maintain this life insurance policy, it may be cancelled in the future if the Investment Manager determines to do so, in its sole discretion.

Valuation Risks

Uncertainties as to the valuation of investments could have an impact on the transactions entered into by the Master Fund and hence, the determination of the Net Asset Value of the Interests. Private equity investments and other illiquid investments will be valued by the Investment Manager in consultation with the Administrator. Securities that the Investment Manager believes are fundamentally undervalued or overvalued may not ultimately be valued in the markets at prices and/or within the time frame the Investment Manager and the Administrator anticipate. Fees may be calculated on the basis of such difficult to value investments and may

result in fees being charged that are higher than would be the case if the fees were calculated on the basis of the value ultimately realized for such investments.

Substantial Fees and Expenses Payable Regardless of Profits

The Partnership will incur obligations to pay its share of brokerage commissions, option premiums and other transaction costs to its Brokers. The Partnership will incur its own operating costs and its pro rata share of the Master Fund's expenses, which includes compensation to and expenses of the Portfolio Managers. These expenses are payable, directly or indirectly, by the Partnership regardless of whether the Partnership realizes any profits as a whole.

Incentive Allocations

The Incentive Allocation may create an incentive for the Investment Manager, an affiliate of the General Partner, to make investments that are riskier or more speculative than would be the case if this special allocation were not made. In addition, since the Incentive Allocation is calculated on a basis which includes unrealized appreciation of the Partnership's assets, it may be greater than if such allocation were based solely on realized gains. The amount and terms of the Incentive Allocation were set by the General Partner without negotiation with any third party. The Portfolio Managers of the Master Fund generally will receive performance compensation from the Master Fund based on the performance of their portfolios. Therefore, it is possible that certain of the Portfolio Managers may receive performance compensation even though the Partnership, as a whole, does not have net capital appreciation. Additionally, the performance compensation to the Portfolio Managers may create an incentive for the Portfolio Managers to cause the Master Fund to make investments that are riskier or more speculative than would be the case if they were paid only a fixed compensation. (See "*Fees, Expenses and the Incentive Allocation*" herein.)

Layering of Fees and Expenses

The Partnership's direct fees and expenses, coupled with the Incentive Allocation and the Partnership's pro rata share of the expenses of the Master Fund, including the incentive compensation paid to the Portfolio Managers, results in multiple levels of fees, expenses and allocations. Accordingly, the Partnership's expenses may constitute a higher percentage of net assets than expenses associated with other investment entities.

Enhanced Transparency

The General Partner, in its discretion, may form and maintain an internal risk committee. One or more Limited Partners, chosen by the General Partner in its sole discretion, may serve on the internal risk committee and/or other similar committees. As a result, such Limited Partners will have access to more frequent and/or more detailed information regarding the Master Fund's investments, performance and finances, and, thus, may be better able to assess the prospects and performance of the Partnership than other Limited Partners. Subject to applicable law and any contractual provisions, the Partnership does not intend to disclose the identities of the Limited Partners that serve on such committee(s).

Limited Liquidity

An investment in the Partnership is suitable only for sophisticated investors who have no need for liquidity in this investment. The ability of a Limited Partner to (i) directly, indirectly or synthetically transfer, pledge, assign, hypothecate, sell, convey, exchange, reference under a derivatives contract or any other arrangement or otherwise dispose of or encumber all or any portion of its Interest to any other person (each, a "**Transfer**") will be restricted in accordance with the terms of the Partnership Agreement. No Limited Partner, directly or indirectly, may Transfer its Interests without the prior written consent of the General Partner, who may withhold such consent for any reason or for no reason. Limited Partners may withdraw Interests only under very limited circumstances as described in this Memorandum. Certain classes of the Partnership's Interests have withdrawal terms that are more favorable than the terms applicable to the Class L Interests or the Class P Interests. (See "*Risk Factors – Trading in Financial Instruments May Be Illiquid*" and "*Withdrawals*.")

Substantial Withdrawals

Limited Partners may withdraw Interests only in accordance with the terms of the Partnership Agreement. (See "*Withdrawals*" herein.) Substantial withdrawals of capital by the Partnership from the Master Fund in connection with Limited Partner withdrawals could require the Master Fund to liquidate investments more rapidly than otherwise desirable which could adversely affect the value of Interests and cause the Partnership to make distributions in kind rather than in cash. The Partnership implemented a special withdrawal plan with respect to the Partnership's December 31, 2008 withdrawal date due to significant and unexpected withdrawal requests for such withdrawal date. Pursuant to such plan, the Partnership paid approximately 28% of the withdrawal proceeds in cash, with the remainder satisfied in-kind either directly or indirectly via shares of a special purpose vehicle ("**SPV Shares**") to which the Master Fund had transferred its illiquid positions (the "**SPV**"), at the option of each redeeming partner. As of December 31, 2010, all SPV Shares (other than those held by the Master Fund) were either (i) compulsorily withdrawn or (ii) converted to Class K Interests of the Fund by way of contribution of such SPV Shares to the Fund in exchange for Class K Interests. As a result, the Master Fund reacquired the remaining illiquid positions previously transferred by it to the SPV.

Cross Class Liability

Each Class of interests represents a separate account and will be maintained with separate accounting records. However, the Partnership will be treated as one entity. Thus, all of the assets of the Partnership will be available to meet all of the liabilities of every Class regardless of the separate portfolio to which such assets or liabilities are attributable. In practice, cross class liability usually will arise only where a Class becomes insolvent. (See also "*Risk Factors – Banyon Investment*")

Additional Classes and Sub-Classes of Interests

The Fund has the power to issue Interests in multiple Classes or Sub-Classes. The Partnership Agreement provides that liabilities are to be attributed to the specific Class or Sub-Class in respect of which the liability was incurred. However, the Partnership is a single legal

entity. Limited Partners of one or more Classes or Sub-Classes of Interests may be compelled to bear the liabilities incurred in respect of other Classes or Sub-Classes of Interests that such Limited Partners do not themselves own if there are insufficient assets in that other Class or Sub-Class of Interests to satisfy those liabilities. Accordingly, there is a risk that liabilities of one Class or Sub-Class of Interests may not be limited to that particular Class or Sub-Class of Interests and may be required to be paid out of one or more other Classes or Sub-Classes of Interests.

Brokerage Firms May Fail

Brokers and other financial institutions with which the Partnership and the Master Fund conduct business or to which Financial Instruments have been entrusted for custodial purposes, may encounter financial difficulties and perhaps even file for bankruptcy. Such an event could have a material adverse effect on the Partnership.

Limited Regulatory Oversight

While the Partnership may be considered similar to an investment company, it is not registered, and does not intend to register, as such, under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of that Act (which, among other matters, require investment companies to have a majority of disinterested directors, require securities held in custody to at all times 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 advisor and the investment company) are not applicable to the Partnership. The Master Fund is not registered and does not intend to register as an investment company under the Investment Company Act.

Both the Investment Manager and the General Partner have availed themselves of the exemption in CFTC Regulation § 4.13(a)(3) from registration as a Commodity Pool Operator when operating the Partnership. Consequently, some of the protections that would otherwise be available to investors if the Investment Manager or the General Partner were subject to more comprehensive regulatory oversight may not be available with respect to investments in the Partnership.

Legal, Tax and Regulatory Risks for Private Funds

Further legal, tax and regulatory changes could occur that may adversely affect the Master Fund, the Intermediate Fund and the Partnership. The regulatory environment for private funds is evolving, and changes in regulations that impact private funds may adversely affect the value of investments held by the Master Fund and may affect the Master Fund's ability to pursue its investment strategy. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, as well as other regulators, self-regulatory organizations and exchanges, have taken various extraordinary actions in connection with recent market events and may take additional actions. The effect of any future regulatory changes on the Master Fund, the Intermediate Fund and the Partnership could be substantial and adverse.

Tax Risks

Partners Will Be Taxed on Profits Whether or Not Distributed

The Partnership is not required to distribute profits. If the Partnership reports taxable income, such income will be taxable to the Partners in accordance with their distributive shares of the Partnership's profits, even though it is unlikely that the Partners will receive current cash distributions with which to pay their taxes. If the Partnership were to sustain losses, Partners may still be required to pay tax on ordinary income earned by the Partnership because any trading losses sustained will be, in most if not all cases, capital losses which are currently deductible by individuals against ordinary income only to the extent of $3,000 in any taxable year.

Investments in Foreign Funds

The Master Fund is invested in foreign investment funds and may invest in other foreign funds in the future. Such investments may be subject to various anti-deferral tax regimes that may (i) characterize all income and gain from such investments as ordinary income, (ii) subject such income and gain to an interest charge and/or (iii) require the recognition of such income before it would otherwise have been recognized. The Partnership generally intends to make a qualified electing fund election, where possible, to avoid such adverse tax consequences. See "*Certain Tax Considerations – Investment in Foreign Funds*."

Deductibility of Expenses

There can be no assurance that a taxing authority will not challenge the deductibility of fees paid to the Investment Manager or its affiliates (including any asset based fees or performance fees paid to a Portfolio Manager), or require the Partnership to treat its direct and indirect expenses as "investment expenses," which, to the extent allocable to Partners who are individuals, are subject to substantial restrictions on deductibility for federal income tax purposes. Such treatment could cause a Partner's taxable income from the Partnership to exceed the Partner's economic profit (if any) on its investment.

Taxes and Economics May Not Match During a Calendar Year

The income tax effects of the Partnership's transactions to Partners may differ from the economic consequences of those transactions during a calendar year.

Possibility of Tax Audit

There can be no assurance that the Partnership's tax returns will not be audited or that adjustments to such returns will not be made as a result of such an audit. If an audit results in an adjustment, Partners may be required to file amended returns (which may themselves be audited) and to pay back taxes, plus interest and penalties.

Delayed Schedules K-1

It is possible that the Partnership will be unable to provide final Schedules K-1 to Limited Partners for any given tax year until after April 15 of the following year. The Partnership will provide Schedules K-1 as soon as practicable after receipt of all of the necessary information. Schedules K-1 will not be available until completion of the Partnership's annual audit (which may be six months or more after year end). Limited Partners may be required to obtain extensions of the filing date for their income tax returns at the Federal, state and local levels.

Identity of Beneficial Ownership and Withholding on Certain Payments

In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the Master Fund has registered, and relevant non-U.S. Other Funds generally will be required to timely register, with the Internal Revenue Service (the "**Service**") and generally will be required to identify, and report information with respect to, certain of their direct and indirect U.S. account holders (including debtholders and equityholders). Limited Partners should consult their own tax advisors regarding the possible implications of these rules on their purchase of Interests.

CONFLICTS OF INTEREST

Conflicts exist and may arise between the interests of the Investment Manager, the General Partner and those of the Limited Partners. Mark Nordlicht is the controlling person of both the general partner of the General Partner and the Investment Manager. While the Investment Manager is accountable to the Master Fund as a fiduciary, the amended and restated limited partnership agreement of the Master Fund (the "**Master Fund Agreement**") grants the Investment Manager broad discretion as to many matters and limits the Investment Manager's fiduciary duties. By signing the Subscription Documents in the form annexed hereto as Exhibit B (the "**Subscription Documents**"), each investor acknowledges and consents to the Investment Manager's exercise of that discretion, including where the Investment Manager has a conflict of interest.

Management Fee to the Investment Manager

There is a potential conflict of interest between the responsibility of the Investment Manager to maximize profits for Limited Partners and the possible desire of the Investment Manager to avoid taking risks which could result in a reduction of the net assets of the Partnership and, consequently, reduce the Management Fee payable to the Investment Manager.

Incentive Allocation

Each of the structure and allocation of the Incentive Allocation by the Partnership to the General Partner may involve a conflict of interest and may create an incentive for the Investment Manager, an affiliate of the General Partner, to make riskier or more speculative investments than it otherwise would. In some cases, the Incentive Allocation may be greater than fees and other charges charged by or other performance-based allocations made by other investment advisers for similar services.

Additionally, the incentive compensation to Portfolio Managers may create an incentive for Portfolio Managers to cause the Master Fund to make investments that are riskier or more speculative than would be the case if they were paid only a fixed compensation.

Other Business Relationships of the Investment Manager

Each of the Investment Manager and its affiliates devotes as much of its time and resources to the activities of the Partnership and the Master Fund as it deems necessary and appropriate. The Investment Manager and its affiliates are not restricted from entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the Master Fund and/or may involve substantial amounts of the Investment Manager's time and resources. The principals of the Investment Manager may from time to time hold direct or indirect ownership interests in one or more other investment management companies, including those that share resources with the Investment Manager and/or co-invest with the Investment Manager. The Investment Manager and its affiliates provide investment advisory services to other private investment funds and/or managed accounts ("**Other Accounts**"), including, without limitation, Bayberry Consumer Finance, Pro Player Advisors, Platinum Liquid Opportunity and the Platinum Partners Credit Opportunity funds, which may employ investment programs and strategies similar to the Partnership and the Master Fund, and which may compete with the Partnership and the Master Fund for investments. The Investment Manager and its affiliates may also establish Other Accounts, and engage in other business activities, in the future. These activities could be viewed as creating a conflict of interest in that the Investment Manager is not exclusively devoting its resources to the business of the Partnership and the Master Fund but must allocate such resources between that business and other activities. Other Accounts could have compensation and profit sharing arrangements that differ from those provided in the Investment Management Agreement which may create incentives that could affect the Investment Manager's decisions as to how to allocate time, resources and investment opportunities.

Subject to applicable law, the Investment Manager and/or its principals and affiliates may engage in principal or agency cross transactions between or among the Partnership, on the one hand, and the Funds (as defined below) or Other Accounts, on the other hand, if it determines the transaction to be in the best interests of the Partnership and such other entities. The Investment Manager's and/or its principals' and affiliates' duty to be unbiased and fair to its clients on both sides of a cross transaction may pose an inherent conflict of interest. In an attempt to mitigate such conflict of interest and to ensure that it fulfills its duty to each client that is party to a cross transaction, the Investment Manager and/or its principals and affiliates seeks to ensure the appropriateness of the transaction for each client and that it is fair to both sides of the transaction. Additionally, to the extent brokers and dealers are utilized to effect cross transactions, the Investment Manager and/or its principals and affiliates will utilize unaffiliated brokers and dealers at normal commission rates, and the Investment Manager and/or its principals and affiliates will receive no additional compensation as a result of the cross transactions. Any fees or costs incurred as a result of a cross transaction will be allocated equitably in the sole discretion of the Investment Manager and/or its principals and affiliates, as applicable, between the transferor and transferee.

To the extent that cross trades may be viewed as principal transactions (as such term is used under the Advisers Act) due to the ownership interest in an account by the General Partner, the Investment Manager or its personnel, the General Partner and the Investment Manager will comply with the requirements of Section 206(3) of the Advisers Act. The Investment Manager and/or its principals and affiliates will not enter into principal transactions absent the necessary consent from the Limited Partners on a transaction by transaction basis before the completion of each such transaction.

The General Partner, acting on behalf of the Limited Partners, may select one or more persons who do not have a conflict of interest and are not affiliated with the Investment Manager (such as an independent director of Platinum International or, in certain circumstances, a Limited Partner or third party) to serve on a committee (the "**Conflicts Committee**"), the purpose of which is to consider and, on behalf of the Limited Partners, approve or disapprove, to the extent required by applicable law or deemed advisable by the General Partner, principal transactions, certain other related-party transactions and certain other transactions and matters involving potential or actual conflicts of interest. The Conflicts Committee may approve such transactions prior to or contemporaneous with, or, if permitted by applicable law, ratify such transactions subsequent to, the consummation of such transactions. In no event shall any such transaction be entered into unless it complies with applicable law. The person(s) so selected to serve on the Conflicts Committee may be exculpated and indemnified by the Partnership.

The Investment Manager or its Affiliates may invest and trade for their own accounts, as well as the Other Accounts, in the same capacity as the Master Fund and in the same Financial Instruments as the Master Fund. The Investment Manager or its Affiliates may also initiate transactions, trade more or less frequently for their own accounts or the Other Accounts, and trade and invest in certain Financial Instruments without doing the same for the Master Fund. Although the Investment Manager or its Affiliates may engage in other activities which may, in some cases, provide an indirect benefit to the Partnership and the Master Fund, in other cases such activities may create conflicts of interest with the Partnership and the Master Fund.

Although the Investment Manager and the Portfolio Managers may manage investments on behalf of Other Accounts, investment decisions and allocations will not necessarily be made in parallel among the Master Fund and the Other Accounts. Other Accounts managed by the Investment Manager and the Portfolio Managers may originate and/or invest in loans and/or Financial Instruments and may make investments and use strategies that may or may not be made or used by the Master Fund. Accordingly, the Other Accounts managed by the Investment Manager and the Portfolio Managers may produce results that are materially different from those experienced by the Master Fund.

In the event the Master Fund requires additional capital in order to make an investment, the General Partner, the Investment Manager or their Affiliates and/or an Other Account, may loan the Master Fund any amounts to facilitate such investment. The General Partner, the Investment Manager or their Affiliates and/or an Other Account, may charge interest to the Master Fund for such borrowed funds in an amount that the General Partner or the Investment Manager determines, in its sole discretion, is fair and reasonable for the Partnership. In addition, in the event that an Other Account, requires additional funds on a short-term basis in order to make an investment, the Master Fund may loan such Other Account any amounts to facilitate

such investment. The Master Fund may charge interest to such Other Account for such borrowed funds in an amount that the General Partner or the Investment Manager determines, in its sole discretion, is fair and reasonable for the Master Fund. As a result, conflicts of interest may arise between the Master Fund, on the one hand, and the General Partner, the Investment Manager or their Affiliates, and/or an Other Account, on the other hand, with respect to the repayment of any borrowed amounts.

Other Business Relationships of the Portfolio Managers and Investment Professionals

Each of the Portfolio Managers devotes as much of its time and resources to the activities of the Master Fund as it deems necessary and appropriate and in accordance with the terms of its offering document, operating agreement or advisory agreement, as applicable. Certain of the Portfolio Managers are not restricted from entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the Master Fund and/or may involve substantial amounts of such Portfolio Manager's time and resources. These activities could be viewed as creating a conflict of interest in that the Portfolio Manager is not exclusively devoting its resources to the business of the Master Fund but must allocate such resources between that business and the other activities. Other investment accounts managed by a Portfolio Manager could have compensation and profit sharing arrangements that differ from those provided in its agreement with the Master Fund which may create incentives that are adverse to the interests of the Master Fund and could affect the Portfolio Manager's allocation of time, resources and investment opportunities.

Proprietary Positions

Subject to applicable law, principals and affiliates of the General Partner, and/or the Investment Manager and Portfolio Managers may from time to time have an interest in financial instruments in which the Master Fund has an interest such as, but not limited to, loans, bonds, currencies, commodities, derivatives, equity or equity-linked securities in companies, and may have business interests that are different from or opposite to the Master Fund's business interests. Subject to applicable law, loans or the other investments enumerated above may be purchased or sold by the Master Fund from or to such principals or affiliates, upon such terms as the General Partner or the Investment Manager determines are fair and reasonable for the Master Fund. As a result, conflicts of interest may arise between the Master Fund and such principals and affiliates with respect to matters such as the allocation of opportunities with respect to loans and the other investments enumerated above and the allocation of personnel, resources and expenses. The records of any such activity by principals and affiliates will not be available for inspection by any Limited Partner.

Transaction Execution and Investment Opportunities

Conflicts of interest could also arise in connection with Financial Instruments transactions for the accounts of the Master Fund, Other Accounts, and any other advisory clients the Investment Manager may have. These transactions could differ in substance, timing and amount, due to, among other things, differences in investment objectives or other factors affecting the appropriateness or suitability of particular investment activities to the Master Fund or other clients, or to limitations on the availability of particular investment or transactional

opportunities. The Investment Manager will allocate transactions and opportunities among its various accounts in a manner it believes to be as equitable as possible, considering each account's objectives, programs, limitations and capital available for investment, but all accounts may not necessarily invest in the same Financial Instruments. Furthermore, neither the Investment Manager, nor any of its principals or employees has any obligation to provide the Master Fund or any other account with any particular investment opportunity or to refrain from taking advantage of an investment opportunity that could be beneficial to the Master Fund.

If the Master Fund and/or Affiliates and/or such Other Accounts seek to buy or sell the same Financial Instrument at the same time, the Investment Manager may combine purchase and sale orders on behalf of the Master Fund with orders for those other portfolios, including its own or its principals' personal accounts, and to allocate the Financial Instruments or proceeds arising out of those transactions (and the related transaction expenses) on an average price, pro rata basis among the various participants in the transactions. While the Investment Manager believes combining transaction orders in this way is, over time, advantageous to all participants, in particular cases, the average price could be less advantageous to the Master Fund than if the Master Fund had been the only account effecting the transaction or had completed its transaction before the other participants. Because of the Investment Manager's interest in the Master Fund, there could be circumstances in which the Master Fund's transactions may not, under certain laws and regulations, be combined with those of some of the other accounts the Investment Manager manages, and the Master Fund may obtain less advantageous execution than such other accounts.

Asset Valuation

The Investment Manager has substantial discretion in determining the value of certain of the Master Fund's assets. While the value of most marketable Financial Instruments is based on prices reported in the public markets, at times, the size of a block of Financial Instruments held by the Master Fund or temporary restrictions on resale may justify imposing a discount on the market-determined value. Whether and how much to reduce the value of Financial Instruments in any of these circumstances is subject to the Investment Manager's sole discretion in accordance with the Master Fund's valuation process. In addition, a significant portion of the Master Fund's assets may be invested in restricted securities. To the extent that the Master Fund makes such investments, the value of those investments will be determined in the Investment Manager's sole discretion in accordance with the Master Fund's valuation process. The Investment Manager will face a conflict of interest in making any of these valuation decisions. Application of a discount to the value of marketable securities in the Master Fund's portfolio may reduce, or eliminate, any Incentive Allocation to which the General Partner, an affiliate of the Investment Manager, would otherwise be entitled for the period ending on a valuation date or increase the amount of loss carryforward to be recovered before an Incentive Allocation would be allocable. The Investment Manager will face similar conflicts of interest in assigning values to nonmarketable securities.

Diverse Partner Group

The investors may have conflicting investment, tax and other interests with respect to their investments in the Partnership. The conflicting interests of individual investors may relate

to or arise from, among other things, the nature of the investments made by the Partnership, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the General Partner and/or the Portfolio Managers, including with respect to the nature or structuring of the investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring the investments, the General Partner and/or the Portfolio Managers will consider the investment and tax objectives of the Partnership and its Partners as a whole, and not the investment, tax or other objectives of any investors individually.

Conflicts Inherent in a Master-Feeder Structure

Certain investments decisions made by the Investment Manager on behalf of the Master Fund could potentially have an adverse effect, either purposefully or inadvertently, on the Limited Partners of the Partnership, on the one hand, or the shareholders of Platinum International, on the other hand. This could occur for multiple reasons, including without limitation, tax reasons (i.e., non-corporate taxable U.S. investors would benefit generally from holding Financial Instruments long enough to achieve long-term capital gains tax treatment while non-U.S. persons or tax-exempt U.S. persons may be indifferent to such tax treatment). While the Investment Manager reserves the right to make such trading and investment decisions, in general, it will endeavor to make investment decisions on behalf of the Master Fund that are fair to both the Limited Partners of the Partnership and the shareholders of Platinum International.

Exculpation and Indemnification

The Master Fund Agreement provides that neither the Investment Manager nor its employees, agents or affiliates will be liable to the Master Fund for any act or omission based upon errors of judgment or other fault in connection with the business or affairs of the Master Fund as long as that person reasonably believed he or she acted in the best interests of the Partnership and except for cases where the person's action is determined by a court to have constituted gross negligence or willful misconduct. The foregoing liability standard is subject to applicable laws. In addition, the Master Fund Agreement provides the Investment Manager and its employees, agents and affiliates with broad indemnification rights for any act or omission as long as the indemnified person acted in good faith.

Counsel

Schulte Roth & Zabel LLP ("**SRZ**") acts as U.S. legal counsel to the General Partner, the Investment Manager, the Partnership and the Master Fund, their principals and affiliates and other investment vehicles managed by the Investment Manager and/or its affiliates (collectively, the "**Platinum Parties**"). Accordingly, certain conflicts of interest exist and may arise. The Partnership has waived its conflict of interest with respect to potential and actual conflicts between the Partnership and each of the Platinum Parties. To the extent that an irreconcilable conflict were to develop between the Partnership and any of the Platinum Parties, SRZ may represent the other Platinum Parties and may not represent the Partnership. SRZ is not representing any prospective purchasers of Interests in connection with the offering and will not be representing the Limited Partners. Prospective investors are advised to consult their own

independent counsel with respect to the legal and tax implications of an investment in the Partnership.

FEES, EXPENSES AND THE INCENTIVE ALLOCATION

Management Fee

With respect to the Class L Interests, the Partnership pays the Investment Manager a monthly management fee equal to 1/12th of 2.0% of the month-end Net Asset Value of the Partnership before deduction of any Incentive Allocation (as defined below) and any distributions or withdrawals made during the month (2.0% per annum), and after giving effect to other expenses as provided herein (including the Partnership's pro rata share of the Master Fund's expenses) (the "**Class L Management Fee**"). Without the consent of the Limited Partners, the Class L Management Fee may be charged to and paid by the Master Fund instead of the Partnership.

With respect to the Class P Interests, the Partnership pays the Investment Manager a monthly management fee equal to 1/12th of 1.5% of the month-end Net Asset Value of the Partnership before deduction of any Incentive Allocation and any distributions or withdrawals made during the month (1.5% per annum), and after giving effect to other expenses as provided herein (including the Partnership's pro rata share of the Master Fund's expenses) (the "**Class P Management Fee**"). Without the consent of the Limited Partners, the Class P Management Fee may be charged to and paid by the Master Fund instead of the Partnership.

All or part of the Management Fee may be waived by the Investment Manager with respect to one or more Limited Partners from time to time, in its sole discretion without notice to or the consent of the other Limited Partners. The General Partner's capital account will not be debited with any Management Fees.

Incentive Allocation

A separate capital account will be created on the books of the Partnership for each Partner. At the end of each Accounting Period[1] of the Partnership, any Net Capital Appreciation[2] or Net Capital Depreciation[3] of the Partnership, after Partnership expenses and a pro rata share of Master Fund expenses, including compensation to Portfolio Managers and all other personnel

[1] "Accounting Period" means the following periods: the initial Accounting Period commenced on January 1, 2003; each subsequent Accounting Period will commence immediately after the close of the preceding Accounting Period; each Accounting Period will close at the close of business on the first to occur of (i) the last day of the Partnership's fiscal year (which will be the calendar year), (ii) the date immediately prior to the effective date of the admission of a new Partner pursuant to the Partnership Agreement, (iii) the date immediately prior to the effective date of a Partner's capital contribution pursuant to the Partnership Agreement, (iv) the effective date of any withdrawal by a Partner of capital pursuant to the Partnership Agreement or (v) the date when the Partnership will dissolve.

[2] "Net Capital Appreciation" means the increase in the value of the Partnership's net assets, including unrealized gains and losses, from the beginning of each Accounting Period to the end of such Accounting Period prior to giving effect to withdrawals.

[3] "Net Capital Depreciation" means the decrease in the value of the Partnership's net assets, including unrealized gains and losses, from the beginning of each Accounting Period to the end of such Accounting Period prior to giving effect to withdrawals.

employed by the Master Fund, will be tentatively credited or debited to all Partners (including the General Partner) in proportion to the opening balances of each Partner's capital accounts for such period (the Partner's "**Partnership Percentage**").

Generally, with respect to the Class L Interests, twenty percent (20%) of any net capital appreciation, including any proceeds or appreciation from any key man life insurance on the life of Mark Nordlicht, allocated to the capital accounts of the Class L Limited Partners for such fiscal year will be reallocated to the General Partner (the "**Class L Incentive Allocation**").

Generally, with respect to the Class P Interests, at the end of each fiscal year, any net capital appreciation (after deduction of Management Fees and other expenses), including any proceeds or appreciation from any key man life insurance on the life of Mark Nordlicht, initially will be apportioned to the General Partner and the Class P Limited Partners *pro rata* in accordance with their respective beginning capital account balance for such fiscal year, as adjusted for any additional subscriptions and withdrawals made during the year. The amount initially apportioned to the General Partner for such fiscal year shall be allocated to the General Partner, and the amount initially apportioned to each Class P Limited Partner for such fiscal year shall be divided between such Limited Partner and the General Partner and allocated as follows:

(i) *8% Preferred Return*: First, 100% to such Limited Partner, until such Limited Partner has been allocated an amount equal to a preferred return of 8% per annum on such Limited Partner's beginning capital account balance for such fiscal year, as adjusted for any additional subscriptions and withdrawals made during the year;

(ii) *Catch-Up*: Second, 100% to the General Partner until the cumulative allocations to the General Partner under this clause (ii) equals 20% of the total amounts allocated pursuant to clause (i) and this clause (ii); and

(iii) *80/20 Split:* Third, (a) 80% to such Limited Partner; and (b) 20% to the General Partner (this 20%, together with amounts allocated to the General Partner pursuant to clause (ii) and the Class L Incentive Allocation, the "**Incentive Allocation**").

All or part of the Incentive Allocation may be waived by the General Partner with respect to one or more Limited Partners from time to time, in its sole discretion without notice to or the consent of the other Limited Partners.

The Net Capital Appreciation upon which the calculation of an Incentive Allocation is based is deemed reduced by the unrecovered balance, if any, in a Limited Partner's "**Loss Recovery Account**." A Loss Recovery Account is a memorandum account, established for each capital account of a Limited Partner, the opening balance of which is zero. On each date that an Incentive Allocation is required to be determined, the balance in each Loss Recovery Account is increased by the aggregate Net Capital Depreciation allocated to such capital account since the last date on which a calculation of the Incentive Allocation was made, or decreased, but not beyond zero, by any aggregate Net Capital Appreciation allocated to such capital account since such date. In the event that a Limited Partner with an unrecovered balance in any of its Loss Recovery Accounts withdraws all or a portion of its related capital accounts, the unrecovered balance in such Loss Recovery Accounts will be proportionately reduced.

In connection with the dissolution of the Partnership, reserves for contingent liabilities will not be taken into account in determining Incentive Allocations and Loss Recovery Accounts.

If a Limited Partner withdraws all or a portion of any of its capital accounts other than at the end of a fiscal year, an Incentive Allocation (the "**Interim Incentive Allocation**") with respect to such capital accounts will be determined on the effective distribution date for the period from the last date on which an Incentive Allocation or an Interim Incentive Allocation (if a previous partial withdrawal has been made in the same fiscal year) has been made through the effective date of distribution; provided, however, that such Interim Incentive Allocation will be based upon the Net Capital Appreciation allocated to such capital account for the applicable period, pro rated for the portion of the capital account being withdrawn. Any Incentive Allocation with respect to the amounts remaining in the capital account of such Limited Partner at the end of the fiscal year in which such Interim Incentive Allocation has been made will be determined and reallocated as described above in the first paragraph under "*Allocation and Expenses*"; provided, however, that in no event will any portion of any Interim Incentive Allocation made to the General Partner be reallocated or returned to the Limited Partner. Appropriate adjustments, if required, will be made to the Limited Partner's Loss Recovery Accounts.

The General Partner will have the right at the end of any fiscal quarter to withdraw a portion of its capital account equal to the amount of the Incentive Allocation allocated thereto (as adjusted for any appreciation or depreciation thereon).

In the event that the General Partner determines that, for tax or regulatory reasons, or any other reasons as to which the General Partner and any Partner agree, such Partner should not participate in the Net Capital Appreciation or Net Capital Depreciation attributable to trading in any security or type of security or to any other transaction, the General Partner may allocate such Net Capital Appreciation or Net Capital Depreciation only to the capital accounts of Partners to whom such reasons do not apply, and if appropriate, may establish a separate memorandum account in which only the Partners having an interest in such security, type of security or transaction will have an interest and Net Capital Appreciation or Net Capital Depreciation for such separate memorandum account will be separately calculated. For example, pursuant to this policy, the Partnership will allocate gains or losses attributable to "new issues" in accordance with FINRA Rule 5130. In addition, the Class L Interests and Class P Interests will not participate in any gains or losses relating to the Banyon Investment.

Organizational Expenses

Each of Class L Interests and Class P Interests of the Partnership will reimburse the Investment Manager for all organizational and formation expenses of its Class of Interests paid by the Investment Manager on behalf of the Class L Limited Partners or Class P Limited Partners, as applicable. Although not consistent with U.S. generally accepted accounting principles ("**GAAP**"), which generally requires such expenses to be expensed as incurred, the initial organizational expenses of the Partnership with respect to the Class L Interests were fully amortized over a 60-month period ending December 2, 2007, and the organizational expenses of the Class P Interests are being amortized over a period not to exceed 60 months so that early investors are not required to bear a disproportionate share of organizational expenses.

Operating Expenses

In addition to the Management Fee, each of the Class L Interests and the Class P Interests of the Partnership will bear their pro rata share of the Partnership's ordinary and extraordinary expenses as well as their pro rata share of the Master Fund's ordinary and extraordinary expenses. Ordinary operating expenses may include, but are not limited to, fees for administrative services, entity-level taxes, investment expenses (e.g., brokerage commissions, interest expense and due diligence-related expenses including, without limitation, travel costs), legal expenses, compliance expenses, professional expenses (including, without limitation, consultants and experts), escrow expenses, insurance expenses (including, without limitation, director and officer liability insurance and error and omission liability insurance with respect to the activities of the Master Fund and the Investment Manager), accounting expenses, audit and tax preparation expenses, custodial fees, and any extraordinary expenses, such as indemnification of the General Partner and the Investment Manager.

In addition to the Incentive Allocation and the Management Fee, each of the Class L Interests and the Class P Interests of the Partnership will also bear their pro rata share of the asset-based fees and performance fees and/or allocations paid or allocated to Portfolio Managers and Investment Professionals as described in the following two sentences. The Portfolio Managers may be compensated in the form of fees and/or allocations from assets of the Partnership based on the performance of their respective portfolios pursuant to contractual arrangements. The Investment Manager also may allocate amounts to Portfolio Managers and Investment Professionals from the Partnership as deemed appropriate by the Investment Manager on a discretionary basis.

Notwithstanding any of the foregoing, the Interests will not participate in any expenses related to the Banyon Investment, including, without limitation, the expenses of any litigations or other actions relating to the Banyon Investment. (See "*Risk Factors – Banyon Investment*")

Certain Classes of the Other Interests, which are not the subject of this Memorandum, have a "pass-through" expense agreement whereby those interests pay the overhead of the Investment Manager.

The Partnership also bears the offering fees and expenses in connection with the private placement of Interests. Unless otherwise agreed to with a prospective purchaser, no sales commission or other fee will be paid for the sale of the Interests.

THE OFFERING

Interests Offered

The Partnership is offering Class L limited partnership interests ("**Class L Interests**") and Class P limited partnership interests ("**Class P Interests**", together with the Class L Interests, the "**Interests**") to a limited number of Eligible Investors as described below. Subscriptions for Interests will be accepted generally as of the first Business Day of a calendar month, or at such other times as determined by the General Partner in its sole discretion (each, an "**Subscription Date**"). Accepted subscribers for Class L Interests and the Class P Interests will

be admitted to the Partnership as limited partners (each, a "**Limited Partner**" and together with the General Partner, the "**Partners**"). The minimum initial investment is $1,000,000 and the minimum additional investment is $100,000. The General Partner may, in its sole discretion, waive or reduce these requirements in particular cases or change them as to new investors in the future and may apply additional admission standards. The offering may be suspended or terminated at any time for any reason by the General Partner.

The Partnership will offer Interests in different sub-classes of Interests (each, a "**Sub-Class**") in order to permit investments by the Master Fund in "new issues," as such term is defined by FINRA. Restricted Persons, as defined in the Subscription Documents, will be issued a Sub-Class of Interests that will not share equally in profits, losses and costs attributable to any investment by the Partnership in "new issues." In order for the Partnership to be eligible to invest, through the Master Fund, in "new issues," prospective investors will be required to provide certain information about themselves or their beneficial owners (including information related to their identities and occupations or those of their beneficial owners) as set forth in the Subscription Documents.

Currently, in addition to Class L Interests and Class P Interests, the Partnership also has issued and outstanding Class A Interests, Class B Interests, Class I Interests, Class IN Interests, Class J Interests and Class K Interests (collectively, the "**Other Interests**"). Except as noted in the following sentences, the Other Interests are identical to the Class L Interests. Unlike Class L Interests and Class P Interests, the Class A Interests, Class B Interests, Class I Interests, Class IN Interests, Class J Interests and Class K Interests will participate in profits or losses relating to the Banyon Investment. The Class IN Interests do not have voting rights. The Class A Interests, Class B Interests, Class I Interests, Class IN Interests, Class J Interests and Class K Interests, unless otherwise indicated, are not currently being offered, although the Partnership reserves the right to offer these Classes or other Classes of Interests in the future.

Commencement of the Partnership

The Partnership and the Master Fund each commenced operations on January 1, 2003. The Master Fund commenced operations with $25,000,000 in capital.

Eligible Investors

The offering of Interests will be made in accordance with Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**"). Interests may be offered and sold only to investors who are (i) "accredited investors" as defined in Regulation D of the Securities Act and (ii) "qualified purchasers" within the meaning of the Investment Company Act (such persons being collectively referred to herein as "**Eligible Investors**"). These terms are described in the Partnership's Subscription Documents.

The Partnership reserves the right to determine conclusively whether any person is an Eligible Investor. The Partnership may determine to limit or restrict ownership by a non-qualifying Limited Partner after an investment in the Partnership is made and to compulsorily withdraw Interests held by such a Limited Partner.

The Partnership will not admit as Partners tax-exempt entities that are subject to ERISA, other tax-exempt entities or non-U.S. persons. Instead, such investors should consider an investment in Platinum International.

Any subscription for Interests may be accepted or rejected, in whole or in part, in the discretion of the General Partner or the Administrator on its behalf. All subscriptions are irrevocable unless otherwise determined by the General Partner in its sole discretion. If a subscription request is not accepted, the subscription funds will be reimbursed to the subscriber.

Suspension of Offering

The Partnership reserves the right to suspend offerings entirely and to refuse to accept any subscription in whole or in part for any reason or for no reason. In addition, the Partnership will suspend offering of Interests for any period during which the calculation of the Net Asset Value of the Partnership has been suspended. (See "*Net Asset Valuation – Suspension of Calculation*" herein.)

Subscription Documents

To subscribe to purchase Interests, an investor must complete the Subscription Documents as described in the *Summary*.

WITHDRAWALS

A Limited Partner, with respect to its Class L Interests, may withdraw all or a portion of its capital account balances as of the last day of each fiscal quarter (each, a "**Class L Withdrawal Date**") upon not less than sixty (60) days' prior written notice to the Administrator and the General Partner (subject to the discretion of the General Partner to waive such notice in its sole discretion).

A Limited Partner, with respect to its Class P Interests, may withdraw all or a portion of its Interests as of the last day of each fiscal quarter (each, a "**Class P Withdrawal Date**"; together with a Class L Withdrawal Date, a "**Withdrawal Date**") upon not less than one (1) year's prior written notice to the Administrator and the General Partner (subject to the discretion of the General Partner to waive such notice).

The withdrawal price for Interests will be based on the Net Asset Value of the Partnership as of the relevant Withdrawal Date (which reflects accrued organizational and operational expenses of the Partnership and the Partnership's pro-rata share of such expenses relating to the Master Fund, as well as any Incentive Allocation allocable on withdrawal with respect to the Interests being withdrawn). The withdrawal price may be more or less than the offering price paid by the Limited Partner, depending on the value of the assets of the Partnership at the time of the withdrawal. Interests withdrawn by the Partnership shall not be considered outstanding after the actual date of withdrawal.

The Partnership intends to pay at least ninety percent (90%) of the withdrawal price, and may pay more than ninety percent (90%) of the withdrawal price in the discretion of the General

Partner, within thirty (30) days after the applicable Withdrawal Date and the balance thereof (subject to audit adjustments) will be paid without interest within thirty (30) days after completion of the audit of the Partnership's books for such fiscal year. Such payments may be made in cash and/or in kind. The Partnership assets included in an in-kind distribution will be determined by the Investment Manager in its sole discretion and may not constitute a pro rata portion of either the Partnership's entire portfolio or the Partnership's illiquid positions.

If a partial withdrawal would result in the Limited Partner holding a capital account having a balance of $250,000 or less (or such other minimum amount as may be determined by the General Partner in its sole discretion), then the Partnership will have the right either to (i) refuse to honor such request for a partial withdrawal or (ii) compel withdrawal of all such Limited Partner's Interests.

A Limited Partner may, upon at least 60 days' notice, postpone a withdrawal request up to two times and, in each case, such postponement must be for at least one fiscal quarter from the date the withdrawal was to be effected. In the event that a Limited Partner makes multiple withdrawal requests with respect to a Class of Interests within any fiscal year and the aggregate amount requested to be withdrawn ("**Withdrawal Amount**") as a result of such multiple requests exceeds such Limited Partner's capital account balance in respect of such Class of Interests for that fiscal year, the withdrawal request with respect to the portion of the Withdrawal Amount of the longest outstanding withdrawal request equal to the amount in excess of such Limited Partner's capital account balance at such time shall be deemed void.

All withdrawal requests must be received by the General Partner and the Administrator in writing. The General Partner will confirm by e-mail or by telephone all withdrawal requests which are received in good order. Limited Partners failing to receive e-mail or telephonic confirmations within five (5) days should contact the General Partner to confirm receipt. Failure by a Limited Partner to ensure the receipt of a withdrawal request may render such withdrawal request void.

After receiving notice of a withdrawal from a Limited Partner, the Partnership may, upon at least 24 hours' notice to the Limited Partner (via email or otherwise), pay all or a portion of the withdrawal proceeds at any time prior to the requested Withdrawal Date.

A withdrawal notice will be irrevocable unless the General Partner, in its sole discretion, permits the withdrawal notice to be revoked.

Compulsory Withdrawals

The Partnership may compulsorily withdraw the Interests of any Limited Partner at any time for any reason or for no reason, upon at least 2 days' prior written notice, in the sole discretion of the General Partner. This mandatory withdrawal right may be exercised by sending notice (including e-mail notice) to the Limited Partner or to any agent of the Limited Partner listed in the Subscription Documents.

Suspension of Withdrawals

The Partnership will suspend withdrawal of Interests during any period in which the calculation of the Net Asset Value of the Partnership or the Net Asset Value of the Interests has been suspended. (See "*Net Asset Valuation - Suspension of Calculation*" herein.)

NET ASSET VALUATION

Method of Calculation

The Net Asset Value of the Partnership will be determined by the Administrator in consultation with the Investment Manager as at the close of business on the last Business Day of each month and on such other dates as are determined by the General Partner in its sole discretion (collectively, "**Valuation Dates**"). The Net Asset Value of the Partnership will be equivalent to the gross assets less the gross liabilities of the Partnership as of any date of determination. To the extent feasible, expenses, fees and other liabilities will be accrued in accordance with GAAP. However, reserves for estimated or accrued expenses, liabilities or contingencies, including general reserves for unspecified contingencies, need not be taken in accordance with GAAP. In addition, although not consistent with GAAP, the organizational expenses of Interests are being amortized over a 60-month period, which may result in the audit opinion being qualified. The "**Net Asset Value of the Interests**" means the Net Asset Value of the Partnership that is represented by each Sub-Class of the applicable Class of Interests, in the aggregate. Notwithstanding any of the foregoing, the Interests will not participate in any profits or losses relating to the Banyon Investment.

The Net Asset Value of the Master Fund is determined for all purposes (such as calculating profits and losses) by the Administrator, subject to the ultimate direction of the Investment Manager from time to time with respect to certain securities, as of the close of business on the last day of each period for which calculations are required in accordance with the Master Fund Agreement. The Master Fund may also retain one or more independent valuation agents from time to time to assist in valuing certain of the Master Fund's assets.

Under the terms of the Master Fund Agreement, the value of the Master Fund's assets are determined as follows:

(a) *Listed Securities*. Freely marketable securities listed or admitted to trading on any U.S. or non-U.S. stock exchange or the U.S. NASDAQ National Market or comparable non-U.S. market system ("**NMS**") will be valued (A) at the last reported sale price of the security on the primary stock exchange or the NMS, as the case may be, on the date of determination, or in case there will have been no sale of such security on such date, then (B) at the mean between representative "bid" and "asked" prices for such security on such exchange or the NMS at the close of business on the date of determination, or if no such "bid" and "asked" prices are reported on such date, then (C) at the last reported sale or mean between representative "bid" and "asked" price within the five-day period preceding such date; or, if neither such last sale price nor "bid" and "asked" prices are reported during such period, then (D) at such price as the Investment Manager deems to be fair market value.

(b) *Unlisted Securities*. Freely marketable securities traded over-the-counter or on another dealer market will be valued (A) at the "last sale" price as reported by the National Association of Securities Dealers Automated Quotation System ("**NASDAQ**") or other primary U.S. or non-U.S. quotation system as of the date of determination or, if no such price is reported for such date, then (B) at the mean between representative "bid" and "asked" prices at the close of business on the date of determination, as reported in NASDAQ or such other system (or, if not so reported, then as reported by a recognized quotation service), or, if no such price is reported on such date, then (C) at the "last sale" or mean between representative "bid" and "asked" prices so reported within the five-day period preceding such date, or, if neither such "last sale" price nor such "bid" and "asked" prices are reported during such period.

(c) *Restricted Securities*. All securities which are not freely marketable by reason of legal restrictions ("**Restricted Securities**"), if readily and immediately convertible into or exercisable for freely marketable securities, will be valued on the basis applicable to such underlying securities, reduced by the applicable conversion or exercise price, as the case may be, and all other Restricted Securities will be valued at their fair value, on the basis of the last representative sale price of similarly restricted securities, or if no such sale price is available, then at such price as the Investment Manager deems to be fair value.

(d) *Short Positions*. Securities held short by the Master Fund will be valued as respectively provided in (a), (b) or (c) above, as applicable. The value of securities held short by the Master Fund will be treated as a liability of the Master Fund and, together with the amount of any margin or other loans on account thereof, will be subtracted from the Master Fund's assets in determining net assets of the Master Fund.

(e) *Options*. Options for the purchase or sale of securities will be valued as respectively provided in (a), (b), (c) or (d), as applicable, except that options listed on an exchange will in any event be valued at the mean between the representative "bid" and "asked" prices at the close of business on the date of determination. Premiums from the sale of options written by the Master Fund will be included in the assets of the Master Fund and the market value of such options will be included as a liability of the Master Fund.

(f) *Dividends*. Dividends declared but not yet received, and rights in respect of securities which are quoted ex-dividend or ex-rights, will be included at the fair value thereof, less any applicable taxes thereon, as determined by the Investment Manager, which may, but need not, be the fair market value so determined on the day the particular securities are first quoted ex-dividend or ex-rights.

(g) *Commodity Interests*. Positions in commodities, commodity futures contracts, options on such futures contracts or other interests in commodities traded on an exchange, through a clearing firm, a bank or through another financial institution will be valued at their most recent settlement price, or closing market quotation, as appropriate, on the applicable exchange or with such firm or institution on the applicable determination date. If such contract cannot be liquidated, due to the operation of daily limits or otherwise, as of such determination date, the liquidating value on the first subsequent day on which the contract would be liquidated may be used or such other value as the Investment Manager may deem fair and reasonable may be used.

(h) *Cash Items*. Short-term money market instruments and bank deposits will be valued at cost (together with accrued and unpaid interest) or market, depending on the type of investment, as the Investment Manager will deem appropriate.

(i) *Other Funds*. With respect to the Master Fund's ownership of interests in Other Funds, the value of such interest(s) shall mean the values reported to the Master Fund in the applicable net asset value statements sent by such Other Funds ("**Other Fund NAV**") to the Master Fund or, if such statements are not available, the most recent estimated net asset value of each of the Other Funds ("**Estimated Other Fund NAV**") based on preliminary returns reported by the Other Fund. Once the Master Fund has finalized its Net Asset Value, whether or not based on an Estimated Other Fund NAV, adjustments will be made only in subsequent periods and, except with respect to circumstances determined to be material in the discretion of the Investment Manager, no retroactive restatements will be made. Therefore, in the event that there is a difference between an Estimated Other Fund NAV and the Other Fund NAV, any necessary adjustments will affect, and be reflected in, the Master Fund's Net Asset Value reported in subsequent periods. Additionally, if there is a difference between the Estimated Other Fund NAV and the Other Fund NAV that results in an adjustment of the Master Fund's Net Asset Value after the Withdrawal Date or a Closing Date, the Master Fund will not make any adjustment to the Withdrawal Price or the subscription price, as the case may be.

(j) *Other Assets*. The value of any other assets of the Master Fund (or the value of the assets mentioned in (a) through (h) in situations not covered thereby, or in the event of any other happening determined by the Investment Manager in its discretion to make another method of valuation advisable) will be their fair value, determined in such manner as may be selected from time to time by the Investment Manager in its discretion. All values assigned to assets by the Investment Manager will be final and conclusive as to all Limited Partners.

Suspension of Calculation

The Partnership may suspend the calculation of the value of the Partnership's assets and the Net Asset Value during the following circumstances: (i) one or more U.S. or non-U.S. stock exchanges or other markets on which a significant amount of the Partnership's investments are listed or quoted and which constitute the primary markets for such investments are closed for any reason other than that of an ordinary holiday, or transactions at these exchanges are restricted or suspended; (ii) the existence of a war, natural catastrophe or any like state of affairs which constitutes an emergency as a result of which disposal of securities by the Partnership is not possible in an orderly manner; (iii) any means of communications necessary to determine the price or value of any of the Partnership's investments do not function; (iv) the transfer of funds involved in the realization or acquisition of any investments is, in the judgment of the Investment Manager, not possible at normal rates of exchange; or (v) the Master Fund has suspended valuations, withdrawals and/or acceptance of capital contributions.

Notwithstanding the foregoing, if the Investment Manager determines that the valuation of any securities or other property in accordance with the above guidelines does not fairly represent market value, the Investment Manager may value such securities or other property as it reasonably determines and will set forth the basis of such valuation in writing in the Master Fund's records.

BROKERAGE AND TRANSACTIONAL PRACTICES

The Master Fund may incur substantial brokerage commissions and other transaction expenses. The Investment Manager has complete discretion in deciding which brokers and dealers to use and in negotiating rates of brokerage compensation. In addition to using brokers as agents and paying commissions, the Master Fund may buy or sell Financial Instruments directly from or to dealers acting as principal (such as market-makers for over-the-counter derivatives) at prices that include markups or markdowns. The following describes some noteworthy aspects of the Investment Manager's and the Master Fund's use of and relationships with brokers and dealers.

Selection Criteria, Generally

In choosing brokers and dealers, the Investment Manager is not required to consider any particular criteria. The Investment Manager seeks "best execution" of Master Fund transactions. What constitutes "best execution" and determining how to achieve it are inherently uncertain. In evaluating whether a broker or dealer will provide best execution, the Investment Manager considers a range of factors. These include, among others, historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions; the execution, clearance and settlement and error correction capabilities of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker's or dealer's willingness to commit capital; the broker's or dealer's reliability and financial stability; the size of the transaction; research, corporate access, reputation, the availability of securities to borrow for short sales; the nature, quantity and quality of research provided by the broker or dealer; the broker's or dealer's ability to protect the Master Fund's trading patterns, positions and strategies from the broader market; and the market for the security. The Investment Manager is authorized to determine different Brokers to be used for each Financial Instrument transaction for the Master Fund. In selecting Brokers to execute transactions, the Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. The Investment Manager is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker or dealer provides execution quality comparable to other brokers or dealers, and the Master Fund at times pays more than the lowest transaction cost available in order to obtain for itself and/or the Investment Manager services and products other than securities execution.

"Soft Dollars"

In selecting Brokers, the Investment Manager may also take into account the value of referrals of prospective investors in the Partnership, in other investment funds investing in the Master Fund or in other funds managed by the Investment Manager or its Affiliates and any related finder's fees. Accordingly, the Master Fund may be deemed to be paying for such services with "soft" or commission dollars. Although the Investment Manager believes that the Master Fund may benefit from the services obtained with such "soft" dollars, the Master Fund does not benefit from all of the "soft" dollar services. The relationships with brokerage firms that provide "soft" dollar services to the Investment Manager may influence the Investment

Manager's judgment in allocating brokerage business and create a conflict of interest in using the services of those broker-dealers to execute the Master Fund's brokerage transactions.

Aggregation of Orders

In accordance with the terms of its compliance manual, the Investment Manager may combine orders on behalf of the Master Fund with orders for other accounts for which it or its principals have trading authority, or in which it or its principals have an economic interest; provided, however, that the Investment Manager may not combine orders on behalf of the Master Fund with orders for the personal accounts of the principals of the Investment Manager. In such cases, the Investment Manager will allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. The Investment Manager believes combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to the Master Fund than if the Master Fund had been the only account effecting the transaction or had completed its transaction before the other participants. Because of the Investment Manager's interest in the Master Fund, there may be circumstances in which the Master Fund's transactions may not, under certain laws and regulations, be combined with those of some of the Investment Manager's and its Affiliates' other clients, and the Master Fund may obtain less advantageous execution than such other clients.

Custody, Clearing and Settlement

The Master Fund has arrangements with a number of brokers and clears the Master Fund's transactions for securities, equities, bonds, options and futures through a number of brokerage firms. Some securities of the Master Fund may be held by brokers as custodians for the Master Fund. Other assets of the Master Fund may be held directly by the Master Fund and not through a custodial arrangement.

SUMMARY OF THE PARTNERSHIP AGREEMENT

The following summarizes the material provisions of the Partnership Agreement. A copy of the Partnership Agreement is attached to this Memorandum and should be read in its entirety.

A Limited Partner is liable for debts and obligations of the Partnership to the extent of its capital contributions to the Partnership, subject to the provisions of the Delaware Revised Uniform Limited Partnership Act and Delaware Law. The Partnership will continue until December 31, 2023 unless sooner dissolved or extended pursuant to the terms of the Partnership Agreement. A separate capital account will be established on the books of the Partnership and a Partnership Percentage will be determined for each Partner. The capital accounts will reflect the Net Capital Appreciation and Net Capital Depreciation of each Partner's Interest in the Partnership. Additional contributions may be made by each Partner in accordance with the Partnership Agreement. The management of the Partnership is vested exclusively in the General Partner except to the extent that the General Partner has delegated investment management authority to the Investment Manager. The General Partner receives an Incentive Allocation and will be reimbursed for expenses incurred on behalf of the Partnership. The Partnership Agreement permits the Partnership to pay a salary or other compensation to the General Partner.

The Partnership's assets will be valued in accordance with the terms of the Partnership Agreement and the General Partner may make distributions to the Partners on a pro rata basis. Each Limited Partner is entitled to a partial or complete withdrawal of amounts from its respective capital account at the end of a fiscal quarter, subject to, and in accordance with, the Partnership Agreement. To the extent permitted by the Partnership Agreement, the General Partner may decrease the requested amount to be withdrawn. Payment of at least ninety percent (90%) of any amount permitted to be withdrawn by a Limited Partner will be made within thirty (30) days following the withdrawal date and the balance thereof (subject to audit adjustments) will be paid without interest within thirty (30) days after completion of the audit of the Partnership's books for such fiscal year. The General Partner may at any time withdraw any amount from its capital account. A Limited Partner may not directly or indirectly transfer its Interest without the prior written approval of the General Partner, which may be withheld in its absolute and sole discretion. A new Limited Partner may be admitted to the Partnership at any time with the consent of the General Partner.

The General Partner, in its sole discretion, may amend the Partnership Agreement, provided that no amendment may: (i) modify the limited liability of a Limited Partner without the consent of each such affected Limited Partner; (ii) reduce the capital account of any existing Limited Partner without that Limited Partner's consent or (iii) adversely affect the interest (pecuniary or otherwise) of any Limited Partner without sufficient prior written notice being given to such Limited Partner to permit such Limited Partner to withdraw from the Partnership.

If the consent of any Limited Partner to any action of the Partnership, including an amendment of the Partnership Agreement, is solicited by the General Partner, the solicitation shall be effected by notice to each Limited Partner given in the manner provided in the Partnership Agreement. The consent of each Limited Partner so solicited shall be deemed conclusively to have been cast or granted as requested in the notice of solicitation, whether or not the notice of solicitation is actually received by that Limited Partner, unless the Limited Partner expresses written objection to the consent by notice given in the manner provided in the Partnership Agreement and actually received by the Partnership within 20 days after the notice of solicitation is effected.

The Partnership will provide to the Limited Partners (i) an unaudited financial report of the Partnership at the end of each quarter, and (ii) an audited financial report of the Partnership within 180 days of the fiscal year end or as soon as reasonably practicable thereafter. The General Partner is not liable to any Partner and the Partnership will indemnify and hold harmless the General Partner and the persons specified in the Partnership Agreement subject to and to the extent provided in the Partnership Agreement.

The Partnership Agreement also provides that any disputes which may arise between the Partnership and any of its Limited Partners, their executors, administrators or assigns will be resolved through arbitration in accordance with the procedures contained therein.

CERTAIN TAX CONSIDERATIONS

The following is a summary of certain aspects of the income taxation of the Partnership and its Limited Partners which should be considered by a prospective Limited Partner. The Partnership has not sought a ruling from the Internal Revenue Service (the "**Service**") or any other Federal, state or local agency with respect to any of the tax issues affecting the Partnership, nor has it obtained an opinion of counsel with respect to any tax issues.

This summary of certain aspects of the Federal income tax treatment of the Partnership is based upon the Internal Revenue Code of 1986, as amended (the "**Code**"), judicial decisions, Treasury Regulations (the "**Regulations**") and rulings in existence on the date hereof, all of which are subject to change. This summary does not discuss the impact of various proposals to amend the Code which could change certain of the tax consequences of an investment in the Partnership. This summary also does not discuss all of the tax consequences that may be relevant to a particular investor or to certain investors subject to special treatment under the Federal income tax laws, such as insurance companies.

EACH PROSPECTIVE LIMITED PARTNER SHOULD CONSULT WITH ITS OWN TAX ADVISOR IN ORDER TO FULLY UNDERSTAND THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP.

Tax Treatment of Partnership Operations

Classification of the Partnership. The General Partner intends to operate the Partnership as a partnership for Federal tax purposes that is not a publicly traded partnership taxable as a corporation. If it were determined that the Partnership should be taxable as a corporation for Federal tax purposes (as a result of changes in the Code, the Regulations or judicial interpretations thereof, a material adverse change in facts, or otherwise), the taxable income of the Partnership would be subject to corporate income tax when recognized by the Partnership; distributions of such income, other than in certain redemptions of Interests, would be treated as dividend income when received by the Partners to the extent of the current or accumulated earnings and profits of the Partnership; and Partners would not be entitled to report profits or losses realized by the Partnership.

The Investment Manager intends to operate the Master Fund as a pass-through entity for Federal tax purposes and not as an entity taxable as a corporation. Unless otherwise indicated, references in the following discussion to the tax consequences of Partnership investments, activities, income, gain and loss, include the direct investments, activities, income, gain and loss of the Partnership, and those indirectly attributable to the Partnership as a result of it being a member of the Master Fund.

As a partnership, the Partnership is not itself subject to Federal income tax. The Partnership files an annual partnership information return with the Service which reports the results of operations. Each Partner is required to report separately on its income tax return its distributive share of the Partnership's net long-term capital gain or loss, net short-term capital gain or loss and all other items of ordinary income or loss. Each Partner is taxed on its

distributive share of the Partnership's taxable income and gain regardless of whether it has received or will receive a distribution from the Partnership.

Allocation of Profits and Losses. Under the Partnership Agreement, the Partnership's net capital appreciation or net capital depreciation for each accounting period is allocated among the Partners and to their capital accounts without regard to the amount of income or loss actually recognized by the Partnership for Federal income tax purposes. The Partnership Agreement provides that items of income, deduction, gain, loss or credit actually recognized by the Partnership for each fiscal year generally are to be allocated for income tax purposes among the Partners pursuant to the principles of Regulations issued under Sections 704(b) and 704(c) of the Code, based upon amounts of the Partnership's net capital appreciation or net capital depreciation allocated to each Partner's capital account for the current and prior fiscal years. There can be no assurance however, that the particular methodology of allocations used by the Partnership will be accepted by the Service. If such allocations are successfully challenged by the Service, the allocation of the Partnership's tax items among the Partners may be affected.

The General Partner may, in its sole discretion, allocate specially an amount of the Partnership's capital gain and loss for Federal income tax purposes to a withdrawing Partner to the extent that the Partner's capital account exceeds, or is less than, as the case may be, its Federal income tax basis in its partnership interest. There can be no assurance that, if the General Partner makes any such special allocations, the Service will accept such allocations. If such allocations are successfully challenged by the Service, the Partnership's gains or losses allocable to the remaining Partners would be affected.

Tax Elections; Returns; Tax Audits. The Code generally provides for optional adjustments to the basis of partnership property upon distributions of partnership property to a partner and transfers of partnership interests (including by reason of death) provided that a partnership election has been made pursuant to Section 754. Under the Partnership Agreement, the General Partner, in its sole discretion, may cause the Partnership to make such an election. Any such election, once made, cannot be revoked without the Service's consent. The actual effect of any such election may depend upon whether the Master Fund also makes such an election. As a result of the complexity and added expense of the tax accounting required to implement such an election, the General Partner presently does not intend to make such election.

The General Partner decides how to report the partnership items on the Partnership's tax returns. In certain cases, the Partnership may be required to file a statement with the Service disclosing one or more positions taken on its tax return, generally where the tax law is uncertain or a position lacks clear authority. All Partners are required under the Code to treat the partnership items consistently on their own returns, unless they file a statement with the Service disclosing the inconsistency. Given the uncertainty and complexity of the tax laws, it is possible that the Service may not agree with the manner in which the Partnership's items have been reported. In the event the income tax returns of the Partnership are audited by the Service, the tax treatment of the Partnership's income and deductions generally is determined at the limited partnership level in a single proceeding rather than by individual audits of the Partners. The General Partner, designated as the "**Tax Matters Partner**," has considerable authority to make decisions affecting the tax treatment and procedural rights of all Partners. In addition, the Tax Matters Partner has the authority to bind certain Partners to settlement agreements and the right

on behalf of all Partners to extend the statute of limitations relating to the Partners' tax liabilities with respect to Partnership items.

Mandatory Basis Adjustments. The Partnership is generally required to adjust its tax basis in its assets in respect of all Partners in cases of partnership distributions that result in a "substantial basis reduction" (i.e., in excess of $250,000) in respect of the Partnership's property. The Partnership is also required to adjust its tax basis in its assets in respect of a transferee, in the case of a sale or exchange of an interest, or a transfer upon death, when there exists a "substantial built-in loss" (i.e., in excess of $250,000) in respect of partnership property immediately after the transfer. For this reason, the Partnership will require (i) a Partner who receives a distribution from the Partnership in connection with a complete withdrawal, (ii) a transferee of an Interest (including a transferee in case of death) and (iii) any other Partner in appropriate circumstances to provide the Partnership with information regarding its adjusted tax basis in its Interest. The Master Fund has a similar tax basis adjustment obligation with respect to distributions by, and sales or transfers of interests in, the Master Fund.

Tax Consequences to a Withdrawing Limited Partner

A Limited Partner receiving a cash liquidating distribution from the Partnership, in connection with a complete withdrawal from the Partnership, generally will recognize capital gain or loss to the extent of the difference between the proceeds received by such Limited Partner and such Limited Partner's adjusted tax basis in its partnership interest. Such capital gain or loss will be short-term, long-term, or some combination of both, depending upon the timing of the Limited Partner's contributions to the Partnership. However, a withdrawing Limited Partner will recognize ordinary income to the extent such Limited Partner's allocable share of the Partnership's "unrealized receivables" exceeds the Limited Partner's basis in such unrealized receivables (as determined pursuant to the Regulations). For these purposes, accrued but untaxed market discount, if any, on securities held by the Partnership will be treated as an unrealized receivable, with respect to which a withdrawing Limited Partner would recognize ordinary income. A Limited Partner receiving a cash nonliquidating distribution will recognize income in a similar manner only to the extent that the amount of the distribution exceeds such Limited Partner's adjusted tax basis in its partnership interest.

As discussed above, the General Partner may specially allocate items of Partnership capital gain and loss to a withdrawing Partner to the extent its capital account would otherwise exceed or be less than, as the case may be, its adjusted tax basis in its partnership interest. Such a special allocation of gain may result in the withdrawing Partner recognizing capital gain, which may include short-term gain, in the Partner's last taxable year in the Partnership, thereby reducing the amount of long-term capital gain recognized during the tax year in which it receives its liquidating distribution upon withdrawal. Such a special allocation of loss may result in the withdrawing Partner recognizing capital loss, which may include long-term loss, in the Partner's last taxable year in the Partnership, thereby reducing the amount of short-term loss recognized during the tax year in which it receives its liquidating distribution upon withdrawal.

Distributions of Property. A partner's receipt of a distribution of property from a partnership is generally not taxable. However, under Section 731 of the Code, a distribution consisting of marketable securities generally is treated as a distribution of cash (rather than

property) unless the distributing partnership is an "investment partnership" within the meaning of Section 731(c)(3)(C)(i) and the recipient is an "eligible partner" within the meaning of Section 731(c)(3)(C)(iii). The Partnership will determine at the appropriate time whether it qualifies as an "investment partnership." Assuming it so qualifies, if a Limited Partner is an "eligible partner," which term should include a Limited Partner whose contributions to the Partnership consisted solely of cash, the rule treating a distribution of property as a distribution of cash would not apply.

Tax Treatment of Partnership Investments

In General. The Master Fund expects to act as a trader, and not as a dealer, with respect to its securities transactions. A trader is a person who buys and sells securities for its own account. A dealer, on the other hand, is a person who purchases securities for resale to customers rather than for investment or speculation. The Master Fund has taken the position that its securities trading activity constitutes a trade or business for Federal income tax purposes. However, there can be no assurance that the Service will agree that the Master Fund's securities activities will constitute trading rather than investing.

Generally, the gains and losses realized by a trader on the sale of securities are capital gains and losses. Capital gains and losses recognized by the Partnership may be long-term or short-term depending, in general, upon the length of time the Partnership maintains a particular investment position and, in some cases, upon the nature of the transaction. Property held for more than one year generally will be eligible for long-term capital gain or loss treatment. The application of certain rules relating to short sales, to so-called "straddle" and "wash sale" transactions and to Section 1256 Contracts (defined below) may serve to alter the treatment of the Partnership's securities positions.

The Partnership may also realize ordinary income and losses with respect to its transactions. The Partnership may hold debt obligations with "original issue discount." In such case the Partnership would be required to include amounts in taxable income on a current basis even though receipt of such amounts may occur in a subsequent year. In addition, certain derivative transactions entered into by the Partnership may give rise to current income even though there has been no corresponding cash distribution to the Partnership. Moreover, in some cases, dividend income can be imputed to the holder of certain equity interests or equity derivative instruments, such as options or convertible debt, as a result of an adjustment by the issuing corporation to the exercise or conversion ratio or as a result of other corporate action which has the effect of increasing a holder's interest in the earnings and profits or assets of the issuing corporation.

The maximum ordinary income tax rate for individuals is 39.6% and, in general, the maximum individual income tax rate for "**Qualified Dividends**"[4] and long-term capital gains is 20% (unless the taxpayer elects to be taxed at ordinary rates - see "Limitation on Deductibility of Interest and Short Sale Expenses" below), although in all cases the actual rates may be higher

[4] A "Qualified Dividend" is generally a dividend from certain domestic corporations, and from certain foreign corporations that are either eligible for the benefits of a comprehensive income tax treaty with the United States or are readily tradable on an established securities market in the United States. Shares must be held for certain holding periods in order for a dividend thereon to be a Qualified Dividend.

due to the phase out of certain tax deductions, exemptions and credits. The excess of capital losses over capital gains may be offset against the ordinary income of an individual taxpayer, subject to an annual deduction limitation of $3,000. Capital losses of an individual taxpayer may generally be carried forward to succeeding tax years to offset capital gains and then ordinary income (subject to the $3,000 annual limitation). For corporate taxpayers, the maximum income tax rate is 35%. Capital losses of a corporate taxpayer may be offset only against capital gains, but unused capital losses may be carried back three years (subject to certain limitations) and carried forward five years.

In addition, individuals, estates and trusts are subject to a Medicare tax of 3.8% on net investment income ("NII") (or undistributed NII, in the case of estates and trusts) for each such taxable year, with such tax applying to the lesser of such income or the excess of such person's adjusted gross income (with certain adjustments) over a specified amount.[5] NII includes net income from interest, dividends, annuities, royalties and rents and net gain attributable to the disposition of investment property. It is generally anticipated that net income and gain attributable to an investment in the Partnership will be included in an investor's NII subject to this Medicare tax. However, the calculation of NII for purposes of the Medicare tax and taxable income for purposes of the regular income tax may be different. Furthermore, the Medicare tax and the regular income tax may be due in different taxable years with respect to the same income.

Section 1256 Contracts. In the case of Section 1256 Contracts, the Code generally applies a "mark-to-market" system of taxing unrealized gains and losses on such contracts and otherwise provides for special rules of taxation. A Section 1256 Contract includes certain regulated futures contracts and certain other contracts. Under these rules, Section 1256 Contracts held by the Partnership at the end of each taxable year of the Partnership are treated for Federal income tax purposes as if they were sold by the Partnership for their fair market value on the last business day of such taxable year. The net gain or loss, if any, resulting from such deemed sales (known as "marking to market"), together with any gain or loss resulting from actual sales of Section 1256 Contracts, must be taken into account by the Partnership in computing its taxable income for such year. If a Section 1256 Contract held by the Partnership at the end of a taxable year is sold in the following year, the amount of any gain or loss realized on such sale will be adjusted to reflect the gain or loss previously taken into account under the "mark-to-market" rules.

With certain exceptions, capital gains and losses from such Section 1256 Contracts generally are characterized as short-term capital gains or losses to the extent of 40% thereof and as long-term capital gains or losses to the extent of 60% thereof. If an individual taxpayer incurs a net capital loss for a year, the portion thereof, if any, which consists of a net loss on Section 1256 Contracts may, at the election of the taxpayer, be carried back three years. Losses so carried back may be deducted only against net capital gain to the extent that such gain includes gains on Section 1256 Contracts. A Section 1256 Contract does not include any "securities

[5] The amount is $250,000 for married individuals filing jointly, $125,000 for married individuals filing separately, $200,000 for other individuals and the dollar amount at which the highest income tax bracket for estates and trusts begins.

futures contract" or any option on such a contract, other than a "dealer securities futures contract" (see "*Certain Securities Futures Contracts*").

Certain Securities Futures Contracts. Generally, a securities futures contract is a contract of sale for future delivery of a single security or a narrow-based security index. Any gain or loss from the sale or exchange of a securities futures contract (other than a "dealer securities futures contract") is treated as gain or loss from the sale or exchange of property that has the same character as the property to which the contract relates has (or would have) in the hands of the taxpayer. If the underlying security would be a capital asset in the taxpayer's hands, then gain or loss from the sale or exchange of the securities futures contract would be capital gain or loss. Capital gain or loss from the sale or exchange of a securities futures contract to sell property (i.e., the short side of a securities futures contract) generally will be short-term capital gain or loss.

A "dealer securities futures contract" is treated as a Section 1256 Contract. A "dealer securities futures contract" is a securities futures contract, or an option to enter into such a contract, that (1) is entered into by a dealer (or, in the case of an option, is purchased or granted by the dealer) in the normal course of its trade or business activity of dealing in the contracts and (2) is traded on a qualified board of trade or exchange.

Mixed Straddle Election. The Code allows a taxpayer to elect to offset gains and losses from positions which are part of a "mixed straddle." A "mixed straddle" is any straddle in which one or more but not all positions are Section 1256 Contracts. Pursuant to Temporary Regulations, the Partnership may be eligible to elect to establish one or more mixed straddle accounts for certain of its mixed straddle trading positions. The mixed straddle account rules require a daily "marking to market" of all open positions in the account and a daily netting of gains and losses from positions in the account. At the end of a taxable year, the annual net gains or losses from the mixed straddle account are recognized for tax purposes. The application of the Temporary Regulations' mixed straddle account rules is not entirely clear. Therefore, there is no assurance that a mixed straddle account election by the Partnership will be accepted by the Service.

Possible "Mark-to-Market" Election. To the extent that the Master Fund is directly engaged in a trade or business as a trader in "securities" and/or as a trader in "commodities," it may elect under Section 475 of the Code to "mark-to-market" the securities and/or commodities held in connection with such trade or business. Under such election, securities and/or commodities, as applicable, held by the Master Fund at the end of each taxable year generally will be treated as if they were sold by the Master Fund for their fair market value on the last day of such taxable year, and gains or losses recognized thereon (with certain exceptions) will be treated as ordinary income or loss. Moreover, even if the Master Fund determines that its securities and/or commodities activities will constitute trading rather than investing, there can be no assurance that the Service will agree, in which case the Master Fund may not be able to mark-to-market its positions.

Short Sales. Gain or loss from a short sale of property is generally considered as capital gain or loss to the extent the property used to close the short sale constitutes a capital asset in the Partnership's hands. Except with respect to certain situations where the property used to close a short sale has a long-term holding period on the date the short sale is entered into, gains on short

sales generally are short-term capital gains. A loss on a short sale will be treated as a long-term capital loss if, on the date of the short sale, "substantially identical property" has been held by the Partnership for more than one year. In addition, these rules may also terminate the running of the holding period of "substantially identical property" held by the Partnership.

Gain or loss on a short sale will generally not be realized until such time that the short sale is closed. However, if the Partnership holds a short sale position with respect to stock, certain debt obligations or partnership interests that has appreciated in value and then acquires property that is the same as or substantially identical to the property sold short, the Partnership generally will recognize gain on the date it acquires such property as if the short sale were closed on such date with such property. Similarly, if the Partnership holds an appreciated financial position with respect to stock, certain debt obligations, or partnership interests and then enters into a short sale with respect to the same or substantially identical property, the Partnership generally will recognize gain as if the appreciated financial position were sold at its fair market value on the date it enters into the short sale. The subsequent holding period for any appreciated financial position that is subject to these constructive sale rules will be determined as if such position were acquired on the date of the constructive sale.

Effect of Straddle Rules on Limited Partners' Securities Positions. The Service may treat certain positions in securities held (directly or indirectly) by a Partner and its indirect interest in similar securities held by the Partnership as "straddles" for Federal income tax purposes. Investors should consult their tax advisors regarding the application of the "straddle" rules to their investment in the Partnership.

Limitation on Deductibility of Interest and Short Sale Expenses. For noncorporate taxpayers, Section 163(d) of the Code limits the deduction for "investment interest" (i.e., interest or short sale expenses for "indebtedness properly allocable to property held for investment"). Investment interest is not deductible in the current year to the extent that it exceeds the taxpayer's "net investment income," consisting of net gain and ordinary income derived from investments in the current year less certain directly connected expenses (other than interest or short sale expenses). For this purpose, Qualified Dividends and long-term capital gains are excluded from net investment income unless the taxpayer elects to pay tax on such amounts at ordinary income tax rates.

For purposes of this provision, the Partnership's activities (other than certain activities that are treated as "passive activities" under Section 469 of the Code) will be treated as giving rise to investment income for a Limited Partner, and the investment interest limitation would apply to a noncorporate Limited Partner's share of the interest and short sale expenses attributable to the Partnership's operation. In such case, a noncorporate Limited Partner would be denied a deduction for all or part of that portion of its distributive share of the Partnership's ordinary losses attributable to interest and short sale expenses unless it had sufficient investment income from all sources including the Partnership. A Limited Partner that could not deduct losses currently as a result of the application of Section 163(d) would be entitled to carry forward such losses to future years, subject to the same limitation. The investment interest limitation would also apply to interest paid by a noncorporate Limited Partner on money borrowed to finance its investment in the Partnership. Potential investors are advised to consult with their

own tax advisors with respect to the application of the investment interest limitation in their particular tax situations.

For each taxable year, Section 1277 of the Code limits the deduction of the portion of any interest expense on indebtedness incurred by a taxpayer to purchase or carry a security with market discount which exceeds the amount of interest (including original issue discount) includible in the taxpayer's gross income for such taxable year with respect to such security ("**Net Interest Expense**"). In any taxable year in which the taxpayer has Net Interest Expense with respect to a particular security, such Net Interest Expense is not deductible except to the extent that it exceeds the amount of market discount which accrued on the security during the portion of the taxable year during which the taxpayer held the security. Net Interest Expense which cannot be deducted in a particular taxable year under the rules described above can be carried forward and deducted in the year in which the taxpayer disposes of the security. Alternatively, at the taxpayer's election, such Net Interest Expense can be carried forward and deducted in a year prior to the disposition of the security, if any, in which the taxpayer has net interest income from the security.

Section 1277 would apply to a Limited Partner's share of the Partnership's Net Interest Expense attributable to a security held by the Partnership with market discount. In such case, a Limited Partner would be denied a current deduction for all or part of that portion of its distributive share of the Partnership's ordinary losses attributable to such Net Interest Expense and such losses would be carried forward to future years, in each case as described above. Although no guidance has been issued regarding the manner in which an election to deduct previously disallowed Net Interest Expense in a year prior to the year in which a bond is disposed of should be made, it appears that such an election would be made by the Partnership rather than by the Limited Partner. Section 1277 would also apply to the portion of interest paid by a Limited Partner on money borrowed to finance its investment in the Partnership to the extent such interest was allocable to securities held by the Partnership with market discount.

Deductibility of Partnership Investment Expenditures and Certain Other Expenditures. Investment expenses (e.g., investment advisory fees) of an individual, trust or estate are deductible only to the extent they exceed 2% of adjusted gross income. In addition, the Code further restricts the ability of an individual with an adjusted gross income in excess of a specified amount[6] to deduct such investment expenses. Under such provision, there is a limitation on the deductibility of investment expenses in excess of 2% of adjusted gross income to the extent such excess expenses (along with certain other itemized deductions) exceed the lesser of (i) 3% of the excess of the individual's adjusted gross income over the specified amount or (ii) 80% of the amount of certain itemized deductions otherwise allowable for the taxable year. Moreover, such investment expenses are miscellaneous itemized deductions which are not deductible by a noncorporate taxpayer in calculating its alternative minimum tax liability.

Pursuant to Temporary Regulations issued by the Treasury Department, these limitations on deductibility should not apply to a noncorporate Limited Partner's share of the expenses of the Master Fund to the extent that the Master Fund is engaged, as it expects to be, in a trade or

[6] The specified amount for taxable years beginning during 2015 is $309,900 for married individuals filing jointly, $154,950 for married individuals filing separately, $289,050 for heads of households and $258,050 for other individuals.

business within the meaning of the Code. However, there can be no assurance that the Service may not treat such expenses as investment expenses which are subject to the limitations. In addition, these limitations may apply to certain expenses of the Master Fund and the Partnership, including the Management Fee, payments made to Portfolio Managers, the fee paid to the Administrator and payments made on certain derivative instruments to the extent allocable to activities, if any, that are not part of the Master Fund's or the Partnership's trade or business (including investments, if any, in partnerships that are not managed by the General Partner or its affiliates or investments that are treated as held for investment). Although the Partnership intends to treat the Incentive Allocation as an allocation of profits and not as an expense of the Partnership potentially subject to the foregoing limitations, there can be no assurance that the Service will agree with such characterization.

The consequences of these limitations will vary depending upon the particular tax situation of each taxpayer. Accordingly, noncorporate Limited Partners should consult their tax advisors with respect to the application of these limitations.

A Limited Partner will not be allowed to deduct syndication expenses, including placement fees paid by such Limited Partner or the Partnership. Any such amounts will be included in the Limited Partner's adjusted tax basis for its Interest.

Application of Rules for Income and Losses from Passive Activities. The Code restricts the deductibility of losses from a "passive activity" against certain income which is not derived from a passive activity. This restriction applies to individuals, personal service corporations and certain closely held corporations. Pursuant to Temporary Regulations issued by the Treasury Department, income or loss from the Partnership's investment and trading activity generally will not constitute income or loss from a passive activity. Therefore, passive losses from other sources generally could not be deducted against a Limited Partner's share of such income and gain from the Partnership. Income or loss attributable to certain activities of the Partnership, including investments in partnerships engaged in certain trades or businesses, may constitute passive activity income or loss.

Application of Basis and "At Risk" Limitations on Deductions. The amount of any loss of the Partnership that a Limited Partner is entitled to include in its income tax return is limited to its adjusted tax basis in its Interest as of the end of the Partnership's taxable year in which such loss occurred. Generally, a Limited Partner's adjusted tax basis for its Interest is equal to the amount paid for such Interest, increased by the sum of (i) its share of the Partnership's liabilities, as determined for Federal income tax purposes, and (ii) its distributive share of the Partnership's realized income and gains, and decreased (but not below zero) by the sum of (i) distributions (including decreases in its share of Partnership liabilities) made by the Partnership to such Limited Partner and (ii) such Limited Partner's distributive share of the Partnership's realized losses and expenses.

Similarly, a Limited Partner that is subject to the "at risk" limitations (generally, noncorporate taxpayers and closely held corporations) may not deduct losses of the Partnership to the extent that they exceed the amount such Limited Partner has "at risk" with respect to its Interest at the end of the year. The amount that a Limited Partner has "at risk" will generally be the same as its adjusted basis as described above, except that it will generally not include any

amount attributable to liabilities of the Partnership or any amount borrowed by the Limited Partner on a non-recourse basis.

Losses denied under the basis or "at risk" limitations are suspended and may be carried forward in subsequent taxable years, subject to these and other applicable limitations.

Passive Foreign Investment Companies. The Partnership may invest in foreign corporations which are passive foreign investment companies ("**PFICs**") for Federal income tax purposes. A foreign corporation is considered a PFIC if (i) 75% or more of its gross income for the taxable year is "passive" or (ii) the average percentage of assets (by value) held by it during the taxable year which produce passive income, or which are held for the production of passive income, is at least 50%. As a result of the Partnership's investment in a PFIC, unless the PFIC shares are subject to an election by the Partnership under Section 475 of the Code (see "*Possible 'Mark-to-Market' Election*", above), Limited Partners would be subject to income taxation with respect to their share of income attributable to the PFIC under one of three complex methods designed to eliminate the benefit of any tax deferral that might otherwise be available as a result of an investment in a PFIC.

Under the "interest charge" method, a Limited Partner is generally liable for tax (at ordinary income rates) plus an interest charge reflecting the deemed deferral of tax liability on the income arising when the Partnership pledges or sells its PFIC shares at a gain, receives certain distributions from the PFIC or when the Limited Partner's indirect interest in the PFIC is reduced. Under a second option, if the Partnership makes an election to have the PFIC treated as a qualified electing fund ("**QEF**"), Limited Partners would generally be taxed currently on their proportionate share of the ordinary earnings and net long-term capital gains of the PFIC whether or not the earnings or gains are distributed. In addition, PFIC expenses, if any, that are properly capitalized will not be deductible for purposes of calculating the income included as a result of the QEF election. If the PFIC realizes a net loss in a particular year, under the QEF rules, that loss will not pass through to the Limited Partners nor will it be netted against the income of any other PFIC with respect to which a QEF election has been made. Moreover, the loss also cannot be carried forward to offset income of the PFIC in subsequent years. A Limited Partner should also note that under the QEF rules, it may be taxed on income related to unrealized appreciation in the PFIC's assets attributable to periods prior to the Partnership's investment in the PFIC if such amounts are recognized by the PFIC after the Partnership acquires PFIC shares. Moreover, any net short-term capital gains of the PFIC will not pass through as capital gains, but will be taxed as ordinary income.

In order for the Partnership to be eligible to make a QEF election, the PFIC would have to agree to provide certain information to the Partnership on an annual basis. The Partnership, where possible, generally intends to make a QEF election with respect to its PFIC investments, if any. Under the third alternative, the Partnership generally will have the option to elect to mark its PFIC stock to market at the end of every year, provided the PFIC stock is considered "marketable" under applicable definitions. All such mark to market gains and losses (to the extent allowed) will be considered ordinary. Under regulations, it is unlikely that any PFIC shares that the Partnership would invest in would be considered "marketable" unless the PFIC shares were regularly traded on a regulated securities exchange.

Other "Anti-Deferral" Provisions. Whether or not the PFIC provisions are applicable, pursuant to the "controlled foreign corporation" provisions of the Code, investments by the Partnership in certain foreign corporations may, in certain circumstances, cause a Limited Partner to (i) recognize taxable income prior to the Partnership's receipt of distributable proceeds or (ii) recognize ordinary taxable income that would otherwise have been treated as long-term or short-term capital gain.

U.S. Withholding Taxes

Certain interest, dividends and "dividend equivalent payments" received by the Master Fund from sources within the United States may be subject to withholding taxes imposed by the United States. The Limited Partners will be informed by the Partnership as to their proportionate share of the U.S. taxes paid by the Master Fund, if any, which they will be required to include in their income. The Limited Partners should be entitled to claim an unrestricted credit for their share of such U.S. taxes in computing their own Federal income tax liability.

In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the Master Fund has registered, and relevant non-U.S. Other Funds generally will be required to timely register, with the Service and generally will be required to identify, and report information with respect to, certain of their direct and indirect U.S. account holders (including debtholders and equityholders). Limited Partners should consult their own tax advisors regarding the possible implications of these rules on their investment in Interests.

Reporting Requirements

Regulations generally impose an information reporting requirement on a U.S. person's direct and indirect contributions of cash or property to a foreign partnership such as the Master Fund where, (i) immediately after the contribution, the U.S. person owns (directly, indirectly or by attribution) at least a 10% interest in the foreign partnership or (ii) the value of the cash and/or property transferred during the twelve-month period ending on the date of the contribution by the transferor (or any related person) exceeds $100,000. Under these rules, a Limited Partner will be deemed to have transferred a proportionate share of the cash and property contributed by the Partnership to the Master Fund. Furthermore, if a U.S. person was required to report a transfer to a foreign partnership of appreciated property under the first sentence of this paragraph, and the foreign partnership disposes of the property while such U.S. person remains a direct or indirect partner, that U.S. person must report the disposition by the partnership. However, a Limited Partner will not be required to file information returns with respect to the events described in this paragraph if the Partnership complies with the reporting requirements. The Partnership intends to file the required reports with the Service so as to relieve the Limited Partners of these reporting obligations.

Regulations also generally impose a reporting requirement on any U.S. Limited Partner which, at any time during the taxable year of the Master Fund, owns (indirectly or by attribution) more than 50% of the capital or profits of the Master Fund. The General Partner will notify any Limited Partner who owns the requisite indirect interest in the Master Fund and will assist such person in meeting their reporting obligations.

The foregoing discussion is only a brief summary of certain information reporting requirements. Substantial penalties may apply if the required reports are not made on time. Partners are strongly urged to consult their own tax advisors concerning these reporting requirements as they relate to their investment in the Partnership.

Foreign Taxes

It is possible that certain dividends and interest directly or indirectly received by the Partnership from sources within foreign countries will be subject to withholding taxes imposed by such countries. In addition, the Partnership or the Master Fund may also be subject to capital gains taxes in some of the foreign countries where they purchase and sell securities. Tax treaties between certain countries and the United States may reduce or eliminate such taxes. It is impossible to predict in advance the rate of foreign tax the Partnership will pay since the amount of the Partnership's assets to be invested in various countries is not known.

The Partners will be informed by the Partnership as to their proportionate share of the foreign taxes paid by the Partnership and the Master Fund which they will be required to include in their income. The Limited Partners generally will be entitled to claim either a credit (subject to the limitations discussed below and provided that, in the case of dividends, the foreign stock is held for the requisite holding period) or, if they itemize their deductions, a deduction (subject to the limitations generally applicable to deductions) for their share of such foreign taxes in computing their Federal income taxes.

Generally, a credit for foreign taxes is subject to the limitation that it may not exceed the Partner's Federal tax (before the credit) attributable to its total foreign source taxable income. A Limited Partner's share of the Partnership's dividends and interest from non-U.S. securities generally will qualify as foreign source income. Generally, the source of gain and loss realized upon the sale of personal property, such as securities, will be based on the residence of the seller. In the case of a partnership, the determining factor is the residence of the partner. Thus, absent a tax treaty to the contrary, the gains and losses from the sale of securities allocable to a Partner that is a U.S. resident generally will be treated as derived from U.S. sources (even though the securities are sold in foreign countries). For purposes of the foreign tax credit limitation calculation, investors entitled to the reduced tax rates on Qualified Dividends and long-term capital gains described above (see "*Tax Treatment of Partnership Investments – In General*"), must adjust their foreign tax credit limitation calculation to take into account the preferential tax rate on such income to the extent it is derived from foreign sources. Certain currency fluctuation gains, including fluctuation gains from foreign currency denominated debt securities, receivables and payables, will also be treated as ordinary income derived from U.S. sources.

The limitation on the foreign tax credit generally is applied separately to foreign source passive income, such as dividends and interest. In addition, for foreign tax credit limitation purposes, the amount of a Partner's foreign source income is reduced by various deductions that are allocated and/or apportioned to such foreign source income. One such deduction is interest expense, a portion of which will generally reduce the foreign source income of any Partner who owns (directly or indirectly) foreign assets. For these purposes, foreign assets owned by the Partnership will be treated as owned by the investors in the Partnership and indebtedness incurred by the Partnership will be treated as incurred by investors in the Partnership.

Because of these limitations, Limited Partners may be unable to claim a credit for the full amount of their proportionate share of the foreign taxes paid by the Partnership. In addition, a foreign tax credit generally will not be available to offset the Medicare tax on NII. The foregoing is only a general description of the foreign tax credit under current law. Moreover, since the availability of a credit or deduction depends on the particular circumstances of each Partner, Limited Partners are advised to consult their own tax advisors.

Certain Reporting Obligations

Certain U.S. persons ("potential filers") that own (directly or indirectly) more than 50% of the capital or profits of the Partnership may be required to file, electronically, FinCEN Form 114 (an "**FBAR**") with respect to the Partnership's investments in foreign financial accounts. Failure to file a required FBAR may result in civil and criminal penalties. Potential filers should consult with their own advisors as to whether they are obligated to file an FBAR with respect to an investment in the Partnership.

Tax Shelter Reporting Requirements

The Regulations require the Partnership to complete and file Form 8886 ("**Reportable Transaction Disclosure Statement**") with its tax return for any taxable year in which the Partnership participates in a "reportable transaction." Additionally, each Partner treated as participating in a reportable transaction of the Partnership is generally required to file Form 8886 with its tax return (or, in certain cases, within 60 days of the return's due date). If the Service designates a transaction as a reportable transaction after the filing of a taxpayer's tax return for the year in which the Partnership or a Partner participated in the transaction, the Partnership and/or such Partner may have to file Form 8886 with respect to that transaction within 90 days after the Service makes the designation. The Partnership and any such Partner, respectively, must also submit a copy of the completed form with the Service's Office of Tax Shelter Analysis. The Partnership intends to notify the Partners that it believes (based on information available to the Partnership) are required to report a transaction of the Partnership, and intends to provide such Limited Partners with any available information needed to complete and submit Form 8886 with respect to the Partnership's transactions. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to the Service at its request.

A Partner's recognition of a loss upon its disposition of an interest in the Partnership could also constitute a "reportable transaction" for such Partner, requiring such Partner to file Form 8886.

A significant penalty is imposed on taxpayers who participate in a "reportable transaction" and fail to make the required disclosure. The maximum penalty is $10,000 for natural persons and $50,000 for other persons (increased to $100,000 and $200,000, respectively, if the reportable transaction is a "listed" transaction). Investors should consult with their own advisors concerning the application of these reporting obligations to their specific situations.

State and Local Taxation

In addition to the Federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Partnership. State and local laws often differ from Federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. A Partner's distributive share of the taxable income or loss of the Partnership generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which it is a resident. Partners may also be subject to state and/or local franchise, withholding, capital gain or other tax payment obligations and filing requirements in those jurisdictions where the Partnership is regarded as doing business or earning income. A partnership in which the Partnership acquires an interest may conduct business in a jurisdiction which will subject to tax a Partner's share of the partnership's income from that business and may cause Partners to file tax returns in those jurisdictions. Prospective investors should consult their tax advisors with respect to the availability of a credit for such tax in the jurisdiction in which that Partner is a resident.

The tax laws of various states and localities limit or eliminate the deductibility of itemized deductions for certain taxpayers. As described above, the Master Fund generally expects to be in a trade or business within the meaning of the Code. Accordingly, it is not anticipated that the Partnership's or the Master Fund's expenses associated with such trade or business will be subject to such limitations. However, certain expenses which are not associated with such trade or business may be limited in their deductibility in one or more states or localities. Moreover, there can be no assurance that various states and localities will not treat all of the Partnership's and the Master Fund's expenses, including interest expense, as investment expenses which are subject to such limitations. Prospective investors are urged to consult their tax advisors with respect to the impact of these provisions on the deductibility of certain itemized deductions, including interest expense, on their tax liabilities in the jurisdictions in which they are resident.

One or more states may impose reporting requirements on the Partnership and/or its Partners in a manner similar to that described above in "Tax Shelter Reporting Requirements." Investors should consult with their own advisors as to the applicability of such rules in jurisdictions which may require or impose a filing requirement.

Except as provided below, the Partnership does not expect to be subject to the New York City unincorporated business tax, which is not imposed on a partnership which purchases and sells securities for its "own account." By reason of a similar "own account" exemption, it is also expected that a nonresident individual Partner should not be subject to New York State personal income tax with respect to his share of income or gain realized directly by the Partnership. (These exemptions may not be applicable to the extent (i) a partnership in which the Partnership invests conducts a business in New York City or (ii) the Partnership is engaged in a business such as lending.)

Individual Limited Partners who are residents of New York State and New York City should be aware that the New York State and New York City personal income tax laws limit the deductibility of itemized deductions and interest expense for individual taxpayers at certain

income levels. As described above, the Master Fund generally expects to be in a trade or business within the meaning of the Code. Accordingly, the Partnership intends to treat its and the Master Fund's expenses associated with such trade or business as not being subject to the foregoing limitations on deductibility. However, there can be no assurance that New York State and New York City will not treat such expenses as investment expenses which are subject to such limitations. Further, these limitations may apply to certain expenses of the Master Fund and the Partnership that are not part of the Master Fund's or the Partnership's trade or business. Prospective Limited Partners are urged to consult their own tax advisors with respect to the impact of these provisions and the Federal limitations on the deductibility of certain itemized deductions and investment expenses on their New York State and New York City tax liability.

For purposes of the New York State corporate franchise tax and the New York City general corporation tax, a corporation generally is treated as doing business in New York State and New York City, respectively, and is subject to such corporate taxes as a result of the ownership of a partnership interest in a partnership which does business in New York State and New York City, respectively.[7] Each of the New York State and New York City corporate taxes are imposed, in part, on the corporation's taxable income or capital allocable to the relevant jurisdiction by application of the appropriate allocation percentages. Moreover, a non-New York corporation which does business in New York State may be subject to a New York State license fee. A corporation which is subject to New York State corporate franchise tax solely as a result of being a limited partner in a New York partnership may, under certain circumstances, elect to compute its New York State corporate franchise tax by taking into account only its distributive share of such partnership's income and loss. There is currently no similar provision in effect for purposes of the New York City general corporation tax.

Regulations under both the New York State corporate franchise tax and the New York City general corporation tax, however, provide an exception to this general rule in the case of a "portfolio investment partnership", which is defined, generally, as a partnership which meets the gross income requirements of Section 851(b)(2) of the Code. New York State (but not New York City) has adopted regulations that also include income and gains from commodity transactions described in Section 864(b)(2)(B)(iii) as qualifying gross income for this purpose. Certain transactions involving investments in carbon credits may not be treated as qualifying gross income as described in Section 864(b)(2)(B)(iii). The Partnership's qualification as such a portfolio investment partnership must be determined on an annual basis and, with respect to a taxable year, the Partnership may not qualify as a portfolio investment partnership.

New York State imposes a quarterly withholding obligation on certain partnerships with respect to partners that are individual non-New York residents or corporations (other than "S" corporations). Accordingly, the Partnership may be required to withhold on the distributive shares of New York source partnership income allocable to such partners to the extent such income is not derived from trading in securities for the Partnership's own account.

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[7] New York State (but not New York City) generally exempts from corporate franchise tax a non-New York corporation which (i) does not actually or constructively own a 1% or greater limited partnership interest in a partnership doing business in New York and (ii) has a tax basis in such limited partnership interest not greater than $1 million.

Each prospective Partner should consult its tax advisor with regard to the New York State and New York City tax consequences of an investment in the Partnership.

THE ADMINISTRATOR

The Administrator

The Partnership, Platinum International and the Master Fund have entered, and the Intermediate Fund (collectively, the "**Funds**") will enter, into an administration agreement (the "**Administration Agreement**") with SS&C Technologies, Inc. (acting through its business unit, SS&C Fund Services) (the "**Administrator**") to perform day-to-day administrative, bookkeeping and registrar and transfer agency services. The Administrator and its affiliates, under the ultimate supervision of the General Partner, will be responsible for matters pertaining to the administration of the Partnership, including, without limitation: (i) calculating Net Asset Value; (ii) maintaining financial books and records so far as may be necessary to give a complete record of all transactions carried out by the Administrator on behalf of the Partnership; (iii) providing registrar and transfer agent services in connection with the issuance, transfer and withdrawal of Interests; and (iv) observing and complying with applicable anti-money laundering laws and regulations.

The Partnership has appointed the Administrator to act as registrar and transfer agent (the "**Registrar**") for the Partnership. The services provided by the Administrator, in the context of acting as Registrar, include the maintenance of a copy of the register of Interest ownership (the "**Interest Register**") representing the Partnership's records relating to Interest ownership and the withdrawal of Interests; receipt of requests for withdrawal; authorization of withdrawal payments; authorization of disbursements of management fees and incentive fees and allocations, commissions and other charges; and other services as agreed on by the parties.

The fees payable to the Administrator are based on the aggregate net asset value of the Funds as detailed in the Administration Agreement. The Partnership may retain other service providers affiliated with the Administrator to perform the administrative services that would otherwise be performed by the Administrator.

The Administration Agreement is for an initial one-year term and may be renewed for two-year periods. The Administration Agreement is subject to termination by the Administrator or by the Partnership upon 90 days' written notice prior to the end of a given term or immediately in certain other circumstances specified therein.

In the absence of a material breach of the Administration Agreement by the Administrator due to gross negligence, bad faith, fraud or dishonesty in the performance of the Administrator's duties under the Administration Agreement, neither the Administrator nor any of its affiliates, officers, directors, employees, agents, successors and assigns (each, an "**Indemnified Party**") shall be liable to the Partnership or any Limited Partner or any other person on account of anything done, omitted or suffered by the Administrator or any other Indemnified Party in good faith pursuant to the Administration Agreement in the performance of the services described therein.

Under the Administration Agreement, the Partnership agrees to indemnify and keep the Administrator and the Indemnified Parties indemnified from and against any liabilities, obligations, losses, damages, penalties, actions, judgments, claims, demands, suits, costs, expenses or disbursements that may be imposed on, incurred by or asserted against any of them arising (other than by reason of gross negligence, bad faith, fraud or dishonesty on the part of the Administrator or any other Indemnified Party or the material breach of the Administration Agreement by the Administrator) in connection with the provision of services under the Administration Agreement.

The Administrator is not responsible for any trading decisions of the Master Fund (all of which will be made by the Investment Manager and/or the Portfolio Managers).

THE ADMINISTRATOR WILL NOT PROVIDE ANY INVESTMENT ADVISORY OR MANAGEMENT SERVICES TO THE PARTNERSHIP OR THE MASTER FUND AND THEREFORE WILL NOT BE IN ANY WAY RESPONSIBLE FOR THE PARTNERSHIP'S OR THE MASTER FUND'S PERFORMANCE.

AUDITORS

The independent auditors for the Partnership are CohnReznick LLP, or such other firm as may be selected by the General Partner from time to time.

LEGAL COUNSEL

SRZ acts as legal counsel to the Partnership, the Master Fund, the General Partner and the Investment Manager.

SRZ's representation of the Partnership, the Master Fund, the General Partner, the Investment Manager and their respective affiliates is limited to specific matters as to which it has been consulted by the General Partner and/or the Investment Manager. There may exist other matters that could have a bearing on the Partnership, the Master Fund, the General Partner, the Investment Manager and their respective affiliates as to which it has not been consulted. In addition, SRZ does not undertake (nor does it intend) to monitor the compliance of the General Partner, the Investment Manager and their respective affiliates with the investment program, valuation procedures and other guidelines set forth in this Memorandum, nor does it monitor compliance with applicable laws. In reviewing this Memorandum, SRZ relied upon information furnished to it by the General Partner, the Investment Manager and/or their respective affiliates, and did not investigate or verify the accuracy and completeness of information set forth herein concerning the Partnership, the Master Fund, the General Partner, the Investment Manager and their respective affiliates and personnel.

SRZ does not represent any prospective investors in connection with the offering and will not be representing the Limited Partners.

ADDITIONAL INFORMATION

The Investment Manager and the Administrator will answer all inquiries from prospective investors relative to the offering of the Interests and the intended operation of the Partnership and the Master Fund and will provide additional information (to the extent that they possesses such information or can acquire it without unreasonable effort or expense) necessary to verify the accuracy of any representations or information set forth in this Memorandum.

PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND LLC

A Delaware Limited Liability Company

Private Offering of Class C Limited Liability Company Interests

Minimum Initial Capital Contribution: $1,000,000

Confidential Private Placement Memorandum

THE SECURITIES OFFERED HEREIN HAVE NOT BEEN, AND ARE NOT EXPECTED TO BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY FOREIGN, STATE OR OTHER SECURITIES LAWS. ALL OFFERS AND SALES OF THE SECURITIES DESCRIBED HEREIN ARE MADE IN RELIANCE UPON EXEMPTIONS FROM REGISTRATION CONTAINED IN THE SECURITIES ACT AND APPLICABLE SECURITIES LAWS OF THE SEVERAL JURISDICTIONS. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**"), THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY OTHER JURISDICTION, NOR HAS ANY AUTHORITY OR COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (TOGETHER WITH THE EXHIBITS, THE "**MEMORANDUM**"). ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY THE SECURITIES DESCRIBED HEREIN IN ANY JURISDICTION IN WHICH, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. THE DISTRIBUTION OF THIS MEMORANDUM AND THE OFFER AND SALE OF THE SECURITIES DESCRIBED HEREIN IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PLEASE SEE THE VARIOUS U.S. SECURITIES LAWS LEGENDS THAT ARE FOUND UNDER *"STATE LEGENDS"* BELOW.

March 2015

THIS MEMORANDUM IS BEING FURNISHED ON A CONFIDENTIAL BASIS SOLELY FOR THE INFORMATION OF THOSE PERSONS TO WHOM IT IS TRANSMITTED SO THAT THEY MAY CONSIDER AN INVESTMENT IN THE LIMITED LIABILITY COMPANY INTERESTS (THE "**INTERESTS**") DESCRIBED HEREIN OF THE COMPANY, A DELAWARE LIMITED LIABILITY COMPANY. THIS MEMORANDUM IS NOT TO BE REPRODUCED OR USED FOR ANY OTHER PURPOSE. EACH RECIPIENT OF THIS MEMORANDUM AGREES TO KEEP ALL INFORMATION CONTAINED HEREIN CONFIDENTIAL AND TO USE THIS MEMORANDUM FOR THE SOLE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT IN THE COMPANY. BY ACCEPTING DELIVERY OF THIS MEMORANDUM, EACH PROSPECTIVE INVESTOR AGREES TO THE FOREGOING.

IN MAKING AN INVESTMENT DECISION, EACH INVESTOR MUST RELY ON ITS OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING. PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX, INVESTMENT OR OTHER ADVICE AND SHOULD MAKE THEIR OWN INQUIRIES AND CONSULT THEIR OWN LEGAL, FINANCIAL AND TAX ADVISORS TO DETERMINE THE MERITS AND RISKS OF SUCH AN INVESTMENT.

THIS MEMORANDUM WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAX PENALTIES. THIS MEMORANDUM WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE SECURITIES ADDRESSED HEREIN. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

ALL OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS MEMORANDUM ARE SUBJECT TO AND QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE LIMITED LIABILITY COMPANY AGREEMENT AND THE SUBSCRIPTION DOCUMENTS FOR THE COMPANY (AS SUCH DOCUMENTS MAY BE AMENDED FROM TIME TO TIME, THE "**OPERATIVE DOCUMENTS**"), WHICH ARE SUBJECT TO REVISION PRIOR TO ISSUANCE AND DELIVERY OF THE SECURITIES OFFERED HEREIN. IN THE EVENT THAT THE DESCRIPTIONS IN OR TERMS OF THIS MEMORANDUM ARE INCONSISTENT WITH OR CONTRARY TO THE DESCRIPTIONS IN OR TERMS OF THE OPERATIVE DOCUMENTS, THE OPERATIVE DOCUMENTS SHALL CONTROL. PLATINUM CREDIT HOLDINGS LLC (THE "**MANAGING MEMBER**"), THE LOAN PORTFOLIO MANAGER AND THEIR AFFILIATES RESERVE THE RIGHT TO MODIFY ANY OF THE TERMS OF THE OFFERING AND THE SECURITIES DESCRIBED HEREIN.

ALL TIME-SENSITIVE REPRESENTATIONS AND REFERENCES ARE MADE AS OF MARCH 2015 UNLESS OTHERWISE EXPRESSLY INDICATED. THE DELIVERY OF THIS MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO SUCH DATE. CERTAIN OF THE ECONOMIC, FINANCIAL MARKET AND REAL ESTATE MARKET INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM PUBLISHED SOURCES AND/OR PREPARED BY OTHER PARTIES. WHILE SUCH INFORMATION IS BELIEVED TO BE RELIABLE FOR THE PURPOSES USED HEREIN, NONE OF THE COMPANY, THE MANAGING MEMBER, THE LOAN PORTFOLIO MANAGER OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, PARTNERS, SHAREHOLDERS, PRINCIPALS, MEMBERS, MANAGERS OR AFFILIATES ASSUMES ANY RESPONSIBILITY FOR THE ACCURACY OF SUCH INFORMATION. NO PERSON HAS BEEN AUTHORIZED BY THE COMPANY, THE MANAGING MEMBER OR THE LOAN PORTFOLIO MANAGER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN, OR DELIVERED IN WRITING WITH, THIS MEMORANDUM, AND ANY INFORMATION OR STATEMENT NOT CONTAINED HEREIN OR DELIVERED HEREWITH MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING OR ANY AFFILIATE THEREOF.

THIS MEMORANDUM CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933 THAT RELATE TO THE COMPANY. THIS MEMORANDUM ALSO CONTAINS FORWARD-LOOKING STATEMENTS THAT RELATE TO THE FINANCIAL AND REGULATORY ENVIRONMENTS IN WHICH THE COMPANY WILL OPERATE AND VARIOUS OTHER MATTERS. THESE FORWARD-LOOKING STATEMENTS ARE IDENTIFIABLE BY WORDS SUCH AS "ANTICIPATE," "ESTIMATE," "PROJECT," "PLAN," "INTEND," "EXPECT," "BELIEVE," "FORECAST" AND SIMILAR EXPRESSIONS. PROSPECTIVE INVESTORS SHOULD BE AWARE THAT THESE STATEMENTS ARE ESTIMATES, REFLECTING ONLY THE JUDGMENT OF THE COMPANY'S MANAGEMENT, AND PROSPECTIVE INVESTORS SHOULD NOT PLACE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS. ACTUAL RESULTS AND EVENTS COULD DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY THESE FORWARD-LOOKING STATEMENTS AS A RESULT OF FACTORS SUCH AS THOSE DESCRIBED IN *"CERTAIN RISK FACTORS"* BELOW AND ELSEWHERE IN THIS MEMORANDUM. THE COMPANY DOES NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR REVISE THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS MEMORANDUM TO REFLECT CIRCUMSTANCES OCCURRING AFTER THE DATE OF THIS MEMORANDUM OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

THE SECURITIES DESCRIBED HEREIN ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE OPERATIVE DOCUMENTS, THE SECURITIES ACT AND APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS. AMONG OTHER RESTRICTIONS, SUCH TRANSFERS AND RESALES ARE SUBJECT TO THE CONSENT OF THE MANAGING MEMBER. THERE IS NO PUBLIC MARKET FOR THE SECURITIES AND NONE IS EXPECTED TO DEVELOP IN THE FUTURE. EACH INVESTOR SHOULD BE AWARE THAT IT MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF ITS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. INVESTMENT IN THE SECURITIES WILL INVOLVE SIGNIFICANT RISKS DUE, AMONG OTHER THINGS, TO THE NATURE OF THE COMPANY'S INVESTMENTS. INVESTORS SHOULD HAVE THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THE RISKS AND LACK OF LIQUIDITY THAT ARE CHARACTERISTIC OF THE INVESTMENT DESCRIBED HEREIN. EACH PURCHASER OF THE SECURITIES OFFERED HEREIN MUST BE AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF REGULATION D PROMULGATED BY THE SEC UNDER THE SECURITIES ACT, EITHER "QUALIFIED PURCHASERS" OR "KNOWLEDGEABLE EMPLOYEES" FOR PURPOSES OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED, AND MUST BE SATISFACTORY TO THE MANAGING MEMBER OF THE COMPANY. SUBSCRIPTIONS WILL BE EFFECTIVE ONLY UPON ACCEPTANCE BY THE MANAGING MEMBER, WHICH RESERVES THE RIGHT TO REJECT OR ACCEPT ANY SUBSCRIPTION IN WHOLE OR IN PART FOR ANY REASON.

WHILE THE MASTER FUND MAY TRADE COMMODITY INTERESTS SUCH AS SWAPS, THE LOAN PORTFOLIO MANAGER IS EXEMPT FROM REGISTRATION WITH THE U.S. COMMODITY FUTURES TRADING COMMISSION (THE "**CFTC**") AS A COMMODITY POOL OPERATOR (A "**CPO**") PURSUANT TO CFTC RULE 4.13(A)(3). THEREFORE, UNLIKE A REGISTERED CPO, THE LOAN PORTFOLIO MANAGER IS NOT REQUIRED TO DELIVER A CFTC DISCLOSURE DOCUMENT TO PROSPECTIVE INVESTORS, NOR IS IT REQUIRED TO PROVIDE INVESTORS WITH CERTIFIED ANNUAL REPORTS THAT SATISFY THE REQUIREMENTS OF CFTC RULES APPLICABLE TO REGISTERED CPOS.

THE LOAN PORTFOLIO MANAGER QUALIFIES FOR THE EXEMPTION UNDER CFTC RULE 4.13(A)(3) ON THE BASIS THAT, AMONG OTHER THINGS (I) EACH INVESTOR IS A "QUALIFIED ELIGIBLE PERSON," AS DEFINED UNDER RULE 4.7(A)(2) OF THE U.S. COMMODITY EXCHANGE ACT, AS AMENDED (THE "**CEA**"), OR AN "ACCREDITED INVESTOR," AS DEFINED UNDER U.S. SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**") RULES; (II) THE SHARES ARE EXEMPT FROM REGISTRATION UNDER THE

SECURITIES ACT AND ARE OFFERED AND SOLD WITHOUT MARKETING TO THE PUBLIC IN THE UNITED STATES; (III) PARTICIPATIONS IN THE FUND ARE NOT MARKETED AS OR IN A VEHICLE FOR TRADING IN THE COMMODITY FUTURES OR COMMODITY OPTIONS MARKETS; AND (IV) AT ALL TIMES THAT THE MASTER FUND ESTABLISHES A COMMODITY INTEREST POSITION, THE AGGREGATE NET NOTIONAL VALUE OF SUCH POSITIONS WILL NOT EXCEED 100% OF THE LIQUIDATION VALUE OF THE FUND'S OR THE MASTER FUND'S PORTFOLIO.

PROSPECTIVE INVESTORS ARE ENCOURAGED TO CONTACT THE MANAGING MEMBER AT THE ADDRESS LISTED IN THE *"DIRECTORY"* BELOW TO REQUEST ADDITIONAL INFORMATION OR TO RECEIVE COPIES OF THE OPERATIVE DOCUMENTS AND OTHER RELATED DOCUMENTS.

STATE LEGENDS:

NOTICE TO RESIDENTS OF FLORIDA: THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES ACT. IF SALES ARE MADE TO FIVE (5) OR MORE INVESTORS IN FLORIDA, ANY FLORIDA INVESTOR MAY, AT SUCH INVESTOR'S OPTION, VOID ANY PURCHASE HEREUNDER WITHIN A PERIOD OF THREE (3) DAYS AFTER (A) SUCH INVESTOR FIRST TENDERS OR PAYS TO THE COMPANY, AN AGENT OF THE COMPANY OR AN ESCROW AGENT THE CONSIDERATION REQUIRED HEREUNDER, (B) SUCH INVESTOR DELIVERS ITS EXECUTED SUBSCRIPTION DOCUMENTS OR (C) THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH INVESTOR, WHICHEVER OCCURS LATER. TO ACCOMPLISH THIS, IT IS SUFFICIENT FOR A FLORIDA INVESTOR TO SEND A LETTER OR TELEGRAM TO THE COMPANY WITHIN SUCH THREE (3) DAY PERIOD, STATING THAT SUCH INVESTOR IS VOIDING AND RESCINDING THE PURCHASE. IF AN INVESTOR SENDS A LETTER, IT IS PRUDENT TO DO SO BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT THE LETTER IS RECEIVED AND TO EVIDENCE THE TIME OF MAILING.

NOTICE TO RESIDENTS OF GEORGIA: THE INTERESTS HAVE BEEN ISSUED OR SOLD IN RELIANCE ON PARAGRAPH (13) OF CODE SECTION 10-5-9 OF THE "GEORGIA SECURITIES ACT OF 1973" AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION THAT IS EXEMPT UNDER SUCH ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SUCH ACT.

NOTICE TO RESIDENTS OF NEW HAMPSHIRE: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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Exhibits

DIRECTORY

Company's Principal Office:	Platinum Partners Credit Opportunities Fund LLC c/o Platinum Credit Holdings LLC 250 West 55th Street, 14th Floor New York, New York 10019-3310 Tel: (212) 582-2222 Fax: (212) 582-2424 Email: info@platinumlp.com
Managing Member:	Platinum Credit Holdings LLC 250 West 55th Street, 14th Floor New York, New York 10019-3310 Tel: (212) 582-2222 Fax: (212) 582-2424 Email: info@platinumlp.com
Loan Portfolio Manager:	Platinum Credit Management LP 250 West 55th Street, 14th Floor New York, New York 10019-3310 Tel: (212) 582-2222 Fax: (212) 582-2424 Email: info@platinumlp.com
Administrator:	SS&C Technologies, Inc. 80 Lamberton Road Windsor, Connecticut 06095 Tel: (860) 298-4599 Fax: (860) 371-2503 Email: sscinvestorservices@sscinc.com
Auditors:	CohnReznick, LLP 1212 Avenue of the Americas New York, NY 10036 Jay Levy, Audit Jay.Levy@CohnReznick.com Warren Abkowitz, Tax Warren.Abkowitz@CohnReznick.com Tel: (888) 542-6461
Counsel:	Schulte Roth & Zabel LLP 919 Third Avenue New York, New York 10022 Tel: (212) 756-2583 Fax: (212) 756-5955

SUMMARY

*The following is a summary of the principal terms of the Company (as defined below). This summary is qualified in its entirety by reference to the more detailed information contained elsewhere in this Confidential Private Placement Memorandum (this "**Memorandum**") and in the Limited Liability Company Agreement of the Company attached hereto as Exhibit A (as amended, the "**LLC Agreement**") and the subscription documents (collectively, the "**Subscription Documents,**" the form of which are attached hereto as Exhibit B) relating to a purchase of Interests (as defined below) (the LLC Agreement and the Subscription Documents, collectively, the "**Operative Documents**").*

The Company

The Company:

Platinum Partners Credit Opportunities Fund LLC (the "**Company**") is a limited liability company formed on September 15, 2005 under the Delaware Limited Liability Company Act (6 Del. C. §18-101 et seq.), as amended from time to time (the "**Act**"). The Company's principal office is set forth in the *"Directory"* above. The Company operates as a private investment fund primarily for the benefit of qualified U.S. taxable investors. In addition, Platinum Partners Credit Opportunities Fund International, Ltd., a Cayman Islands exempted company (the "**Offshore Fund**"), is available for the participation of investors who are qualified non-U.S. investors, and Platinum Partners Credit Opportunities Fund (TE) LLC, a Delaware limited liability company (the "**Tax Exempt Fund**"), is available for the participation of investors who are qualified U.S. tax-exempt investors.

The Loan Portfolio Manager (as defined below) formed a Parallel Company (as defined below), Platinum Partners Credit Opportunities Fund International (A), Ltd., a Cayman Islands exempted company (the "**A Fund**"), on October 22, 2008. The A Fund operates as a private investment fund primarily for the benefit of certain qualified non-U.S. investors.

Each of the Company, the Offshore Fund, the A Fund and the Tax Exempt Fund is expected to invest all of its investable assets in Platinum Partners Credit Opportunities Master Fund LP, a Delaware limited partnership (the "**Master Fund**", together with the Company, the Offshore Fund, the A Fund and the Tax Exempt Fund, the "**Funds**"). Performance for the Company, however, could differ from that of the Offshore Fund, the A Fund and/or the Tax Exempt Fund as a result of, among other things, tax and other legal considerations, and the timing of subscriptions and withdrawals or redemptions in each fund.

In the future, the Managing Member (as defined below) may form one or more additional parallel or feeder funds or separate accounts (each such new entity, an "**Alternative Investment Vehicle**" or "**Parallel Company**") if it determines in its sole discretion that such parallel or feeder funds or separate accounts are appropriate or necessary. In addition, the Managing Member may, at any time, to accommodate legal, tax, regulatory or other considerations, require one or more Members (as defined below), or Persons

that would otherwise be Members in the Company, to be admitted as members or other similar investors to one or more Alternative Investment Vehicles, and in connection therewith and in consideration for the cancellation of their entire interest in the Company, such Member will receive an equivalent interest in such Alternative Investment Vehicle.

References in this Memorandum to the investment activities of the Company shall be deemed to refer to the investment activities of the Master Fund. The Company shall engage in no activities other than its investment through the Master Fund.

Managing Member: Platinum Credit Holdings LLC, a Delaware limited liability company (the "**Managing Member**"), serves as the managing member of the Company and general partner of the Master Fund. The address and telephone number of the Managing Member are set forth in the *"Directory"* above. The Managing Member has delegated the Company's loan origination, loan management and certain other related responsibilities to Platinum Credit Management LP, a Delaware limited partnership and an affiliate of the Managing Member (the "**Loan Portfolio Manager**").

Loan Portfolio Manager: The Loan Portfolio Manager serves as the loan origination manager of the Company. The address and telephone number of the Loan Portfolio Manager are set forth in the *"Directory"* above. The general partner of the Loan Portfolio Manager is Platinum Credit Management LLC, a Delaware limited liability company and an affiliate of the Managing Member. The operating principals of Platinum Credit Management LLC are Mark Nordlicht, Uri Landesman and Gilad Kalter, whose biographies are set forth in *"Managing Member and Loan Portfolio Manager"* below.

The Loan Portfolio Manager is responsible for determining how, when, on what terms, in which contexts, and to whom the Master Fund may lend money and conduct its investment operations. The Loan Portfolio Manager also manages the Offshore Fund, the A Fund, the Tax Exempt Fund, Platinum Partners Credit Opportunities Fund (BL) LLC, a Delaware limited liability company (the "**LLC**"), and the Master Fund (together with the Offshore Fund, the A Fund, the Tax Exempt Fund and the LLC, the "**Affiliated Funds**"), and will manage, any Alternative Investment Vehicle, if organized.

Business Description: A primary investment strategy of the Master Fund is to originate a variety of high yield, fixed income instruments, including without limitation various types of loans (including loan participations), notes, bonds, debentures and credit facilities, collateralized real estate loans, secured trade financing, collateralized loans in public companies, the financing of purchases of health care debt, asset based life insurance lending, litigation financing, collateralized loans to consumer finance companies, retail energy companies, professional athletes, automotive dealers and merchants in need of immediate, short-term working capital through the purchase of predetermined amounts of their future credit card sales, other exotic and/or speculative loans and any other type of loan, note, bond or debenture, whether term or revolving (collectively, "**Loans**"). In connection with its origination of Loans, and incidental to the Master Fund's Loan operations, the Master Fund may receive and ultimately

	will sell equity and/or equity-linked securities. The Master Fund may also invest in corporate or government bonds, mortgage-backed securities or other debt securities (collectively, "**Debt Securities**").
Sub-Advisors/Portfolio Managers:	The Loan Portfolio Manager carries out the Master Fund's investment strategy, in part, by allocating the assets of the Master Fund to sub-advisors, which are engaged to invest a portion of the Master Fund's assets (the "**Sub-Advisors**" or the "**Portfolio Managers**"). Allocations to Sub-Advisors are made through special purpose vehicles wholly- or substantially-owned by the Master Fund, which vehicles enter into sub-advisory or similar agreements with the applicable Sub-Advisor. Certain Sub-Advisors are associated with or are affiliates of the Loan Portfolio Manager (see *"Conflicts of Interest"* below). Each Sub-Advisor is separately compensated for its services. The Class C Interests will not be responsible for incentive allocations/fees payable to Sub-Advisors, which typically include a percentage of the net increase in the net asset value of the assets allocated to such Sub-Advisor, or any expenses (other than Allowed Expenses) of such Sub-Advisors.
Use of Leverage:	The Master Fund may use leverage to enhance investment returns by borrowing funds and/or utilizing derivatives to the fullest extent permitted by applicable law.
Independent Valuator:	The Master Fund may retain one or more valuation agents to provide independent valuation services to the Master Fund (each, an "**Independent Valuator**").
Administration and Net Asset Value Calculation:	The Company has retained SS&C Technologies, Inc. (the "**Administrator**") to perform administrative and bookkeeping services. The address and telephone number of the Administrator are set forth in the *"Directory"* above. The administrative responsibilities include maintaining the Company's books and records, coordinating with the Company's auditors for the audit of the Company's books, and preparing and distributing reports to each Member. The Administrator and its affiliates will also be responsible for calculating the Net Asset Value of the Company using valuations determined by the Loan Portfolio Manager and the Independent Valuator. "**Net Asset Value**" is defined below under *"Valuation of the Company's Assets."*
Introduction to Loans:	To facilitate the introduction, negotiation, and closing of Loans, the Master Fund may rely on one or more finders or introducers ("**Introducers**"). Introducers will usually charge a fee (often based on the value or size of a Loan), either as an additional cost of a Loan or as a separate charge to the Master Fund. The amounts of such introduction costs and fees could be substantial and are in addition to the fees and expenses charged by the Company to its Members and by the Sub-Advisors to the Master Fund, each as discussed elsewhere in this Memorandum. Although such costs or fees are typically borne by the borrower to which a Loan is made, they are on occasion borne by the Master Fund.
Risk Factors and	An investment in the Company is speculative and involves substantial risks, including the risk of loss of an investor's entire investment. These risks also

Conflicts of Interest: include, but are not limited to, the speculative nature of the Loans to be made by the Master Fund, the absence of liquid collateral for the Loans, legal impediments to Loan collection (such as equitable subordination and potential litigation), risk of default, the lengthy term of various Loans and their consequent illiquidity, the high concentration of the Master Fund's portfolio at times (from time to time a substantial portion of the assets of the Company may be indirectly invested in a single or very few Loans), and the substantial charges that the Company will incur regardless of whether any profits are earned.

The sections of this Memorandum entitled *"Certain Risk Factors"* and *"Conflicts of Interests"* are important and should be read carefully, and understood, prior to any potential investor making an investment in the Company.

Regulatory Matters: The Loan Portfolio Manager is registered with the U.S. Securities and Exchange Commission as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended.

The Offering

Securities Offered: The Company is offering its limited liability company interests (the "**Interests**") on a private placement basis to investors that satisfy the suitability standards described below. Accepted subscribers will be admitted to the Company as members (each a "**Member**" and, collectively with the Managing Member, the "**Members**").

The Company is offering a class of Interests (referred to herein as "**Class A Interests**") that participates in all of the Company's investments. The Company is offering a class of Interests (referred to herein as "**Class B Interests**") that is identical to the Class A Interests except that (a) such class does not participate in the profits and losses from the Banyon Investments (as defined below) and (b) such class has different redemption rights. In addition, the Company is offering a class of Interests (referred to herein as "**Class C Interests**") that is identical to the Class B Interests except that Class C Interests shall not bear any fees and expenses paid to the Sub-Advisors and certain other expenses. Except as otherwise expressly provided, contractual and other liabilities assumed by the Company are pari passu liabilities of all classes of Interests.

The Managing Member may designate certain Members (*e.g.*, knowledgeable employees, affiliates and relatives of the principals of the Loan Portfolio Manager or investors in other affiliated products) as special members ("**Special Members**"). Special Members may have Interests with different rights and obligations from the Interests offered hereby, including different fees, redemption terms and/or other rights.

Minimum Subscription: The minimum initial subscription for Interests is $1,000,000 per subscriber, which minimum may be waived by the Managing Member in its sole discretion. Existing Members may subscribe for additional Interests in increments no less than $250,000, which minimum may be waived by the Managing Member in its

sole discretion. Any subscriptions for Interests may be accepted or rejected, in whole or in part, as determined by the Managing Member in its sole discretion. All subscriptions for Interests are irrevocable.

The Offering:

The Company generally accepts subscriptions at the close of business at the end of each month effective for investment on the first Business Day of the next succeeding month and at such additional times as the Managing Member, in its sole discretion, may permit (each, a "**Subscription Acceptance Date**"). Each Member's Interest will have an initial capital account balance equal to such Member's capital contribution with respect to such Interest.

Each capital contribution by a Member will be treated as the acquisition of a new Interest and will not be aggregated with that Member's existing Interest. Each Interest, therefore, will be treated separately for purposes of calculating fees, allocations and expenses.

Placement of Interests:

The Interests are being offered directly by the Company. There are no selling commissions payable by the Company from subscription amounts; however, the Company, the Master Fund and/or the Managing Member may elect to compensate one or more broker-dealers from the Management Fees and/or Performance Allocations (each as defined below) for assistance in sourcing investments.

Additional Classes and Series:

The Company may offer one or more classes or series of Interests (each, a "**Series**") having different investment strategies, investment focuses, leveraging policies, rights and/or fees and allocations. In such case, the assets of each Series will be segregated on the books and records of the Company from the assets of the other Series and will not share in the profits or be subject to the liabilities or expenses of any other Series.

Suitability:

This offering is designed for sophisticated investors that satisfy certain requirements, including those set forth below. Only investors that have a pre-existing relationship with the Managing Member, its principals or representatives or with a selling agent introducing such investor to the Company, and that (i) are "accredited investors" as defined in Rule 501 of Regulation D of the Securities Act of 1933, as amended (the "**1933 Act**"), (ii) are either "qualified purchasers" or "knowledgeable employees" for purposes of Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), (iii) have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of an investment in the Company, will be permitted to invest in the Company. It is recommended that a subscriber invest in the Company only those funds that are earmarked for private investment in unique, high risk businesses.

An investment in the Company is suitable only for investors that have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in their investments. An investment in the Company should not be made by any investor that (i) cannot afford a total loss of its principal, or (ii) has not carefully read or does not understand this Memorandum, including the portions concerning the risks, conflicts of interest,

and income tax consequences of an investment in the Company. The Company will only admit U.S. taxable persons or entities as investors. The Managing Member, in its sole discretion, may decline to admit any subscriber for any reason.

Subscription Procedure:

In order to subscribe for an Interest in the Company, all new subscribers must (i) complete, execute and deliver to the Company Subscription Documents (attached hereto as Exhibit B) and (ii) pay the full amount of their subscription by arranging for a wire transfer in accordance with the instructions set forth in the Subscription Documents. Existing Members wishing to make additional capital contributions must complete, execute and deliver to the Company the "Additional Subscription Request" contained in the Subscription Documents.

All Subscription Documents must be received by the Company at least five (5) Business Days before the requested Subscription Acceptance Date. Subscription funds must be credited to the Company's subscription account at least two (2) Business Days before the requested Subscription Acceptance Date.

Fees, Expenses and the Performance Allocation

Management Fee:

The Master Fund will pay the Loan Portfolio Manager a monthly management fee equal to $1/12^{th}$ of 2% of the total aggregate month-end Net Asset Value of the Master Fund (2% per annum) before deduction of any accrued Management Fees or Performance Allocations and before any distributions or redemptions made during the month (and after adjustment for reduced fees, if any, charged to Special Members) (the "**Management Fee**").

Performance Allocation:

The Master Fund will allocate to the Managing Member on an Interest-by-Interest basis (other than with respect to Interests held by Special Members) twenty percent (20%) of the New Net Profits, if any (the "**Performance Allocation**"). "**New Net Profits**" is defined below under *"Fees and Expenses."*

The Performance Allocation is calculated separately for each Interest, is net of all applicable fees and expenses including its *pro rata* portion of the Management Fee, and is subject to a "high water mark." The Performance Allocation will not be made in respect of the recoupment of net losses from prior periods. The Performance Allocation is provisionally accrued at the end of each month, with the amount accrued being reduced by any net losses incurred later in the same Fiscal Year (as defined below). The Performance Allocation will vest at the end of each Fiscal Year, or on an intra-year Redemption Date (as defined below) with respect to the portion of any Interest redeemed other than at the end of a Fiscal Year.

In the event that a Limited Partner (*e.g.* the Company) withdraws all or a portion of its capital account on an effective date other than at the end of a fiscal year (such as, because of a redemption of a Member of the Company), the Performance Allocation attributable to such redeeming Limited Partner, and the redeeming Member of the Company, will be determined for the period from the beginning of that year through the Redemption Date.

The Loan Portfolio Manager may, in its sole discretion, reduce, waive or rebate

the management and performance fees with respect to any Member, including, without limitation, affiliates of the Loan Portfolio Manager, in such case without entitling any other Member to the same or a similar or identical reduction, waiver or rebate. To facilitate this, the Loan Portfolio Manager may designate classes of Interests that charge management fees and performance fees different from those set forth herein, or which waive or are exempt from management and/or performance fees entirely.

Administration Fee: The fees payable to the Administrator are based on its standard schedule of fees charged for similar services as detailed in the Administration Agreement (as defined below). See "*Administrator*" below for further details.

Expenses: In consideration for the Management Fee, the Loan Portfolio Manager provides the Master Fund with Loan origination services, including access to Loans and Loan introduction agents, as well as certain administrative services, office space, utilities, telephones, market data, computer services, day-to-day management services and secretarial, clerical and other personnel.

The Company will pay its *pro rata* share of (i) the Loan Portfolio Manager's and (ii) by way of a flow-through process, the Master Fund's and the special purpose vehicles' ordinary and extraordinary expenses, each of which may include, but are not limited to, (A) routine legal, accounting, auditing, tax preparation and related fees and expenses, (B) expenses associated with the continued offering of Interests, (C) interest and commitment fees in connection with investment-related borrowing, (D) transaction-related expenses, including due diligence costs, finders' fees, brokerage fees and custody charges, (E) Delaware and any other governmental filing fees, (F) fees and expenses paid to the Independent Valuator and (G) extraordinary expenses (*e.g.*, litigation costs and indemnification obligations), if any. The expenses described in clauses (ii)(A) through (ii)(G) hereof are the "**Allowed Expenses**".

Operation of the Company

Redemptions: A holder of Class A Interests (a "**Class A Member**") may, upon at least 90 days' prior written notice, redeem all or a part of an Interest as of the last Business Day of a calendar quarter, or on such other date as the Managing Member determines in its sole discretion (each, a "**Redemption Date**"), subject to certain restrictions, including that (i) no Class A Member may make any redemption with respect to an Interest until such Interest has been held for at least 25 months (the "**Lock-Up Period**") and (ii) no Class A Member may make a partial redemption in an amount less than $100,000 or that reduces the aggregate capital contribution of such Class A Member to below the then-applicable initial minimum subscription amount. A holder of Class B Interests (a "**Class B Member**") and a holder of Class C Interests (a "**Class C Member**") may, upon at least six months' prior written notice, redeem all or a part of an Interest as of any Redemption Date, subject to certain restrictions, including that no Class B Member or Class C Member, as applicable, may make a partial redemption in an amount less than $100,000 or that reduces the aggregate capital contribution of such Member to below the then-applicable initial minimum subscription amount.

If aggregate Redemption Requests with respect to any Redemption Date exceed

25% of the Net Asset Value of the Company (the "**Gate Amount**"), the Managing Member may suspend Redemption Requests to the extent such requests exceed the Gate Amount. Gate Amount suspensions will be on a *pro rata* basis.

Generally, an Interest's redemption price (the "**Redemption Price**") will be the Net Asset Value of the Interest (or portion thereof) as of the close of business on the applicable Redemption Date, which will include a reduction for any accrued Performance Allocation on such date.

Facsimile notice is acceptable to initiate the redemption process, but remittance of redemption proceeds may not be made until the Managing Member has received an original, manually executed Redemption Request or waived this requirement.

If a Member makes a full or partial redemption at a time when the Company has unrealized gains or losses, such Member may be specially allocated gain or loss as determined for income tax purposes.

Mandatory Redemption:

The Managing Member, in its sole discretion, may require any Member to redeem all or a portion of its Interests for any reason and at any time upon at least 48 hours' prior written notice. The Redemption Date will be the date specified in such written notice.

If a mandatory redemption is based on an unauthorized transfer (including assignments, sales, pledges or other dispositions), the Redemption Price with respect to such mandatory redemption may, in the sole discretion of the Managing Member, be the lower of the Net Asset Value of the Interest on the applicable Redemption Date or on the unauthorized transfer date. If a mandatory redemption is based on the breach of any representation or warranty made by the Member to the Company and/or the Managing Member, the Redemption Price with respect to such mandatory redemption may, in the sole discretion of the Managing Member, be based on the Net Asset Value of the Interest on the date such Interest was purchased.

Redemption Payments:

With respect to a Member redeeming Interests, the Company will endeavor to pay 90% of its good faith estimate of the Redemption Price to such Member within 30 days following the applicable Redemption Date, with the balance of such amount (i) remaining in the Company but not participating in the gains or losses of the Company (provided that in the event that all other assets of the Company have been exhausted, such balance will be at full risk of loss) and (ii) subject to any necessary adjustments, endeavored by the Company to be paid within 30 days of the completion and receipt of the Company's annual audit.

The Company will not pay interest on redemption proceeds. The Company intends to make all redemption payments in cash, but in the sole discretion of the Managing Member, such payments may be made in kind, in whole or in part, *pro rata* or non-*pro rata* among the Members.

Suspension of Redemptions:

The Company may temporarily suspend redemptions and/or the valuation of the Company's assets and liabilities during (i) the existence of any state of affairs during which, in the opinion of the Managing Member, the valuation of the

Company's assets and/or liabilities would not be reasonably practicable or would be seriously prejudicial to the Members, (ii) any breakdown in the means of communication normally employed in determining the price or value of any portion of the Company's assets or liabilities or, when for any other reason, the prices or values of any portion of the Company's assets and liabilities cannot reasonably be promptly and accurately ascertained, (iii) any period during which redemptions would materially impair the operations of the Company or jeopardize its tax status, or (iv) any other period during which calculating Net Asset Value would not be reasonable or practicable or would be prejudicial to the Members.

Freezing Redemptions: If the Managing Member reasonably believes that a Member is a "prohibited investor" (as such term is defined in the Subscription Documents) or has otherwise breached its representations and warranties to the Company and/or the Managing Member, the Company may freeze such Member's investment in the Company, either by prohibiting additional investments, declining or delaying any requests for redemptions and/or segregating the assets constituting such investment in accordance with applicable regulations, or immediately redeem such Member's investment.

Distributions: Distributions may be made at the discretion of the Managing Member, although the Managing Member does not presently anticipate making any distributions. Each Member nevertheless will be required to take its share of Company profits into income for federal income tax purposes.

Release of Confidential Information: Applicable anti-money laundering rules provide that the Company or the Managing Member may voluntarily release confidential information about Members and, if applicable, about the beneficial owners of Members, to regulatory or law enforcement authorities if the Company or the Managing Member determine to do so in their sole discretion.

Restrictions on Transfers: Interests may not be transferred, assigned, sold, pledged or otherwise disposed of without the prior written consent of the Managing Member, which consent may be withheld by the Managing Member in its sole discretion.

Reports: During the Company's Fiscal Year, each Member will be furnished with a monthly unaudited statement of the Member's capital account balance. Following the end of each Fiscal Year, the Company will send each Member an annual report with respect to the prior Fiscal Year, as well as certain information for the preparation of the Member's income tax returns. The annual report will contain audited financial statements. The Company will also provide each Class C Member an annual report comparing the fees and expenses borne by Class C Interests with the fees and expenses borne by the other classes of Interests. This fee and expense comparison will specifically set forth the fees and expenses borne by each class of Interests with respect to Sub-Advisors.

Following the end of each Fiscal Year, the Company will indicate in the annual report to each Class C Member if any other Member (other than Special Members) has paid less in aggregate fees and/or expenses for such Fiscal Year than such Class C Member (adjusted for the respective Net Asset Value of the Interests). In the event that any other Member has paid less in aggregate fees

and/or expenses than a Class C Member as indicated in the annual report, the fees and expenses borne by such Class C Member during such Fiscal Year will be reduced to the same level. Additionally, each annual report provided to a Class C Member will indicate whether any other Member (other than Special Members) has received more favorable redemption rights, reporting rights and/or information rights than such Class C Member.

Counsel and Auditor: Schulte Roth & Zabel LLP, New York, New York, acts as counsel to the Company, the Affiliated Funds, the Managing Member and the Loan Portfolio Manager and their respective affiliates. CohnReznick, LLP, New York, New York, serves as the Company's auditor.

Business Day: A "**Business Day**" is any day (other than a Saturday or Sunday) on which banks and relevant financial markets are open for business in New York City.

Fiscal Year: The Company's fiscal year (the "**Fiscal Year**") ends on December 31.

Use of this Offering Memorandum: This Memorandum (including the LLC Agreement and the Subscription Documents attached hereto as exhibits) is important, and should be read in its entirety before deciding whether to subscribe for Interests. Professional advisers should be consulted before an investment decision is made.

Additional Information: Prospective Members are invited to meet with representatives of the Managing Member for a further explanation of the terms and conditions of this offering of Interests. Upon request, the Managing Member will provide any additional information necessary to verify the information contained herein.

MANAGING MEMBER AND LOAN PORTFOLIO MANAGER

Managing Member

Platinum Credit Holdings LLC, the Company's Managing Member, is a Delaware limited liability company that was organized on September 15, 2005. The Managing Member's address and telephone number are set forth in the *"Directory"* above. The principals of the Managing Member are Mark Nordlicht, Uri Landesman and Gilad Kalter, whose biographies are set forth below, along with the biographies of other key personnel. The Managing Member has delegated the Master Fund's loan origination, loan management and certain other related responsibilities to the Loan Portfolio Manager. The Managing Member also serves as the general partner of the Master Fund.

Loan Portfolio Manager

Platinum Credit Management LP, the Master Fund's and the Company's Loan Portfolio Manager, is a Delaware limited partnership that was organized on September 15, 2005. The Loan Portfolio Manager's address and telephone number are set forth in the *"Directory"* above. The general partner of the Loan Portfolio Manager is Platinum Credit Management LLC, a Delaware limited liability company and an affiliate of the Managing Member. The principals of the Loan Portfolio Manager's general partner are Mark Nordlicht, Uri Landesman and Gilad Kalter, whose biographies are set forth below, along with the biographies of other key personnel.

The Loan Portfolio Manager serves as the loan origination manager of the Master Fund. The Loan Portfolio Manager is responsible for determining how, when, on what terms, in which contexts, and to whom the Master Fund may lend money and conduct its investment operations. The Loan Portfolio Manager carries out the Master Fund's investment strategy, in part, by allocating the assets of the Master Fund to Sub-Advisors, each of which is engaged to invest a portion of the Master Fund's assets. Allocations to Sub-Advisors are made through special purpose vehicles wholly- or substantially-owned by the Master Fund (each, an "**SPV**"), which vehicles enter into sub-advisory or similar agreements with each applicable Sub-Advisor (although Sub-Advisors may also be engaged by the Loan Portfolio Manager rather than an SPV).

Each Sub-Advisor is separately compensated for its services. The Class C Interests will not be responsible for incentive allocations/fees payable to Sub-Advisors, which typically include a percentage of the net increase in the net asset value of the assets allocated to such Sub-Advisor, or any expenses (other than Allowed Expenses) of such Sub-Advisors. Certain Sub-Advisors are associated with or are affiliates of the Loan Portfolio Manager (see *"Conflicts of Interest" below).*

The Loan Portfolio Manager also manages the Offshore Fund, a Cayman Islands exempted company which was formed on May 14, 2007, commenced operations on July 2, 2007 and accepts investments by non-U.S. persons, the A Fund, a Cayman Islands exempted company which was formed on October 22, 2008, commenced operations on December 17, 2008 and accepts investments by non-U.S. persons, and the Tax Exempt Fund, a Delaware limited liability company which was formed on June 27, 2008, commenced operations on July 1, 2008 and accepts investments by U.S. persons that are tax exempt investors.

The Loan Portfolio Manager is deemed to be a registered investment adviser with the SEC or under similar state laws due to its inclusion on the registration statement (Form ADV) of Platinum

Management (NY) LLC, one of its affiliates. As a relying adviser, the Loan Portfolio Manager is subject to the requirements under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") applicable to registered investment advisers.

The Loan Portfolio Manager is registered with the U.S. Securities and Exchange Commission as an investment adviser under the Advisers Act.

Risk Committee

Mark Nordlicht has ultimate responsibility for risk control. The Master Fund has established a risk committee, which meets on at least a quarterly basis to review the largest positions of the Master Fund as well as vote on any new strategies to ensure that the Master Fund is operating within its risk mandate.

Valuation Committee

The Valuation Committee (the "**Valuation Committee**") is responsible for assessing and resolving any exceptions or revisions to the valuation methodology, policies and procedures, as well as assessing the preliminary portfolio Net Asset Value.

Development and Approval of Valuation Methodology and Policy. The valuation methodologies and policy developed by the Loan Portfolio Manager are reviewed and approved by the Valuation Committee. The Valuation Committee has final approval of the valuation methodologies and policy. The methodology and policy are reviewed by the Valuation Committee on at least an annual basis or more frequently, at their sole discretion, based upon any recommended revisions to the methodology and/or policy.

Handling of Exceptions & Escalations. Any exceptions in policy or methodology will be reviewed and approved by the Valuation Committee.

Key Personnel of the Managing Member and Loan Portfolio Manager

Mark Nordlicht
Chairman and Chief Investment Officer

Mr. Nordlicht became the Chairman and Chief Investment Officer of the Managing Member and the Loan Portfolio Manager as of December 31, 2010. He has twenty years of experience in the asset management space. In 2003, Mr. Nordlicht founded and launched Platinum Partners Value Arbitrage Fund, L.P. ("**PPVA**"), a multi-strategy hedge fund designed to achieve superior risk-adjusted returns irrespective of the direction of any broader market activity. PPVA deploys assets opportunistically across various strategies, including long/short equity, energy arbitrage, convertible arbitrage, and asset based convertible debt. Mr. Nordlicht is currently the Chief Investment Officer of PPVA and Platinum Partners Liquid Opportunity Master Fund L.P., and the Chairman and Chief Investment Officer of Pro Player Management LLC (together, the "**Platinum-managed funds**"). Additionally, Mr. Nordlicht launched Platinum Energy Resources (2005), a publicly traded oil & natural gas company and Platinum Diversified Mining (2007), a publicly traded mining company. Mr. Nordlicht is also the founder and served as non-executive Chairman of Optionable, Inc., a brokerage firm for energy options, until May 1, 2007. From 1997 to 2002, Mr. Nordlicht was a founder and the managing partner of West End Capital, a New York-based money management firm that specialized in privately negotiated structured debt financings for

small- and mid-cap publicly traded companies. In 1991, Mr. Nordlicht founded Northern Lights Trading, a proprietary options firm based in New York that employed traders in the cotton, coffee, natural gas, crude oil, gold and silver option trading pits. Mr. Nordlicht was the general partner of Northern Lights Trading until 2000. In 1990, Mr. Nordlicht graduated from Yeshiva University with a B.A. in Philosophy.

David Levy
Co-Chief Investment Officer

David Levy serves as Co-Chief Investment Officer of Platinum Partners. Mr. Levy has spent his career as an investment specialist and portfolio manager. Mr. Levy oversees over $1 billion in total investments and has directly managed over $250 million in capital. The focus of Mr. Levy's investments is in asset-based lending in a variety of industries, and utilizing credit based strategies to generate returns with less risk than traditional strategies. Mr. Levy co-founded Crius Energy, a publicly listed national retail energy platform currently providing power to over 500,000 RCE's in the United States. Mr. Levy's prior experience also includes time spent in the New York City mayor's office for Mayor Bloomberg and with the Chief Counsels office of Senator Orrin Hatch. Mr. Levy also serves as a member of the International Crisis Group's Advisory Council. Mr. Levy holds a Bachelor of Science in Finance from Yeshiva University.

Uri Landesman
Principal

Uri Landesman became a Principal of the Loan Portfolio Manager as of April 2010. Mr. Landesman has over 26 years of experience in the investment industry and shares responsibility with Mr. Nordlicht for all trading, asset allocation and risk management on behalf of the Platinum-managed funds. Most recently, Mr. Landesman spent 4 years at ING Investment Management, where he was Head of Global Growth and Chief Equity Strategist and managed and oversaw $3.5 billion in assets. From 2000 to 2002, Mr. Landesman was Director of Global Research and Head of International Equities at Federated Investments. Prior to working at Federated Investments, Mr. Landesman spent 2 years as a Partner at Arlington Capital, a Long/Short Equity hedge fund. From 1993 to 1999, Mr. Landesman worked at JP Morgan Investment Management as a Senior Portfolio Manager in US large cap growth and as an Analyst in Technology Media Telecom. From 1988 to 1992, Mr. Landesman was an Analyst at Great Lakes Capital, an Event Driven investment partnership. He began his career at Sanford C. Bernstein & Company in 1985 as a materials and energy analyst. Mr. Landesman graduated summa cum laude from Yeshiva University with a B.A. in Psychology.

Daniel Mandelbaum
Chief Financial Officer

Daniel Mandelbaum is the Chief Financial Officer at Platinum Partners and has sixteen years of experience in hedge funds. Prior to joining Platinum Partners in 2015, Mr. Mandelbaum worked for thirteen years as the Chief Financial Officer/Chief Operating Officer at Royal Capital Management, LLC, a fundamental long/short equity firm based in New York City. He was responsible for all business development, financial, tax, operational and compliance issues. Mr. Mandelbaum began his career at PricewaterhouseCoopers as an associate in the Capital Markets group where his responsibilities included auditing hedge funds, specifically drafting and reviewing financial statements, creating disclosures for compliance with current reporting standards, preparing detailed analytical reviews, and auditing balance sheets and profit/loss accounts. Prior to exiting PricewaterhouseCoopers, he was promoted to Senior Associate. Mr. Mandelbaum is a Certified Public Accountant and graduated cum laude from Yeshiva University's Sy Syms School of Business in 1998 with a Bachelors of Science in Accounting.

Gilad Kalter
Principal

Gilad Kalter is a Principal of Platinum Partners. Mr. Kalter is responsible for overseeing marketing efforts. Prior to 2015, Mr. Kalter acted as Chief Operating Officer of the Loan Portfolio Manager and oversaw its funds' operations. Mr. Kalter is a specialist in the structuring and formation of complex investment vehicles. Additionally, he worked closely with Portfolio Managers on deal terms to insure that proper controls and procedures are in place. Prior to joining the Portfolio Manager, Mr. Kalter served as a Senior Vice President of PPVA. In that role, Mr. Kalter focused on marketing and investor relations and worked closely with the Chief Operating Officer of PPVA on various special operations projects. He also worked with PPVA's private placement group on various transactions, including deal sourcing, structuring and negotiating all types of debt financings. Prior to joining PPVA, Mr. Kalter practiced law as an associate attorney in the Corporate Department of McDermott, Will & Emery, LLP, in New York. At McDermott, his practice focused on a broad range of corporate matters including complex loan transactions, structured finance transactions, public and private mergers and acquisitions and general securities matters, including compliance requirements under the Sarbanes-Oxley Act of 2002. Mr. Kalter is licensed to practice law in the State of New York and is a member of the New York State Bar Association. In 2000, he graduated Yeshiva University summa cum laude with a B.A. in Economics and was the recipient of the Yeshiva College Economics Award. He received his J.D. degree from New York University School of Law in 2003.

Naftali Manela
Chief Operating Officer

Naftali Manela is the Chief Operating Officer of Platinum Partners. As part of his responsibilities Mr. Manela oversees operations for the funds that are managed by Platinum Partners. Mr. Manela works closely as well with senior management and the investment professionals with regard to deal structuring. From 2008 through 2014, Mr. Manela served as the Chief Financial Officer of the Loan Portfolio Manager, where he was responsible for overseeing the accounting and reporting for the Master Fund and its feeder funds as well several special purpose vehicles managed by Platinum Partners. Prior to joining Platinum Partners, he was Vice President of Financial Reporting at S.A.C. Capital Management, LLC, a multi-billion dollar group of multi-strategy, multi-discipline hedge funds. At S.A.C. he was responsible for fund administration and financial reporting. In 2003, Mr. Manela launched a family office and fund of funds and managed both through 2006. Mr. Manela began his career as an auditor in the Capital Markets group at PricewaterhouseCoopers focusing primarily on auditing hedge funds, with some clients having assets in excess of $10 billion. Mr. Manela graduated Touro College *summa cum laude* with a B.S. in Accounting in 1998 and is a Certified Public Accountant in the State of New York.

Brian D. Jedwab
Managing Director and Portfolio Manager

Since the Loan Portfolio Manager's inception, Mr. Jedwab has been a Managing Director of the Managing Member and the Loan Portfolio Manager as well as a Portfolio Manager. As a Portfolio Manager, he has negotiated, structured and closed loan transactions in excess of $250 million. Prior to joining the Loan Portfolio Manager, Mr. Jedwab was a founding partner of Silk Tree Capital Partners, LLC, at which he sourced and managed his family's investments in real estate and other businesses. He previously served for more than five years as General Counsel to The Hymax Group, a private equity investment group with investments in a diverse range of companies. In that capacity he oversaw all of the company's legal work and coordinated all investment and diligence activity with outside counsel. Among his accomplishments at the Hymax Group, he was primarily responsible for the acquisition of a $300 million financial services company with an immediate sale to a Fortune 100 company. Mr. Jedwab

received his B.A. cum laude in History, with honors, from Queens College of the City University of New York in 1992, and in 1995 he received a J.D. degree from the Benjamin N. Cardozo School of Law. He is currently admitted to the New York and New Jersey State Bars, and practiced law in the areas of commercial litigation and real estate.

David Ottensoser
General Counsel and Chief Compliance Officer

David Ottensoser is the General Counsel and Chief Compliance Officer of the General Partner and the Investment Manager and is responsible for all compliance matters and handles legal matters relating to the Platinum-managed funds. From 2002 to 2011, he was the General Counsel and Corporate Secretary of NICE Systems, Inc., the Americas' subsidiary of NICE Systems, Ltd., a public global technology company based in Israel, where he was responsible for all legal matters relating to NICE's Americas' operations, including business transactions, corporate matters, intellectual property and commercial litigation. Prior to NICE, Mr. Ottensoser was General Counsel of Global Supplynet, a private e-commerce software development and consulting company. In addition, Mr. Ottensoser was an Associate at Moritt, Hock and Hamroff, LLP, where he focused on corporate law and litigation. Mr. Ottensoser received his J.D. from Fordham Law School and a B.A. in English from Yeshiva University.

Stewart Kim
Chief Risk Officer

Mr. Kim has over 15 years of market experience. From 1998 to 2002, Mr. Kim was the Director of Trading and Research at Jemmco Capital Partners where he co-managed a team of quantitative analysts and traders. Prior to that, he managed portfolios in fixed income derivatives at Sumitomo Trust and Banking. Mr. Kim has an M.B.A. in Quantitative Finance from Stern School of Business, and a B.S. in Finance from Stern School of Business.

Joshua Kramer-Eisenbud
Director of Operations

Joshua Kramer-Eisenbud is the Director of Operations of Platinum Partners. Mr. Kramer-Eisenbud joined the Loan Portfolio Manager in 2014 and helps oversee all aspects of the back office. He is responsible for managing day-to-day fund operations as they relate to: fund administration, investor relations, human resources, budgeting, cash controls and special operational projects. Prior to joining the Loan Portfolio Manager, Mr. Kramer-Eisenbud was the Director of Operations at SkyTop Capital Management LLC, a hedge fund focused on distressed and special situation investments, designed to maximize total return. While at SkyTop Mr. Kramer-Eisenbud was in charge of all operational activities, including the calculation of daily performance, preparation and distribution of internal and external reporting, tracking investor returns, completing and submitting regulatory filings, and review of the Audited Financial Statements. From 2009 to 2012, Mr. Kramer-Eisenbud was the Operations Manager at Octavian Advisors, LP, a special situation/event driven hedge fund which invested in all product types in a multitude of global markets. Mr. Kramer-Eisenbud began his buy-side career in 2007 as a bank debt and fixed income operations specialist at Highbridge Capital Management LLC before moving into a newly created project management team. Mr. Kramer-Eisenbud spent his first year in finance working in the prime brokerage custody support group at Goldman Sachs & Co. In 2005, Mr. Kramer-Eisenbud received his BBA in Organization & Management/ International Business from the Goizueta Business School at Emory University.

Harvey Werblowsky
Senior Managing Director – Legal Counsel and Portfolio Manager

Mr. Werblowsky has served as a senior officer with the Loan Portfolio Manager since November 2007. Since 2007, Mr. Werblowsky has also served as a legal consultant to various individuals and other entities. During that time period he also served as President of PowerLegal Support, a subsidiary of IDT Corporation. From 2004 to 2008, he served as a Director of Allion Healthcare. From 2003 to 2007, he was Senior Vice President and Chief Legal Officer of Kushner Companies, a diversified real estate organization. From 1990 until 2003, Mr. Werblowsky was a partner at the law firm of McDermott Will & Emery LLP serving as the head of their Health Practice in the firm's New York office. In that capacity he represented public and private health companies on various corporate, litigation and regulatory matters. From 1985 to 1990, he was a partner at the firm of Baer, Marks, and Uphan. From 1979 to 1984, Mr. Werblowsky served as Senior Counsel to the office of the Inspector General at the Department of Health and Human Services in Washington, D.C. From 1974 to 1976, Mr. Werblowsky held the Office of Deputy Attorney General for the State of New Jersey, and from 1977 to 1979, he held the Office of Deputy Attorney General for the State of New York. He was an Assistant Prosecutor in Hudson County, New Jersey from 1971 to 1974. Mr. Werblowsky is admitted to United States Supreme Court, as well as the State Bars of New York and New Jersey. Mr. Werblowsky received a B.A. from Yeshiva University in 1968 and a J.D. degree from New York University School of Law in 1971.

Ben Radinsky
Senior Investment Analyst

Mr. Radinsky joined the Loan Portfolio Manager in 2008 as a senior investment analyst. His primary responsibilities include deal flow management, investment due diligence and overseeing current investment portfolio. From 2004 to 2008, Mr. Radinsky was a senior equity analyst at Bear, Stearns and Co. Inc. covering small and mid cap technology and defense companies, the media industry, and market economics. He was ranked second in earnings forecast accuracy by an independent ratings company. In his capacity as senior analyst, he was frequently quoted by the financial press, including CNBC, Bloomberg and others. From 1999 to 2002, Mr. Radinsky provided internal management consulting services for Bear Stearns' Director of Operations. He was a member of a team responsible for the administration of nearly 2,500 employees. In 1999, Mr. Radinsky received a B.A. in Biology from Yeshiva University. He received an MBA in Finance and Statistics from New York University's Stern School of Business in 2004. At NYU, Mr. Radinsky was a financial analyst for The Michael Price Student Investment Fund, a family of funds managed directly by NYU Stern MBA students, focusing on a growth product.

Succession Plan

Upon the death or extended incapacitation of Mr. Nordlicht, the officers of the Loan Portfolio Manager will draft a succession plan. All Members, within 60 days of the death or extended incapacitation of Mr. Nordlicht, will be advised of the succession plan. Each Member will be given an option to partially or fully redeem their Interests. For Members redeeming some or all of their Interests, the Company will use its best efforts to liquidate all requested positions within a reasonable timeframe for an orderly liquidation, understanding that many of the Company's investments are illiquid. Redemptions from the Company may be in cash or in kind, as determined by the Loan Portfolio Manager in its sole discretion.

Business Purpose

A primary investment strategy of the Master Fund is to originate a variety of high yield loans, including various types of loans (including loan participations), notes, bonds, debentures and credit facilities, collateralized real estate loans, secured trade financing, collateralized loans in public companies, the financing of purchases of health care debt, asset based life insurance lending, litigation financing and collateralized loans to consumer finance companies, retail energy companies, professional athletes, automotive dealers and merchants in need of immediate, short-term working capital through the purchase of predetermined amounts of their future credit card sales, other exotic and/or speculative loans and any other type of loan, note, bond or debenture, whether term or revolving (collectively, "**Loans**"). In connection with making certain Loans, and incidental to the Master Fund's Loan operations, the Master Fund may receive and ultimately will sell equity and/or equity-linked securities. In the event of a Loan default, the Master Fund may also hold real estate. The Master Fund may also invest in corporate or government bonds, mortgage-backed securities or other debt securities (collectively "**Debt Securities**"). However, the purpose of the Master Fund is to be opportunistic and seek out superior rates of returns from any and all types of Loans and other types of investments. Therefore, the descriptions below represent only a sample of some of the types of investments that the Master Fund may pursue, and the Master Fund's portfolio of Loans and other investments may, at any time, include one or more of these or other types of investments.

Loans Collateralized by Real Estate

The Master Fund may originate, finance, securitize, and sell short-term Loans secured by first mortgages on commercial and industrial properties as well as vacant land. Such Loans may or may not be investment grade. The Master Fund intends to focus on borrowers to whom traditional bank financing may not be available. The collateral for such Loans could include any type of commercial or industrial real estate including, without limitation, office buildings, research parks, "big box" malls, local and regional shopping malls, outlet malls, parking lots and/or garages, and apartment complexes, as well as vacant land. The borrowers are identified by a third party who has extensive experience in sourcing, underwriting and negotiating these types of loan transactions and who participates personally in each loan. The Master Fund anticipates that it will originate such Loans primarily based upon the borrower's willingness and ability to repay the Loan and the adequacy of the collateral.

Receivables Financing

The Master Fund may originate short-term Loans to suppliers and manufacturers to finance the purchase or manufacture of specific goods that have been pre-sold by the borrower. In connection with such Loans, the Master Fund will provide capital or issue a letter of credit that allows the borrower to purchase the inventory it needs to fulfill its customer's order. The funds are sent directly to the borrower after verifying the underlying purchase order. A controlled account is used to collect payments directly from the invoiced buyers, ensuring repayment pursuant to the loan agreement. The Master Fund expects to receive an annual interest rate and/or a profit share generated by the transaction, and, in some instances, the Master Fund may receive stock and/or warrants to purchase stock in the borrower's entity.

Loans to Consumer Finance Companies

The Master Fund may lend capital to individuals and entities that own, operate or provide services to "payday" lending businesses and other consumer finance companies. In general, payday lending enterprises serve consumers which have limited or no access to banks, many of whom the Loan Portfolio Manager believes seek alternatives to traditional banking relationships in order to gain convenient and immediate access to short-term consumer loans. Such short-term consumer loans provide

a customer cash in exchange for the customer's check or an authorization to debit the customer's bank account, along with an agreement to defer the deposit of that check or initiation of that debit to the customer's bank account, as the case may be, until the customer's next payday, typically two to four weeks later. If the customer repays the loan within that time period, the check is returned to the customer. Thus, the Loan Portfolio Manager views such short-term consumer loans as providing a simple, quick and confidential way for consumers to meet short-term cash needs between paydays while avoiding the high cost of penalties associated with writing checks with insufficient funds and other penalties and fees associated with making a late payment.

The Loan Portfolio Manager believes that many banks and other traditional financial institutions do not provide small-denomination, short-term consumer loans, in part due to the costs associated with originating these loans. The Loan Portfolio Manager believes that one result of this lack of available capital is that a significant number of other types of companies, ranging from specialty financing offices to retail stores offering such loans as ancillary products, have begun to offer such loans, or payday lendings, to lower-income and middle-income individuals.

Loans to Legal Settlement Finance Companies

The Master Fund may extend credit to legal settlement finance companies that purchase pre-funded settlements in legal cases. At the time the Master Fund makes such a Loan, all settlement proceeds may have been fully funded into the claimant's attorney's escrow account and distribution dates may have been fixed at pre-determined intervals to ensure compliance with the terms of any settlement agreement. Upon closing, the attorney may be irrevocably instructed to remit all payments of settlement proceeds directly to a controlled account for the benefit of the finance company. The Master Fund intends that the escrow proceeds be equal at least 140% of the Master Fund's Loan and the borrower may contribute a portion of each funding as an equity investment, further enhancing the collateral coverage ratio. To enhance its return, the Master Fund may contribute a portion of the financing as an equity investment *pro rata* to that of the borrower. The Master Fund's capital may be secured by all of the borrower's purchased settlements (including a pre-originated portfolio) and may be personally guaranteed by the principals of the borrower.

Loans Relating to Life Insurance Policies

The Master Fund may make Loans to entities in the business of making loans (with accruing interest) to the owners of life insurance policies (each such entity, a "**Lending Entity**"). The loan amounts under these loans by Lending Entities to the owners of life insurance policies are generally equal to a high percentage of the first and second year premiums with respect to such policies. After two years, the policyholder may satisfy the loan plus interest in order to maintain ownership of the policy or sell the policy to a third party and use the sale proceeds to satisfy the debt owed to the Lending Entity or its assigns. If the policyholder dies within the two-year window, the insured's beneficiary would collect the proceeds less the outstanding loan balance and interest. On the other hand, if the policyholder survives the two years, he or she must pay the loan with interest or relinquish the collateral by selling the policy in the secondary market. Because life insurance policies typically cannot be contested by insurance companies after two years, the market value of such policies tends to increase following the expiration of this period. In the event that the policy is rescinded within the initial two-year period, all premiums will be returned to the policyholder by the insurance company and, in turn, the Lending Entity's loan will be paid back, with interest, before the policyholder receives its share of the premiums. Typically, the Lending Entity does not intend to become the owner of any of such policies.

Litigation Finance

The litigation process can be long and protracted and requires significant capital to fund expenses while an action is pending. The Master Fund may provide litigation financing to several types of borrowers including: (i) law firms requiring short-term or growth capital while anticipating significant revenue as contingent fee cases settle or reach a verdict; (ii) litigation finance companies that finance pending or settled cases; (iii) individual and corporate plaintiffs requiring capital for costs associated with a particular case; and (iv) plaintiff cash advance companies.

Loans to law firms are typically collateralized by the firm's portfolio of existing cases and anticipated revenue, as well as the personal guaranty of the partners. Independent counsel substantiate the firm's caseload and assess the likelihood of success and anticipated settlement/verdict amounts. The Master Fund expects to monitors the borrower's caseload during the loan term, and maintain oversight of all cash inflows and outflows.

A similar underwriting process may be used for loans to litigation finance companies, and additionally the Master Fund may require a borrower's commitment to repurchase the loan at a predetermined date if the underlying cases do not generate the expected returns.

With respect to plaintiff cash advance companies, plaintiffs awaiting resolution of personal injury claims often face significant waiting periods, regardless of the merits of their cases. The Loan Portfolio Manager believes that many of these plaintiffs may be in difficult financial situations, often as a result of the damage giving rise to their claims. However, due to ethical conflicts, attorneys are not permitted to provide their clients with financial assistance. As a result, the Loan Portfolio Manager expects that some such plaintiffs may turn to companies engaged in the business of providing loans to such plaintiffs in order to meet their current financial needs and, in some cases, be better able to avoid accepting what such plaintiffs believe to be unreasonable and deliberately delayed settlement offers.

To attempt to capitalize on this opportunity, the Master Fund may enter into one or more loan agreements with enterprises that are in the business of providing such loans to plaintiffs ("**Providers**"). The Providers, in turn, would use the loan proceeds from such agreements to invest in interests in personal injury claims. These investments would be in the form of advances to personal injury plaintiffs while their claims are pending in exchange for the right to receive from such plaintiffs a portion of the proceeds, if any, of a settlement or resolution of the claim. Such arrangements would be set forth in separate written agreements between the plaintiffs and the Providers. Under the terms of the loan agreements, it is expected that the Master Fund would have the right to purchase portfolios of claims (*i.e.*, rights to receive payments under such agreements between the plaintiffs and the Providers) from Providers at an agreed-upon price.

Natural Resource Finance

Debt and/or equity investments are provided to natural resource companies. The notes are secured by the borrower's assets. In some instances, the borrower may issue additional warrants and/or shares to the Master Fund. In some cases, the Master Fund may require the company to hedge the price of the commodity and/or any foreign exchange risk. The Master Fund generally focuses on natural resource companies with highly liquid markets (i.e. precious metals).

Emissions Arbitrage/Carbon Credit Finance

The Master Fund entered into multi-year forward offtake contracts of carbon credits purchasing credits at a significant discount to the market. Hedging may be used at the portfolio level for transactions

that involve a fixed price contract. The Master Fund's carbon strategy focuses primarily on the compliance carbon markets in Europe, China, and the United States, where regulators have imposed caps on the amount of pollution that may be emitted in certain energy-intensive industries, in particular power generation, heavy industry, and the transportation fuel sectors. Emissions trading is a market-based approach allowing companies to trade excess/shortfalls in emission capacity through commoditized contracts for pollution permits (carbon credits) issued by regulators or generated from projects which verifiably reduce greenhouse gas emissions.

The Master Fund purchased limited partnership interests at a significant discount, from limited partners in a closed ended fund. The interests are backed by a diversified portfolio of environmental products, including but not limited to, emissions credits providing for the right to emit a specific substance during a specific time period. These credits may be based on, among other things, emissions of various oxides of sulfur or nitrogen or renewable source fuel production, and are expected to trade on a worldwide basis.

Alternative Energy Finance

As the trend in the United States moves toward becoming energy self-sufficient, the demand for renewable energy sources increases and continues to show tremendous growth. The Master Fund provides senior secured debt and/or equity investments to renewable energy projects.

Loans to Merchants Secured By Credit Card Receipts

The Master Fund may offer Loans to businesses, such as restaurants, in need of immediate, short-term financing for working capital through the purchase of predetermined amounts of future credit card sales. These types of Loans would be in the form of an advance against an enterprise's future credit card receipts and would be repaid through a percentage of those receipts. Standard advance amounts would be expected to be a percentage of the enterprise's monthly credit card volume, determined by averaging the enterprise's prior credit card receipt history. Payment would be made automatically by withholding from the enterprise's daily credit card batch settlement. The Master Fund expects that such Loans would typically have a term of six months. In addition, the Master Fund may elect to finance businesses that provide these types of Loans.

Loans to Retail Energy Companies

The Master Fund may originate Loans to retail energy companies competing with local utilities to offer natural gas and electricity products to retail, commercial and residential customers. Such loans may be secured by energy receivables and/or cash, and the payment of the receivables securing the loan, in certain markets, may be guaranteed, in part or in whole, by the local utility. Additionally, the borrower may be required to maintain credit insurance in lieu of, or in addition to, the utility guaranty, for a part or all of the receivables. The Master Fund expects to maintain daily oversight of energy usage and margins. The Master Fund may receive additional profit sharing fees based on gross revenue of the borrower.

Loans to Professional Athletes

The Master Fund may originate Loans to professional athletes. Such Loans may be secured by certain assets of any such athlete, including, among other things, future guaranteed payments to be made pursuant to such athlete's employment contract with the team or club for which he plays. In exchange for making such Loans, it is expected that some or all of such athletes will become Members of the Company.

Other Exotic, Niche Loans

The Master Fund may originate Loans, or may purchase Loans that others have originated, for other types of businesses where the Loan Portfolio Manager believes that there is the opportunity for profit, including without limitation Loans relating to trade claims, inventory financing, and factoring, as well as relating to companies with international mining operations.

Equity Incentives

As a part of the Master Fund's Loan strategy, the Master Fund may receive equity or equity-linked securities in companies. Such acquisitions may include, without limitation, warrants, publicly traded equity, privately placed equity that is subject to restrictions on transfer, debt that can be converted into equity based on certain conditions, and preferred equity.

Leverage

The Master Fund may leverage its assets in numerous ways, including without limitation by the use of margin, repurchase agreements, reverse repurchase agreements, total return swaps and other derivative instruments. The Master Fund does not have a set limit on leverage and may borrow for administrative or speculative purposes. Although the use of leverage can substantially improve the return on invested capital, it also will likely increase any adverse impact to which the investment portfolio of the Master Fund may be subject.

The Loan Portfolio Manager will endeavor to allocate the Master Fund's resources among various Loans and Debt Securities in response to changing market opportunities. There is no assurance that the Master Fund's goals will be achieved, and results may vary substantially over time. The risks of the Master Fund's investment strategies are substantial and the Company could realize substantial losses, rather than profits, from some or all of the activities described above. (See "Certain Risk Factors.")

Additional Investment Strategies

The foregoing descriptions of the Master Fund's investment strategies should not be understood as in any way limiting the potential scope of the Master Fund's investment strategies, as the Master Fund may engage in additional investment strategies not described herein that the Loan Portfolio Manager believes to be in the best interests of the Master Fund without providing notice to the Members.

THE MASTER FUND'S INVESTMENT PROGRAM IS SPECULATIVE AND ENTAILS SUBSTANTIAL RISKS. THE LOAN PORTFOLIO MANAGER WILL ENDEAVOR TO ALLOCATE THE MASTER FUND'S RESOURCES AMONG VARIOUS LOANS AND OTHER INVESTMENTS IN RESPONSE TO CHANGING MARKET OPPORTUNITIES THERE CAN BE NO ASSURANCE, HOWEVER, THAT THE MASTER FUND'S INVESTMENT OBJECTIVES AND GOALS WILL BE ACHIEVED, AND RESULTS MAY VARY SUBSTANTIALLY OVER TIME. THE RISKS OF THE MASTER FUND'S BUSINESS ARE SUBSTANTIAL AND THE MASTER FUND COULD REALIZE SUBSTANTIAL LOSSES FROM SOME OR ALL OF THE ACTIVITIES DESCRIBED ABOVE. (SEE "CERTAIN RISK FACTORS" BELOW)

CERTAIN RISK FACTORS

There is a high degree of risk associated with the purchase of Interests in the Company, and any such purchase should only be made by sophisticated institutions and individuals after consultation with independent qualified sources of investment, legal and tax advice. A purchase of Interests in the Company is only appropriate for investors who fully understand and are capable of bearing the risks of an investment in the Company. An investor should not consider subscribing for more than it can comfortably afford to lose. Prospective investors should carefully consider various factors before investing, including, without limitation, the following:

General

The identification of attractive investment opportunities is difficult and involves a significant degree of uncertainty. Returns generated from the Master Fund's Loans and other investments may not adequately compensate Members for the business and financial risks assumed. Although the Loan Portfolio Manager's methodology seeks to minimize some of the risks and volatility associated with the Master Fund's investment strategy, including originating Loans, there can be no assurance that the Loan Portfolio Manager will be successful in doing so or that the Master Fund will not incur significant losses; accordingly, the Master Fund may be subject both to the unusual types of risks inherent in certain types of Loans originated by the Master Fund as well as to the normal market risks common to all types of Loans (as well as other types of financial instruments and other investments). Investors in the Company who are subject to fiduciary obligations will be asked to represent that their investment in the Company is being made by them as fiduciaries. In addition, all investors will be required to represent that they are investing in reliance on their own tax, legal and financial advisors and not on any advice or recommendation of the Company, the Managing Member or the Loan Portfolio Manager.

Business Risks

Loan Risks Generally

Weak Economy Could Trigger Defaults. Any substantial economic slowdown could increase delinquencies, defaults and foreclosures, and adversely affect the Master Fund's portfolio of Loans and/or the Master Fund's ability to originate Loans. Periods of economic slowdown or recession may be accompanied by decreased demand for consumer credit, decreased asset values (including real estate values) and an increased rate of delinquencies, defaults and foreclosures. Any material decline in asset values would increase the loan-to-value ratios on Loans that the Master Fund holds, weaken the Master Fund's collateral coverage and increase the possibility and severity of a loss if a borrower defaults. A lack of equity in a property may reduce the incentive a borrower has to meet its payment obligations during periods of financial hardship, which might result in higher delinquencies, defaults and foreclosures. These factors would reduce the Master Fund's ability to originate Loans and increase its losses on Loans.

Master Fund's Sector Could Experience Weakness. The Master Fund's principal investment strategy is to originate and purchase niche and exotic Loans. These types of Loans generally have higher delinquency and default rates than prime or ordinary course loans. Delinquency interrupts the flow of projected interest income from a Loan and default can ultimately lead to a loss if the net realizable value of the property securing the Loan is insufficient to cover the principal and interest due on the Loan. Also, the Master Fund's cost of financing and servicing a delinquent or defaulted Loan is generally higher than

for a performing Loan. The Master Fund bears the risk of delinquency and default on Loans beginning when it originates them until it collects them. The demand in the marketplace for the highly specialized nature of the Master Fund's Loans could be reduced either through competition, economic changes or legal and regulatory changes.

General Risks of Extending Credit. The risks associated with originating Loans include, without limitation, the possible invalidation of a transaction as a fraudulent conveyance under creditors' rights laws, lender-liability claims with respect to the issuer of the obligations, environmental liabilities that may arise with respect to the collateral securing the obligations, and limitations on the ability of the Master Fund to directly enforce its rights with respect to borrowers.

Misrepresentations. Of paramount concern in originating and making investments in Loans is the possibility of intentional or unintentional material misrepresentations or omissions on the part of the borrower. Such inaccuracies or incompleteness may adversely affect the valuation of the collateral underlying the Loans or may adversely affect the ability of the Master Fund to perfect or effectuate a lien on the collateral securing the Loan. The Master Fund will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable when it originates or otherwise invests in Loans, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Master Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Insufficient Collateral. As the Master Fund originates Loans based partly upon the adequacy of the borrower's collateral, an incorrect valuation of such collateral may result in unforeseen losses. Despite performing due diligence on the collateral, including, where appropriate, by engaging third party independent valuators to estimate the value of the collateral pledged by the borrower, the inherent uncertainty of valuation of collateral may result in values that differ significantly from the values that can ultimately be obtained for such collateral. In addition, even if collateral is initially valued correctly, changes in market conditions, regulations or other circumstances, or changes directly related to such collateral, may materially adversely affect the value thereof.

Lender Liability. The Master Fund may incur liability as a result of its lending activities or the lending activities of the sellers that have originated the Loans. In recent years, a number of judicial decisions have upheld the right of borrowers to sue on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower, its other creditors or shareholders, or third parties harmed by the borrower. Even if the Master Fund purchases its Loans in the ordinary course of its investment activities, the Master Fund may be subject to allegations of lender liability by reason of the actions of the sellers that originated those Loans. The Loan Portfolio Manager cannot assure investors that these claims will not arise, or that the Master Fund will not be subject to significant liability if a claim of this type were to arise.

General Regulatory Risks. Certain state laws generally regulate interest rates and other charges, require certain disclosure, and require licensing of loan originators such as the Master Fund. In addition, other state laws, public policy and general principles of equity relating to the protection of consumers, unfair and deceptive practices and debt collection practices may apply to the origination, servicing and collection of principal and/or interest on the Loans originated by or otherwise underlying the Master Fund's investments.

The Loans may also be subject to federal laws, including:

- the Federal Truth-in-Lending Act and Regulation Z promulgated thereunder, which require certain disclosures to the borrowers regarding the terms of loans;

- the Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit discrimination on the basis of age, race, color, sex, religion, marital status, national origin, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act, in the extension of credit; and

- the Fair Credit Reporting Act, which regulates the use and reporting of information related to the borrower's credit experience.

Violations of certain provisions of these federal laws may limit the ability of the applicable Loan servicer to collect all or part of the principal of or interest on the Loans. In addition, violations of certain provisions of these federal laws could subject the Master Fund, as the issuing entity, to damages and administrative enforcement and could result in the borrowers rescinding such Loans against either the Master Fund, as the issuing entity, or subsequent holders of such Loans.

The lending and servicing business involves the collection of numerous accounts and compliance with various federal, state and local laws that regulate consumer lending. Lenders and servicers may be subject from time to time to various types of claims, legal actions (including class action lawsuits), investigations, subpoenas and inquiries in the course of their business. It is impossible to predict the outcome of any particular actions, investigations or inquiries or the resulting legal and financial liability. If any such proceeding were determined adversely to the Master Fund or any of its affiliates or any other servicer and were to have a material adverse effect on its financial condition, the ability of such servicer to service the Loans could be impaired.

A number of federal, state and/or local regulatory changes, designed to prevent lending abuses, may limit the flexibility to offer lending products such as the Loans. Some states have enacted, or may enact, laws or regulations that prohibit inclusion of some provisions in loans that have loan rates or origination costs in excess of prescribed levels, and require that borrowers be given certain disclosures prior to the consummation of such loans. Failure to comply with these laws could result in monetary penalties and in the borrowers rescinding Loans against either the Master Fund, as the issuing entity, or subsequent holders of the Loans.

In addition, the Loans may need to be altered in order to comply with any such federal, state and/or local regulatory changes. Moreover, while the Managing Member and/or the Loan Portfolio Manager have analyzed compliance issues associated with offering the Loans in certain, targeted states, such Loans may need to be modified if offered in additional states. Such compliance issues include obtaining licenses in certain jurisdictions to make loans. The Managing Member and the Loan Portfolio Manager are not aware at this time of any impediments to obtaining such licenses, but the approval process can take several months.

Under the anti-predatory lending laws of some states, the borrower is required to meet a net tangible benefits test in connection with the origination of the related mortgage loan. This test may be highly subjective and open to interpretation. As a result, a court may determine that a mortgage loan does not meet the test even if the originator reasonably believed that the test was satisfied. Any determination by a court that a mortgage loan does not meet the test will result in a violation of the state anti-predatory lending law.

Other Regulatory and Private Litigation Risks of the Master Fund's Loan Business. A principal part of the Master Fund's investment strategy will be to originate or purchase Loans that either

are subject to regulatory scrutiny or are so new that no clear legal guidelines have been established with respect to the regulation and compliance of such businesses with existing laws, rules and regulations. Therefore, there will be little or no legal authority or precedent governing the practices of the sellers of those Loans or, in fact, of the status of those Loans. While the Loan Portfolio Manager believes that each Loan originated or purchased by the Master Fund will be in compliance with applicable laws, rules and regulations, in many cases it might not be possible for the Master Fund to be certain that this is the case or that the Loans otherwise will not be subject to regulatory or civil challenge. Moreover, although the Loan Portfolio Manager will seek to ensure that borrowers operate their businesses in accordance with applicable law, there can be no assurance that each such business will continue to be so operated or that the law will remain constant or that government regulators or civil litigants will not challenge the legality of the business operations of the borrowers subject to the Loans originated or purchased by the Master Fund.

Litigation and Collection Costs. Should the Master Fund need to collect on a defaulted Loan, litigation could result. There is a high cost associated with any litigation and the results of litigation are always uncertain. Even before litigation is commenced, the Master Fund could experience substantial costs in trying to collect on defaulted investments, such as legal fees, collection agency fees, or discounts related to the assignment of a defaulted Loan to a third party.

Incurrence of Additional Debt by Borrowers. There can be no assurance that the borrower will not incur further debt in addition to the Loans. Any such increase of debt levels could impair the ability of borrowers to service their Loans, which in turn could result in higher rates of delinquency and loss on the Loans originated by the Master Fund or otherwise underlying the Master Fund's investments.

Bankruptcy of a Borrower. If a borrower becomes subject to a bankruptcy proceeding, a bankruptcy court may require modifications of the terms of a Loan without a permanent forgiveness of the principal balance of the Loan. Modifications have included reducing the amount of each periodic payment, changing the rate of interest and altering the repayment schedule. In addition, a court having federal bankruptcy jurisdiction may permit a debtor to cure a monetary default relating to a Loan by paying arrearages within a reasonable period and reinstating the original Loan payment schedule, even though the lender accelerated the Loan and final judgment of foreclosure had been entered in state court. In addition, under the federal bankruptcy law, all actions against a borrower and the borrower's property are automatically stayed upon the filing of a bankruptcy petition.

In addition, there are a number of additional, significant risks when borrowers (and their properties and companies) become involved in bankruptcy proceedings, including the following: First, many events in a bankruptcy are the product of contested matters and adversary proceedings which are beyond the control of the creditors. Second, a bankruptcy filing may have adverse and permanent effects on a property or company. For instance, the property or company may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. Further, if the proceeding is converted to a liquidation, the liquidation value of the property or company may not equal the liquidation value that was believed to exist at the time of the investment. Third, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be adversely impacted by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court, and until it ultimately becomes effective. Fourth, the administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors. Fifth, creditors can lose their ranking and priority if they exercise "domination and control" over a debtor and other creditors can demonstrate that they have been harmed by such actions, especially in the case of investments made prior to the commencement of bankruptcy proceedings. Sixth, certain claims, such as claims for taxes, may have priority by law over the claims of certain creditors. Seventh, the Master Fund may seek representation on creditors' committees and as a

member of a creditors' committee it may owe certain obligations generally to all creditors similarly situated that the committee represents and it may be subject to various trading or confidentiality restrictions. If the Managing Member, in its sole discretion, concludes that the Master Fund's membership on a creditors' committee entails obligations or restrictions that conflict with the duties it owes to Members, or that otherwise outweigh the advantages of such membership, the Master Fund will resign from that committee. As the Master Fund will indemnify the Managing Member, its affiliates, the principals or any other person serving on a committee on its behalf for claims arising from breaches of those obligations, indemnification payments could adversely affect the return on the Master Fund's investment in a bankrupt company or property.

Availability of Insurance. Although borrowers generally maintain insurance policies on their properties that secure Loans, if the proceeds of such policy are not sufficient to cover the unpaid principal balance plus accrued interest on the related Loan, any such shortfall may result in losses on the investment. Further, to the extent that the insurance proceeds received with respect to any damaged properties are not applied to the restoration thereof, the proceeds will be used to prepay the related Loans in whole or in part. Any repurchases or prepayments of the Loans may reduce the weighted average life of the investment and therefore would adversely affect such investment. While the Master Fund will seek to utilize insurance and other risk management products (to the extent available on commercially reasonable terms) to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, this may not always be practical or feasible. Moreover, it may not be possible to insure against all risks, and insurance proceeds may be inadequate. In general, losses related to terrorism are becoming more difficult and expensive to insure against, as most insurers are excluding terrorism coverage from their all-risk policies.

Certain Loan Risks By Type

Loans Collateralized by Real Estate. Such Loans may have a greater than normal risk of future defaults, delinquencies, bankruptcies or fraud losses, as compared to a pool of newly originated, high-quality loans of comparable type, size and geographic concentration. Returns on an investment of this type depend on the borrower's ability to make required payments and, in the event of default, the ability to foreclose and liquidate the mortgage Loan. Foreclosures can be lengthy and expensive and borrowers often assert claims, counterclaims and defenses to delay or prevent foreclosure actions. At any time during the proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure action and further delaying the process, and materially increasing the expense thereof, which expenses may or may not be recoverable by the Master Fund. In addition, "antideficiency" and related laws in certain states limit recourse and remedies available against borrowers in connection with or as a result of foreclosure proceedings or other enforcement actions taken with respect to such borrowers. Such laws can result in the loss of liens on collateral or personal recourse against a borrower altogether.

In addition, mortgage Loans may have certain, real estate-specific risks:

- *Risks of Real Estate Ownership.* Although the Master Fund will not own title to real estate, except temporarily in the case of a foreclosure process, an investment in the Company is still subject to certain risks associated with the debt financing of real estate and the equity-return prospects of the real estate industry in general, including: the burdens of financing real property; local and national economic and social conditions; the supply and demand for properties to finance; the financial condition of buyers and sellers of properties; changes in interest rates and the availability of mortgage funds, which may render the sale or refinancing of properties difficult or impracticable; changes in laws and regulations and other governmental rules and fiscal and monetary policies; environmental claims arising in respect of properties acquired with undisclosed or unknown environmental problems which impair the Master Fund's collateral; changes in real property tax rates or changes in tax laws; uninsured casualties;

vandalism; force majeure acts, terrorist events, under-insured or uninsurable losses; and other factors that are beyond the reasonable control of the Master Fund, the Managing Member, the Loan Portfolio Manager and the Portfolio Managers. Other factors specific to the real estate industry that may have an adverse effect on the Master Fund's mortgage Loans and investments related thereto include fluctuating interest rates, increasing borrower defaults or bankruptcies, changes in regulatory capital requirements, changing technology, and fraud.

In addition, the Master Fund may finance properties that are subject to liabilities or that have problems relating to environmental condition, state of title, physical condition, possession claims or compliance with building codes or other legal requirements. In each case, the Master Fund's financing of a property may be without any recourse, or with only limited recourse, with respect to unknown liabilities or conditions. As a result, if any liability were asserted against the Master Fund relating to those properties, or if any adverse condition existed with respect to the properties, the Master Fund's collateral might be impaired, and this could adversely affect the investment results of the Master Fund. The value of the Master Fund's investment returns may fluctuate significantly due to these factors and may be significantly diminished in the event of a sudden drop in the market for real estate and real estate-related assets.

- *Availability of Insurance Against Certain Catastrophic and Other Losses*. The real estate mortgage Loans may have their collateral affected by catastrophic events and other force majeure events. These events could include fires, floods, earthquakes, adverse weather conditions, assertions of eminent domain, wars, riots, terrorist acts, acts of God and similar risks. These events could result in a partial or total loss of an investment. Some force majeure risks are generally immeasurable. As noted above under *"Availability of Insurance,"* while a borrower generally maintains a standard hazard insurance policy on its mortgaged property, if the proceeds of such policy are not sufficient to cover the unpaid principal balance plus accrued interest on the related mortgage Loan, any such shortfall may result in losses on the investment.

- *Environmental Liability*. Federal, state, and local laws and regulations impose a wide range of requirements on activities that may affect the environment, health, and safety. In certain circumstances, these laws and regulations impose obligations on "owners" or "operators" of residential properties such as those that secure the mortgage Loans. Failure to comply with these laws and regulations can result in fines and penalties that could be assessed against the Master Fund, as the issuing entity, if it were to be considered an "owner" or "operator" of the related property. A property "owner" or "operator" can also be held liable for the cost of investigating and remediating contamination, regardless of fault, and for personal injury or property damage arising from exposure to contaminants. In some states, a lien on the property due to contamination has priority over the lien of an existing mortgage. Also, under certain circumstances, the Master Fund, as a mortgage lender, may be held liable as an "owner" or "operator" for costs associated with the release of hazardous substances from a site, or petroleum from an underground storage tank under certain circumstances. If the Master Fund, as an issuing entity, were to be considered the "owner" or "operator" of a property, it will suffer losses as a result of any liability imposed for environmental hazards on the property.

- *Property-Specific Risks*. A large number of factors may adversely affect the value and successful operation of a property securing the mortgage Loans, including: physical attributes of the property, such as its age, condition, design, appearance, access to transportation and construction quality; location of the property, for example, a change in the neighborhood over time; the types of amenities that the property provides; the property's reputation; the level of mortgage interest rates; presence of competing properties; and adverse local or national economic conditions. These changes will affect the value of the Master Fund's collateral backing its Loan financings.

Secured Trade Financing. The Master Fund may originate short-term Loans to suppliers and manufacturers to finance the purchase or manufacture of specific goods that have been pre-sold by the borrower. A controlled account may be used to collect payments directly from the invoiced buyers, but there is no guarantee that such buyers will pay the contract price for the specific goods in a timely fashion, if ever.

Loans to Consumer Finance Companies. While the Master Fund itself does not intend to operate payday lending enterprises, it intends to lend capital to individuals and entities that own, operate or provide services to such enterprises. Generally, payday loans are loans made to individual borrowers to meet their short-term cash needs, and the Loan Portfolio Manager believes that many payday borrowers are in lower economic tiers. Thus, the Loan Portfolio Manager expects that the majority of payday loans to which the Master Fund's Loans will be related will be sub-prime loans, with the potential for higher delinquency and default rates than most other types of loans. Moreover, the Loan Portfolio Manager believes that payday borrowers may be directly affected by slowing economic conditions in a manner similar to that of other borrowers, which could result in reduced borrowings or increased defaults, or both.

In addition, the payday lending business is regulated under numerous state laws and regulations, which are subject to change. Changes in state laws and regulations could have a material adverse effect on the Master Fund. As of November 9, 2007, forty states and the District of Columbia had specific laws that permitted payday lending or allowed a form of payday lending under small loan laws. The states with specific payday lending laws generally govern the terms of the transaction and require certain consumer protections. During the last few years, legislation has been adopted in some states that prohibits or severely restricts payday lending services. Many bills to restrict or prohibit payday lending activities have also been introduced in state legislatures. Future laws or regulations prohibiting payday lending services or making them unprofitable could be passed in any other state at any time or existing payday lending laws could expire or be amended, any of which could have a material adverse effect on payday lenders and ultimately on the Master Fund through a reduced demand for financing.

Statutes authorizing payday lending services typically provide for state agencies to regulate banks and financial institutions, with such state agencies having significant regulatory powers to administer and enforce the law. For example, under certain state statutes, state agencies and their regulators have broad discretionary power to impose new licensing requirements, interpret or enforce existing regulatory requirements or issue new administrative rules, even if such requirements or rules are not contained explicitly in the applicable state statutes. Such discretionary power may impact the way payday lenders do business and may force them to terminate or modify their operations in particular states. Any such reductions could reduce the demand for financing from the Master Fund.

In addition, certain state attorney generals and banking regulators have begun to scrutinize the payday lending services industry as a whole and may take adverse actions against the industry. Such actions could require the Master Fund to cease or suspend financing of payday lender enterprises in their respective states.

Moreover, since 1999, various anti-payday lending legislation has been introduced in the U.S. Congress, with recent legislation specifically targeting the agency relationships between banks and payday lending companies. Members of Congress receive pressure from consumer advocates and other industry opposition groups to adopt such legislation. Any federal legislative or regulatory action that restricts or prohibits payday lending services could have a material adverse impact on the payday lending business or, directly or indirectly, on the Master Fund.

Loans Relating to Life Insurance Policies. The Master Fund may make Loans to Lending Entities that are in the business of making loans (with accruing interest) to the owners of life insurance

policies. Such Loans are dependent, in part, on the applicable policyholder's ability to repay the Lending Entity. Such policyholder's repayment ability, in turn, may be dependent on the policyholder's ability to sell its policy to a third party and use the sale proceeds to satisfy the debt owed to the Lending Entity or its assigns. If there is not an active or sufficient secondary market for such policy, or regulations change which limit the ability of a policyholder to sell a policy, then these loans by the Lending Entity may not be repaid, which may have an adverse effect on the Loans.

In addition, certain governmental actions and opinions have called into question the legality of using an insurance policy as collateral for the loan (such as those by Lending Entities) that financed its purchase. Such uncertain legality centers around the argument that lenders (such as Lending Entities) do not have an "insurable interest" in the collateral life insurance policy beyond a financial one. Generally, the "insurable interest" requirement requires those who buy life insurance policies to have a family relationship or strong financial interest (*e.g.*, key man life insurance) in the insurance policy, which is designed in part to prevent people from gambling on the lives of strangers. There has been speculation that using the insurance policy as collateral for the loan that financed its purchase may run afoul of some jurisdictions' insurance laws and regulations. The New York State attorney general has issued subpoenas seeking accounting and financial reporting information in connection with certain similar transactions, and the New York State Insurance Department issued an advisory opinion on December 19, 2005 determining that a hypothetical, similar kind of arrangement violates Section 3205(b) of the New York Insurance Law. The crux of the opinion focused on the absence of a "legitimate insurable interest" on the part of the lender in the life of the policyholder. According to the Insurance Department, the party causing procurement of the life insurance policy must have either a "substantial interest engendered by love and affection" or "a lawful and substantial economic interest in the continued life" of the policyholder pursuant to Section 3205(a)(1). Such conclusions may impact the Master Fund's ability to provide such Loans to Lending Entities and adversely affect the value of any such existing Loans.

Financing Purchases of Health Care Debt. The Master Fund may finance one or more borrowers who purchase portfolios of health care debt. There can be no assurance that the borrower will be able to identify the most easily collectible debts or realize any of the outstanding debts in such a portfolio. In addition, the borrower may not be able to sell the portfolio or any portion thereof at the time or for the price that it anticipates. If one or more such events were to occur, such events could impact the ability of the borrower to repay such Loans.

Litigation Financing. The Master Fund intends to lend capital to law firms, and such Loans may be secured by the future cash flows from such law firms' cases. The Loan Portfolio Manager intends to focus on law firms that are working on plaintiff lawsuits, choosing law firms based primarily on the statistical and analytical probability of such law firms winning at trial or obtaining favorable settlements. The Loan Portfolio Manager believes that law firms, especially those specializing in the mass tort and personal injury areas of the law often can accurately estimate such probability of success. Nevertheless, the Loan Portfolio Manager cannot be certain that a particular group of cases are meritorious or will result in a cash award or settlement in an amount greater than the expenses incurred in prosecuting those cases. In addition to the risk of losing a particular case or group of cases, law firms that borrow from the Master Fund could default on their Loans, defraud the Master Fund, incur additional debt to other lenders without the Master Fund's permission, or file for bankruptcy. If one or more such events were to occur, the Master Fund could experience a loss of part or all of its Loans. Finally, if state or federal law relating to the ability of law firms generally to borrow capital changed, such an event could have a material adverse effect on these types of Loans and ultimately the value of the Master Fund's investment in those Loans.

Loans in Plaintiff Lawsuits. The Master Fund may employ a legal lending strategy whereby it acquires interests in personal injury and other types of plaintiff lawsuits by entering into loan agreements with Providers that, in turn, use Loan proceeds to invest in interests in such plaintiffs' lawsuits (through

agreements with such plaintiffs). Under the terms of such loan agreements with the Providers, it is expected that the Master Fund would have the right to purchase portfolios of claims (*i.e.*, rights to receive payments under such agreements between the plaintiffs and Providers). Additional legislation and changes in the interpretation or enforcement of existing laws and rules may directly affect the validity or enforceability of such loan agreements between the Master Fund and Providers and/or the agreements between the plaintiffs and Providers, each of which could result in the loss of the Master Fund's investment in such claims.

Loans to Merchants Secured by Credit Card Receipts. The Master Fund may offer Loans to businesses, such as restaurants, in need of immediate, short-term financing for working capital. The types of borrowers that would require such Loans, which would be secured solely by credit card receipts, generally operate in industries to which traditional financing is not available, such as the restaurant industry, and have a difficult time obtaining traditional loans. The Master Fund is exposed to the risk of the borrower (e.g., the restaurant owner) defaulting on the Loan or filing for bankruptcy, which may be more likely. In addition, the Master Fund typically will not have any security interest for such Loan other than a percentage of the borrower's credit card receipts, which are automatically deducted on a daily basis at the point of sale. Therefore, the credit card receipts must provide adequate security for the Loan and there is a risk that the Loan may not be priced properly, the borrower has not anticipated future cash flows adequately or that the borrower does not properly record or process credit card transactions. Moreover, the economic success borrowers in these industries may be adversely and disproportionately affected by changes in general economic conditions and other tangible and intangible factors, all of which can change and cannot be predicted with any degree of certainty.

Loans to Professional Athletes. The Master Fund may originate Loans to professional athletes. Such Loans may be secured by certain assets of any such athlete, including, among other things, future guaranteed payments to be made pursuant to such athlete's employment contract with the team or club for which he plays. While the Master Fund anticipates selling some or all of such professional athlete Loans to an affiliate, the Master Fund will be exposed to the following risks for so long as it holds any such Loans. The Master Fund is exposed to the risk that some or all of the payments under such employment contract are determined to be non-guaranteed payments. The Master Fund is also exposed to the risk that conduct of such athlete revokes some or all of the guaranteed or non-guaranteed payments under such employment contract. Although the Master Fund in each case may be the beneficiary of an insurance policy intended to mitigate such risks, there is no guarantee that such insurance will be sufficient to cover all non-guaranteed payments. To the extent that a Loan is secured by payments to be made in a player contract year beyond the term of the pertinent collective bargaining agreement in the relevant sport, the Master Fund would also be exposed to the risk that the compensation under the player contract would not be paid in the event of a work stoppage in that sport.

Loans Relating to International Mining Companies. The Master Fund may make Loans related to international mining companies. The price volatility of precious and base metals, failure of exploration efforts, extensive environmental laws and regulations, the operational need to continually obtain additional reserves and the limits of insurance coverage, as well as the political and economic risks of doing business outside of the United States, may adversely affect such Loans.

Loans to Retail Energy Companies. The Master Fund may make Loans related to retail energy companies that are subject to the many risks inherent in the U.S. power industry, including, but not limited to, the following risks.

- *Risk Management Failure*. In order to provide electricity and natural gas to their customers, a retail energy company may make wholesale commodity purchases in the relevant energy markets. Such commodity prices are often highly volatile. A retail

energy company may be required to provide its customers with such customers' full requirement of electricity and/or natural gas despite the fact that certain factors are beyond the control of such retail energy company, such as risk of loss from counterparties' nonperformance.

- *Liquidity Risks*. A retail energy company may enter into contracts with local distribution companies ("**LDCs**") that may require or may in the future require it to maintain restricted cash balances or letters of credit as collateral for the performance risk associated with the future delivery of electricity or natural gas. Such collateral may fluctuate based on significant movements in market prices. A retail energy company's operations and future growth depend in part on its ability to enter into or maintain these contracts, which depends on the amount of cash and letters of credit available to the retail energy company. Such liquidity requirements may be greater than a retail energy company is able to meet.

- *Seasonal Fluctuation Risks*. Retail energy companies financial results typically fluctuate on a seasonal basis due to changes in weather conditions and fluctuations in commodity prices. Such financial results may fluctuate based on: (1) the location of customers; (2) weather conditions and systems that directly influence the demand for electricity and natural gas and affect the prices of energy commodities; and (3) changes in market prices for natural gas and electricity. If a winter is warmer than expected or a summer is cooler than expected, demand for energy is lower, resulting in less natural gas and electricity consumption. Conversely, when a winter is colder or a summer is warmer than expected, consumption of natural gas and electricity may be greater. Depending on prevailing market prices for electricity and gas, these and other unexpected conditions may reduce a retail energy company's sales or increase a retail energy company's costs and negatively impact the results of operations. Any failure to anticipate changing energy demands based on the weather or to effectively manage supply in response to changing demands could negatively impact a retail energy company's financial results.

- The operations of a retail energy company may also be negatively affected by large fluctuations in the market price of natural gas and electricity within short periods of time.

- *Credit Risk*. In certain markets, a retail energy company will remain liable to its natural gas and/or electricity suppliers, and potentially certain local utilities, even if it terminates service to customers who do not pay their utility bill. Such a risk may increase due to changing economic factors, such as increasing energy prices and continued economic uncertainty. Even if a retail energy company maintain adequate billing and collection procedures, such risks could adversely affect the retail energy company's financial condition.

- *Risks Related to Settlements of Imbalance Receivables*. Retail energy marketers are responsible for providing adequate natural gas to LDCs and electricity to independent system operators ("**ISOs**") for ultimate delivery to the retail energy marketers' customers. Commodity amounts provided by a retail energy marketer are generally based on estimates of customer usage over a prescribed period. If the amounts delivered to an LDC or an ISO exceed actual customer usage, the resulting is an imbalance receivable for the retail energy marketer from the LDC or ISO. If the amounts consumed by customers exceed amounts delivered to an LDC or an ISO, the result is an imbalance payable to the LDC or ISO by the retail energy marketer. Certain LDCs and ISOs rely on collection of imbalances payable to them in order to settle imbalances payable by them to retail energy

marketers; therefore, a default on its obligations to settle an imbalance by a retail energy marketer may result in the LDC or ISO not having adequate resources to satisfy its obligations to settle imbalances owing to other retail energy marketers.

- *Third Party Transportation and Transmission Risks*. Retail energy companies typically depend on transportation and transmission facilities owned and operated by utilities and other third parties to deliver energy commodities to their customers. Retail energy companies are generally required, pursuant to the regulatory structures adopted by most jurisdictions, to enter into agreements with local utilities for use of such local distribution systems. If a retail energy company is unable to reach agreements with local utilities or if negotiations are extensive, a company's ability to serve customers in those jurisdictions could be materially impacted, which could have an adverse effect on its business, operations and finances.

Local utilities also may provide maintenance of the infrastructure that a retail energy company uses to deliver electricity and natural gas to its customers. As such, a retail energy company may have no control over the level of service such utilities provide to customers. Interruptions or impairments of the delivery of electricity or natural gas to a retail energy company's customers caused by failures of a local utility's infrastructure could adversely affect a retail energy company's business.

- *Potential Adverse Effect of Government Regulations*. Retail energy companies operate in a highly regulated industry that may be subject to new regulations or more stringent interpretations of existing regulations. Recently the regulation of the natural gas and electricity industries has undergone substantial changes, including restructuring and deregulation, at both the state and federal levels. If such regulations are revised or reinterpreted or new laws and regulations are adopted, such changes may have a detrimental impact on retail energy companies.

- *Risks of Regulatory Scrutiny*. In order to become a retail marketer of natural gas and electricity, retail energy companies must generally apply to local regulatory bodies. Approval by such bodies is subject to compliance with various federal, state and local regulations. If the Borrowers fail to comply with all such regulations, it could suffer certain consequences, including, but not limited to (i) higher customer complaints and attrition; (ii) reputational damage with customers and regulators; and (iii) increased regulatory scrutiny and sanctions, including the termination of the Borrowers' licenses or ability to operate in certain markets.

- *Large Scale Power Blackout Risks*. The power generation and transmission infrastructure in the United States is very complex. Appropriate oversight by regulatory agencies, careful planning and design, trained and skilled operators, sophisticated information technology and communication systems, ongoing monitoring and, if necessary, improvements to infrastructure are essential to maintaining a reliable infrastructure. Although such infrastructure is subject to extensive oversight and numerous safeguards, major electric power blackouts are possible, which could disrupt electrical service for extended periods of time to large geographic regions of the United States. If such a major blackout were to occur, a retail energy company may be unable to deliver electricity to its customers in the affected region, which could have an adverse affect on its business, operations and finances.

Market Risks in General

Equity and Equity-Linked Securities. In connection with its origination of Loans, and incidental to the Master Fund's primary investment strategy, the Master Fund may receive and ultimately will sell equity and equity-linked securities. Such acquisitions may include, without limitation, warrants, publicly traded equity, privately placed equity that is subject to restrictions on transfer, debt that can be converted into equity based on certain conditions, and preferred equity. The value of equity and equity-linked securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Master Fund may suffer losses if the return on securities it owns diverges from the Loan Portfolio Manager's expectations or if markets generally move in a single direction and the Master Fund has not properly hedged against such a general move. In addition, by holding privately placed securities, the Master Fund is exposed to risks that issuers will not fulfill their contractual obligations to the Master Fund, such as delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Intent to Sell Loans in the Secondary Markets. The Master Fund typically intends to hold Loans to maturity; however, the Master Fund reserves the right to sell or dispose of any Loans prior to maturity if the Loan Portfolio Manager determines that such disposition is in the best interest of the Master Fund.

Investment Risks. The Master Fund may invest its assets in Debt Securities, which are traded over the counter and on exchanges. There are several risks inherent in such investments, some of which are specifically referenced below. Such investments are subject to investment specific price fluctuations as well as to macroeconomic, market and industry specific conditions, including but not limited to national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments such as the financial viability, sales and product lines of corporate issuers, national and international politics and governmental events, and changes in federal and local income tax laws. Moreover, the Master Fund may have only limited ability to vary its investment portfolio in response to changing economic, financial and investment conditions.

Commercial and Residential Mortgage-Backed Securities and Asset-Backed Securities. Investments in commercial and residential mortgage-backed securities involve the general risks typically associated with investing in traditional Debt Securities (including interest rate and credit risk) and certain additional risks and special considerations (including the risk of principal prepayment and the risk of indirect exposure to real estate markets). Mortgage-backed securities generally provide for the payment of interest and principal on the mortgage-backed securities on a frequent basis and there also exists the possibility, particularly with respect to residential mortgage-backed securities, that principal may be prepaid at any time due to, among other reasons, prepayments on the underlying mortgage loans or other assets. As a result of prepayments, the Master Fund may be required to reinvest assets at an inopportune time, which may indirectly expose the Master Fund to a lower rate of return. The rate of prepayments on underlying mortgages affects the price and volatility of a mortgage-backed security, and may have the effect of shortening or extending the effective maturity beyond what was anticipated. Further, different types of mortgage-backed securities are subject to varying degrees of prepayment risk. Finally, the risks of investing in such instruments reflect the risks of investing in real estate securing the underlying loans, including the effect of local and other economic conditions, the ability of tenants to make payments, and the ability to attract and retain tenants.

Interest Rate Risk. In addition to the direct interest rate risks described above, the Master Fund also is indirectly subject to interest rate risk. Generally, the value of Debt Securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities in which the Portfolio Managers invest.

Corporate Debt Obligations. The Master Fund may invest in corporate debt obligations, including commercial paper. Corporate debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations. Therefore, the Master Fund may be exposed to such risks associated with corporate debt obligations.

Variable and Floating Rate Securities. While variable and floating rate securities provide the Master Fund with a certain degree of protection against rises in interest rates, the Master Fund may participate in any declines in interest rates as well.

Leverage; Short Sales; Options. The Master Fund and the Portfolio Managers may employ leverage, may engage in short selling and may write or purchase options. While the use of borrowed funds and short sales can substantially improve the return on invested capital, their use may also increase any adverse impact to which the investments of the Master Fund may be subject. Selling Debt Securities short, while often used to hedge investments, runs the risk of losing an amount greater than the initial investment in a relatively short period of time. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that Debt Securities necessary to cover a short position will be available for purchase. The writing or purchasing of an option also runs the risk of losing the entire investment or of causing significant losses to the Master Fund in a relatively short period of time.

Non-U.S. Debt Securities. The Master Fund may invest in Debt Securities of companies domiciled or operating in one or more countries other than the U.S. Investing in these Debt Securities involves considerations and possible risks not typically involved in investing in Debt Securities of companies domiciled and operating in the U.S., including instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the U.S. or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (*e.g.*, the imposition of withholding taxes on dividend, interest or other payments) or confiscatory taxation may also affect investment in foreign Debt Securities. Higher expenses may result from investment in foreign Debt Securities than would result from investment in U.S. Debt Securities because of the costs that must be incurred in connection with conversions between various currencies and foreign brokerage commissions that may be higher than in the U.S. Foreign exchanges also may be less liquid, more volatile and less subject to governmental supervision than in the U.S. Investments in foreign countries could be affected by other factors not present in the U.S., including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Commodities and Futures Trading. The Master Fund may purchase futures or options contracts. Substantially all trading in commodities and futures has as its basis a contract to purchase or sell a specified quantity of a particular asset for delivery at a specified time, although certain financial instruments, such as market index futures contracts, may be settled only in cash based on the value of the underlying composite index. Futures trading involves trading in contracts for future delivery of standardized, rather than specific, lots of particular assets.

(i) Volatility*:* Futures prices are highly volatile. Price movements for the futures contracts which the Master Fund may trade are influenced by, among other things, changing supply and demand relationships, government, trade, fiscal, and economic events, and changes in interest rates. Governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly.

(ii) Position Limits: The CFTC has jurisdiction to establish, or cause exchanges to establish, position limits with respect to all commodities traded on exchanges located in the U.S. and may do so, and any exchange may impose limits on positions on that exchange. No such limits presently exist in the forward contract market or on certain non-U.S. exchanges. Insofar as such limits do exist, all commodity accounts (including the Master Fund's accounts) owned, held, controlled or managed by the Loan Portfolio Manager or one of the Portfolio Managers (and its principals and affiliates) may be combined (that is, aggregated) for position limit purposes.

(iii) Price Limits: U.S. commodity exchanges may limit fluctuations in futures contracts prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". In addition, even if futures prices have not reached the daily limit, the Loan Portfolio Manager and the Portfolio Managers may not be able to execute futures trades at favorable prices if little trading in such contracts is taking place (a "thin" market).

(iv) Margin: Futures are typically traded on "margin." The "margin" is the amount of escrow or performance bond deposit that the Master Fund will have to make and maintain with its futures commission merchants (futures brokers) to secure its future obligation to close out open positions. The initial margin requirements may be satisfied by the deposit of cash (or, in some U.S. markets, certain U.S. government obligations). The open positions must be "marked to market" daily, requiring additional margin deposits if the position reflects a loss that reduces the Master Fund's equity below the level required to be maintained and permitting release of a portion of the deposit if the position reflects a gain that results in excess margin equity. The level of margin that must be maintained for a given position is sometimes subject to increase, requiring additional cash outlays. In the futures markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold. Such low margin deposits are indicative of the fact that any futures contract trading typically is accompanied by a high degree of leverage. Because margin requirements normally range upward from as little as 2% or less of the total value of the contract, a comparatively small commitment of cash or its equivalent may permit trading in futures contracts of substantially great value. As a result, price fluctuations may result in a contract profit or loss that is disproportionate to the amount of funds deposited as margin. Such a profit or loss may materialize suddenly, since the prices of futures frequently fluctuate rapidly and over wide ranges, reflecting both supply and demand changes and changes in market sentiment.

(v) Size of the Master Fund's Account: Depending upon the size of the Master Fund's/SPV's account, it may be difficult or impossible for the Loan Portfolio Manager and the Portfolio Managers to take or liquidate positions in particular commodities, methods or strategies due to the size of the accounts which may be managed by them.

Derivative Instruments. The Master Fund may use various derivative instruments, including futures, options, forward contracts, swaps and other derivatives which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Use of derivative instruments presents various risks, including the following:

(i) Tracking – When used for hedging purposes, imperfect or variable degrees of correlation between price movements of the derivative instruments and the underlying investments sought to be hedged may prevent the Loan Portfolio Manager and the Portfolio Managers from achieving intended hedging effects.

(ii) Liquidity – Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Loan Portfolio Manager and the Portfolio Managers may not be able to close out positions without incurring a loss.

(iii) Leverage – Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by the Master Fund.

Equity Derivatives. The Loan Portfolio Manager and the Portfolio Managers may use equity derivatives in their investment programs. Certain options and other equity derivative instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity derivative instruments can involve significant economic leverage and may, in some cases, involve significant risk of loss.

Speculative and Volatile Investment Programs. Debt Securities and Loans' prices are highly volatile. Moreover, as the Loan Portfolio Manager and the Portfolio Managers may buy and "sell short" on margin, the volatility of the Master Fund's portfolio will be greatly increased, leading to significantly greater risks. The Master Fund will trade in Debt Securities and Loans on a purely speculative basis. No assurance can be given that the Loan Portfolio Manager's or any Portfolio Managers' investments will be profitable for the Master Fund or that the Master Fund will not incur substantial losses.

Failure to Achieve Targeted Returns. The Master Fund will make investments based on the Loan Portfolio Manager's estimates or projections of internal rates of return and current returns. Investors have no assurance that the Master Fund will achieve its targeted returns on its investments. In addition, targeted returns may be adjusted to reflect any changes in market conditions.

Use of Leverage. The Loan Portfolio Manager and the Portfolio Managers may use leverage to enhance the return of its investments. Although the use of leverage can substantially improve the return on invested capital, it also will likely increase any adverse impact to which the investment portfolio of the Master Fund may be subject.

Derivative Transactions. The Master Fund may obtain its leverage through over-the-counter derivative transactions with various financial institutions. These derivative transactions expose the Master Fund 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 (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Master Fund to suffer a loss. In addition, in the case of a default, the Master Fund could become subject to adverse market movements while replacement transactions are executed. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Master Fund has concentrated its transactions with a single or small group of counterparties, as is expected. The Master Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The Master Fund may form one or more special purpose trading subsidiaries to effect derivative transactions with counterparties and may guarantee the payment obligations of these subsidiaries under such transactions. The Master Fund may also pledge to such counterparties its interests in the subsidiaries as security for its obligations under such guarantees.

Repurchase Agreements. The Master Fund may obtain its leverage through repurchase agreements whereby it effectively will "borrow" funds by selling its interests in investments to a financial institution for cash and agreeing to repurchase those interests at a specified future date for an amount equal to the sales price plus interest at a negotiated rate. Although similar in many respects to a secured

loan, the repurchase transaction provides for the outright transfer of the securities that are subject to the repurchase agreement from the Master Fund to the buyer. As the seller of the securities, the Master Fund will be subject to the risk that its counterparty may default on its obligation to return those securities upon tender of the repurchase price. The repurchase agreement generally will apply the concept of set-off of exposure of the counterparties to each other in the event of insolvency or other default. The occurrence of an event of default will have the effect of accelerating outstanding transactions, converting delivery obligations in respect of the securities to cash sums based on the default market value of the securities, and then netting outstanding amounts to result in a single sum payable from one party to the other. The counterparty may not be able to discharge any such payment obligation to the Master Fund.

Lack of Diversification. The nature of the Master Fund's business makes it difficult for the Master Fund to be diversified and there are limited restrictions requiring any type of diversification with respect to the Master Fund's investments. Such limited diversification requirements could result in significant risks with respect to the Master Fund's investment portfolio, as adverse events that affect any geographic region, industry sector or single Loan or investment could have a disproportionately negative effect on the Net Asset Value of the Master Fund's investments.

For example, without a diverse portfolio of Loans, the Master Fund is subject to a significant decline in Net Asset Value should a single Loan fail to perform, should a single counterparty to a Loan default, or should a single strategy be unsuccessful. In addition, there could be significant concentrations of Loans in certain industries or geographic regions. Consequently, losses and prepayments on the Loans in a particular industry or region may be affected significantly by changes in the specific markets and/or the regional economies in which such Loans are made, including, without limitation, the occurrence of natural disasters, such as earthquakes, hurricanes, tornadoes, tidal waves, mud slides, fires and floods, or other catastrophic events, in these areas. Moreover, individual industries and regions are subject to localized industry and economic forces that could result in a declining economy with respect to such individual industry or region, even when the economy as a whole is prosperous.

Such disproportionate impacts could be magnified with respect to a less-than-optimally diversified portfolio of mortgage Loans, which are subject to the following conditions:

- Economic conditions in regions with high concentrations of mortgage Loans may affect the ability of borrowers to repay their Loans on time even if such conditions do not affect real property values.

- Declines in the residential real estate markets in regions with high concentrations of mortgage Loans may reduce the values of properties located in those regions, which would result in an increase in Loan-to-value ratios.

- Any increase in the market value of properties located in regions with high concentrations of mortgage Loans would reduce Loan-to-value ratios and could, therefore, make alternative sources of financing available to borrowers at lower interest rates, which could result in an increased rate of prepayment of the mortgage Loans.

Effectiveness of Risk Reduction Techniques. The Loan Portfolio Manager and the Portfolio Managers may decide not to hedge the Master Fund's portfolio or other investments at all or at certain times. Even when risk reduction strategies are employed by the Loan Portfolio Manager or Portfolio Managers, a substantial risk will remain that such hedging strategies may not be effective in limiting losses. If the Loan Portfolio Manager or a Portfolio Manager analyzes market conditions incorrectly or employ risk reduction strategies that do not correlate well with the Master Fund's portfolio, their risk

reduction techniques could result in losses to the Master Fund, regardless of whether the intent was to reduce risk or increase return.

Competition. The industries in which the Master Fund intends to operate are highly competitive. In pursuing its business, the Master Fund will compete with banks, thrifts, sub-prime specialty lenders, mortgage lenders, hedge funds and various other entities seeking to profit from limited lending and investment opportunities. The Master Fund may have difficulty competing in markets in which its competitors have greater financial resources, larger staffs, more experience, and more investment and lending professionals than the Master Fund has or expects to have in the future. As a result of this competition, there may be fewer attractively priced investment opportunities than in the past, which could have an adverse impact on the ability of the Master Fund to meet its investment goals or the length of time that is required for the Master Fund to effectively realize investments. There can be no assurance that the returns on the Master Fund's investments will be commensurate with the risk of investment in the Master Fund.

Valuation Risks. Uncertainties as to the valuation of investments could have an impact on the transactions entered into by the Master Fund and hence, the determination of the Net Asset Value of the Interests. Loans and other investments will be valued by the Loan Portfolio Manager with the assistance of the Administrator. Loans and/or securities that the Loan Portfolio Manager believes are fundamentally undervalued or overvalued may not ultimately be valued in the markets at prices and/or within the time frame the Loan Portfolio Manager anticipates. In particular, purchasing securities or originating Loans at prices that the Loan Portfolio Manager believes to be distressed or below fair value is no guarantee that such prices will not decline even further.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of an investment, the Master Fund may be required to make representations about such investment. The Master Fund also may be required to indemnify the purchasers of such investment in case any such representations are inaccurate. These arrangements may create contingent liabilities for which the Managing Member or the Loan Portfolio Manager may establish reserves or escrow accounts.

Investment in Troubled Assets. The Master Fund may make substantial investments in non-performing or other troubled assets that involve a degree of financial risk, and there can be no assurance that the Master Fund's internal rate of return objectives will be realized or that there will be any return of capital. Furthermore, investments in properties operating in workout modes or under Chapter 11 of the U.S. Bankruptcy Code may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of the investor's original investment, including equitable subordination and/or disallowance of claims or lender liability. In addition, under certain circumstances, payments to the Company and distributions by the Company to the Members may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment under applicable law.

Board Participation. The size of the Master Fund's equity holdings in a particular issuer, or contractual rights obtained by the Master Fund in connection with an investment, may enable the Master Fund to designate one or more directors to serve on the boards of companies in which the Master Fund invests. While such representation may enhance the Master Fund's ability to influence the outcome of its investments, it may also have the effect of impairing the ability of the Master Fund to sell the related securities or giving rise to liability claims against the Master Fund. The Master Fund will indemnify and hold harmless the Managing Member, its affiliates, and each of their respective members, officers, directors, employees, equity holders, agents, and other applicable representatives from and against any and all losses and expenses (including, without limitation, reasonable attorneys' and accountants' fees, as well as other costs and expenses incurred in connection with the defense of any actual or threatened

action or proceeding) and amounts paid in settlement of any claims suffered or sustained by any of the foregoing persons as a result of or in connection with any act performed by them under the LLC Agreement or otherwise on behalf of the Master Fund; *provided, however,* that such indemnity shall be payable only if the indemnified party or parties acted (or failed to act) in good faith and in a manner such indemnified party reasonably believed to be in, or not opposed to, the best interest of the Master Fund, and in the case of criminal proceedings, that the indemnified party had no reasonable cause to believe its action or failure to act was unlawful. The Master Fund will attempt to balance the advantages and disadvantages of such representation when deciding whether and how to exercise its voting or contractual rights, but changes in circumstances could produce adverse consequences in particular situations.

Bankruptcy Claims. The Master Fund may invest in bankruptcy claims, which are amounts owed to creditors of companies in financial difficulty. Bankruptcy claims are illiquid and generally do not pay interest and there can be no guarantee that the debtor will ever be able to satisfy the obligation on the bankruptcy claim. The markets in bankruptcy claims are not generally regulated by federal securities laws or the SEC. Because bankruptcy claims are frequently unsecured, holders of such claims may have a lower priority in terms of payment than certain other creditors in a bankruptcy proceeding. In addition, under certain circumstances, payments and distributions may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

Credit Default Swaps. The Master Fund may invest in credit default swaps. A credit default swap is a contract between two parties that transfers the risk of loss if a company fails to pay principal or interest on time or files for bankruptcy. In essence, an institution that owns corporate debt instruments can purchase a limited form of default protection by entering into a credit default swap with another bank, broker-dealer or financial intermediary. Upon an event of default, the swap may be terminated in one of two ways: (i) by the purchaser of credit protection delivering the referenced instrument to the swap counterparty and receiving a payment of par value, or (ii) by the parties pairing off payments, with the purchaser of the protection receiving a payment equal to the par value of the reference security less the price at which the reference security trades subsequent to default. The first way is the more common form of credit default swap termination.

In the manner described above, credit default swaps can be used to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds. Credit default swaps can be used to implement the Loan Portfolio Manager's view that a particular credit, or group of credits, will experience credit improvement. In the case of expected credit improvement, the Master Fund may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Master Fund to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Master Fund may also "purchase" credit default protection even in the case in which it does not own the referenced instrument if, in the judgment of the Managing Member, there is a high likelihood of credit deterioration. The Master Fund may also enter into credit default swap transactions, even if the credit outlook is positive, if the Loan Portfolio Manager believes that participants in the marketplace have incorrectly valued the components that determine the value of a swap.

Investing in High-Yield Securities. The Master Fund may invest in high-yield securities. Such securities are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, the Master Fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to make timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater

extent than do higher-rated securities that react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

Illiquid Investments. The Master Fund's Loans and securities, bank debt and other claims in which the Master Fund may invest may be subject to legal or other restrictions on transfer or no liquid market may exist. The market prices, if any, for such Loans and other investments may be volatile or may not be readily ascertainable, and the Master Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid Loans and other securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Master Fund may not be able to readily dispose of such illiquid Loans and other investments and, in some cases, may be contractually prohibited from disposing of such Loans and other investments for a specified period of time. Restricted Loans and other securities may sell at a price lower than similar securities that are not subject to restrictions on resale. An investment in the Master Fund is suitable only for certain sophisticated investors who do not require immediate liquidity for their investments.

Convertible Securities. The Master Fund may invest in convertible securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Master Fund is called for redemption, the Master Fund will be required to permit the issuer to redeem the

security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Master Fund's ability to achieve its investment objective.

Short Selling. Short selling involves selling securities that are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Master Fund engages in short sales will depend upon the Loan Portfolio Manager's investment strategy and opportunities. 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 the Master Fund of buying those securities to cover the short position. There can be no assurance that the Master Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Master Fund can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Forward Trading. Forward contracts and options thereon, 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 that at which they were prepared to sell. Disruptions can occur in any market traded by the Master Fund due to unusual trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading more than the Loan Portfolio Manager would otherwise recommend, to the possible detriment of the Master Fund. Market illiquidity or disruption could result in major losses to the Master Fund.

Hedging Transactions. The Master Fund may utilize financial instruments, both for investment purposes and for risk management purposes, in order to (i) protect against possible changes in the market value of the Master Fund's investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Master Fund's unrealized gains in the value of the Master Fund's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Master Fund's portfolio; (v) hedge the interest rate or currency exchange rate on any of the Master Fund's liabilities or assets; (vi) protect against any increase in the price of any securities the Master Fund anticipates purchasing at a later date or (vii) for any other reason that the Loan Portfolio Manager and/or Portfolio Managers deem appropriate.

The success of the Master Fund's hedging strategy will depend, in part, upon the Loan Portfolio Manager's and the Portfolio Managers' ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Master Fund's hedging strategy will also be subject to the Loan Portfolio Manager's and the Portfolio Managers' ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Master Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Master Fund than if it had not engaged in such hedging transactions. For a variety of reasons, the Loan Portfolio Manager and

the Portfolio Managers may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Master Fund from achieving the intended hedge or expose the Master Fund to risk of loss. The Loan Portfolio Manager or a Portfolio Manager may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Master Fund's portfolio holdings.

Additional Classes, Sub-Classes and Series of Interests. The Company has the power to issue Interests in Classes, Sub-Classes or Series. The LLC Agreement provides for the manner in which the liabilities are to be attributed across the various Classes, Sub-Classes or Series (liabilities are to be attributed to the specific Class, Sub-Class or Series in respect of which the liability was incurred). However, the Fund is a single legal entity. Holders of one or more Classes, Sub-Classes or Series of Interests may be compelled to bear the liabilities incurred in respect of other Classes, Sub-Classes or Series of Interests that such Members do not themselves own if there are insufficient assets in that other Class, Sub-Class or Series of Interests to satisfy those liabilities. Accordingly, there is a risk that liabilities of one Class, Sub-Class or Series of Interest may not be limited to that particular Class, Sub-Class or Series of Interests and may be required to be paid out of one or more other Classes, Sub-Classes or Series of Interests.

Counterparty Risk. Some of the markets in which the Master Fund may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Master Fund 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 (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Master Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Master Fund has concentrated its transactions with a single or small group of counterparties. The Master Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Master Fund's internal credit function, which evaluates the creditworthiness of their counterparties, may prove insufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of the Master Fund's counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Master Fund.

Risks of Foreign Investments

General Risks. Certain foreign investments involve risks and special considerations not typically associated with U.S. investments. Such risks include: the risk of nationalization or expropriation of assets or confiscatory taxation; social, economic and political uncertainty, including war and revolution; dependence on exports and the corresponding importance of international trade; price fluctuations, market volatility, less liquidity and smaller capitalization of securities markets; currency exchange rate fluctuations; rates of inflation; controls on, and changes in controls on, foreign investment and limitations on repatriation of invested capital and on the Master Fund's ability to exchange local currencies for U.S. dollars; governmental involvement in and control over the economies; governmental decisions to discontinue support of economic reform programs generally and impose centrally planned economies; differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; less extensive regulation of the securities markets; longer settlement periods for securities transactions; less developed corporate laws regarding fiduciary duties and the protection of investors; certain considerations regarding the maintenance of the Master

Fund's investments and cash with foreign subcustodians and securities depositories; and foreign restrictions and prohibitions on ownership by U.S. entities of real estate and changes in foreign laws relating thereto. Certain of the countries in which the Master Fund may invest are currently experiencing volatility in their economies, potentially resulting in declines in real estate prices, credit markets, stock market indices, currency valuations and consumer spending. While the Managing Member and the Loan Portfolio Manager believe this volatility may create significant investment opportunities that could produce attractive returns, there can be no assurance that the current economic and financial volatility in these countries will not continue or worsen, or spread to other countries in which the Master Fund's investments are located.

Currency Risks. The Members' capital accounts will be denominated in U.S. dollars and redemptions generally will be made in U.S. dollars. The investments of the Master Fund that are denominated in a currency other than the U.S. Dollar are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Loan Portfolio Manager and the Portfolio Managers may try to hedge these risks by investing in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be implemented, or, if implemented, will be effective.

Counterparty, Settlement and Local Intermediary Risk. From time to time, certain foreign securities markets have experienced operational clearance and settlement problems which have resulted in failed trades. These problems could cause the Master Fund to miss attractive investment opportunities or result in the Master Fund's liability to third parties by virtue of an inability to perform the Master Fund's contractual obligation to deliver securities. In addition, delays and inefficiencies of the local postal, transport and banking systems could result in missed rights and entitlements, the loss of funds (including dividends) and exposure to currency fluctuations. To the extent the Master Fund invests in securities, swaps, derivatives or other over-the-counter transactions, in certain circumstances, the Master Fund may take credit risk with regard to parties with whom it trades and may also bear the risk of transfer, clearance or settlement default. Transactions entered directly between two counterparties may expose the parties to the risk of counterparty defaults. Such risks may be exacerbated with respect to certain foreign securities or transactions with certain foreign counterparties. It is expected, but in no way assured, that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Master Fund and hence the Master Fund should not be exposed to credit risk with regard to such parties. Certain of the Master Fund's transactions may be undertaken through local brokers, banks or other organizations in the countries in which the Master Fund makes investments, and the Master Fund will be subject to the risk of default, insolvency or fraud of such organizations. The collection, transfer and deposit of bearer securities and cash expose the Master Fund to a variety of risks including theft, loss and destruction. Finally, the Master Fund will be dependent upon the general soundness of the banking systems of these countries.

Accounting Standards; Limited Availability of Information; Due Diligence. Accounting standards in certain nations do not generally correspond to international accounting standards, and national accounting, auditing and financial reporting standards may not yet be in place. The financial information appearing on the financial statements of companies in certain foreign countries may not reflect financial position or results of operations in the way they would be reflected if the financial statements had been prepared in accordance with generally accepted international accounting principles. Investors in such companies generally have access to less reliable information than investors in more economically sophisticated countries. In addition, the scope and nature of the Master Fund's due diligence activities in connection with portfolio investments will be more limited than due diligence

reviews conducted in more developed economies because reliable information is often unavailable or prohibitively costly to obtain. The lower standards of due diligence and financial controls in investments in certain foreign countries increases the likelihood of material losses on such investments.

Restrictions on Foreign Investment and Repatriation. Foreign investment in real estate and the securities of issuers in certain nations is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment in real estate or issuers in such nations and increase the costs and expenses of the Master Fund. Certain countries may restrict investment opportunities in real estate or in certain issuers or industries deemed important to national interests. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is a deterioration in a country's balance of payments or for other reasons, a country may impose temporary restrictions on, or altogether change its restrictions on, foreign capital remittances abroad.

Inflation. Certain foreign countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and securities markets (both public and private) of certain countries in which the Master Fund may invest. There can be no assurance that high rates of inflation will not have a material adverse effect on the investments of the Master Fund.

Difficulty of Bringing Suit or Foreclosure. Because the effectiveness of the judicial systems in countries in which the Master Fund may invest varies, the Master Fund may have difficulty in foreclosing on Loans, real estate or in successfully pursuing claims in the courts of such countries, as compared to the United States or other developed countries. Further, to the extent the Master Fund may obtain a judgment but is required to seek its enforcement in the courts of one of the countries in which the Master Fund invests, there can be no assurance that such courts will enforce such judgment. The laws of many nations lack the sophistication and consistency found in the United States with respect to foreclosure, bankruptcy, corporate reorganization or creditors' rights. Although certain nations have recently implemented reforms in their foreclosure and bankruptcy regimes, these bankruptcy systems are still largely unproven.

Company Risks

Limited Operating History. The Company has been in operation since 2005. The Managing Member and the Loan Portfolio Manager have been managing Loan and Debt Securities transactions and other investments since that time; certain Sub-Advisors may have more limited experience with such transactions. Past performance of the Company and the Master Fund or the prior success of the Managing Member or its principals in any other venture is no indication of future results.

Business Dependent on Key Individuals. Asset allocation and direct investment decisions made by the Loan Portfolio Manager are based on the judgment of Mark Nordlicht and the other Risk Committee members. No assurance can be given that the Master Fund's allocation methods and strategies will be successful under any market conditions. If Mr. Nordlicht and/or the other Risk Committee members were to die or become disabled or otherwise terminate their respective relationships with the Loan Portfolio Manager or the Master Fund, any such event could have a material adverse effect on the Master Fund and its performance.

Limited Liquidity. Because there is no market for the Interests and there are significant limitations on transfers (including assignments, sales, pledges or other dispositions) and redemptions, an investment in the Company is relatively illiquid and involves a high degree of risk. The Company may also suspend the withdrawal rights of the Members. A subscription for Interests should be considered only by sophisticated investors who do not require immediate liquidity for their investment and can afford

to lose all or a substantial part of such investment. INTERESTS MAY NOT BE TRANSFERRED, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF WITHOUT THE PRIOR WRITTEN CONSENT OF THE MANAGING MEMBER. IN ADDITION, INTERESTS MAY NOT BE TRANSFERRED, ASSIGNED OR PLEDGED TO BENEFIT PLAN INVESTORS.

Limitations on Redemptions. Redemptions of Class A Interests are subject to a 25-month Lock-Up Period. Under certain circumstances, the Company may suspend redemptions or delay payment until such circumstances no longer exist. After the Redemption Date, a redeeming Member becomes a creditor of the Company. If the Company experiences losses after a Redemption Date, it is possible that the Company could have insufficient assets to pay all or even a portion of the redemption proceeds due to the redeeming Member. Please see the section entitled *"Redemptions"* below for more information.

Master-Feeder Fund Structure. The Company will invest all of its investable assets in the Master Fund as a limited partner. The Master Fund will be controlled by the Managing Member and its investments will be managed by the Loan Portfolio Manager. Consequently, the Company will not own its portfolio investments directly and it will not control the Master Fund. Capital contributions and withdrawals by Members may at times be dependent upon the Company's ability to effect parallel transactions with the Master Fund. The rights of the Company in the Master Fund will be in its capacity as a limited partner and those rights, which will be governed by the limited partnership agreement of the Master Fund and the laws of the State of Delaware, are relatively limited.

The Company is currently expected to be one of four feeder funds investing in the Master Fund. Additional feeder funds present certain unique risks to the investor. For example, a smaller feeder fund investing in the Master Fund may be materially affected by the actions of a larger feeder fund investing in the Master Fund. If a larger feeder fund withdraws from the Master Fund, the remaining feeder fund may experience higher *pro rata* operating expenses, thereby producing lower returns. The Master Fund may also become less diverse due to a redemption by a larger feeder fund, resulting in increased portfolio risk.

No Management Participation. Members do not participate in the management of the Company or in the conduct of its business. Members have no right to influence the management of the Company, whether by voting, withdrawing, removing the Managing Member, terminating the relationship with the Loan Portfolio Manager or otherwise.

Possibility of Different Information Rights. Certain Members may receive information regarding the Master Fund's portfolio that is not generally available to other Members and, as a result, may be able to act on such information that is not generally available to other Members.

Mandatory Redemption. The Managing Member, in its sole discretion, may require any Member to redeem all or a portion of its Interests for any reason and at any time, upon at least 48 hours' prior written notice. Please see the section entitled *"Redemptions"* below for more information.

Agreements with Certain Investors. The Company and the Managing Member may from time to time enter into agreements with one or more Members whereby in consideration for agreeing to invest certain amounts in the Company and other consideration deemed material to the Company, such Members are granted rights not otherwise afforded to other Members, including, without limitation, the right to purchase additional Interests, the right to withdraw Interests with limited notice to the Fund or on a more frequent basis than other Members, the right to receive reports from the Company on a more frequent basis or to receive reports that include information not provided to other Members, the right to pay a reduced Performance Allocation and/or Management Fee, the right to receive a share of the revenues and/or the Performance Allocation, and such other rights as may be negotiated between the Company and such Members. To the extent that compliance with any of the provisions of any such agreement would

cause the Company, the Managing Member or any of their respective affiliates to violate their respective fiduciary obligations to other clients or to violate any applicable laws, the Company and the Managing Member are prohibited from complying with any such provision.

Substantial Fees and Expenses Payable Regardless of Profits. The Company, including through the Master Fund, will incur obligations to pay Management Fees, operating, legal, accounting, auditing, marketing, travel, presentation and other related expenses and fees, including the costs of the offering of Interests, as well as fees and/or expenses to the Loan Portfolio Manager, the Administrator and Introducers. The foregoing expenses are payable by the Company regardless of whether the Company realizes any profits. Please see the section entitled *"Fees and Expenses"* below for more information.

Incentive Allocations/Fees. Incentive allocations made and incentive fees paid to Portfolio Managers (including the Performance Allocation made to the Managing Member) may create an incentive for the Master Fund to make investments that are riskier or more speculative than would otherwise be the case. In addition, since incentive allocations/fees are made on a basis which includes unrealized appreciation of the Master Fund's assets that may never be realized, they may be greater than if based solely on realized gains. Once an incentive allocation or fee vests, there will be no obligation to reverse or return it (though the Managing Member may do so in its sole discretion), even if the Master Fund experiences losses in subsequent fiscal periods.

Layering of Expenses. The Company's direct fees, allocations and expenses, including the Performance Allocation, the incentive allocations/fees payable to the Portfolio Managers and the fees and/or expenses payable to the Administrator and Introducers, results in multiple levels of fees, expenses and allocations. Accordingly, the Company's expenses may constitute a higher percentage of net assets than expenses associated with other investment entities.

Risk of Third Party Litigation. The Master Fund's investment activities subject them to the normal risks of becoming involved in litigation by third parties. The expense of defending against claims by third parties and paying any amount pursuant to settlement or judgments would, except in certain circumstances, be borne by the Master Fund and would reduce net assets.

In-Kind Distributions. The Company expects to distribute cash to a Member upon a withdrawal from the Member's capital account. However, there can be no assurance that the Company will have sufficient cash to satisfy withdrawal requests, or that it will be able to liquidate investments at the time of such withdrawal requests at favorable prices. Under the foregoing circumstances, and under other circumstances deemed appropriate by the Managing Member, a Member may receive in-kind distributions from the Master Fund's portfolio. The investments so distributed may not be readily marketable or salable and may have to be held by such Member for an indefinite period of time.

Unspecified Use of Proceeds. Investors will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Master Fund and, accordingly, will be dependent upon the judgment and ability of the Managing Member and the Portfolio Managers in investing and managing the capital of the Master Fund. There can be no assurance that the Portfolio Managers will be able to identify a series of suitable investment opportunities for the Master Fund, or that such investment opportunities will lead to completed investments by the Master Fund or enable the Master Fund to meet its investment objectives. There can be no assurance that any investments completed by the Master Fund will provide returns commensurate with the risk of investment in the Master Fund. The Master Fund may sustain losses with respect to some or all of its investments.

Cross-Class Liability. Certain of the Company's assets and liabilities may be effectively segregated on the books of the Company between and among various classes of Interests. As a general matter, contractual and other liabilities assumed by the Company are pari passu liabilities of all classes of Interests unless such liabilities are contractually limited to the available assets of a particular class. Accordingly, liabilities assumed by the Company for one class could have an adverse effect on the assets of other classes, including the Interests offered pursuant to this Memorandum.

Banyon Investment. On April 3, 2008, a subsidiary of the Master Fund entered into a credit agreement (the "**Credit Agreement**") with Banyon Funding LLC, a Nevada limited liability company ("**Banyon**") (such transaction and the transactions related thereto are collectively referred to herein as the "**Banyon Investment**"). In 2009, Banyon defaulted under the Credit Agreement, and it became known that the structured settlement agreements in which Banyon was acquiring interests were fabricated by attorney Scott Rothstein of the law firm Rothstein Rosenfeldt Adler, P.A. ("**RRA**"), the purported attorneys for the plaintiffs/claimants in such actions, as part of what has been reported to be a larger Ponzi scheme.

In December 2011, the Master Fund executed a settlement agreement with Banyon's principals, George and Gayla Levin, to resolve litigation the Master Fund's affiliates commenced against them in Nevada and Florida (the "**Levin Settlement**"). The settlement agreement required Gayla Levin to confess to judgment in the amount of $200 million, and required George Levin to consent to relief in a Chapter 7 bankruptcy case that the Master Fund and its affiliates were prosecuting against him.

In June 2012, the Master Fund entered a settlement agreement to resolve "preference" and "fraudulent transfer" claims asserted by a bankruptcy trustee appointed by the Florida bankruptcy court administering the RRA estate. The settlement required a payment to the RRA estate by the Master Fund and certain of its affiliates in the amount of $32 million over three years (all payments have been made) in exchange for an allowed general unsecured claim against the RRA estate in the amount of $28 million, plus an allowed senior subordinated claim against the RRA estate in the amount of $26 million. The RRA estate has distributed 100 cents on the dollar to holders of unsecured claims like those held by the Master Fund.

In June 2013, the Master Fund entered into a settlement agreement with TD Bank, N.A. ("**TD Bank**"), which served as the custodian of the attorney escrow accounts for RRA. Pursuant to the settlement (the "**TD Bank Settlement**"), TD Bank paid approximately $43.75 million in cash, of which amount approximately $26 million was paid to the RRA trustee to satisfy the obligations of the Master Fund and its affiliates under the RRA Settlement. The Master Fund pledged to TD Bank certain rights and receivables it obtained under the RRA Settlement and the Levin Settlement, including the $200 million judgment from Gayla Levin.

In February 2013, a group of RRA investors called "FEP" served the Master Fund with a complaint that alleged that the Master Fund and others aided Rothstein in his fraud. An agreement to settle the action was reached in October 2014.

In 2012, an individual investor in the RRA scheme brought an action against the Master Fund and certain managers for libel, alleging that certain managers of the Master Fund caused the news media to write articles about this investor. The Master Fund is defending the action vigorously and believes it to be frivolous.

Possible Licensing Requirements. The Master Fund may be required to obtain various licenses in order to make, hold or dispose of certain investments. The Master Fund has not applied for these licenses and may not. The Investment Manager expects that if the Master Fund is required to obtain any

such licenses, this process will be costly and may take several months. There is no assurance that the Master Fund will obtain all of the licenses that it desires or that the Master Fund would not experience significant delays in seeking these licenses. Furthermore, the Master Fund will be subject to various information and other requirements in order to maintain these licenses, and there is no assurance that the Master Fund will satisfy those requirements. The Master Fund's failure to obtain or maintain licenses might restrict its investment options and have other adverse consequences for the Master Fund.

Tax Risks

Members Will Be Taxed on Profits Whether or Not Distributed. The Company is not required to distribute profits. If the Company reports taxable income, such income will be taxable to the Members in accordance with their distributive shares of the Company's profits, whether or not such profits have been distributed to the Members. The tax liability of Members for any profits of the Company very likely will exceed any distributions received from the Company. This risk may be exacerbated to the extent that the Company makes loans under which the Company is required (under applicable income tax rules) to accrue interest income in advance of receiving the related cash payments).

Limits on Deductibility of Passive Activity Losses. Under applicable income tax regulations, substantially all of the Company's taxable income allocable to non-corporate (and certain corporate) Members is anticipated to be treated as non-passive activity income even though the Company intends to operate a lending business. Accordingly, such Members generally will be unable to offset their passive activity losses from other investments against their income from this investment.

Possibility of Tax Audit. There can be no assurance that the Company's tax returns will not be audited or that adjustments to such returns will not be made as a result of such an audit. If an audit results in an adjustment, Members may be required to file amended returns (which may themselves be audited) and to pay back taxes, plus interest.

New York Taxation. Members who are non-residents of New York will be subject to New York taxation on then taxable income (if any) from this investment, and will be required to file New York tax returns reporting such taxable income.

Regulatory Risks

Generally. Legal, tax and regulatory changes could occur that may adversely affect the Company. The regulatory environment for entities such as the Company is evolving, and changes in the regulation of such companies may adversely affect the value of investments held by the Master Fund and the ability of the Master Fund to obtain the leverage it might otherwise obtain or to pursue its investment strategies. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Company could be substantial and adverse.

Lack of Protection Under the Investment Company Act. The Company is not registered, and does not intend to register, under the Investment Company Act. Accordingly, the provisions of the Investment Company Act which, among other things, require that a company's board of directors, including a majority of disinterested directors, approve certain of the Company's activities and contractual relationships, prohibit certain trading and investment activities and prohibit the Company from engaging in certain transactions with its affiliates, will not be applicable.

Protection Under the Investment Advisers Act. The Loan Portfolio Manager is currently deemed to be registered as an investment adviser under the Advisers Act or similar state laws. Accordingly, the provisions of the Advisers Act which, among other things, require that the registered adviser use a "qualified custodian" to custody customer assets, designate a chief compliance officer, adopt a compliance manual and a code of ethics, provide investors with specified disclosures (on Form ADV), be subject to certain books and record-keeping obligations and be subject to SEC oversight, are applicable to the Loan Portfolio Manager. However, deemed registration of the Loan Portfolio Manager with the SEC does not imply that the SEC or any other regulatory authority has approved the Memorandum or the offering of the Interests hereunder.

Certain Other Regulatory Compliance. Acquisition by the Master Fund of equity securities may result in reporting and compliance obligations under the Securities Exchange Act of 1934, as amended, and the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. The costs of compliance will be borne by the Master Fund.

Freedom of Information Acts. To the extent that the Managing Member determines in good faith that it is reasonably foreseeable that information regarding actual or prospective investments acquired by the Master Fund or its affiliates could be disclosed by a Member as a result of such Member being subject to laws in the nature of freedom of information acts, including the U.S. Freedom of Information Act, or as a result of it being subject to public disclosure laws, statutes, statutory instruments, regulations or policies, and that the disclosure of such information would not be in the best interests of the Master Fund, the Managing Member or the investments, the Managing Member may, in order to prevent any such potential disclosure, withhold all or any part of the information such Member would otherwise be entitled to receive or have access to.

U.S. Anti-Money Laundering Regulations. In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, the Managing Member and/or its affiliates may request prospective and any existing Members to provide additional documentation verifying, among other things, such Member's identity and source of funds used to purchase its Interests. The Managing Member may decline to accept a subscription if this information is not provided or on the basis of such information that is provided. Requests for documentation and additional information may be made at any time during which the Member holds Interests. The Managing Member and/or its affiliates may be required to provide this information, or to report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the Members that the information has been provided.

The Managing Member and/or its affiliates will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures that may be required by government regulators. Governmental authorities are continuing to consider appropriate measures to implement anti-money laundering laws and at this point it is unclear what steps the Company may be required to take; however, these steps may include prohibiting a prospective Member from making contributions to the Company, depositing redemption amounts to which such Member would otherwise be entitled into an escrow account and causing the withdrawal of such Member from the Company.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE COMPANY. POTENTIAL INVESTORS SHOULD READ THIS MEMORANDUM, THE LLC AGREEMENT AND THE SUBSCRIPTION DOCUMENTS IN THEIR ENTIRETY, AND CONSULT WITH THEIR OWN ADVISERS, BEFORE DETERMINING WHETHER TO INVEST IN THE COMPANY. IN ADDITION, AS THE MASTER FUND'S INVESTMENT

PROGRAM DEVELOPS AND CHANGES OVER TIME, AN INVESTMENT IN THE COMPANY MAY BE SUBJECT TO ADDITIONAL AND DIFFERENT INVESTMENT CONSIDERATIONS.

CONFLICTS OF INTEREST

Limited Third Party Oversight. The Company and the Master Fund will be operated and managed by the Managing Member and the Loan Portfolio Manager, which are affiliates. They will determine the value of the Master Fund's Loans and other investments. There will be no third party supervising those activities, having custody of the Master Fund's and the Company's assets or overseeing the Master Fund's and the Company's operations or interactions with Members. The Company will, however, obtain an annual audit from a certified public accounting firm for each Fiscal Year.

Limitations on Liability. The LLC Agreement provides that neither the Managing Member, nor any of its affiliates, members, officers, directors, employees, equity holders and other applicable representatives will be liable to the Company or any of the Members, their respective owners, successors, assignees or transferees, or to third parties for any act or omission performed or omitted by them on behalf of the Company and in a manner reasonably believed by them to be within the scope of the authority granted to them except when such action or failure to act constitutes gross negligence, fraud or willful misconduct, or have any liability to the Company for any losses suffered due to the action or inaction of any employee or person retained by the Company whether through negligence, dishonesty or otherwise, provided that such employee was selected by such persons with reasonable care. Please see the information under the heading *"Liability of the Managing Member"* in *"The Limited Liability Agreement"* below for further details.

Management of Other Customer Accounts by the Loan Portfolio Manager and the Portfolio Managers. The Loan Portfolio Manager and the Portfolio Managers (and principals and affiliates thereof) may manage accounts other than the Company, including, without limitation, the Platinum-managed funds. The methods and strategies that the Loan Portfolio Manager and the Portfolio Managers will use in managing accounts of the Company may be used by them in managing other accounts. The Loan Portfolio Manager and the Portfolio Managers may establish, sponsor, or be affiliated with other investment accounts and pools which may engage in the same or similar businesses as the Master Fund using the same or similar strategies.

Although the Loan Portfolio Manager and the Portfolio Managers may manage investments on behalf of other accounts, including, without limitation, the Platinum-managed funds, investment decisions and allocations will not necessarily be made in parallel among the Master Fund's accounts and the other accounts. Other accounts managed by the Loan Portfolio Manager and the Portfolio Managers, including without limitation the Affiliated Funds and the Platinum-managed funds, may originate and/or invest in Loans and/or Debt Securities and may make investments and use strategies that may or may not be made or used by the Master Fund. Accordingly, the other accounts managed by the Loan Portfolio Manager and the Portfolio Managers may produce results that are materially different from those experienced by the Master Fund.

The records of any investment management activities in which the Loan Portfolio Manager and the Portfolio Managers (and principals and affiliates thereof) may engage on behalf of the accounts of clients other than the Master Fund will not be available for inspection by any Member. The Loan Portfolio Manager and the Portfolio Managers (and principals and affiliates of the Portfolio Managers) may engage in or invest in other business ventures of any kind, alone or with others, including, without limitation, the management of or investment in other investment or trading entities, and neither the Company nor any Member will have any rights in or to any such activities or the income or profits derived from those activities.

Sub-Advisors. The Loan Portfolio Manager will negotiate the fee and expense arrangements (and other applicable contractual terms) on a case-by-case basis with each Sub-Advisor. In circumstances where Sub-Advisors are affiliates of or are otherwise associated with the Managing Member and/or the Loan Portfolio Manager, these negotiations are not expected to be conducted on an arm's length basis.

Inter-Creditor Agreements Among Affiliates of the Loan Portfolio Manager. The Loan Portfolio Manager anticipates that certain loans will be subject to inter-creditor agreements that make such loans pari passu to each other. Due to the fact that the Master Fund and an affiliate of the Loan Portfolio Manager are both lenders to certain borrowers, potential conflicts of interest may arise with respect to the loans made by the Master Fund, such as with respect to the terms of the applicable loan and any default under such loan.

Outstanding Loans. An affiliate of an entity to which the Master Fund has lent money has entered into a loan with an affiliate of the Loan Portfolio Manager. Although separate collateral secures the respective loans, such loans will both be guaranteed by the same corporate and individual guarantors. As such, potential conflicts of interest may arise with respect to the applicable loan facility, such as with respect to the terms of such loan facility and/or any default under such loan facility.

The Master Fund owns an equity interest in a company to which an affiliate of the Loan Portfolio Manager has made loans. As such, potential conflicts of interest may arise with respect to the applicable loan facility, such as with respect to any default under such loan facility.

Fees and Allocations. The Managing Member receives the Performance Allocation and certain Portfolio Managers also receive incentive allocations/fees from the Master Fund, in each case in respect of realized as well as unrealized gains. Such performance-related compensation could create an incentive for the Portfolio Managers to make investments that are more speculative than would otherwise be the case. There is also a potential conflict of interest between the responsibility of the Portfolio Managers to maximize profits and the possible desire thereof to avoid taking risks that would reduce the Net Asset Value of the Master Fund and, consequently, reduce Management Fees.

Other Activities. The Managing Member, the Loan Portfolio Manager and the Portfolio Managers (and principals of the Portfolio Managers) will devote only so much time and attention to the business and affairs of the Company and the Master Fund as they, in their sole discretion, deem reasonably necessary. The members, officers, employees, affiliates and agents of the Managing Member, and/or the Loan Portfolio Manager and the Portfolio Managers who perform services for the Company and the Master Fund may also perform identical or different services for others and, accordingly, may have conflicts of interest in allocating management time, services and functions among the Company, the Master Fund and other persons for which they provide services. Specifically, among others, Mark Nordlicht also acts as Chief Investment Officer of the Platinum-managed funds, Uri Landesman acts as President of the Platinum-managed funds and David Ottensoser acts as Chief Compliance Officer of the Platinum-managed funds.

Principal and Agency Cross Transactions. Subject to applicable law, the Loan Portfolio Manager and/or its principals and affiliates may engage in principal or agency cross transactions between or among Funds if it determines the transaction to be in the best interests of the Master Fund and the other entities comprising the Funds. The Loan Portfolio Manager's and/or its principals' and affiliates' duty to be unbiased and fair to its clients on both sides of a cross transaction may pose an inherent conflict of interest. In an attempt to mitigate such conflict of interest and to ensure that it fulfills its duty to each client that is party to a cross transaction, the Loan Portfolio Manager and/or its principals and affiliates seeks to ensure the appropriateness of the transaction for each client and that it is fair to both sides of the transaction. Additionally, to the extent brokers and dealers are utilized to effect cross transactions, the

Loan Portfolio Manager and/or its principals and affiliates will utilize unaffiliated brokers and dealers at normal commission rates, and the Loan Portfolio Manager and/or its principals and affiliates will receive no additional compensation as a result of the cross transactions. Any fees or costs incurred as a result of a cross transaction will be allocated equitably in the sole discretion of the Loan Portfolio Manager and/or its principals and affiliates, as applicable, between the transferor and transferee. The Loan Portfolio Manager and/or its principals and affiliates will not enter into principal transactions absent consent from the Members on a transaction by transaction basis before the completion of each such transaction.

Proprietary Positions. Subject to applicable law, principals and affiliates of the Managing Member, and/or the Loan Portfolio Manager and Portfolio Managers may from time to time have an interest in financial instruments in which the Master Fund has an interest such as, but not limited to, Loans, bonds, currencies, commodities, derivatives, equity or equity-linked securities in companies, and may have business interests that are different from or opposite to the Master Fund's business interests. Subject to applicable law, Loans or the other investments enumerated above may be purchased or sold by the Master Fund from or to such principals or affiliates, upon such terms as the Managing Member or the Loan Portfolio Manager determines are fair and reasonable for the Master Fund. As a result, conflicts of interest may arise between the Master Fund and such principals and affiliates with respect to matters such as the allocation of opportunities with respect to Loans and the other investments enumerated above and the allocation of personnel, resources and expenses. The records of any such activity by principals and affiliates will not be available for inspection by any Member.

Intercompany Loans. In the event the Master Fund requires additional funds on a short-term basis in order to make an investment, the Managing Member, the Loan Portfolio Manager or their Affiliates and/or an affiliate fund, such as one of the Platinum-managed funds, may loan the Master Fund any amounts to facilitate such investment. The Managing Member, the Loan Portfolio Manager or their Affiliates and/or an affiliate fund, such as one of the Platinum-managed funds, may charge interest to the Master Fund for such borrowed funds in an amount that the Managing Member or the Loan Portfolio Manager determines, in its sole discretion, is fair and reasonable for the Master Fund. In addition, in the event that an affiliate fund, such as one of the Platinum-managed funds, requires additional funds on a short-term basis in order to make an investment, the Master Fund may loan such affiliate fund any amounts to facilitate such investment. The Master Fund may charge interest to such affiliate fund for such borrowed funds in an amount that the Managing Member or the Loan Portfolio Manager determines, in its sole discretion, is fair and reasonable for the Master Fund. As a result, conflicts of interest may arise between the Master Fund and the Managing Member, the Loan Portfolio Manager or their Affiliates, and/or an affiliate fund, such as one of the Platinum-managed funds, with respect to the repayment of any borrowed amounts.

Diverse Member Group. The feeder funds and the investors therein may have conflicting investment, tax and other interests with respect to their investments in the Master Fund. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of Loans and other investments made by the Master Fund, the structuring or the acquisition of Master Fund Loans and investments and the timing of disposition of Master Fund Loans and investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Managing Member and/or the Portfolio Managers, including with respect to the nature or structuring of Master Fund Loans and other investments, that may be more beneficial for one feeder fund or investor than for another feeder fund or investor, especially with respect to investors' individual tax situations. In selecting and structuring Master Fund Loans and other investments, the Managing Member and/or the Portfolio Managers will consider the investment and tax objectives of the Master Fund and its investors as a whole, and not the investment, tax or other objectives of any investors individually.

Counsel. The law firm of Schulte Roth & Zabel LLP serves as counsel to the Company. Schulte Roth & Zabel LLP also serves as counsel to the Managing Member, the Loan Portfolio Manager, and their principals, and the Affiliated Funds and may serve as counsel to other investment funds sponsored or managed by the Managing Member or its affiliates or employees (collectively, the "**Fund Parties**"); therefore, certain conflicts of interest exist and may arise. To the extent that an irreconcilable conflict develops between the Company and any Fund Party, Schulte Roth & Zabel LLP may represent one or more of the Fund Parties and not the Company. Schulte Roth & Zabel LLP is not representing any prospective investor in the Company in connection with this offering and will not be representing the Members. Prospective investors, and Members, are advised to consult their own independent counsel (and not Schulte Roth & Zabel LLP) with respect to the legal and tax implications of an investment in the Company.

ADMINISTRATOR

The Company has entered into an administration agreement (the "**Administration Agreement**") with the Administrator to perform administrative and bookkeeping services, including through its affiliate GlobeOp Financial Services (Cayman) Limited. The Administrator's address and telephone number are set forth in the "*Directory*" above. The Administrator's responsibilities include maintaining the Company's books and records, coordinating with the Company's auditors for the audit of the Company's books, and preparing and distributing reports to each Member. The Administrator and its affiliates will be responsible for calculating the Net Asset Value of the Company based on valuations determined by the Loan Portfolio Manager and the Independent Valuator and for matters pertaining to the administration of the Company. The fees payable to the Administrator are based on its standard schedule of fees charged for similar services as detailed in the Administration Agreement. The Company may retain other service providers affiliated with the Administrator to perform the administrative services that would otherwise be performed by the Administrator.

The Administration Agreement's initial term is one year with subsequent two year renewals. The Administration Agreement is subject to termination by the Administrator or by the Company upon 90 days' written notice prior to the end of a given term or immediately in certain other circumstances specified therein.

In the absence of material breach of the Administration Agreement by the Administrator due to gross negligence, bad faith, fraud or dishonesty in the performance of the Administrator's duties under the Administration Agreement, neither the Administrator nor any of its affiliates, officers, directors, employees, agents, successors and assigns (each an "**Indemnified Party**") shall be liable to the Company or any Member or any other person on account of anything done, omitted or suffered by the Administrator or any other Indemnified Party in good faith pursuant to the Administration Agreement in the performance of the services described therein.

Under the Administration Agreement, the Company agrees to indemnify and keep the Administrator and the Indemnified Parties indemnified from and against any liabilities, obligations, losses, damages, penalties, actions, judgments, claims, demands, suits, costs, expenses or disbursements that may be imposed on, incurred by or asserted against any of them arising (other than by reason of gross negligence, bad faith, fraud or dishonesty on the part of the Administrator or any other Indemnified Party or the material breach of the Administration Agreement by the Administrator) in connection with the provision of services under the Administration Agreement.

THE ADMINISTRATOR WILL NOT PROVIDE ANY INVESTMENT ADVISORY OR MANAGEMENT SERVICE TO THE COMPANY, AND THEREFORE WILL NOT BE IN ANY WAY RESPONSIBLE FOR THE COMPANY'S PERFORMANCE. THE ADMINISTRATOR WILL NOT BE RESPONSIBLE FOR MONITORING ANY INVESTMENT RESTRICTIONS OR COMPLIANCE WITH THE INVESTMENT RESTRICTIONS AND THEREFORE WILL NOT BE LIABLE FOR ANY BREACH THEREOF.

THE OFFERING

Securities Offered. The Company is offering the Interests on a private placement basis to investors that satisfy the suitability standards described below. Accepted subscribers will be admitted to the Company as Members.

The Company is offering a class of Interests (referred to herein as "**Class A Interests**") that participates in all of the Company's investments. The Company is offering a class of Interests (referred to herein as "**Class B Interests**") that is identical to the Class A Interests except that (a) such class does not participate in the profits and losses from the Banyon Investments (as defined below) and (b) such class has different redemption rights. In addition, the Company is offering a class of Interests (referred to herein as "**Class C Interests**") that is identical to the Class B Interests except that Class C Interests shall not bear any fees and expenses paid to the Sub-Advisors and certain other expenses. Except as otherwise expressly provided, contractual and other liabilities assumed by the Company are pari passu liabilities of all classes of Interests.

The Managing Member may designate certain Members (*e.g.*, knowledgeable employees, affiliates and relatives of the principals of the Loan Portfolio Manager or investors in other affiliated products) as Special Members. Special Members may have Interests with different rights and obligations from the Interests offered hereby, including different fees, redemption terms and/or other rights.

The Company generally accepts subscriptions at the close of business at the end of each month effective for investment on the first Business Day of the next succeeding month and at such additional times as the Managing Member, in its sole discretion, may permit (each, a "**Subscription Acceptance Date**"). Each Member's Interest will have an initial capital account balance equal to such Member's capital contribution with respect to such Interest.

Each capital contribution by a Member will be treated as the acquisition of a new Interest and will not be aggregated with that Member's existing Interest. Each Interest, therefore, will be treated separately for purposes of calculating fees, allocations and expenses.

The Company may offer one or more Series of Interests having different investment strategies, investment focuses, leveraging policies, rights and/or fees and allocations. In such case, the assets of each Series will be segregated on the books and records of the Company from the assets of the other Series and will not share in the profits or be subject to the liabilities or expenses of any other Series.

Minimum Subscription. The minimum initial subscription for Interests is $1,000,000 per subscriber, which minimum may be waived by the Managing Member in its sole discretion. Existing Members may subscribe for additional Interests in increments no less than $250,000. Any subscriptions for Interests may be accepted or rejected, in whole or in part, as determined by the Managing Member in its sole discretion. All subscriptions for Interests are irrevocable.

Investment Requirements. Each prospective investor should consider whether the purchase of an Interest is suitable for it in light of its individual investment objectives and its present and expected future financial position, needs and tax situation.

Each investor must, among other things, represent and warrant in the Subscription Documents that such investor (i) has received and read this Memorandum, (ii) is purchasing its Interest for investment

purposes only, (iii) can afford the loss of its entire investment, (iv) has such knowledge and experience in financial and business matters that such investor is capable of evaluating the merits and risks of the prospective investment, (v) has received all requested information about the Company, (vi) is an "accredited investor" as defined in Rule 501 of Regulation D of the 1933 Act, (vii) is not a Benefit Plan Investor, (viii) is either a "qualified purchaser" or "knowledgeable employee" for purposes of Section 3(c)(7) of the Investment Company Act and (ix) has such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of an investment in the Company, will be permitted to invest in the Company. In order to be eligible to purchase an Interest, a purchaser must have a substantive and pre-existing relationship with the Managing Member, its principals or representatives or selling agent introducing such investor to the Company. The Company will accept only U.S. taxable persons or entities as investors.

The Company reserves the right to refuse to accept any subscription from any investor for any reason, including that, in the opinion of the Managing Member, the investor fails to satisfy the investor suitability standards set forth herein, or does not have knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of this investment, or for any other reason. All subscriptions are irrevocable. The Managing Member reserves the right to require any prospective subscriber to provide additional information and/or documentation to confirm, among other things, whether the subscriber is or may be subject to applicable anti-money laundering laws, rules or regulations.

Private Placement of Interests. Interests will be offered for sale to qualified investors directly by the Company and the Managing Member as a private placement without registration under the 1933 Act. There are no selling commissions payable by the Company from subscription amounts; however, the Company and/or Managing Member may elect to compensate one or more broker-dealers from the Management Fees and/or Performance Allocations for assistance in sourcing investments. Placement agents may also be used. The Managing Member is authorized, in its sole discretion at any time, to terminate and discontinue offering Interests, in whole or in part, or in respect of any particular jurisdiction.

Subscription Procedure. In order to subscribe for an Interest in the Company, all new subscribers must (i) complete, execute and deliver to the Company Subscription Documents (attached hereto as Exhibit B) and (ii) pay the full amount of their subscription typically by arranging for a wire transfer in accordance with the instructions set forth in the Subscription Documents. Existing Members wishing to make additional capital contributions must complete, execute and deliver to the Company the "Additional Subscription Request" contained in the Subscription Documents.

All Subscription Documents must be received by the Company at least five (5) Business Days before the requested Subscription Acceptance Date, and Subscription funds must be credited to the Company's subscription account at least two (2) Business Days before the requested Subscription Acceptance Date. The Managing Member may waive the foregoing requirement in its sole discretion. If the Managing Member receives Subscription Documents on a date less than five Business Days prior to the intended Subscription Acceptance Date, the Subscription Documents will be held until the next Subscription Acceptance Date, at which time such subscription will be considered for acceptance by the Company.

THE MANAGING MEMBER RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTION, IN WHOLE OR IN PART. ALL SUBSCRIPTIONS FOR INTERESTS ARE IRREVOCABLE.

FEES AND EXPENSES

Management Fee. The Master Fund will pay the Loan Portfolio Manager a Management Fee at the end of each month equal to $1/12^{th}$ of 2% of the total aggregate month-end Net Asset Value of the Master Fund (2% per annum) before deduction of any accrued Management Fee or Performance Allocations and before any distributions or redemptions made during the month (and after adjustment for reduced fees, if any, charged to Special Members). See "*Valuation of the Company's Assets*" below for further details. The Management Fee is paid monthly generally within ten (10) days after the beginning of each month based on the Net Asset Value of the Master Fund as of the first day of such month.

Performance Allocation. The Master Fund will allocate to the Managing Member on an Interest-by-Interest basis (other than with respect to Interests held by Special Members) twenty percent (20%) of any New Net Profits. "**New Net Profit**" will exist with respect to an Interest if there is an increase in the balance of such Interest's book capital account from the beginning to the end of the relevant period after subtraction of the fees and expenses described in this Memorandum (*i.e.*, a net gain – both realized and unrealized – for the relevant period) and the amount of such increase exceeds such Member's applicable "high water mark" (as adjusted for additions and redemptions). The "high water mark" provides a benchmark so that a Member's Interest will not be subject to a Performance Allocation with respect to the recoupment of prior period net losses allocated to such Interest. New Net Profit will not be reduced by the Performance Allocation allocable to such Interest or distributions or redemptions paid during the relevant period. See "*Valuation of the Company's Assets*" below for further details.

The Performance Allocation is calculated separately for each Interest, is net of all applicable fees and expenses including its *pro rata* portion of the Management Fee, and is subject to a "high water mark" equal to the previous highest Net Asset Value of the Interest at which a Performance Allocation was made (or if no Performance Allocation has been made with respect to an Interest, the initial Net Asset Value of such Interest). A Performance Allocation will not be made in respect of the recoupment of net losses from prior periods. The Performance Allocation is provisionally accrued at the end of each month, with the amount accrued being reduced by any net losses incurred later in the same Fiscal Year. The Performance Allocation will vest at the end of each Fiscal Year or on an intra-year Redemption Date (with respect to the portion of any Interest redeemed other than at the end of a Fiscal Year).

In the event that a Limited Partner (*e.g.* the Company), withdraws all or a portion of its capital account on an effective date other than at the end of a fiscal year (such as, because of a redemption of a Member of the Company), the Performance Allocation attributable to such redeeming Limited Partner, and the redeeming Member of the Company, will be determined for the period from the beginning of that year through the Redemption Date.

Sub-Advisor Fees and Expenses. The Class C Interests will not be responsible for incentive allocations/fees payable to Sub-Advisors, which typically include a percentage of the net increase in the net asset value of the assets allocated to such Sub-Advisor, or any expenses (other than Allowed Expenses) of such Sub-Advisors. In addition, the Company (or an SPV), as an investor, will bear its share of any expenses of any investment made with or through any such Sub-Advisor. These expenses include the Company's (or the SPV's) share of an investment entity's or account's investment expenses (such as custodial fees and brokerage commissions).

Expenses Borne By the Loan Portfolio Manager. In consideration for the Management Fee, the Loan Portfolio Manager provides the Master Fund with Loan origination services, including access to

Loans and Loan introduction agents, as well as certain administrative services, office space, utilities, telephones, market data, computer services, day-to-day management services, and secretarial, clerical and other personnel.

Operating Expenses. The Company will pay its *pro rata* share of (i) the Loan Portfolio Manager's and (ii) by way of a flow-through process, the Master Fund's and the special purpose vehicles' ordinary and extraordinary expenses, each of which may include, but are not limited to, (A) routine legal, accounting, auditing, tax preparation and related fees and expenses, (B) expenses associated with the continued offering of Interests, (C) interest and commitment fees in connection with investment-related borrowing, (D) transaction-related expenses, including due diligence costs, finders' fees, brokerage fees and custody charges, (E) Delaware and any other governmental filing fees, (F) fees and expenses paid to the Independent Valuator and (G) extraordinary expenses (*e.g.*, litigation costs and indemnification obligations), if any. The expenses described in clauses (ii)(A) through (ii)(G) hereof are the "**Allowed Expenses**".

Administration Fees. As described above under "*Administrator*," the Company will pay the Administrator a fee based on its standard schedule of fees charged for similar services as detailed in the Administration Agreement.

REDEMPTIONS

Voluntary Redemptions. Subject to the restrictions set forth below, (1) a Class A Member may, upon at least 90 days' prior written notice to the Company, redeem all or a part of an Interest as of the last Business Day of a calendar quarter, or on such other date as the Managing Member determines in its sole discretion (each, a "**Redemption Date**") and (2) a Class B Member or Class C Member may, upon at least six months' prior written notice, redeem all or a part of an Interest as of any Redemption Date.

Restrictions on Redemptions. A Class A Member may redeem an Interest only after such Interest has been held by the Class A Member for at minimum of 25 months from the date of issuance (the "**Lock-Up Period**"). The Lock-Up Period applies on an Interest-by-Interest basis. There is no Lock-Up Period with respect to the Class B Interests or the Class C Interests. No Class A Member, Class B Member or Class C Member may make a partial redemption in an amount less than $100,000 or that reduces the aggregate capital contribution of such Member to below the then-applicable initial minimum subscription amount.

Redemption Price. Generally, an Interest's Redemption Price will be the Net Asset Value of the Interest (or portion thereof) as of the close of business on the applicable Redemption Date, which will include a reduction for any accrued Performance Allocation on such date. The Redemption Price is calculated after deduction of all expenses of the Company and the Performance Allocation. Interests will be redeemed on a "first in, first out" basis.

Gate Amount. The Managing Member may suspend redemptions to the extent that aggregate Redemption Requests with respect to any Redemption Date exceed 25% of the Net Asset Value of the Company. Redemption Requests exceeding the Gate Amount will be treated as having been timely submitted for the next succeeding Redemption Date. Such suspensions will be on a *pro rata* basis. Notwithstanding the foregoing, the Gate Amount will not apply to limit the redemption of any Interest for more than four consecutive quarters (*i.e.*, the excess with respect to each Interest subject to the Gate Amount will be paid no later than the fifth succeeding calendar quarter end).

Redemption Requests. To effect a redemption, a redemption request in a form acceptable to the Managing Member (a "**Redemption Request**") must be received by the Company, (i) with respect to a Class A Member redeeming an Interest, at least 90 days prior to a Redemption Date, or (ii) with respect to a Class B Member or Class C Member redeeming an Interest, at least six months prior to a Redemption Date. Facsimile is acceptable to initiate notice of redemption; however, a redemption will not be effective until an original, manually-executed Redemption Request is received by the Company or the Managing Member has waived this requirement. Redemption Requests are irrevocable and may be revoked on or prior to the Redemption Date only after a written request has been made to the Managing Member and where the Managing Member, in its sole discretion, has consented to such revocation in writing. The value of redeemed Interests may differ significantly from the value of such Interests at the time of the submission of the Redemption Request as a result of changing market conditions prior to the applicable Redemption Date.

Mandatory Redemption. The Managing Member, in its sole discretion, may require any Member to redeem all or a portion of such Member's capital account from the Company at any time and for any reason, upon at least 48 hours' prior written notice to such Member, and the Master Fund similarly may require redemption of direct or indirect interests in the Master Fund. The Redemption Date will be the date specified in such written notice.

In the event of a mandatory redemption, the Redemption Price will be the Net Asset Value of the Interest (or portion thereof) as of the close of business on such Redemption Date, less any adjustments set out above; provided, however, that in the sole discretion of the Managing Member, (i) if the redemption is based on an unauthorized transfer (including assignments, sales, pledges or other dispositions), the Redemption Price may be the lower of the Net Asset Value of the Interest on the Redemption Date or on the date of such unauthorized transfer and (ii) if the mandatory redemption is based on the breach of any representation or warranty made by the Member to the Company and/or the Managing Member, the Redemption Price may be the Net Asset Value at which the redeemed Interests were purchased.

Redemption Payments. With respect to a Member redeeming Interests, the Company will endeavor to pay 90% of its good faith estimate of the Redemption Price to such Member within 30 days following the applicable Redemption Date, with the balance of such amount (i) remaining in the Company but not participating in the gains or losses of the Company (provided that in the event that all other assets of the Company have been exhausted, such balance will be at full risk of loss) and (ii) subject to any necessary adjustments, endeavored by the Company to be paid within 30 days of the completion and receipt of the Company's annual audit.

The Company will not pay interest on redemption proceeds. Although the Redemption Price generally will be paid in cash, redemptions may also be made in kind, or partially in kind, *pro rata* or non-*pro rata* among the Members, in the sole discretion of the Managing Member.

If a Member makes a full or partial redemption at a time when the Company has unrealized gains or losses, such Member may be specially allocated gain or loss as determined for income tax purposes.

Under extraordinary circumstances (see "*Valuation of the Company's Assets*" below), the Managing Member may (i) delay redemption payments to Members until such time as the extraordinary circumstance no longer exists, or (ii) suspend redemptions entirely. The right to obtain payment with respect to any duly made redemption is contingent upon the Company having assets sufficient to discharge such liabilities.

Freezing Redemptions. If the Managing Member reasonably believes that a Member is a "prohibited investor" (as such term is defined in the Subscription Documents) or has otherwise breached its representations and warranties to the Company and/or the Managing Member, the Company may freeze such Member's investment in the Company, either by prohibiting additional investments, declining or delaying any requests for redemptions and/or segregating the assets constituting such investment in accordance with applicable regulations, or immediately redeem such Member's investment.

VALUATION OF THE COMPANY'S ASSETS

Generally. The Administrator will calculate the Net Asset Value of the Company as of the close of business at the end of each month and on any other day determined by the Managing Member (each a "**Valuation Date**"). The Administrator calculates the Net Asset Value based on valuations provided by the Loan Portfolio Manager using the methodologies described below. The Master Fund may retain one or more valuation agents to provide independent valuation services to the Master Fund (each, an "**Independent Valuator**"). The Independent Valuator will be responsible for providing advisory opinions with respect to the value of the Company's investments on a quarterly basis to use for purposes of determining the Company's Net Asset Value. The advisory opinions provided by the Independent Valuator are subject to certain conditions, assumptions and limitations, which are set forth in the respective advisory opinions, including that the advisory opinions are intended solely for the information of the Company and for the purpose stated, and may not be relied upon by any other person or for any other purpose without the Independent Valuator's prior written consent. The conclusions set forth in the advisory opinions are based on methods and techniques that the Independent Valuator considers appropriate under the circumstances and represent the opinion of the Independent Valuator based upon information furnished by the Company and its advisors and publicly available sources. The Independent Valuator relies upon the Company's representations that the information provided by it, or on its behalf, is accurate and complete in all material respects. Only the Master Fund originates Loans. Accordingly, references herein to the assets, liabilities and Loans of the Company will mean the assets, liabilities or Loans of the Master Fund where applicable.

"**Net Asset Value**" means the total assets of the Company, including all cash and cash equivalents and accrued interest, less all liabilities of the Company, including, but not limited to, accrued Management Fees, accrued legal, administrative, accounting, and auditing fees, and any extraordinary expenses. Net Asset Value is calculated using the accrual method of accounting in accordance with U.S. generally accepted accounting principles, consistently applied, with such adjustments as are necessary or advisable in the sole discretion of the Loan Portfolio Manager.

The value of any assets of the Company will be determined in accordance with the following policies and principles:

Fair Value of Financial Instruments. Financial Accounting Standards Board ("**FASB**") Accounting Standards Codification ("**ASC**") Topic 820 ("**ASC 820**"), *Fair Value Measurements and Disclosures*, defines fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and provides disclosure requirements for fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities recorded at fair value are categorized based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Investments in this category are listed common stocks.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value that is determined through the use of other valuation methodologies. Investments in this category consist of preferred stock and investments in other investment companies.

Level 3: Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments in this category include equity and debt positions in private companies as well as debt positions in public companies.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The following section describes the valuation techniques used by the Company to measure different financial instruments at fair value and includes the level within the fair value hierarchy in which the financial instrument is categorized.

Exchange-Traded Equity Securities. Exchange-traded equity securities are generally valued on quoted prices from the exchange. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized in Level 1 of the fair value hierarchy. The fair value of equity securities that are not actively traded or restricted is estimated using recently executed transactions and market price quotations and is categorized in Level 2 of the fair value hierarchy.

Private Investments. The private investments of the Company include investments in the form of common stock, convertible preferred stock, notes receivable, warrants and options to purchase common stock and convertible debt. These investments are made with public and privately held companies. Valuation is based on an assessment of each underlying investment. The transaction price is used as the best estimate of fair value at inception. Thereafter, valuations are based on incorporating inputs that are significant to each specific investment which may include the valuation of the underlying stock, financing and sale transactions with third parties, expected cash flows and market based information, including performance multiples and changes in market outlook, among other factors. These investments are included in Level 2 and Level 3 of the fair value hierarchy depending on the type of inputs that are significant to valuing specific investments.

Loans. The Company originates Loans that are not intended for securitization. These Loans, which the Company has the ability and, other than certain Loans to professional athletes, the intent to hold for the foreseeable future or until maturity, and for which no quoted market prices are available, shall be valued at fair value as the Loan Portfolio Manager may reasonably determine in good faith on a fair value basis of accounting. Various factors may be reviewed in order to make a good faith determination of a Loan's fair value. In determining fair value, the Loan Portfolio Manager will evaluate whether an impairment of a Loan has occurred as a result

of a specific adverse condition affecting the borrower. In some cases, the Loan Portfolio Manager may employ financial models to determine a "best-estimate" valuation or determine that cost plus any accrued interest and/or fees approximates fair value for the particular Loan.

The Company engages a third party to independently determine fair values of its Loans and other investments and to assess the reasonableness of the fair value after considering certain factors such as the estimated value of the collateral pledged by the borrower for Loans. The Portfolio Manager may conclude that the cost plus any accrued interest and/or fees is the best indicator of fair value for its Loans.

These estimated fair values for which prices are not readily available may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. These financial instruments are classified as Level 3 in the fair value hierarchy.

Interest income on Loans is accrued and included in operating income based on contractual rates applied to the principal balances outstanding. The accrual of interest is discontinued when management believes, after considering collection efforts and other factors, that the borrower's collateral will be insufficient to cover the additional interest payments. Subsequent recognition of income occurs only to the extent payment is received subject to management's assessment of the collectability of the remaining interest and principal. A nonaccrual Loan is restored to accrual status when it is no longer delinquent and collectability of interest and principal is no longer in doubt.

Costs associated with originating and monitoring these Loans are recognized as an adjustment of the related Loan's yield over the remaining period to contractual maturity, utilizing a method that approximates the interest method.

A reserve for losses may be established and charged to income as losses are estimated to occur. Loan losses are charged against the reserve when the Portfolio Manager believes the uncollectability of a Loan balance is confirmed. Subsequent recoveries, if any, are prospectively credited to the reserve account. The reserve for losses is reflected as a liability on the Consolidated Statement of Assets, Liabilities and Partners' Capital and is included as a component of net change in unrealized appreciation on the Consolidated Statement of Operations.

A Loan is considered to be impaired when, based on current information and events, it is probable that the Company will be unable to collect a portion of the interest payments under the terms of the loan agreement. Factors considered by the Portfolio Manager in determining impairment include, among others, payment status and collateral value. Loans that experience insignificant payment delays or insignificant shortfalls in amount of payment generally are not classified as impaired. The Portfolio Manager determines the significance of payment delays, payment shortfalls and the amount of payment on a case-by-case basis, taking into consideration the circumstances surrounding the loan and the borrower, including, but not limited to, the length of the delay, the reason for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Management does not consider a Loan to be impaired during a period of delay in payment if it is expected to collect all amounts due including interest accrued at the contractual interest rate for the period of delay. Impairment is measured on a Loan-by-Loan basis as the difference between the Loan's carrying value and its fair value. The amount of impairment, if any, and any subsequent changes are included as a component of net change in unrealized appreciation on the Consolidated Statement of Operations.

The majority of the loan portfolio matures during 2013. However, it is the Company's experience that a substantial portion of the loan portfolio is extended upon maturity subject to the borrowers' credit.

Profits generated from the Company's Loans may not adequately compensate the Company for the risks assumed. Although the Portfolio Manager's methodology seeks to minimize some of the risks and volatility associated with these types of Loans, there can be no assurances of success and, accordingly, the Company will be subject to market risks common to all types of Loans.

Forward Contracts. Forward contracts are contracts for delayed delivery of a commodity, in which the seller agrees to make delivery of a specified instrument at a specific future date at a specified price or yield. These contracts are priced using a pricing model where price inputs are observed from actively quoted markets. These financial instruments are classified in Level 2 in the fair value hierarchy.

Investment Transactions and Related Income. Purchases and sales of securities and the related revenues and expenses are recorded on a trade date basis. Net trading gains or losses are included as a component of realized and unrealized gain or loss on investments and are calculated on a first in, first out basis. Interest income and expense are recognized on the accrual basis. The Company records its investments in other investment companies at fair value based on its proportionate share of the capital of the other investment companies. The Company records its proportionate share of the other investment companies' income and expenses.

Income Taxes. No provision is made in the accompanying financial statements for federal and state income taxes since such liabilities are the responsibility of the individual partners. However, the Company is subject to New York City unincorporated business tax, which is reflected in the consolidated statement of operations as local income tax.

FASB ASC Topic 740, *Income Taxes*, provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more likely than not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current period.

The Loan Portfolio Manager has delegated to the Administrator the determination of the Net Asset Value of the Company. In making such determination, the Administrator will follow the valuation policies and procedures adopted by the Company as set out above. If and to the extent that the Loan Portfolio Manager is responsible for or otherwise involved in the pricing of any of the Company's Loans or other assets, the Administrator may accept, use and rely on such prices in determining the Net Asset Value of the Company and shall not be liable to the Company, any investor in the Company, the Loan Portfolio Manager or any other person in so doing.

The determination of the Net Asset Value, including the market value of all Loans and other assets, and liabilities, of the Company (including reasonable reserves for contingencies) by the Loan Portfolio Manager will be final and conclusive. Prospective investors should understand that these and other special situations involving uncertainties as to determinations of the market value of Loans and other assets of the Company could have a material impact on the Net Asset Value of the Company if the judgment regarding the appropriate determinations of their values should prove to be incorrect.

Suspension of Redemptions and/or Net Asset Value Determination. The Company may temporarily suspend redemptions and/or the valuation of the Company's assets and liabilities during (i) the existence of any state of affairs during which, in the opinion of the Managing Member, the valuation of the Company's assets and/or liabilities would not be reasonably practicable or would be seriously prejudicial to the Members, (ii) any breakdown in the means of communication normally employed in determining the price or value of any portion of the Company's assets or liabilities, or when for any other reason, the prices or values of any portion of the Company's assets and liabilities cannot reasonably be promptly and accurately ascertained, (iii) any period during which redemptions would materially impair the operations of the Company or jeopardize its tax status, or (iv) any other period during which calculating Net Asset Value would not be reasonable or practicable or would be prejudicial to the Members.

The Company may suspend distributions and/or redemptions for any period during which the Company has suspended the valuation of its assets and liabilities. The Managing Member will promptly notify Members of any suspension and its termination in writing. If a Redemption Request is not withdrawn, that redemption will be effected on the first Redemption Date following the re-commencement of operations.

THE LIMITED LIABILITY COMPANY AGREEMENT

This section of the Memorandum contains an explanation of the more significant terms and provisions of the Company's LLC Agreement, a copy of which is attached as Exhibit A. The following description is only a summary. Each investor should read the LLC Agreement in its entirety.

Nature of the Company. The Company was formed on September 15, 2005 as a Delaware limited liability company under the Act. The LLC Agreement and the Act provide that no Member will be personally liable for the debts of the Company in excess of the amount contributed by such Member to the capital of the Company and undistributed profits; although, under certain circumstances, a Member could be required to return distributions that it has received to the Company. Certain states where the Company may do business have statutes providing for the same limitations on Member liability, but in those states that do not have such statutes and where judicial precedents are unclear, a Member may not have the benefit of such limitations.

Management of Company Affairs. The Company will be managed, and the conduct of the Company's business will be controlled and conducted, by the Managing Member in accordance with the LLC Agreement. Administrative responsibilities, and the costs and expenses related thereto, may be delegated to appropriate designee(s), including a third party administrator, in respect of the management of the Company's loan activities. Members as such will not participate in the management or operations of the Company; however, certain Members may indirectly participate in the Company's management as an officer, director or employee of the Managing Member. The Managing Member, on behalf of the Company, may engage and compensate such persons as it deems advisable, including any person affiliated with the Managing Member.

Interests. Interests share in the income, gain, loss, deductions, distributions, capital and assets of the Company as described herein and in the LLC Agreement. The Managing Member may designate Special Members and/or different categories of Interests which will have the same rights and obligations as the Members, except that the Interest held by a Special Member may, as determined by the Managing Member: (i) not be charged the same Performance Allocation or Management Fee as the other Interests; (ii) not be subject to the same restrictions on redemptions as other Members' Interests; (iii) receive special allocations or no allocations of certain property; and/or (iv) not be subject to such other provisions (or be subject to such additional provisions) as the Managing Member may specify. The Managing Member may, without limitation, modify fees and the redemption limitations of a category of Interests; provided that the Managing Member may not increase any fees applicable to the Interests of any existing Member without notice and the opportunity by such Member to redeem its Interest(s). Special Members will be charged their *pro rata* portion of the Company's operating expenses.

Allocation of Profits and Losses. A separate book capital account (the "**Book Capital Account**") and tax capital account (the "**Tax Capital Account**") will be established with respect to each outstanding Interest. Profits and losses generally will be allocated on the last day of each calendar month to the Book Capital Accounts of all Interests of the same class or series in proportion to their respective capital account balances on each such day. At the close of each Fiscal Year, the Tax Capital Account will be adjusted for profits or losses (as determined for tax purposes) allocated to each Interest and capital gains or losses will be specially allocated first to those Members that have completely redeemed their Interests in the Company during the taxable year to the extent that the amount they received on redemption exceeds the Tax Capital Account with respect to the Interest in the Company withdrawn. Net realized capital gains remaining after such allocation will next be allocated among the Members who have

partially redeemed their Interest in the Company during the taxable year to the extent that the amount received or redeemed exceeds their Tax Capital Account attributable to the redeemed Interest, then to the Members the Book Capital Account of which exceeds their Tax Capital Account, and then among Members in proportion to their Book Capital Accounts. A corresponding provision operates to allocate the Company's net realized capital losses. All such allocations are intended to eliminate disparities between the adjusted tax basis and book value of the Company's property within the meaning of Section 704(c) of the Internal Revenue Code of 1986, as amended (the "**Code**").

At the close of each calendar year an Interest's Tax Capital Account shall be adjusted for profits or losses (as determined for tax purposes) allocated to such Interest and capital gains or losses may be specially allocated first to those Members who are redeeming any part of their Interests.

Liability of the Managing Member. Neither the Managing Member, nor any of its affiliates, members, officers, directors, employees, equity holders and other applicable representatives will be liable to the Company or any of the Members, their respective owners, successors, assignees or transferees, or to third parties for any act or omission performed or omitted by them on behalf of the Company and in a manner reasonably believed by them to be within the scope of the authority granted to them except when such action or failure to act constitutes gross negligence, fraud or willful misconduct, or have any liability to the Company for any losses suffered due to the action or inaction of any employee or person retained by the Company whether through negligence, dishonesty or otherwise, provided that such employee was selected by such persons with reasonable care.

The Company will indemnify and hold harmless the Managing Member, its affiliates, and each of their respective members, officers, directors, employees, equity holders, agents, and other applicable representatives from and against any and all losses and expenses (including, without limitation, reasonable attorneys' and accountants' fees, as well as other costs and expenses incurred in connection with the defense of any actual or threatened action or proceeding) and amounts paid in settlement of any claims suffered or sustained by any of the foregoing persons as a result of or in connection with any act performed by them under the LLC Agreement or otherwise on behalf of the Company; *provided, however,* that such indemnity shall be payable only if the indemnified party or parties acted (or failed to act) in good faith and in a manner such indemnified party reasonably believed to be in, or not opposed to, the best interest of the Company, and in the case of criminal proceedings, that the indemnified party had no reasonable cause to believe its action or failure to act was unlawful.

Restrictions on Transfers or Assignments. A Member may not transfer all or any portion of its Interest(s) (including assignments, sales, pledges or other dispositions), and a proposed transferee of an Interest may not become a substituted Member, without the consent of the Managing Member in its sole discretion, in compliance with applicable law and with the transfer provisions of the LLC Agreement. As noted above, no transfers will be permitted to Benefit Plan Investors. Transferring Members bear all costs (including attorneys' and accountants' fees) related to any transfer of their Interest(s). A Member may not redeem any capital or profits from the Company except by redemption of its Interest. The Managing Member, without notice to or consent of the Members, may withdraw any portion of its Interest (or the Interest of any Special Member).

Distributions. Distributions, if any, may be made at the discretion of the Managing Member. Although distributions will generally be paid in cash, they may be made in whole or partially in kind, with cash or in-kind distributions among Members being *pro rata* or non-*pro rata* as determined by the Managing Member in its sole discretion. The Managing Member may make distributions, from time to time, after a particular investment opportunity has been fully realized or completed. The Managing Member does not presently anticipate making any distributions; nevertheless, each Member will be required to take its share of Company profits into income for federal income tax purposes.

Amendments. The Managing Member may amend any provision of the LLC Agreement, provided that no amendment may: (i) modify the limited liability of a Member; (ii) reduce the Book Capital Account of any existing Member; or (iii) adversely affect the interest (pecuniary or otherwise) of any Member without sufficient prior written notice being given to such Member to permit such Member to withdraw from the Company.

Books and Records. Members have the right during normal business hours to request access to the Company's books and records, upon 10 Business Days' written notice to the Managing Member, but only if the request for access is: (i) for a purpose reasonably related to the Company's business and the Member's Interest in the Company (as determined by the Managing Member); (ii) not for any commercial purpose unrelated to the Member's investment in the Company; (iii) not detrimental to the best interest of the Company; (iv) not damaging to the Company or its business; and (v) not prohibited by law or contract with third parties. Such requests will only be granted if the Member agrees in writing to use the information for Company purposes and to maintain the information in confidence. The Member will bear all costs incurred as a result of such access.

Reports to Members. The Managing Member will provide each Member with monthly unaudited reports concerning the Company and the Member's capital account balance. The Managing Member will also distribute an annual report containing audited financial statements prepared by an independent certified public accountant for each Fiscal Year, and tax information necessary for the preparation of each Member's annual federal income tax returns. The annual report will contain audited financial statements. The Company will also provide each Class C Member an annual report comparing the fees and expenses borne by Class C Interests with the fees and expenses borne by the other classes of Interests. This fee and expense comparison will specifically set forth the fees and expenses borne by each class of Interests with respect to Sub-Advisors.

Following the end of each Fiscal Year, the Company will indicate in the annual report to each Class C Member if any other Member (other than Special Members) has paid less in aggregate fees and/or expenses for such Fiscal Year than such Class C Member (adjusted for the respective Net Asset Value of the Interests). In the event that any other Member has paid less in aggregate fees and/or expenses than a Class C Member as indicated in the annual report, the fees and expenses borne by such Class C Member during such Fiscal Year will be reduced to the same level. Additionally, each annual report provided to a Class C Member will indicate whether any other Member (other than Special Members) has received more favorable redemption rights, reporting rights and/or information rights than such Class C Member.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax considerations that may be relevant to prospective investors who are U.S. individuals. The discussion below does not address the special tax considerations relevant to tax-exempt and foreign persons, for whom this investment generally is not suitable. It is impractical to set forth all aspects of federal income tax law that may bear upon an Interest in the Company. The tax considerations discussed below are necessarily general in nature and may vary depending upon a Member's particular circumstances. The discussion of federal income tax consequences that follows is based on the Code as presently amended, judicial decisions and administrative regulations, rulings and practice, all of which are subject to change. The Company has not sought a ruling from the Internal Revenue Service ("IRS") or an opinion of legal counsel as to any federal tax matters.

THIS DISCUSSION IS NOT INTENDED TO BE AND CANNOT BE USED FOR THE PURPOSE OF AVOIDING PENALTIES. THIS DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE INTERESTS. INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Classification as a Partnership. Under current law, the Master Fund and the Company will each be classified as a partnership, and not as an association taxable as a corporation, for federal income tax purposes.

Certain "publicly traded partnerships" (as defined in the Code) are taxed as corporations. The Company may qualify for the so-called private placement safe harbor provided in the Treasury regulations promulgated under the Code for avoiding publicly traded partnership status, which generally will apply if the Company has no more than 100 Members. In any event the Company does not anticipate being treated as a publicly traded partnership, and therefore does not anticipate being subject to U.S. federal income tax as a corporation, by reason of allowing quarterly redemptions of Interests held for more than 24 months.

The discussion below assumes that the Master Fund and the Company will each be treated as a partnership for federal income tax purposes. Treatment of the Master Fund and the Company as a corporation for U.S. federal income tax purposes would materially reduce the anticipated benefits of an investment in the Company.

Taxation of Members on Income or Losses of the Company. Members will be required to include in their income tax returns each year their allocable share of the Company's income, gains, losses and deductions, and must determine their tax liability, if any, with respect to their share of the Company's taxable income, whether or not they have received or will receive any cash distributions from the Company. The Company's primary investment objective is not the current distribution of profits. Consequently, a Member's tax liability with respect to its share of Company taxable income is anticipated to exceed the cash, if any, distributed to it in a given year.

Basis of an Interest. A Member's tax basis in its Interests will include the amount of money that the Member contributes to the Company, increased principally by the Member's allocable share of any Company taxable income and gain, and decreased (but not below zero) principally by distributions from the Company to the Member and by the Member's allocable share of Company tax losses and deductions.

Distributions; Redemptions. Generally, a cash distribution to a Member, including upon a redemption of its Interests, is taxable only to the extent the distribution exceeds the Member's tax basis in its Interests. The amount of that excess generally would be taxable as capital gain except to the extent attributable to market discount on debt instruments owned by the Company. An economic loss realized by a Member upon a redemption can be recognized only upon a complete redemption of its Interests in the Company.

Capital gain or loss on a redemption (or other disposition) of an Interest generally will be long-term capital gain or loss if the Member's Interests were held for more than 12 months, and short-term capital gain or loss if the Member's Interests were held for 12 months or less. A Member will begin a new holding period each time the Member makes an additional investment in the Company as to such newly acquired Interest.

Transactions in Securities. The Company expects to generate primarily ordinary income, but also capital gains and losses, from its lending operations and investments. Subject to certain "tolling" and recharacterization rules applicable to short sales and straddle transactions, capital gains and losses are considered long-term if the investment position is held for more than 12 months and short-term if held for 12 months or less. To the extent the Company's taxable income is characterized as capital gain or loss, a Member's share of that gain or loss will be combined with its own net long-term or short-term capital gain or loss in computing its federal income tax. The maximum rate of federal income tax on net long-term capital gains realized by individuals is 15%, while short-term capital gains realized by individuals are taxed at the same rates as ordinary income. For regular corporations, the maximum federal rate on all income is 35%.

A Member generally will be unable to deduct its share of any capital losses of the Company unless the Member has capital gains from other sources in the same or subsequent years. If the Company generates ordinary income and net capital losses, Members will be taxable on the ordinary income but, unless they have current capital gains, may be unable to deduct the capital losses allocable to them. Non-corporate Members cannot carry back capital losses, but can carry them forward indefinitely.

Stated interest and any original issue discount on debt obligations will be taxable to Members as ordinary income as such interest accrues, which may be in advance of when such interest is actually paid to the Company. If a debt obligation is acquired (subsequent to its original issuance) at a discount (so-called "market discount"), the principal payments thereon and the Company's gain, if any, on a sale of the security will be taxable as ordinary income to the extent of the accrued market discount, and the Company may be required to defer a portion of its interest deductions attributable to any debt incurred to purchase or carry the security.

In addition, the Company may invest in certain securities, such as preferred stock with PIK dividends, or redemption or repayment premiums, that under certain circumstances could cause income to be includible by Members for federal income tax purposes even though the Company would realize no current cash income. The Company may also engage in modifications of debt securities, or exchanges of debt securities for equity securities, which under certain circumstances could give rise to taxable income without a corresponding receipt of cash.

Limitations on Deduction of Losses. The deduction of Company tax losses, if any, by a Member is subject to certain limitations. A Member's share of Company tax losses and deductions in any taxable year generally may be deducted only to the extent of the Member's tax basis in its Interests at the end of that taxable year, limited to the amount the Member is considered to have "at risk" (*i.e.,* generally, the amount of the Member's investment of cash and property and borrowed amounts for which the

Member is personally liable or which are secured by personal assets other than an Interest).

The Code places a limitation on the deductibility of interest on funds borrowed to acquire or carry assets held for investment by taxpayers other than corporations. Assets "held for investment" generally include, for these purposes, income and gains classified as non-passive activity income under the passive activity loss rules discussed below. Non-corporate Members will be subject to this limitation in calculating the deductible portion of their share of the Company's interest expense (if any). The investment interest limitation will also apply to interest payable with respect to any loans obtained by a non-corporate Member to purchase Interests. Under this limitation, which is applied at the Member (not the Company) level, the amount of interest which may be deducted by a non-corporate Member may not exceed the amount of such Member's "net investment income" (*i.e.,* the amount by which interest, certain dividends, royalties, short-term capital gains and rents from investment property exceeds the expenses incurred in earning such income). Non-deductible interest may be carried forward and deducted as investment interest in future taxable years, subject to the foregoing limitation.

The application of the investment interest limitation to a particular Member will depend on its overall tax situation and should be reviewed by the Member with its personal tax advisor.

Passive Activity Income and Loss. Under Section 469 of the Code, non-corporate taxpayers and personal service corporations deriving net losses from "passive" activities are permitted to deduct such losses only to the extent of their income from "passive" activities, and closely held corporations may not offset passive activity losses against "portfolio" income. Passive activity income, against which passive activity losses may be offset, does not include salaries and other compensation, or "portfolio income," such as interest income, dividends and net capital gains not incurred in the ordinary conduct of a trade or business or not treated as passive activity income even though incurred in connection with a trade or business. Any losses that are not currently deductible under this provision may be carried forward and deducted in subsequent years to the extent of the taxpayer's passive activity income in such years. Although expected to be derived from a trade or business of lending, substantially all of the Company's taxable income from its lending business is anticipated to be treated as non-passive activity income under income recharacterization rules (relating to so-called "equity financed lending activities") in the passive activity income tax regulations. In addition, all of the Company's taxable income and gain from its related investments will be treated as non-passive activity income. Accordingly, for most Members, taxable income allocated to them will not be permitted to be offset by passive activity losses from other investments.

Tax losses (if any) realized by the Company from its investments should not be treated as passive activity losses. However, although none are now anticipated, any tax losses realized by the Company from its lending business would be treated as passive activity losses, notwithstanding the non-passive characterization of the Company's income from its lending business, and therefore could not be deducted currently by a Member except to the extent of the Member's passive activity income from other investments. Any tax losses that cannot be deducted currently under these rules can be carried forward and deducted in future years subject to this limitation (and would become deductible in full, as if they were not passive activity losses, in the taxable year in which the Member redeems or otherwise makes a taxable disposition of all of its Interests).

Tax Returns; Audits. The Company's tax returns are subject to review by the IRS and other taxing authorities. There can be no assurance that these authorities will not make adjustments in the tax figures reported on such returns. Any adjustments resulting from an audit may require each Member to file an amended tax return, pay additional income taxes and interest, which generally is not deductible, and might result in an audit of the Member's own return. Any audit of a Member's return could result in adjustments of non-Company, as well as Company, income and deductions. Generally, upon an IRS

audit, the tax treatment of Company items will be determined at the Company level, and such treatment generally will be binding on the Members.

If the Company's tax returns were audited, the Company would probably incur legal and accounting expenses in seeking to sustain its position. The payment of these expenses would reduce cash otherwise available for distribution. In addition, the Members might incur personal legal and accounting expenses in connection with any amendment or audit of their returns.

Tax Shelter Regulations. Regulations directed at abusive tax shelter activity apply to transactions not conventionally regarded as tax shelters. Among other things, the regulations require specified disclosures by certain persons that directly or indirectly participate in a "reportable transaction," as defined. A transaction involving an actual or deemed sale of an asset generally is a reportable transaction if it generates gross tax losses (whether or not offset by income or gains) equal to or greater than certain amounts (specified below), unless the transaction comes within one of several exclusions. While the exclusions generally cover most customary trading activity, they do not cover certain arbitrage, swap and foreign currency transactions, among others. Accordingly, it is possible that the Company might participate in one or more reportable transactions. In that event, the Company would be required to file an IRS Form 8886 with its tax return, which may increase the likelihood of an IRS audit, and maintain a list identifying those Members (if any) that were allocated tax losses from the reportable transaction(s) equal to or greater than the specified amounts. (The amounts are, for taxpayers other than C corporations, $2 million from one or more reportable transactions in any taxable year, $4 million from one or more reportable transactions over any six-year period, or $50,000 of ordinary loss from any foreign currency transaction that is not otherwise excluded from the application of these rules.) A New York tax disclosure filing also would be required. A Member that is allocated tax losses from reportable transactions equal to or greater than the specified amounts must file an IRS Form 8886 with its own tax return for each year that the Member reports tax losses from the reportable transaction(s).

Each Member should consult with its own tax advisor concerning the possible application of the foregoing disclosure and investor list maintenance requirements to this investment.

State and Local Taxes; Foreign Taxes. Each Member may be liable for state and local income taxes payable in the state or locality in which it is a resident or doing business. The income tax laws of each state and locality may differ from the above discussion of federal income tax laws, and may impose additional limitations on the deductibility of certain losses and expenses. Prospective Members should consult their own tax counsel with respect to potential state and local income taxes payable as a result of an investment in the Company.

The Company may be subject to New York City unincorporated business tax as a result of maintaining its principal office in New York. Members who or which are not residents of New York may have to file tax returns and pay taxes in New York on their taxable income (if any) from the Company. Such taxes may be creditable against taxes imposed on them by their state of residence.

MEMBERS MUST CONSULT THEIR OWN ADVISORS REGARDING THE POSSIBLE APPLICABILITY OF STATE AND LOCAL TAXES TO AN INVESTMENT IN THE COMPANY. IN ADDITION, THE FOREGOING SUMMARY IS NOT INTENDED AS A SUBSTITUTE FOR PROFESSIONAL TAX ADVICE, NOR DOES IT PURPORT TO BE A COMPLETE DISCUSSION OF ALL TAX CONSEQUENCES THAT COULD APPLY TO THIS INVESTMENT. ACCORDINGLY, A MEMBER MUST CONSULT ITS OWN TAX ADVISOR AS TO THE TAX CONSEQUENCES OF THIS INVESTMENT.

ERISA CONSIDERATIONS

THE FOLLOWING SUMMARY OF CERTAIN ASPECTS OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), IS BASED UPON ERISA, JUDICIAL DECISIONS, DEPARTMENT OF LABOR REGULATIONS AND RULINGS IN EXISTENCE ON THE DATE HEREOF. THIS SUMMARY IS GENERAL IN NATURE AND DOES NOT ADDRESS EVERY ERISA ISSUE THAT MAY BE APPLICABLE TO THE COMPANY, THE LLC, THE MASTER FUND OR A PARTICULAR INVESTOR. ACCORDINGLY, EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL IN ORDER TO UNDERSTAND THE ERISA ISSUES AFFECTING THE COMPANY, THE MASTER FUND AND THE INVESTOR.

General

Persons who are fiduciaries with respect to a U.S. employee benefit plan or trust within the meaning of and subject to the provisions of ERISA (an "**ERISA Plan**"), an individual retirement account or a Keogh plan subject solely to the provisions of the Code[1] (an "**Individual Retirement Fund**") should consider, among other things, the matters described below before determining whether to invest in the Company (and thus the Master Fund).

ERISA imposes certain general and specific responsibilities on persons who are fiduciaries with respect to an ERISA Plan, including prudence, diversification, avoidance of prohibited transactions and compliance with other standards. In determining whether a particular investment is appropriate for an ERISA Plan, U.S. Department of Labor ("**DOL**") regulations provide that a fiduciary of an ERISA Plan must give appropriate consideration to, among other things, the role that the investment plays in the ERISA Plan's portfolio, taking into consideration whether the investment is designed reasonably to further the ERISA Plan's purposes, the risk and return factors of the potential investment, the portfolio's composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the ERISA Plan, the projected return of the total portfolio relative to the ERISA Plan's funding objectives, and the limitation on the rights of investors to redeem all or a portion of their Interests or to transfer their Interests. Before investing the assets of an ERISA Plan in the Company (and thus the Master Fund), a fiduciary should determine whether such an investment is consistent with its fiduciary responsibilities and the foregoing regulations. For example, a fiduciary should consider whether an investment in the Company (and thus the Master Fund) may be too illiquid or too speculative for a particular ERISA Plan and whether the assets of the ERISA Plan would be sufficiently diversified. If a fiduciary with respect to any such ERISA Plan breaches its responsibilities with regard to selecting an investment or an investment course of action for such ERISA Plan, the fiduciary may be held personally liable for losses incurred by the ERISA Plan as a result of such breach.

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[1] References hereinafter made to ERISA include parallel references to the Code.

Plan Assets Defined

ERISA and applicable DOL regulations describe when the underlying assets of an entity in which "benefit plan investors", as defined in Section 3(42) of ERISA and any regulations promulgated thereunder ("**Benefit Plan Investors**"), invest are treated as "plan assets" for purposes of ERISA. Under ERISA, the term Benefit Plan Investors is defined to include an "employee benefit plan" that is subject to the provisions of Title I of ERISA, a "plan" that is subject to the prohibited transaction provisions of Section 4975 of the Code, and entities the assets of which are treated as "plan assets" by reason of investment therein by Benefit Plan Investors.

Under ERISA, as a general rule, when an ERISA Plan invests assets in another entity, the ERISA Plan's assets include its investment, but do not, solely by reason of such investment, include any of the underlying assets of the entity. However, when an ERISA Plan acquires an "equity interest" in an entity that is neither: (a) a "publicly offered security"; nor (b) a security issued by an investment fund registered under the 1940 Act, then the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that: (i) the entity is an "operating company" or (ii) the equity participation in the entity by Benefit Plan Investors is limited.

Under ERISA, the assets of an entity will not be treated as "plan assets" if Benefit Plan Investors hold less than 25% (or such greater percentage as may be provided in regulations promulgated by the DOL) of the value of each class of equity interests in the entity. (Equity interests held by a person with discretionary authority or control with respect to the assets of the entity and equity interests held by a person who provides investment advice for a fee (direct or indirect) with respect to such assets or any affiliate of any such person (other than a Benefit Plan Investor) are not considered for purposes of determining whether the assets of an entity will be treated as "plan assets" for purposes of ERISA.) The Benefit Plan Investor percentage of ownership test applies at the time of an acquisition by any person of the equity interests. In addition, an advisory opinion of the DOL takes the position that a redemption of an equity interest by an investor constitutes the acquisition of an equity interest by the remaining investors (through an increase in their percentage ownership of the remaining equity interests), thus triggering an application of the Benefit Plan Investor percentage of ownership test at the time of the redemption.

Plan Asset Consequences

The Loan Portfolio Manager anticipates that the aggregate investment in the Company by Benefit Plan Investors may, from time to time, equal or exceed 25% (or such greater percentage as may be provided in regulations promulgated by the DOL) of the value of any class of equity interests in the Company. (Equity interests held by the Loan Portfolio Manager or its affiliates are not considered for purposes of determining the level of equity participation by Benefit Plan Investors.) In such circumstances, the assets of the Company would be treated as "plan assets" for purposes of ERISA. As a general rule, if the assets of the Company were treated as "plan assets" of a Benefit Plan Investor, the Loan Portfolio Manager would be deemed a "fiduciary" (as defined in ERISA and the Code) with respect to each ERISA Plan and Individual Retirement Fund investing in the Company. However, the Loan Portfolio Manager believes that, given the limited purpose and role of the Company and given the requirement that the Loan Portfolio Manager implement the direction of the investors in the Company to invest the Company's assets in the Master Fund, as set forth in this Memorandum, neither the Loan Portfolio Manager nor any other entity providing services to the Company is exercising any discretionary authority or control with respect to the investment of the assets of the Company the Master Fund. Accordingly, the Loan Portfolio Manager believes that neither the Loan Portfolio Manager nor any other entity providing services to the Company acts as a "fiduciary" (as defined in ERISA and the Code) with respect to the assets of the Company, or any ERISA Plan or Individual Retirement Fund investor in

connection with the investment by the Company in the Master Fund. Further, by investing or continuing to invest in the Company, each of the Members of the Company that is a Benefit Plan Investor will be deemed to represent and warrant that it does not intend its investment in the Company to establish any relationship which would cause the Loan Portfolio Manager or any other person to be a "fiduciary" (as defined in ERISA and the Code) with respect to such Benefit Plan Investor in connection with the investment by the Company in the Master Fund, and each such Benefit Plan Investor will further represent and warrant that it will not take any position to the contrary.

Limitation on Investments by Benefit Plan Investors

It is the current intent of the Loan Portfolio Manager to monitor the investments in the Master Fund to ensure that the aggregate investment by Benefit Plan Investors does not equal or exceed 25% (or such greater percentage as may be provided in regulations promulgated by the DOL) of the value of any class of equity interests in the Master Fund so that assets of the Master Fund will not be treated as "plan assets" under ERISA. (Equity interests held by the Loan Portfolio Manager or its affiliates are not considered for purposes of determining whether the assets of the Master Fund will be treated as "plan assets" for the purpose of ERISA.) If the assets of the Master Fund were treated as "plan assets" of a Benefit Plan Investor, the Loan Portfolio Manager would be a "fiduciary" (as defined in ERISA and the Code) with respect to each such Benefit Plan Investor, and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA. In such circumstances, the Master Fund would be subject to various other requirements of ERISA and the Code. In particular, the Master Fund would be subject to rules restricting transactions with "parties in interest" and prohibiting transactions involving conflicts of interest on the part of fiduciaries which might result in a violation of ERISA and the Code unless the Master Fund obtained appropriate exemptions from the DOL allowing the Master Fund to conduct its operations as described herein. The Loan Portfolio Manager may, in its sole discretion, compulsorily withdraw all or any portion of interests held by any limited partner, including, without limitation, to ensure compliance with the percentage limitation on investment in the Master Fund by Benefit Plan Investors as set forth above. As described above under "Redemptions", similar compulsory redemption terms apply to investors (directly or indirectly) in the Master Fund. The Loan Portfolio Manager reserves the right, however, to waive the percentage limitation on investment indirectly in the Master Fund by Benefit Plan Investors and thereafter to comply with ERISA.

If the assets of the Company are treated as "plan assets" for purposes of ERISA, the Loan Portfolio Manager will purchase a fidelity bond satisfying the requirements of Section 412 of ERISA with respect to the assets of the Company owned by ERISA Plans.

Representations by Plans

An ERISA Plan proposing to invest in the Company (and thus the Master Fund) will be required to represent that it is, and any fiduciaries responsible for the ERISA Plan's investments are, aware of and understand the Company's and the Master Fund's investment objectives, policies and strategies, and that the decision to invest plan assets in the Company (and thus the Master Fund) was made with appropriate consideration of relevant investment factors with regard to the ERISA Plan and is consistent with the duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA.

WHETHER OR NOT THE ASSETS OF THE COMPANY OR THE MASTER FUND ARE TREATED AS "PLAN ASSETS" FOR PURPOSES OF ERISA, AN INVESTMENT IN THE COMPANY (AND THUS THE MASTER FUND) BY AN ERISA PLAN IS SUBJECT TO ERISA. ACCORDINGLY, FIDUCIARIES OF ERISA PLANS SHOULD CONSULT WITH THEIR OWN

COUNSEL AS TO THE CONSEQUENCES UNDER ERISA OF AN INVESTMENT IN THE COMPANY (AND THUS THE MASTER FUND).

ERISA Plans and Individual Retirement Funds Having Prior Relationships with the Loan Portfolio Manager or its Affiliates

Certain prospective ERISA Plan and Individual Retirement Fund investors may currently maintain relationships with the Loan Portfolio Manager or other entities that are affiliated with the Investment Manager. Each of such entities may be deemed to be a party in interest to, and/or a fiduciary of, any ERISA Plan or Individual Retirement Fund to which any of the Loan Portfolio Manager or its affiliates provides investment management, investment advisory or other services. ERISA prohibits ERISA Plan assets to be used for the benefit of a party in interest and also prohibits an ERISA Plan fiduciary from using its position to cause the ERISA Plan to make an investment from which it or certain third parties in which such fiduciary has an interest would receive a fee or other consideration. Similar provisions are imposed by the Code with respect to Individual Retirement Funds. ERISA Plan and Individual Retirement Fund investors should consult with counsel to determine if participation in the Company (and thus the Master Fund) is a transaction that is prohibited by ERISA or the Code.

Eligible Indirect Compensation

The disclosures set forth in this Memorandum constitute the Loan Portfolio Manager's good faith efforts to provide information responsive to the disclosure requirements of Form 5500, Schedule C and allow for the treatment of its compensation as eligible indirect compensation.

Future Regulations and Rulings

The provisions of ERISA are subject to extensive and continuing administrative and judicial interpretation and review. The discussion of ERISA contained herein is, of necessity, general and may be affected by future publication of regulations and rulings. Potential investors should consult with their legal advisors regarding the consequences under ERISA of the acquisition and ownership of Interests.

ADDITIONAL INFORMATION

This Memorandum is intended solely to provide qualified offerees with an introduction to this offering and to the Company and its business. Prospective Members are invited to meet with representatives of the Managing Member for a further explanation of the terms and conditions of this offering of Interests. The Company will make available to any offeree any non-proprietary information deemed necessary or appropriate by such offeree to the extent such information can be obtained without unreasonable effort or expense. Information concerning this offering may be obtained by writing or telephoning the Company at the address or telephone number shown in the "*Directory*" above.

PLATINUM PARTNERS
LIQUID OPPORTUNTITY FUND (USA) L.P.

A Delaware Limited Partnership

Private Offering of Class A Limited Partnership Interests

Minimum Subscription: $1,000,000

CONFIDENTIAL PRIVATE OFFERING MEMORANDUM

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, AND HAVE NOT BEEN REGISTERED WITH, OR APPROVED BY, ANY STATE SECURITIES OR BLUE SKY ADMINISTRATOR OR ANY OTHER REGULATORY AUTHORITY. NO SUCH AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, NOR IS IT INTENDED THAT ANY SUCH AUTHORITY WILL DO SO. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS UNLAWFUL, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO.

SEE CFTC DISCLOSURES ON PAGE (ii).

The date of this Confidential Private Offering Memorandum is February 2014

CFTC DISCLOSURES

REGISTRATION EXEMPTION. UNDER COMMODITY FUTURES TRADING COMMISSION ("CFTC") REGULATIONS, NEITHER THE INVESTMENT MANAGER NOR THE GENERAL PARTNER IS REQUIRED TO REGISTER WITH THE CFTC AS A COMMODITY POOL OPERATOR ("CPO") OR A COMMODITY TRADING ADVISOR ("CTA"). AS A RESULT, UNLIKE A REGISTERED CPO OR CTA, NEITHER THE INVESTMENT MANAGER NOR THE GENERAL PARTNER WILL BE REQUIRED TO DELIVER A DISCLOSURE DOCUMENT (CONTAINING CERTAIN CFTC PRESCRIBED DISCLOSURES) AND A CERTIFIED ANNUAL REPORT TO THE PARTNERSHIP'S INVESTORS. A CLAIM OF EXEMPTION HAS BEEN FILED EFFECTUATING THIS EXEMPTION.

WHILE THE PARTNERSHIP MAY TRADE COMMODITY INTERESTS SUCH AS SWAPS, THE GENERAL PARTNER AND THE INVESTMENT MANAGER ARE EXEMPT FROM REGISTRATION WITH THE CFTC AS A CPO PURSUANT TO CFTC RULE 4.13(a)(3). THEREFORE, UNLIKE A REGISTERED CPO, NEITHER THE GENERAL PARTNER NOR THE INVESTMENT MANAGER ARE REQUIRED TO DELIVER A CFTC DISCLOSURE DOCUMENT TO PROSPECTIVE INVESTORS, NOR ARE THEY REQUIRED TO PROVIDE INVESTORS WITH CERTIFIED ANNUAL REPORTS THAT SATISFY THE REQUIREMENTS OF CFTC RULES APPLICABLE TO REGISTERED CPOS. THE CFTC DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A POOL OR UPON THE ADEQUACY OR ACCURACY OF AN OFFERING MEMORANDUM. CONSEQUENTLY, THE CFTC HAS NOT REVIEWED OR APPROVED THIS MEMORANDUM OR ANY OFFERING IN CONNECTION HEREWITH.

NON-U.S. FUTURES. YOU SHOULD ALSO BE AWARE THAT THE PARTNERSHIP MAY TRADE FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE UNITED STATES, INCLUDING MARKETS FORMALLY LINKED TO A UNITED STATES MARKET, MAY BE SUBJECT TO REGULATIONS WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION TO THE POOL AND ITS PARTICIPANTS. FURTHER, UNITED STATES REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-UNITED STATES JURISDICTIONS WHERE TRANSACTIONS FOR THE POOL MAY BE EFFECTED.

GENERAL INFORMATION

This Confidential Private Offering Memorandum (this "**Memorandum**") has been prepared in connection with the sale of Class A limited partnership interests (the "**Interests**") in Platinum Partners Liquid Opportunity Fund (USA) L.P., a Delaware limited partnership (the "**Partnership**"). The Partnership is a limited partner of, and invests substantially all of its assets in, Platinum Partners Liquid Opportunity Master Fund L.P. (the "**Master Fund**"), a Cayman Islands exempted limited partnership. The Master Fund acts as a central investment mechanism for the Partnership and Platinum Partners Liquid Opportunity Fund (International) Ltd., a Cayman Islands exempted company. (See "*Introduction — Investment Objective and Strategy*" herein.)

This Memorandum is being submitted for consideration by eligible investors who are interested in participating in the Partnership and who are "accredited investors" and "qualified purchasers" as such terms are described under "*The Offering — Eligible Investors*" (collectively, "**Eligible Investors**"). The use or retention of this Memorandum for any purpose other than the purpose set forth above is not authorized and no part of this Memorandum may be transmitted, reproduced or made available to any person other than the intended recipient or used for any other purpose without the express written consent of the Partnership. Each prospective investor, by accepting delivery of this Memorandum, agrees to return the same and all related documents to the Partnership in the event such investor does not purchase any of the Interests. Investors should inform themselves as to the income and other tax consequences of a purchase of the Interests. No assurance can be given that existing laws will not be changed or interpreted adversely. The investor must rely on the investor's own evaluation of the investment and the terms of the offering, including the merits and risks involved in making an investment decision with respect to the Interests.

No person has been authorized to give any information or to make any representations other than those contained in this Memorandum in connection with the offering and sale of the Interests and, if given or made, such information and/or representations not contained herein must not be relied upon as having been authorized by or on behalf of the Partnership, the Investment Manager or the Administrator (each as defined herein). The contents of this Memorandum should not be considered to constitute legal, tax, investment, accounting or other advice and each prospective investor should carefully review this Memorandum with its legal and financial advisers, and consult such advisers as to matters concerning legal, tax, regulatory, financial and accounting consequences of an investment in the Interests.

Certain information in this Memorandum has been obtained from sources believed to be reliable, although neither the Partnership nor the Investment Manager guarantees its accuracy, completeness or fairness. Opinions and estimates may be changed without notice.

This Memorandum contains forward-looking statements, including observations about markets, industry or regulatory trends, projections or other estimates (including estimates of return or performance). These forward-looking statements are based upon certain assumptions. Forward-looking statements may be identified by, among other things, the use of words like "intends," "expects," "anticipates," "believes," "seeks," "estimates," "should," or the negatives of these terms, and similar expressions. Other events that were not taken into account may occur

and may significantly affect the analysis. Any assumptions should not be construed to be indicative of the actual events that will occur. Actual events are difficult to predict and may depend upon factors that are beyond the Partnership's and the Investment Manager's control. Certain assumptions have been made to simplify the presentation and, accordingly, actual results may differ, perhaps materially, from those presented. Some important factors which could cause actual results to differ materially from those in any forward-looking statements include, among others, the following: foreign-exchange developments and financial, market, economic or legal conditions. Prospective investors are cautioned not to place undue reliance on such statements. None of the Partnership, the Investment Manager or any affiliate thereof has an obligation to update any of the forward-looking statements in this Memorandum.

Certain provisions of the Limited Partnership Agreement of the Partnership, as amended from time to time (the "**Partnership Agreement**"), and other documents are summarized in this Memorandum, but it should not be assumed that the summaries are complete and such summaries are qualified in their entirety by the contents of the documents which they purport to summarize.

The Investment Manager is a "relying adviser" on the Form ADV filed by its affiliate, Platinum Management (NY) LLC, under the Investment Advisers Act of 1940, as amended. Neither the Partnership nor the Master Fund is registered as an investment company under the Investment Company Act of 1940, as amended.

This Memorandum has been prepared on behalf of the Partnership and each recipient hereof acknowledges that no person or party other than the Partnership will have any responsibility or liability for the accuracy and completeness of the contents hereof. The information in this Memorandum is as of the date hereof and is subject to change or amendment. The delivery of this Memorandum at any time does not imply that the information contained herein is correct at any time subsequent to the date hereof. The Interests are being offered subject to withdrawal, cancellation, or modification of the offering or of the terms and conditions pursuant to which the offering is made. The Partnership reserves the right to accept or reject any application to purchase the Interests in whole or in part at any time for any reason prior to the termination of the offer.

* * *

THE INTERESTS HAVE NOT BEEN REGISTERED WITH OR APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY. THIS IS A PRIVATE OFFERING PURSUANT TO EXEMPTIONS PROVIDED BY SECTION 4(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), RULE 506 THEREUNDER AND APPLICABLE STATE SECURITIES LAWS. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AGENCY HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THIS OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

INTERESTS ARE AVAILABLE ONLY TO PERSONS WILLING AND ABLE TO BEAR THE ECONOMIC RISKS OF THIS INVESTMENT. THE INTERESTS ARE SPECULATIVE AND INVOLVE A SUBSTANTIAL RISK OF LOSS. SEE "RISK FACTORS." THE INTERESTS ARE NOT TRANSFERABLE WITHOUT THE GENERAL PARTNER'S CONSENT AND HAVE LIMITED WITHDRAWAL RIGHTS. IN ADDITION, THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THIS MEMORANDUM HAS BEEN PREPARED BY THE GENERAL PARTNER SOLELY FOR THE BENEFIT OF PERSONS INTERESTED IN THE PROPOSED SALE OF THE INTERESTS, AND ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE GENERAL PARTNER, IS PROHIBITED. ANY CONTRARY ACTION MAY PLACE THE PERSON OR PERSONS TAKING SUCH ACTION IN VIOLATION OF STATE AND FEDERAL SECURITIES LAWS. THE OFFEREE AGREES TO RETURN THIS MEMORANDUM TO THE PARTNERSHIP UPON REQUEST.

NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, EACH LIMITED PARTNER (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF SUCH LIMITED PARTNER), MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF (I) THE PARTNERSHIP AND (II) ANY OF ITS TRANSACTIONS, AND ALL MATERIALS OF ANY KIND (INCLUDING, WITHOUT LIMITATION, OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE LIMITED PARTNER RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE, IT BEING UNDERSTOOD THAT "TAX TREATMENT" AND "TAX STRUCTURE" DO NOT INCLUDE THE NAME OR IDENTIFYING INFORMATION OF (I) THE PARTNERSHIP OR THE MASTER FUND, OR (II) THE PARTIES TO A TRANSACTION.

DIRECTORY

THE PARTNERSHIP

Platinum Partners Liquid Opportunity Fund (USA) L.P.
152 West 57th Street, 4th Floor
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Tel: (212) 582-2222
Fax: (212) 582-2424

THE MASTER FUND

Platinum Partners Liquid Opportunity Master Fund L.P.
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Walkers
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George Town, Grand Cayman KY1-9001
Cayman Islands

GENERAL PARTNER

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SUMMARY

The information set forth below is intended for quick reference only and is qualified in its entirety by reference to the more detailed information appearing under the applicable caption in the full text of this Memorandum or in the Partnership Agreement attached as Exhibit A.

The Partnership

The Partnership: Platinum Partners Liquid Opportunity Fund (USA) L.P. (the "**Partnership**") is a Delaware limited partnership formed in March 2009.

The Master Fund: The Partnership is a limited partner of, and invests substantially all of its assets in, Platinum Partners Liquid Opportunity Master Fund L.P. (the "**Master Fund**"), a Cayman Islands exempted limited partnership, though the Partnership may make investments outside of the Master Fund when deemed appropriate for tax, legal or regulatory reasons. The Master Fund acts as a central investment mechanism for the Partnership and Platinum Partners Liquid Opportunity Fund (International) Ltd. ("**Platinum Offshore**"), a Cayman Islands exempted company formed primarily for the benefit of non-U.S. persons and tax-exempt U.S. persons. Other limited partners may be admitted to the Master Fund at future dates.

The Master Fund was formed under the laws of the Cayman Islands in April 2009.

The Investment Manager: The investment manager of the Partnership and the Master Fund is Platinum Liquid Opportunity Management (NY) LLC, a Delaware limited liability company (the "**Investment Manager**"). The Investment Manager is responsible for managing, trading, investing and allocating the Partnership's and the Master Fund's assets.

On January 1, 2011, Uri Landesman, the President of the Investment Manager, replaced Mark Nordlicht as the managing member of the Investment Manager. Mr. Landesman oversees all operations and risk management functions for the Investment Manager. Mr. Nordlicht remains the Chief Investment Officer and majority owner of the Investment Manager and will continue to be responsible for the day-to-day investment decisions regarding the Fund and the Master Fund; provided that Mr. Landesman will have full veto power over any investment decisions.

General Partner:	The general partner of the Partnership and the Master Fund is Platinum Liquid Opportunity GP LLC, a Delaware limited liability company (the "**General Partner**"). The managing member of the General Partner is Uri Landesman.
Administrator:	The Partnership has retained SS&C Technologies Inc. (acting through its business unit, SS&C Fund Services) (the "**Administrator**") to perform certain administrative, bookkeeping and registrar and transfer agency services.
Investment Objective of the Partnership:	The investment objective of the Partnership is to achieve superior capital appreciation through its investment in the Master Fund. The Master Fund is a multi-strategy hedge fund that seeks to achieve superior returns while attempting to minimize downside risk. The strategies that are employed by the Master Fund include, but are not limited to, Asia-based arbitrage, long/short equity fundamental, quantitative, macro and opportunistic and volatility arbitrage. The General Partner may discontinue or limit the use of any of the foregoing strategies or pursue other strategies or employ other techniques it considers to be appropriate and in the best interest of the Master Fund. (See "*Investment Objective and Strategy*" herein.) There can be no assurance that the investment objectives of the Partnership or the Master Fund will be achieved, and investment results may vary substantially on a monthly and annual basis. (See "*Risk Factors*" herein.) To achieve its investment objectives, the Master Fund invests and trades in U.S. and non-U.S. equity and debt securities; currencies, futures, forward contracts, and other commodity interests; options, swaps and other derivative instruments; and other instruments and investments (collectively, "**Financial Instruments**"). The Investment Manager has granted trading authority over certain portions of the Master Fund's assets, and/or the assets of subsidiaries of the Master Fund that specialize in trading and/or investing in certain types of Financial Instruments, to individuals or entities who generally are independent contractors selected by the Investment Manager (the "**Portfolio Managers**") pursuant to written agreements. The Investment Manager monitors the trading activities of the Portfolio Managers. The Portfolio Managers chosen by the Investment Manager to trade the Master Fund's and/or the subsidiaries' assets

generally are selected on the basis of their expertise in a particular style or area of investing.

Certain Risks:

An investment in the Partnership is speculative and involves a high degree of risk, including the risk of loss of the entire investment of a limited partner in the Partnership. These risks include, but are not limited to, the enhanced leverage inherent in the trading of commodities, the speculative nature of trading Financial Instruments, and the substantial charges which the Partnership will incur, regardless of whether any profits are earned. Please see "*Risk Factors*" for a more thorough discussion of the potential risks associated with investment in the Partnership.

Leverage:

When deemed appropriate by the Investment Manager, the Master Fund will use leverage to effect its investment program. While leverage presents opportunities for increasing the total return on investments, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent that leverage is utilized. The cumulative effect of the use of leverage with respect to any investments in a market that moves adversely to such investments could result in a substantial loss which would be greater than if the investments were not leveraged. Leverage is inherent in the trading of commodities.

Conflicts of Interest:

Significant actual and potential conflicts of interest exist in the structure and operation of the Partnership's business. Please see "*Conflicts of Interest*" for a more thorough discussion of the actual and potential conflicts associated with investment in the Partnership.

Fees, Allocations and Expenses

Management Fee:

The Partnership pays the Investment Manager a monthly management fee equal to $1/12^{th}$ of 2.0% of the month-end Net Asset Value of each Limited Partner's capital account in the Partnership before deduction of any Incentive Allocation (as defined below) and before taking into account any distributions or withdrawals made during the month (2% per annum), and after giving effect to other expenses as provided herein (including the Partnership's pro rata share of the Master Fund's expenses) (the "**Management Fee**"). Without the consent of the Limited Partners, the Management Fee may be charged to and paid by the Master Fund instead of the Partnership.

The Investment Manager, in its sole discretion, may waive, reduce or discount the Management Fee with respect to one or more Limited Partners without notice to or the consent of the other Limited Partners. The General Partner's capital account will not be debited with any Management Fees.

Incentive Allocation:

At the end of each fiscal year or upon a Limited Partner's withdrawal of all or any portion of his capital from the Partnership, twenty percent (20%) of the aggregate net capital appreciation (determined after all Partnership expenses are taken into account) to be allocated among the capital accounts of the Limited Partners of the Partnership (or the withdrawing Limited Partners with respect to any portion being withdrawn) for such fiscal year (or elapsed portion thereof) will be reallocated by the Partnership to the capital account of the General Partner (the "**Incentive Allocation**").

The Partnership maintains a memorandum loss recovery account for each capital account of a Limited Partner (a "**Loss Recovery Account**") so that for purposes of calculating the Incentive Allocation, previously unrecouped losses in prior years will be deducted from any gains in succeeding years. Each capital account's Loss Recovery Account is credited with any net capital depreciation allocated to such capital account. The amount which must be recovered will be proportionately reduced for withdrawals of capital.

The General Partner, in its sole discretion, may waive, reduce or discount the Incentive Allocation with respect to one or more Limited Partners without notice to or the consent of the other Limited Partners.

Organizational Expenses:

Organizational expenses are being borne by the Partnership and amortized over a period not to exceed 60 months. While such amortization is not in accordance with U.S. generally accepted accounting principles ("**GAAP**"), which generally requires such expenses to be expensed as incurred, the General Partner believes that amortizing these expenses is more equitable than requiring the initial Limited Partners to bear the entire cost of establishing the Partnership.

Operating Expenses:

In addition to the Management Fee, the Partnership will bear its ordinary and extraordinary expenses as well as its pro rata share of the Master Fund's ordinary and extraordinary expenses. Ordinary operating expenses may

include, but are not limited to, fees for administrative services, entity-level taxes, investment expenses (e.g., brokerage commissions, interest expense and due diligence-related expenses including, without limitation, travel costs), legal expenses, compliance expenses, professional expenses (including, without limitation, consultants and experts), escrow expenses, insurance expenses (including, without limitation, director and officer liability insurance and error and omission liability insurance with respect to the activities of the Master Fund and the Investment Manager), accounting expenses, audit and tax preparation expenses, custodial fees, and any extraordinary expenses, such as indemnification of the General Partner and the Investment Manager.

The Partnership will also bear its pro rata share of the asset-based fees and performance fees and/or allocations paid or allocated to Portfolio Managers and other persons who render services to the Master Fund or the Investment Manager.

A substantial portion of the compensation to Portfolio Managers will be in the form of fees and/or allocations based on the performance of their respective portfolios.

The Offering

Securities Offered:

The Partnership is offering its Class A limited partnership interests ("**Class A Interests**" or the "**Interests**") on a private placement basis to persons who satisfy the suitability standards below. Accepted subscribers for Class A Interests will become limited partners of the Partnership (each, a "**Limited Partner**" and, together with the General Partner, the "**Partners**"). The Partnership will also issue sub-classes of the Interests (each, a "**Sub-Class**") as described below.

In order to permit investments by the Master Fund in "new issues," as such term is defined by the Financial Industry Regulatory Authority ("**FINRA**"), the Partnership is offering to eligible investors different Sub-Classes of Interests. Restricted Persons, as defined in the Partnership's Subscription Documents (as defined below), will receive a Sub-Class of Interests that participates in the aggregate (including all Restricted Persons) in only 10% of the profits, losses and costs associated with "new issues." Non-Restricted Persons will receive a separate Sub-Class of Interests.

The Partnership may issue a separate Class of Interests that does not bear a Management Fee and/or which is not subject to an Incentive Allocation. This separate Class may be offered to eligible principals and employees of the Investment Manager, among others.

The Partnership may, as determined by the General Partner, offer one or more new classes (each, a "**Class**") of Interests, having different terms with respect to the Management Fee, the Incentive Allocation, subscription and withdrawal provisions, fees payable to service providers and in other respects from those offered hereby without notice to the existing Limited Partners, unless the creation thereof would materially adversely affect the class rights of any such existing Limited Partners, in which event consent will be required. Existing Limited Partners have no preemptive rights with respect to subsequent Classes of Interests.

The Offering:

The Partnership, generally, will offer Interests on the first Business Day (as defined below) of each calendar month, and at such other times as may be determined by the General Partner (each, an "**Offering Date**").

Each capital contribution by a Limited Partner will be aggregated with that Limited Partner's existing Interests. Allocations and expenses will be calculated on a Partner-by-Partner basis.

The issuance of Interests will be suspended for any period during which calculation of the Net Asset Value of the Partnership has been suspended and as described under "*Regulatory Matters*" below.

Minimum Subscription:

The minimum initial subscription for an Interest is $1,000,000 per subscriber, and existing Limited Partners may subscribe for additional amounts with a minimum additional subscription of $100,000, or such lesser amounts as the General Partner in its sole discretion may permit. The offering may be suspended or terminated at any time for any reason by the General Partner.

Subscription Procedure:

In order to purchase an Interest, a subscriber must (i) complete, execute and deliver to the Administrator the Subscription Documents in the form annexed hereto as Exhibit B (the "**Subscription Documents**") and (ii) pay the full amount of the subscription by arranging for a wire transfer pursuant to the instructions set forth in the Subscription Documents.

In lieu of (i) above, existing Limited Partners need only update any information in their original Subscription Documents that may have changed, deliver such information with a completed and signed Additional Subscription Request (which is attached to the Subscription Documents) to the Administrator, and wire transfer the additional subscription amounts pursuant to the instructions in the Subscription Documents. Any subscriptions for an Interest may be accepted or rejected, in whole or in part, in the discretion of the General Partner or the Administrator on its behalf. All subscriptions are irrevocable unless otherwise determined by the General Partner in its sole discretion. If a subscription request is not accepted, the subscription funds will be reimbursed to the subscriber.

All Subscription Documents must be received by the Administrator at least five Business Days before the requested Offering Date or such shorter period as the General Partner may determine. Subscription funds must be credited to the Partnership's subscription account two Business Days before the requested Offering Date in order for a subscription to be accepted as of the requested Offering Date, unless the untimeliness is waived by the General Partner; provided that no such waiver will occur after the fifth Business Day following the requested Offering Date. Pending acceptance of a subscription and issuance of an Interest, subscription funds will be held in the Partnership's subscription account at the Administrator. No interest will be paid on subscription amounts from the date of receipt until the subscription is accepted at an Offering Date.

Placement of Interests: The Interests are being offered directly by the Partnership. There are no selling commissions payable from subscription amounts; however, with the consent of the General Partner, the Partnership may elect to compensate one or more persons that are registered broker-dealers with an amount equal to a portion of the Incentive Allocation otherwise allocable to the General Partner and/or a portion of the Management Fee otherwise payable to the Investment Manager.

Suitability: The Partnership will accept subscriptions only from a limited number of sophisticated individuals and entities that are (i) "accredited investors" within the meaning of Regulation D under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and (ii) "qualified purchasers" under the U.S. Investment Company Act of

1940, as amended (the "**1940 Act**"). The General Partner, in its sole discretion, may decline to admit any subscriber for any reason.

ERISA, Tax-Exempt and Non-US Investors:

The Partnership will not admit as Partners entities that are subject to the Employee Retirement Income Security Act of 1974 as amended ("**ERISA**"), other tax-exempt entities or non-U.S. persons. Such investors may, however, be eligible to invest in Platinum Offshore.

Liquidity

Withdrawal of Interests:

Subject to certain restrictions described in this Memorandum, a Limited Partner may withdraw all or a portion of its capital account balance as of the last day of each calendar month, and at such other times as the General Partner will, in its sole discretion, permit (each, a "**Withdrawal Date**"), upon not less than thirty (30) days' prior written notice to the Administrator and the Investment Manager (subject to the discretion of the General Partner to waive such notice). The withdrawal price will be based on the Net Asset Value of the Partnership (as defined under "*Net Asset Valuation*" below) as of the relevant Withdrawal Date (which reflects accrued organizational and operational expenses of the Partnership and the Partnership's pro rata share of such expenses relating to the Master Fund, as well as any Incentive Allocations allocable on withdrawal with respect to the withdrawn Interest). The Partnership, in the discretion of the General Partner, also may charge the withdrawing Partner an amount to offset the estimated cost of effecting such withdrawal, including, without limitation, any costs of selling securities in order to effect payment of the withdrawal amount. Any such amounts will be for the benefit of the Partnership.

The Partnership intends to pay at least ninety-five percent (95%) of the withdrawal price, and may pay more than 95% of the withdrawal price in the discretion of the Investment Manager in consultation with the General Partner, within thirty (30) days after the applicable Withdrawal Date and the balance thereof (subject to audit adjustments) will be paid without interest within thirty (30) days after completion of the audit of the Partnership's books for such fiscal year. Such payments will be made in cash. (See "*Net Asset Valuation*" herein.)

If a partial withdrawal would result in a Limited Partner having an aggregate capital account balance of $250,000 or

less (or such other minimum amount as may be determined by the General Partner in its sole discretion), then the Partnership will have the right either to (i) refuse to honor such request for a partial withdrawal or (ii) compel the withdrawal of such Limited Partner's entire Interest.

If a Limited Partner provides more than thirty (30) days' prior notice of a withdrawal, after receiving such notice, the General Partner may, upon at least 24 hours' notice to the Limited Partner (via email or otherwise), exercise its discretion pursuant to the Partnership Agreement to determine the Withdrawal Date and effect the relevant withdrawal at any time prior to the requested Withdrawal Date. For example, if a Limited Partner gives notice on May 1 of its intention to withdraw its Interest effective June 30, the General Partner may give notice to the Limited Partner that its Withdrawal Date will be brought forward to May 31 and pay withdrawal proceeds based on the Partnership's Net Asset Value as of such date.

Suspension of Withdrawals: The General Partner will suspend withdrawals of Interests during any period in which the calculation of the Net Asset Value of the Partnership or the Net Asset Value of the Interests has been suspended. (See "*Net Asset Valuation - Suspension of Calculation*" herein.)

Mandatory Withdrawals: The Partnership may compulsorily withdraw the Interests of any Limited Partner at any time, for any reason or for no reason, in the sole discretion of the General Partner. (See "*Withdrawals*" herein.)

This mandatory withdrawal right may be exercised by sending notice (including e-mail notice) to the Limited Partner or any agent of the Limited Partner listed in the Subscription Documents.

Freezing Withdrawals: If the General Partner believes that a Limited Partner is a "prohibited investor" as described in the Subscription Documents or has otherwise breached its representations and warranties to the Partnership, the Partnership may, following the withdrawal of an Interest, freeze and segregate the withdrawal proceeds in accordance with applicable laws and regulations.

Distributions: It is the present policy of the Partnership to reinvest any dividends or other income it may receive through the Master Fund. If the General Partner determines that the assets of the Master Fund exceed a size that can be effectively invested by the Master Fund in accordance

	with its investment strategies and objectives, the General Partner may elect to make distributions to the limited partners of the Master Fund, including to the Partnership. Such distributions will be made in cash. It is anticipated that any such distributions to the Partnership will in turn be distributed by the Partnership to the Partners. Except for such distributions, if any, Limited Partners are not expected to receive current distributions in respect of their Interests.
Transfers:	Interests are not transferable without the prior written consent of the General Partner, which consent may be withheld in its sole discretion.
Net Asset Valuation:	The Net Asset Value of the Partnership and the Net Asset Value of the Interests will be determined by the Administrator and calculated as of the close of business on the last Business Day of each month and on such other dates as may be determined by the General Partner in its sole discretion (collectively, "**Valuation Dates**").
Regulatory Matters:	The Investment Manager is a "relying adviser" on the Form ADV filed by its affiliate, Platinum Management (NY) LLC, with the U.S. Securities and Exchange Commission (the "**SEC**") under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). Neither the Investment Manager nor the General Partner is registered as a commodity pool operator ("**CPO**") with the U.S. Commodity Futures Trading Commission ("**CFTC**") pursuant to an exemption under CFTC Regulation 4.13(a)(3) or as a commodity trading advisor. Neither the Partnership nor the Master Fund is registered as an investment company under the 1940 Act.
Brokerage and Custodial Arrangements:	The Master Fund may execute and clear its transactions through a variety of brokers and clearing firms (together with all other brokers, the "**Brokers**"). Brokers will be selected by the Investment Manager on the basis of obtaining the best overall terms available, which the Investment Manager will evaluate based on a variety of factors, including the ability to achieve prompt and reliable executions at favorable prices, the operational efficiency with which transactions are effected, the quality of service, reputation, corporate access, the competitiveness of the commission rates, the securities lending arrangements available from the Broker, the Broker's ability to protect

the Master Fund's trading patterns, positions and strategies from the broader market and the financial strength, integrity and stability of the Broker.

The Investment Manager may receive "soft dollar" benefits that fall within the safe harbor of Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, as well as capital introduction benefits that may fall outside of Section 28(e).

Tax Considerations: The General Partner intends to operate the Partnership as a partnership and not as an association or a publicly traded partnership taxable as a corporation for U.S. federal tax purposes. Accordingly, the Partnership does not expect to be subject to U.S. federal income tax, and each Limited Partner will be required to report on its own annual tax return such Limited Partner's distributive share of the Partnership's taxable income or loss. (See "*Certain Tax Considerations*" below.)

Reports to Limited Partners: Limited Partners will receive annual audited financial statements within 180 days of the fiscal year end or as soon as reasonably practicable thereafter.

Fiscal Year: The fiscal year of the Partnership ends on December 31.

Business Day: Any day, excluding Saturday, Sunday and any other day on which banking institutions or stock exchanges in New York, New York are authorized or obligated to close.

Legal Counsel: Schulte Roth & Zabel LLP ("**SRZ**") serves as U.S. legal counsel to the Partnership, the Master Fund, the General Partner and the Investment Manager.

Walkers serves as Cayman Islands legal counsel to the Master Fund.

SRZ's representation of the Partnership, the Master Fund, the Investment Manager, the General Partner (the "**Platinum Parties**") and their respective affiliates and Walkers' representation of the Master Fund and its affiliates is limited to specific matters as to which they have been consulted by the Platinum Parties. There may exist other matters that could have a bearing on the Platinum Parties and their respective affiliates as to which they have not been consulted. In addition, SRZ and Walkers do not undertake (nor do they intend) to monitor the compliance of the Investment Manager, the General Partner and their respective affiliates with the investment program, valuation procedures and other guidelines set

	forth in this Memorandum, nor do they monitor compliance with applicable laws. In their review of this Memorandum, SRZ and Walkers relied upon information furnished to them by the Platinum Parties and/or their respective affiliates, and did not investigate or verify the accuracy and completeness of information set forth herein concerning the Platinum Parties and their respective affiliates and personnel. SRZ and Walkers do not represent any prospective purchasers of Interests in connection with the offering and will not be representing the Limited Partners.
Auditors:	The Partnership's independent auditor is BDO Seidman LLP.
Additional Information:	Requests for additional information should be directed to the Investment Manager or to the Administrator, whose respective contact information appears in the Directory.
Use of this Memorandum:	This Memorandum is important and should be read in its entirety before an investor decides whether to subscribe for any Interests in the Partnership. Each investor should consult with its financial, legal or tax advisors, as needed, before making an investment decision.
Amendments:	This Memorandum (including without limitation the investment strategy, Financial Instruments, risk factors, conflicts of interest, terms pursuant to which the Investment Manager provides its services, and terms of capital contributions by Limited Partners) may be amended or supplemented at any time and from time to time by the General Partner in its sole discretion, subject either to the consent of the Limited Partners or notice and an opportunity for such Limited Partners to withdraw their Interests without penalty, if applicable.

INTRODUCTION

Platinum Partners Liquid Opportunity Fund (USA) L.P. (the "**Partnership**") is a Delaware limited partnership formed in March 2009.

The Partnership is a limited partner of, and invests substantially all of its assets in, Platinum Partners Liquid Opportunity Master Fund L.P. (the "**Master Fund**"), a Cayman Islands exempted limited partnership, though the Partnership may make investments outside of the Master Fund when deemed appropriate for tax, legal or regulatory reasons. The Master Fund acts as a central investment mechanism for the Partnership and Platinum Partners Liquid Opportunity Fund (International) Ltd. ("**Platinum Offshore**"), a Cayman Islands exempted company formed primarily for the benefit of non-U.S. persons and tax-exempt U.S. persons. Other limited partners may be admitted to the Master Fund at future dates.

The Master Fund was formed under the laws of the Cayman Islands in April 2009.

The investment manager of the Partnership and the Master Fund is Platinum Liquid Opportunity Management (NY) LLC, a Delaware limited liability company (the "**Investment Manager**"). The general partner of the Partnership and the Master Fund is Platinum Liquid Opportunity GP LLC, a Delaware limited liability company (the "**General Partner**").

INVESTMENT OBJECTIVE AND STRATEGIES

Investment Objective

The investment objective of the Partnership is to achieve superior capital appreciation through its investment in the Master Fund. The Master Fund is a multi-strategy hedge fund that seeks to achieve superior returns while attempting to minimize downside risk. The strategies that are employed by the Master Fund include, but are not limited to, Asia-based arbitrage, long/short equity fundamental, quantitative, macro and opportunistic and volatility arbitrage.

Every strategy employed by the Master Fund begins by identifying downside risk. Limiting downside exposure is an important objective of the Master Fund. In this regard, the Investment Manager employs a downside risk strategy that focuses on managing the portfolio of the Master Fund with the goal of avoiding a significant net asset decline.

Certain Investment Strategies

The following are among the investment strategies expected to be employed, directly or indirectly, by the Master Fund.

Asia-Based Arbitrage. The Master Fund may engage in various arbitrage strategies, which include investments in debt secured by the common or preferred stock of exchange-listed, rapidly growing companies in emerging market countries. These investments typically seek to profit from fundamental research and exploit differences in the availability of capital in emerging market economies. Strategy risks include volatility, credit risk, and political risk. Risks are generally controlled via the use of position and concentration limits, extensive credit research

and due diligence. In addition, this strategy may utilize currency hedging techniques including investments in futures and forward currency contracts which are intended to eliminate Master Fund exposure to foreign currency movements and to mitigate country specific political risk.

Energy Volatility Arbitrage. The Master Fund may employ a strategy that includes investments in exchange-listed futures, options and options on futures contracts that are intended to profit from volatility spreads in the options markets of major world energy exchanges. Strategy risks include volatility risks and position concentration risks. Risks are managed by stress testing market moves and volatility moves to ensure risks are within strategy risk limits. In addition, risks are controlled by generally being net long options, often including being long wing options thereby protecting against "event risk."

Long/Short Fundamental Equity. The Master Fund may employ a long/short equity trading strategy, which typically includes investments in long and short equities, based upon the fundamental research of the portfolio managers. Strategy risks include gross exposure, net exposure, concentration and alpha risks. In order to hedge concentration risks, the Investment Manager generally does not allow managers to take positions greater than 10% of the Master Fund's capital. Portfolio Managers are also given limits on their individual net exposures, limiting the amount of net exposure the Master Fund will have. The goal is to keep net exposure low: less than 15% to the overall market indices and usually substantially less. Depending on the overall net exposure of the equity portfolio managers, the Master Fund may hedge undesired excess net exposure over a specified threshold. Alpha risk is mitigated by hiring experienced Portfolio Managers who have a history of stock picking. Additionally, when Portfolio Managers do not achieve desired risk-reward targets, their portfolios are either cut or eliminated.

Opportunistic / Macro / Quantitative. The Master Fund may engage in various other strategies, which include investments in equities, fixed income, currency, futures and ETFs based on fundamental themes as well as investments in undervalued, liquid situations across a broad range of asset classes, industries and markets that are not traditionally the focus of broader Master Fund investment activity. Strategy risks include slippage and non-performance due to evolving market trends. These risks are mitigated by choosing investments that target more "niche" factors that are not actively being pursued by traditional global macro funds and by constantly monitoring performance in real time to spot changing market dynamics so that a position can either be discontinued or adjustments made in an attempt to sustain performance.

Illiquid Strategies. The Master Fund may invest up to 10% of its capital in illiquid strategies (not including strategies which the Investment Manager expects to be liquid at the time of investment but later become illiquid).

Other. The Master Fund is opportunistic and may also engage in other strategies and one-off opportunities in the sole discretion of the Investment Manager.

Investment Techniques

To achieve its investment objectives, the Master Fund invests and trades in U.S. and non-U.S. equity and debt securities; currencies, futures, forward contracts, and other commodity interests; options, swaps and other derivative instruments; and other instruments and investments

(collectively, "**Financial Instruments**"). Moreover, in order to implement the investment strategies of the Master Fund described above, the Investment Manager uses a variety of investment techniques.

The Master Fund may invest in options on stocks, bonds, currencies or market indices, thereby allowing the Master Fund to leverage its returns from specific Financial Instruments. Options may also be used to hedge against, or profit from, sudden fluctuations in markets. The level of cash and cash equivalents held by the Master Fund may vary from time to time and the Master Fund may also invest in longer-term debt instruments. When deemed appropriate by the Investment Manager, the Master Fund may also invest in warrants, convertible securities, government securities, corporate bonds (both investment grade and high yield) and repurchase and reverse repurchase agreements. The Master Fund is not limited in the types of Financial Instruments in which it may invest, the positions it may take (i.e., long or short), the use of leverage, or the concentration of its assets in particular investments.

The Investment Manager may also employ over-the-counter or forward contracts, or options on such contracts, in managing the investments of the Master Fund, which also involve the future purchase or sale of Financial Instruments, market indices or other commodities. The Investment Manager may engage in short sales. Such positions may be taken as part of a basic trading strategy or as hedging tools. Such contracts may be traded on recognized futures exchanges or may be negotiated, or "over-the-counter," Financial Instruments.

The Master Fund may invest its excess funds in short-term investments, including U.S. Government securities, money market funds, commercial paper, certificates of deposit and bankers' acceptances.

The Investment Manager will have considerable flexibility in seeking the most profitable investment opportunities for the Master Fund. Allocations of capital to Portfolio Managers and among investment strategies are subject to frequent change and there can be no assurances that the investment strategies described above will continue to be pursued by the Investment Manager. Accordingly, the Master Fund may take advantage of opportunities in investment vehicles that are not presently contemplated for use by the Master Fund or that are not currently available to the extent such opportunities are both consistent with the Master Fund's investment objectives and legally permissible for the Master Fund. This will allow the Master Fund to react to changes in the market and seek to capitalize on attractive opportunities that arise.

The investment objectives and policies summarized above represent the Investment Manager's current intentions. Depending on conditions and trends in Financial Instruments markets and the economy generally, the Investment Manager may pursue other objectives or employ other strategies and techniques it considers appropriate and in the best interest of the Master Fund.

The Master Fund's investment program is speculative and entails substantial risks. Because risks are inherent in all Financial Instrument investments to varying degrees, there can be no assurance that the investment objectives of the Master Fund will be achieved. Some investment practices that may or will be employed by the Master Fund can, in certain

circumstances, substantially increase the risks to which the investment portfolio of the Master Fund is subject. (See "*Risk Factors*" herein.)

THE INVESTMENT MANAGER, THE GENERAL PARTNER AND THE INVESTMENT TEAM

The Investment Manager

Platinum Liquid Opportunity Management (NY) LLC, a Delaware limited liability company, serves as the Investment Manager of the Partnership and the Master Fund. The Investment Manager has full discretionary authority and responsibility to invest and re-invest the assets of the Partnership and the Master Fund pursuant to an Investment Management Agreement among the Investment Manager, the Partnership, the Master Fund and the other parties thereto (the "**Investment Management Agreement**"). In addition, the Investment Manager is responsible for the selection of service providers in connection with the investment program of the Partnership and the Master Fund, and may also, from time to time, assist the Administrator in the calculation of the Net Asset Value of the Partnership (as defined below).

The Investment Manager is a "relying adviser" on the Form ADV filed by its affiliate, Platinum Management (NY) LLC, with the U.S. Securities and Exchange Commission (the "**SEC**") under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**").

Neither the Investment Manager nor the General Partner is registered with the Commodity Futures Trading Commission (the "**CFTC**") as a commodity pool operator ("**CPO**") pursuant to an exemption under CFTC Regulation 4.13(a)(3) or as a commodity trading advisor.

Neither the Investment Management Agreement nor the Partnership Agreement restricts the Investment Manager, the General Partner or their members, principals, officers, employees and affiliates (such members, principals, officers, employees and affiliates, collectively, the "**Affiliates**") from entering into other investment advisory relationships or engaging in other business activities with other investment funds (which may or may not have similar investment strategies and objectives and compensation arrangements as the Partnership or the Master Fund) even though such activities may be in competition with the Partnership or the Master Fund and/or may involve substantial amounts of the General Partner's, the Investment Manager's or their Affiliates' time and resources. (See "*Risk Factors*" and "*Conflicts of Interest*" herein.)

The Investment Management Agreement may be terminated by any party thereto at the close of business on the last day of any fiscal year upon at least 30 days' prior written notice to the other parties.

The Investment Management Agreement provides that the Investment Manager and each of its Affiliates, consultants, independent contractors and agents (each, an "**IMA Indemnified Person**") who was or is made a party to, or is threatened to be made a party to, or is involved in, will not be liable for, and will be indemnified by each of the Partnership and the Master Fund from and against any and all losses, claims, damages, liabilities (joint and/or several), expenses, judgments, fines, settlements and other amounts ("**Losses**") that relate to any threatened, pending or contemplated action, suit or proceeding, whether civil or criminal, administrative, arbitrative

or investigative (each, a "**Proceeding**") or any appeal in or from any Proceeding, relating to such IMA Indemnified Person's performance or participation in the performance of duties or the rendering of advice or consultation with respect thereto, or that relate to, the Partnership, the Master Fund, their business or their affairs except to the extent those Losses arise from actions or failures that constitute gross negligence or a willful violation of law by the IMA Indemnified Person.

The Investment Management Agreement may not be assigned by the Partnership or the Master Fund, on the one hand, or the Investment Manager, on the other, without the consent of the other, except that the Investment Manager may, without consent, assign its rights under the Investment Management Agreement to and cause its obligations under that agreement to be assumed by, in whole or in part, one or more persons or entities who control, are controlled by, or are under common control with the Investment Manager or the person or persons who control the Investment Manager immediately prior to such assignment.

The General Partner

Platinum Liquid Opportunity GP LLC, a Delaware limited liability company, serves as the General Partner of the Partnership and the Master Fund.

The Team

Mark Nordlicht
Chairman and Chief Investment Officer

Mark Nordlicht is the founder of the Investment Manager and the General Partner. Mr. Nordlicht has over 21 years of experience in the investment industry and is responsible for oversight of all trading, asset allocation and risk management on behalf of the Platinum-managed funds. Mr. Nordlicht founded Platinum Energy Resources and Platinum Diversified Mining, publicly traded oil & natural gas and mining companies, respectively. Mr. Nordlicht is also the founder and served as non-executive Chairman of Optionable, Inc., a brokerage firm for energy options, until May 1, 2007. From 1997 to 2001, Mr. Nordlicht was a founder and managing partner of West End Capital, a New York-based money management firm. In 1991, Mr. Nordlicht founded Northern Lights Trading and was its general partner until 2000. Northern Lights Trading was a proprietary options firm based in New York which employed traders in the cotton, coffee, natural gas, crude oil, gold, and silver option trading pits. Mr. Nordlicht graduated from Yeshiva University with a B.A. in Philosophy.

Uri Landesman
President

Uri Landesman became the President of the Investment Manager effective as of April 2010 and the managing member as of January 1, 2011. Mr. Landesman has over 26 years of experience in the investment industry and shares responsibility with Mr. Nordlicht for all trading, asset allocation and risk management on behalf of the Platinum-managed funds. Most recently, Mr. Landesman spent 4 years at ING Investment Management, where he was Head of Global Growth and Chief Equity Strategist and managed and oversaw $3.5 billion in assets. From 2000 to 2002, Mr. Landesman was Director of Global Research and Head of International Equities at

Federated Investments. Prior to working at Federated Investments, Mr. Landesman spent 2 years as a Partner at Arlington Capital, a Long/Short Equity hedge fund. From 1993 to 1999, Mr. Landesman worked at JP Morgan Investment Management as a Senior Portfolio Manager in US large cap growth and as an Analyst in Technology Media Telecom. From 1988 to 1992, Mr. Landesman was an Analyst at Great Lakes Capital, an Event Driven investment partnership. He began his career at Sanford C. Bernstein & Company in 1985 as a materials and energy analyst. Mr. Landesman graduated *summa cum laude* from Yeshiva University with a B.A. in Psychology.

The Portfolio Managers. The Investment Manager has granted trading authority over certain portions of the Master Fund's assets, and/or the assets of subsidiaries of the Master Fund that specialize in trading and/or investing in certain types of Financial Instruments, to individuals or entities who generally are independent contractors selected by the Investment Manager (the "**Portfolio Managers**") pursuant to written agreements. The Investment Manager monitors the trading activities of the Portfolio Managers. The Portfolio Managers chosen by the Investment Manager to trade the Master Fund's and/or the subsidiaries' assets generally are selected on the basis of their expertise in a particular style or area of investing. Each Portfolio Manager's compensation is linked to the performance of his or its respective trading portfolio, and certain Portfolio Managers may also receive a fixed draw or payment at the discretion of the Investment Manager. Certain Portfolio Managers conduct their trading activities on the premises of the Investment Manager, while others operate independently outside of the Investment Manager's principal office. Onsite Portfolio Managers are provided access to the Investment Manager's computers, research, software and other trading tools as necessary or desirable to implement their trading strategies.

RISK FACTORS

There is a high degree of risk associated with the purchase of Interests of the Partnership, and any such purchase should be made only after consultation with independent qualified sources of investment, legal and tax advice. No person should consider subscribing for more than he or she can comfortably afford to lose.

The identification of attractive investment opportunities is difficult and involves a significant degree of uncertainty. Returns generated from the Partnership's investments may not adequately compensate Limited Partners for the business and financial risks assumed. The Partnership will be subject to market risks common to investing in all types of Financial Instruments, including market volatility. Subscribers should consider the following risks before subscribing for Interests.

Investment Risks

Investment and Trading Risks in General

An investment in any type of Financial Instrument bears the risk of loss of capital. As with any investment approach or strategy, no assurances can be given that the Investment Manager's strategy and methodology will be successful or that the Partnership's or the Master

Fund's investment objectives will in fact be realized. Any past success with any strategy or methodology cannot assure future results.

General Economic and Market Conditions

The success of the Master Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Master Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the Master Fund's investments. Volatility or illiquidity could impair the Master Fund's profitability or result in losses. The Master Fund may maintain substantial trading positions that could be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss.

Availability of Investments; No Assurance of Investment Return

The task of the Investment Manager of: (i) identifying and evaluating investment opportunities, including the best entry point to invest in an asset, (ii) managing such investments and (iii) realizing a return for investors, is difficult. In addition to the volatility and unpredictability of the markets, certain markets in which the Master Fund may invest are very competitive for attractive investment opportunities and, as a result, there may be reduced investment returns. Many firms competing with the Master Fund have substantially greater financial resources and research staff. A number of organizations operated by persons of competence and integrity have been unable to make, manage and realize such investments successfully. There is no assurance that the Master Fund will be able to invest its capital on attractive terms or generate the desired returns for the Limited Partners.

Availability and Accuracy of Public Information

The Investment Manager selects investments for the Master Fund, in part, on the basis of information and data filed by issuers with various government regulators or made available to the Investment Manager by the issuers or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and may seek independent corroboration when the Investment Manager considers it appropriate and when independent corroboration is reasonably available, the Investment Manager often will not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

Misrepresentation

Of paramount concern with respect to certain types of investment activities is the possibility of material misrepresentation or omission on the part of a counterparty. Such inaccuracy or incompleteness may adversely affect the valuation of an asset on behalf of the Master Fund. The Master Fund relies upon the accuracy and completeness of representations

made to counterparties to the extent reasonable, but cannot guarantee that such representations are accurate or complete. Under certain circumstances, payments to the Master Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Equity Risks

The Master Fund expects to invest in equity and equity derivative securities. The value of these Financial Instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Master Fund may suffer losses if it invests in equity securities of issuers whose performance diverges from the Investment Manager's expectations or if equity markets generally move in a single direction and the Master Fund has not hedged against such a general move. In its equity derivatives and private placements businesses, the Master Fund is exposed to risks that issuers will not fulfill their contractual obligations to the Master Fund, such as delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Private Placements and Unregistered Securities

The Master Fund may invest in equity, convertible securities and fixed income obligations, the disposition of which may be restricted under applicable U.S. securities laws. Whether or not so restricted, the market to resell such securities may be illiquid. Therefore, such investments may be required to be held for a lengthy period of time or, if the Master Fund were forced to liquidate its position in such securities, such liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such investment.

Certain private investments made by the Master Fund will share many of the same risk characteristics as venture capital investing, offering the opportunity for significant gains, but also involving a high degree of risk, including the complete loss of capital. Among these risks are the general risks associated with investing in companies operating at a loss or with substantial variations in operating results from period to period and investing in companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including competition from companies with greater financial resources, more expansive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. The Master Fund may invest in the form of equity or "equity-linked" securities. As a result, the rights or claims of the Master Fund may be subordinate to those of other parties, including debt or senior equity holders, in the event of the failure of any portfolio company. Portfolio companies may be thinly traded and under-capitalized and therefore may be more sensitive to adverse business or financial developments. In the event that a portfolio company is unable to generate sufficient cash flow or raise additional equity capital to meet its projected cash needs, the value of the Master Fund's investment in such portfolio company could be significantly reduced or lost entirely.

Trading in Financial Instruments May be Illiquid

Certain investment positions of the Master Fund may be highly illiquid; provided, that the Investment Manager will limit the Master Fund's aggregate investments in illiquid strategies to 10% of its aggregate capital (not including any strategies that the Investment Manager expects to be liquid at the time of investment but later become illiquid). Certain investment strategies may require that the Master Fund invest in Financial Instruments for which no secondary markets exist and for which none are expected to develop. For example, the Master Fund may invest in derivative contracts, bank debt, interests in legal claims, bonds and other securities, whether publicly traded or issued in a private placement, of financially troubled companies as well as illiquid over-the-counter securities, non-publicly traded securities, mortgage-backed securities and securities traded on foreign exchanges. Futures positions may be illiquid as described below under "*Risk Factors--Trading in Commodities, Futures and Options.*"

Trading in Commodities, Futures and Options

The Master Fund may purchase futures or options contracts. Substantially all trading in commodities and futures has as its basis a contract to purchase or sell a specified quantity of a particular asset for delivery at a specified time, although certain Financial Instruments, such as market index futures contracts, may be settled only in cash based on the value of the underlying composite index. Futures trading involves trading in contracts for future delivery of standardized, rather than specific, lots of particular assets.

(i) *Volatility*: Futures prices are highly volatile. Price movements for the futures contracts which the Master Fund may trade are influenced by, among other things, changing supply and demand relationships, government, trade, fiscal, and economic events, and changes in interest rates. Governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly.

(ii) *Position Limits*: The CFTC has jurisdiction to establish, or cause exchanges to establish, position limits with respect to all commodities traded on exchanges located in the U.S. and may do so, and any exchange may impose limits on positions on that exchange. No such limits presently exist in the forward contract market or on certain non-U.S. exchanges. Insofar as such limits do exist, all commodity accounts (including the Master Fund's accounts) owned, held, controlled or managed by the Investment Manager may be combined (that is, aggregated) for position limit purposes. The existence of these limits may reduce the liquidity of the Master Fund's positions.

(iii) *Price Limits*: U.S. commodity exchanges may limit fluctuations in futures contracts prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." In addition, even if futures prices have not moved the daily limit, the Investment Manager may not be able to execute futures trades at favorable prices if little trading in such contracts is taking place (a "thin" market).

(iv) *Margin*: Futures are typically traded on "margin." The "margin" is the amount of escrow or performance bond deposit that the Master Fund will have to make and maintain with its futures commission merchants (futures brokers) to secure its future obligation to close out

open positions. The initial margin requirements may be satisfied by the deposit of cash (or, in some U.S. markets, certain U.S. Government obligations). The open positions must be "marked to market" daily, requiring additional margin deposits if the position reflects a loss that reduces the Master Fund's equity below the level required to be maintained and permitting release of a portion of the deposit if the position reflects a gain that results in excess margin equity. The level of margin that must be maintained for a given position is sometimes subject to increase, requiring additional cash outlays. In the futures markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold. Such low margin deposits are indicative of the fact that any futures contract trading typically is accompanied by a high degree of leverage. Because margin requirements normally range upward from as little as 2% or less of the total value of the contract, a comparatively small commitment of cash or its equivalent may permit trading in futures contracts of substantially great value. As a result, price fluctuations may result in a contract profit or loss that is disproportionate to the amount of funds deposited as margin. Such a profit or loss may materialize suddenly, since the prices of futures frequently fluctuate rapidly and over wide ranges, reflecting both supply and demand changes and changes in market sentiment.

(v) *Size of the Partnership's Account*: Depending upon the size of the Master Fund's account, it may be difficult or impossible for the Investment Manager to take or liquidate a position in a particular commodity, method or strategy due to the size of the accounts which may be managed by the Investment Manager.

Leverage; Interest Rates; Margin

The Investment Manager intends to borrow funds on behalf of the Master Fund and expects that the Master Fund's investment portfolio will be highly leveraged in order to be able to increase the amount of capital available for marketable securities investments. The Investment Manager intends to also leverage the Master Fund's investment return with margin, options, commodity futures contracts, short sales, swaps, forwards and other derivative instruments. Certain over-the-counter ("**OTC**") securities require no margin to be deposited. In addition, in some cases, variation margin is not bilateral, whereby the Master Fund may, in a leveraged transaction, be required to pay variation margin to one party but receive no variation margin from the other party. The amount of borrowings which the Master Fund may have outstanding at any time may be large in relation to its capital. Consequently, the level of interest rates, generally, and the rates at which the Master Fund can borrow, in particular, will affect the operating results of the Master Fund.

In general, the Master Fund's anticipated use of short-term margin borrowings results in certain additional risks to the Master Fund. For example, should the securities pledged to brokers to secure the Master Fund's margin accounts decline in value, the Master Fund could be subject to "margin calls," pursuant to which it must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Master Fund's assets, it might not be able to liquidate assets quickly enough to pay off its margin debt.

The Master Fund may sell ("write") exchange-traded options on commodity futures contracts. The Master Fund is required to post margin with a clearing member of the appropriate

clearing corporation. The amount of minimum margin is generally computed using a "SPAN" analysis to determine minimum requirements or is increased after being subjected to further risk analysis by the clearing member. The Master Fund may also trade OTC options. Whether any margin deposit will be required for OTC options will depend on the credit determinations and agreement of the parties to the transaction.

Short Selling

The Investment Manager will engage in short selling for the Master Fund when deemed appropriate to its investment strategy. This practice may include situations where the Investment Manager believes, on the basis of its research and analysis, that the relevant security is overvalued, or that supply of such security is greater than that likely to be absorbed by current or future demand. The Investment Manager may also use short selling in an effort to limit the exposure of the Master Fund's portfolio or particular positions to price declines or fluctuations. Selling securities short involves selling securities that the Master Fund does not own. In order to make delivery to its purchaser, the Master Fund must borrow securities from a third-party lender. The Master Fund subsequently returns the borrowed securities to the lender by delivering to the lender securities purchased in the open market. Short selling inherently involves certain additional risks. Selling securities short creates the risk of losing an amount greater than the initial investment in a relatively short period of time and the theoretically unlimited risk of an increase in the market price of the securities sold short. Short selling can also involve significant borrowing and other costs, which can reduce the profit or create losses in particular positions.

Hedging Transactions

The Master Fund may engage in short sales and utilize derivative instruments such as options, futures, forward contracts, interest rate swaps, caps and floors, both for investment purposes and to seek to hedge against fluctuations in the relative values of the Master Fund's portfolio positions. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus potentially moderating the decline in the value of positions held in the portfolio. Such hedge transactions also limit the opportunity for gain if the value of a portfolio position should increase. Moreover, it may not be possible for the Master Fund to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that the Master Fund is not able to enter into a hedging transaction at a price sufficient to protect the Master Fund from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

The success of the Master Fund's hedging transactions will be subject to the Investment Manager's ability to correctly assess the relationships between groupings of securities within the Master Fund's portfolio, as well as, in the case of hedges designed to address currency exchange rate and interest rate fluctuations, to correctly predict movements in the direction of such rates. Therefore, while the Master Fund may enter into such transactions to seek to reduce market currency exchange rate and interest rate risks, incorrect assessments of relationships between groupings of securities and unanticipated changes in currency or interest rates may result in less favorable overall performance for the Master Fund than if it had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the

instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the Investment Manager may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Master Fund from achieving the intended hedge or expose the Master Fund to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Master Fund's portfolio holdings.

Speculative Positions Limits

The CFTC and certain commodity exchanges have established limits referred to as "speculative position limits" or "position limits" on the maximum net long or net short position which any person or group of persons may hold or control in particular futures and options. Limits on trading in options contracts also have been established by the various options exchanges and the U.S. Financial Industry Regulatory Authority ("**FINRA**"). The Investment Manager believes that established position limits will not adversely affect the Master Fund's contemplated trading. However, it is possible that the trading decisions of the Master Fund may have to be modified and that positions held by the Master Fund may have to be liquidated in order to avoid exceeding such limits. Such modification or liquidation, if required, could adversely affect the operations and profitability of the Master Fund.

Non-U.S. Investments

The Master Fund may invest in non-U.S. or U.S. securities denominated in foreign currencies and/or traded outside of the U.S. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the U.S. or foreign governments, the imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

There may be less publicly available information about certain foreign companies than would be the case for comparable companies in the U.S., and certain foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Securities markets outside the U.S., while growing in volume, have, for the most part, substantially less volume than U.S. markets, and many securities traded on these foreign markets are less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some non-U.S. markets is much slower and more subject to failure than in U.S. markets. There also may be less extensive regulation of the securities markets in particular countries than in the U.S.

Additional costs could be incurred in connection with the Master Fund's international investment activities. Foreign brokerage commissions and trading costs are generally higher than in the U.S. Expenses also may be incurred on currency exchanges when the Master Fund

changes investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of foreign laws to foreign custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the maintenance of assets in foreign jurisdictions.

Forward Trading

The Master Fund may trade forward contracts in the U.S. and in markets (including interbank markets) located outside the U.S. Forward contracts and options thereon, 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. In such a case, the Master Fund will be subject to the risk that a counterparty will be unable, or refuse, to perform with respect to such contracts. 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 that at which they were prepared to sell. Disruptions can occur in any market traded by the Master Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Investment Manager or the Portfolio Managers would otherwise recommend, to the possible detriment of the Master Fund. Market illiquidity or disruption could result in major losses to the Master Fund.

Non-U.S. Currencies

The Master Fund may invest a portion of its assets in Financial Instruments denominated in currencies other than the U.S. dollar and in other Financial Instruments, including futures, the price of which is determined with reference to currencies other than the U.S. dollar. The Master Fund will, however, value its securities and other assets in U.S. dollars. To the extent unhedged, the value of the Master Fund's assets will fluctuate with U.S. dollar exchange rates as well as with price changes of the Master Fund's investments in the various local markets and currencies. Thus, a change in the value of the U.S. dollar compared to the other currencies in which the Master Fund makes its investments will affect the prices of the Master Fund's securities in their local markets. The Master Fund also may utilize forward currency contracts, futures and options to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be implemented, or if implemented, will be effective.

Options

The Master Fund may purchase and sell ("write") options on Financial Instruments on national and international commodities and securities exchanges and in the domestic and international OTC market. The seller ("writer") of a put option which is covered (e.g., the writer has a short position in the underlying security, currency or commodity) assumes the risk of an

increase in the market price of the underlying security, currency or commodity above the sales price (in establishing the short position) of the underlying security, currency or commodity plus the premium received, and gives up the opportunity for gain on the underlying security, currency or commodity below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security, currency or commodity 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. If the buyer of the put holds the underlying security, currency or commodity, the loss on the put will be offset in whole or in part by any gain on the underlying security, currency or commodity.

The writer of a call option which is covered (e.g., the writer holds the underlying security, currency or commodity) assumes the risk of a decline in the market price of the underlying security, currency or commodity below the purchase price of the underlying security, currency or commodity less the premium received, and gives up the opportunity for gain on the underlying security, currency or commodity 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, currency or commodity above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, currency or commodity, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security, currency or commodity.

Options may be cash settled, settled by physical delivery or by entering into a closing purchase transaction. In entering into a closing purchase transaction, the Master Fund may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written.

Swap Agreements

The Master Fund may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Master Fund's exposure to long-term or short-term interest rates (in the U.S. or abroad), foreign currency values, mortgage securities, corporate borrowing rates, or other factors such as security prices, baskets of equity securities, or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Master Fund is not limited to any particular form of swap agreement if the Investment Manager determines it is consistent with the Master Fund's investment objective and policies.

Swap agreements tend to shift the Master Fund's investment exposure from one type of investment to another. For example, if the Master Fund agrees to exchange payments in dollars for payments in foreign currency, the swap agreement would tend to change the Master Fund's exposure to U.S. interest rates and its exposure to foreign currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the

Master Fund's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Master Fund. If a swap agreement calls for payments by the Master Fund, it must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Master Fund.

Repurchase and Reverse-Repurchase Agreements

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

Risks of Early-Stage Companies

The Master Fund may invest in privately-placed securities of companies at an early stage of development, which involves a high degree of business and financial risk. Early-stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses.

Control Issues

Although the Master Fund may seek protective provisions, including, possibly, board representation, in connection with certain of its private equity investments, to the extent that the Master Fund takes minority positions in companies in which it invests, it may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies.

Highly-Leveraged Companies

Investments in private equity of highly-leveraged companies involve a high degree of risk. Some of the Master Fund's investments in companies may involve leverage, which in turn will increase the exposure of such companies to adverse economic factors such as downturns in the economy or deterioration in the conditions of such companies or their respective industries. In the event any such company cannot generate adequate cash flow to meet debt service, the

Master Fund may suffer a partial or total loss of capital invested in the company, which, depending on the size of the Master Fund's investments, could adversely affect the return on the capital of the Master Fund.

Securities Lending

Some of the securities held by the Master Fund may be pledged as collateral for the margin accounts, which subjects the Master Fund to the risks associated with such pledging arrangements. The Master Fund may also engage in additional programs of securities lending. To the extent the Master Fund engages in securities lending, there may be risks of delay and costs involved in the recovery of securities or even losses, should the borrower of the securities have financial difficulty or otherwise fail to meet its obligations under the securities lending arrangement.

While the Master Fund expects to receive collateral in connection with the lending of securities, there is the risk that the price of the securities could increase while they are on loan and that the collateral will be inadequate to cover their value. In general, it is expected that the Master Fund's securities lending agent will seek to consider all relevant facts and circumstances, including the creditworthiness of the broker, dealer or other borrower, in making decisions with respect to the lending of securities, although this cannot be assured.

Portfolio Manager Compensation

Allocation by the Investment Manager to Portfolio Managers, rather than investing the Partnership's assets directly in Financial Instruments, significantly increases the fees, allocations and expenses payable by the Partnership because the Portfolio Managers charge their own fees, allocations and expenses, which are in addition to the Incentive Allocation and expenses incurred by the Partnership. The Portfolio Managers' incentive fees and allocations will be based on the individual performance of each Portfolio Manager, irrespective of the overall performance of the Partnership. The fact that incentive fees and allocations are individually calculated exposes the Partnership to the risk of paying a Portfolio Manager during periods when the Net Asset Value of the Partnership decreases and of having its assets actually depleted by incentive fee payments.

Offsetting Investments

The Portfolio Managers at times may hold economically offsetting positions. To the extent that the Portfolio Managers do, in fact, hold such positions, the Partnership, considered as a whole, may not achieve any gain or loss despite incurring expenses.

Possible Licensing Requirements

The Master Fund may be required to obtain various licenses in order to make, hold or dispose of certain investments. The Master Fund has not applied for these licenses and may not do so. The Investment Manager expects that if the Master Fund is required to obtain any such licenses, this process will be costly and may take several months. There is no assurance that the Master Fund will obtain all of the licenses that it desires or that the Master Fund would not experience significant delays in seeking these licenses. Furthermore, the Master Fund will be subject to various information and other requirements in order to maintain these licenses, and

there is no assurance that the Master Fund will satisfy those requirements. The Master Fund's failure to obtain or maintain licenses might restrict its investment options and have other adverse consequences for the Master Fund.

Fund Risks

Limited Operating History

The Partnership and the Master Fund are recently formed and therefore have limited operating history upon which potential investors may evaluate their future performance. The past investment performance of the Partnership, the Master Fund, Platinum Partners Value Arbitrage Fund (USA) L.P., Platinum Partners Value Arbitrage Fund (International) Limited (collectively, "**Platinum Arbitrage**"), Mark Nordlicht, Uri Landesman and/or any of the entities with which they have been associated should not be construed as an indication of the future results of an investment in the Partnership.

No Participation in Management

Limited Partners have no right or power to take part in the management or control of the business of the Partnership or the Master Fund. Investment and trading decisions for the Master Fund are made by the Investment Manager. Limited Partners must rely solely on the judgment of the Investment Manager in selecting investments and trades and should not invest in the Partnership unless they are willing to entrust all aspects of the portfolio management of the Master Fund to the Investment Manager.

Dependence Upon Investment Manager

Investment and trading decisions made by the Investment Manager ultimately are based on the judgment of Mark Nordlicht and Uri Landesman. No assurance can be given that the Master Fund's investment and trading methods and strategies will be successful under any market conditions. If Mr. Nordlicht or Mr. Landesman were to die or become disabled or otherwise terminate his relationship with the Investment Manager, any such event could have a material adverse effect on the Partnership and its performance.

Substantial Fees and Expenses Payable Regardless of Profits

The Partnership will incur obligations to pay its share of brokerage commissions, option premiums and other transaction costs to the Brokers. The Partnership will incur its own and its pro rata share of the Master Fund's expenses, which includes compensation to and expenses of the Portfolio Managers. These expenses are payable, directly or indirectly, by the Partnership regardless of whether the Partnership realizes any profits as a whole.

Incentive Allocation

The allocation to the General Partner of twenty percent (20%) of the Partnership's net capital appreciation may create an incentive for the Investment Manager, an affiliate of the General Partner, to make investments that are riskier or more speculative than would be the case if this special allocation were not made. In addition, since the Incentive Allocation is calculated

on a basis which includes unrealized appreciation of the Partnership's assets, it may be greater than if such allocation were based solely on realized gains. The amount and terms of the Incentive Allocation were set by the General Partner without negotiation with any third party. The Portfolio Managers of the Master Fund generally will receive incentive compensation from the Master Fund based on the performance of their portfolios. Therefore, it is possible that certain of the Portfolio Managers may receive incentive compensation even though the Partnership, as a whole, does not have net capital appreciation. Additionally, the incentive compensation to the Portfolio Managers may create an incentive for the Portfolio Managers to cause the Master Fund to make investments that are riskier or more speculative than would be the case if they were paid only a fixed compensation. (See "*Fees, Allocations and Expenses*" herein.)

Layering of Fees, Allocations and Expenses

The Partnership's direct fees and expenses, including the Incentive Allocation, coupled with its pro rata share of the expenses of the Master Fund and the incentive-based compensation paid to the Portfolio Managers, results in multiple levels of fees, allocations and expenses. Accordingly, the Partnership's expenses may constitute a higher percentage of net assets than expenses associated with other investment entities.

Limited Liquidity

An investment in the Partnership is suitable only for sophisticated investors who have limited need for liquidity in this investment. The ability to transfer Interests will be restricted in accordance with the terms of the Partnership Agreement. No Limited Partner, directly or indirectly, may transfer its Interests without the prior written consent of the General Partner, who may withhold such consent for any reason or for no reason. Limited Partners may withdraw Interests only under limited circumstances as described in this Memorandum. (See "*Withdrawals*" below.)

Substantial Withdrawals

Limited Partners may withdraw Interests only in accordance with the terms of the Partnership Agreement. (See "*Withdrawals*" herein.) Substantial withdrawals of capital by the Partnership from the Master Fund in connection with Limited Partner withdrawals could require the Master Fund to liquidate investments more rapidly than otherwise desirable which could adversely affect the value of Interests.

Cross Class Liability

Each Class of Interests represents a separate account and will be maintained with separate accounting records. However, the Partnership will be treated as one entity. Thus, all of the assets of the Partnership will be available to meet all of the liabilities of every Class regardless of the separate portfolio to which such assets or liabilities are attributable. In practice, cross class liability usually will arise only where a Class becomes insolvent.

Additional Classes and Sub-Classes of Interests

The Partnership has the power to issue Interests in Classes or Sub-Classes. The Partnership Agreement provides for the manner in which the liabilities are to be attributed across the various Classes or Sub-Classes (liabilities are to be attributed to the specific Class or Sub-Class in respect of which the liability was incurred). However, the Partnership is a single legal entity. Limited Partners of one or more Classes or Sub-Classes of Interests may be compelled to bear the liabilities incurred in respect of other Classes or Sub-Classes of Interests that such Limited Partners do not themselves own if there are insufficient assets in that other Class or Sub-Class of Interests to satisfy those liabilities. Accordingly, there is a risk that liabilities of one Class or Sub-Class of Interests may not be limited to that particular Class or Sub-Class of Interests and may be required to be paid out of one or more other Classes or Sub-Classes of Interests.

Brokerage Firms May Fail

Brokers and other financial institutions with which the Partnership and the Master Fund conduct business or to which Financial Instruments have been entrusted for custodial purposes, may encounter financial difficulties and perhaps even file for bankruptcy. Such an event could have a material adverse effect on the Partnership.

Limited Regulatory Oversight

While the Partnership may be considered similar to an investment company, it is not registered, and does not intend to register, as such, under the 1940 Act (in reliance upon an exemption available to privately offered investment companies), and, accordingly, the provisions of that Act (which, among other matters, require investment companies to have a majority of disinterested directors, require securities held in custody to at all times 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 advisor and the investment company) are not applicable to the Partnership. The Master Fund is not registered and does not intend to register as an investment company under the 1940 Act.

The Investment Manager and the General Partner have availed themselves of the exemption in CFTC Regulation 4.13(a)(3) when operating the Partnership and the Master Fund. Consequently, some of the protections that would otherwise be available to investors if the Investment Manager and/or the General Partner were subject to more comprehensive regulatory oversight may not be available with respect to investments in the Partnership.

Legal, Tax and Regulatory Risks for Private Funds

Further legal, tax and regulatory changes could occur that may adversely affect the Master Fund and the Partnership. The regulatory environment for private funds is evolving, and changes in regulations that impact private funds may adversely affect the value of investments held by the Master Fund and may affect the Master Fund's ability to pursue its investment strategy. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, as well as other regulators, self-regulatory organizations and exchanges, have taken various extraordinary actions in connection with recent

market events and may take additional actions. The effect of any future regulatory changes on the Master Fund and the Partnership could be substantial and adverse.

Tax Risks

Partners Will Be Taxed on Profits Whether or Not Distributed

The Partnership is not required to distribute profits. If the Partnership reports taxable income, such income will be taxable to the Partners in accordance with their distributive shares of the Partnership's profits, even though it is unlikely that the Partners will receive current cash distributions with which to pay their taxes. If the Partnership were to sustain losses, Partners may still be required to pay tax on ordinary income earned by the Partnership because any trading losses sustained may be capital losses which are currently deductible by individuals against ordinary income only to the extent of $3,000 in any taxable year.

Deductibility of Expenses

There can be no assurance that a taxing authority will not challenge the deductibility of fees paid to the Investment Manager or its affiliates (including any asset-based or performance fees paid to a Portfolio Manager), or require the Partnership to treat its direct and indirect expenses as "investment expenses," which, to the extent allocable to Partners who are individuals, are subject to substantial restrictions on deductibility for federal income tax purposes. Such treatment could cause a Partner's taxable income from the Partnership to exceed the Partner's economic profit (if any) on its investment.

Taxes and Economics May Not Match During a Calendar Year

The income tax effects of the Partnership's transactions to Partners may differ from the economic consequences of those transactions during a calendar year.

Possibility of Tax Audit

There can be no assurance that the Partnership's tax returns will not be audited or that adjustments to such returns will not be made as a result of such an audit. If an audit results in an adjustment, Partners may be required to file amended returns (which may themselves be audited) and to pay additional taxes, plus interest and penalties.

Delayed Schedules K-1

It is possible that the Partnership will be unable to provide final Schedules K-1 to Limited Partners for any given fiscal year until after April 15 of the following year. The Partnership will provide Schedules K-1 as soon as practicable after receipt of all of the necessary information. Schedules K-1 will not be available until completion of the Partnership's annual audit (which may be six months or more after year end). Limited Partners may be required to obtain extensions of the filing date for their income tax returns at the U.S. federal, state and local levels.

Identity of Beneficial Ownership and Withholding on Certain Payments

In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the Master Fund will be required to register with the U.S. Internal Revenue Service (the "**Service**") by December 31, 2014 and agree to identify certain of its direct and indirect U.S. account holders (including debtholders and equityholders). Limited Partners should consult their own tax advisors regarding the possible implications of these rules on their investment in Interests.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Partnership. Prospective Limited Partners should read this entire Memorandum, the Partnership Agreement and the Master Fund Agreement (each as defined below) and consult with their own advisors before deciding whether to invest in the Partnership.

CONFLICTS OF INTEREST

Conflicts exist and may arise between the interests of the Investment Manager and the General Partner, and those of the Limited Partners. Uri Landesman is the managing member of the General Partner and the Investment Manager. While the General Partner is accountable to the Master Fund as a fiduciary, the limited partnership agreement of the Master Fund (collectively, the "**Master Fund Agreement**") grants the General Partner broad discretion as to many matters and limits the General Partner's fiduciary duties. By signing the Subscription Documents, each investor acknowledges and consents to the General Partner's exercise of that discretion, including where the General Partner has a conflict of interest.

Management Fee to the Investment Manager

There is a potential conflict of interest between the responsibility of the Investment Manager to maximize profits for Limited Partners and the possible desire of the Investment Manager to avoid taking risks which could result in a reduction of the net assets of the Partnership and, consequently, reduce the Management Fee payable to the Investment Manager.

Performance-Based Compensation

The structure and allocation of the Incentive Allocation by the Partnership to the General Partner may involve a conflict of interest and may create an incentive for the Investment Manager, an affiliate of the General Partner, to make riskier or more speculative investments than it otherwise would. In some cases, fees charged by the Investment Manager and/or the General Partner may be greater than fees charged by other investment advisers for similar services; in other cases, the Investment Manager's and/or the General Partner's fees may be lower. Additionally, the incentive compensation to Portfolio Managers may create an incentive for Portfolio Managers to cause the Master Fund to make investments that are riskier or more speculative than would be the case if they were paid only fixed compensation.

Other Business Relationships of the Investment Manager and the General Partner

Each of the Investment Manager, the General Partner and their Affiliates devotes as much of its time and resources to the activities of the Partnership and the Master Fund as it deems

necessary and appropriate. The Investment Manager, the General Partner and their Affiliates are not restricted from entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the Master Fund and/or may involve substantial amounts of the Investment Manager's, the General Partner's or their Affiliates' time and resources. The Investment Manager and its Affiliates provide investment advisory services to other private investment funds and/or managed accounts ("**Other Accounts**"), including, without limitation, Platinum Arbitrage, Bayberry Consumer Finance and the Platinum Partners Credit Opportunities funds, which may employ investment programs and strategies similar to the Partnership and the Master Fund, and which may compete with the Partnership and the Master Fund for investments. The Investment Manager, the General Partner and their Affiliates may also establish Other Accounts, and engage in other business activities, in the future. These activities could be viewed as creating a conflict of interest in that none of the Investment Manager, the General Partner and their Affiliates is exclusively devoting its resources to the business of the Partnership and the Master Fund but must allocate such resources between that business and other activities. Other Accounts managed by the Investment Manager, the General Partner or their Affiliates could have compensation and profit sharing arrangements that differ from those provided for herein, which may create incentives that could affect the Investment Manager's and/or the General Partner's decisions as to how to allocate time, resources and investment opportunities.

Subject to applicable law, the Investment Manager and/or its principals and affiliates may engage in principal or agency cross transactions between or among the Fund and Other Accounts if it determines the transaction to be in the best interests of the Fund and such Other Accounts. The Investment Manager's and/or its principals' and affiliates' duty to be unbiased and fair to its clients on both sides of a cross transaction may pose an inherent conflict of interest. In an attempt to mitigate such conflict of interest and to ensure that it fulfills its duty to each client that is party to a cross transaction, the Investment Manager and/or its principals and affiliates seeks to ensure the appropriateness of the transaction for each client and that it is fair to both sides of the transaction. Additionally, to the extent brokers and dealers are utilized to effect cross transactions, the Investment Manager and/or its principals and affiliates will utilize unaffiliated brokers and dealers at normal commission rates, and the Investment Manager and/or its principals and affiliates will receive no additional compensation as a result of the cross transactions. Any fees or costs incurred as a result of a cross transaction will be allocated equitably in the sole discretion of the Investment Manager and/or its principals and affiliates, as applicable, between the transferor and transferee. The Investment Manager and/or its principals and affiliates will not enter into principal transactions absent consent from the Members on a transaction by transaction basis before the completion of each such transaction.

The Investment Manager, the General Partner or their Affiliates may invest and trade for their own accounts, as well as the Other Accounts, in the same capacity as the Master Fund and in the same Financial Instruments as the Master Fund. The Investment Manager, the General Partner or their Affiliates may also initiate transactions, trade more or less frequently for their own accounts or the Other Accounts, and trade and invest in certain Financial Instruments without doing the same for the Master Fund. Although the Investment Manager, the General Partner or their Affiliates may engage in other activities which may, in some cases, provide an indirect benefit to the Partnership and the Master Fund, in other cases such activities may create conflicts of interest with the Partnership and the Master Fund.

In the event the Master Fund requires additional funds on a short-term basis in order to make an investment, the General Partner, the Investment Manager or their Affiliates and/or an affiliate fund, such as one of the Platinum-managed funds, may loan the Master Fund any amounts to facilitate such investment. The General Partner, the Investment Manager or their Affiliates and/or an affiliate fund, such as one of the Platinum-managed funds, may charge interest to the Master Fund for such borrowed funds in an amount that the General Partner or the Investment Manager determines, in its sole discretion, is fair and reasonable for the Master Fund. In addition, in the event that an affiliate fund, such as one of the Platinum-managed funds, requires additional funds on a short-term basis in order to make an investment, the Master Fund may loan such affiliate fund any amounts to facilitate such investment. The Partnership may charge interest to such affiliate fund for such borrowed funds in an amount that the General Partner or the Investment Manager determines, in its sole discretion, is fair and reasonable for the Master Fund. As a result, conflicts of interest may arise between the Master Fund and the General Partner, the Investment Manager or their Affiliates, and/or an affiliate fund, such as one of the Platinum-managed funds, with respect to the repayment of any borrowed amounts.

Other Business Relationships of the Portfolio Managers

Each of the Portfolio Managers devotes as much of its time and resources to the activities of the Master Fund as it deems necessary and appropriate and in accordance with the terms of its offering document, operating agreement or advisory agreement, as applicable. Certain of the Portfolio Managers are not restricted from entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the Master Fund and/or may involve substantial amounts of such Portfolio Manager's time and resources. These activities could be viewed as creating a conflict of interest in that the Portfolio Manager is not exclusively devoting its resources to the business of the Master Fund but must allocate such resources between that business and other activities. Other investment accounts managed by a Portfolio Manager could have compensation and profit sharing arrangements that differ from those provided in its agreement with the Master Fund which may create incentives that could affect the Portfolio Manager's decisions as to how to allocate time, resources and investment opportunities.

Transaction Execution and Investment Opportunities

Conflicts of interest could also arise in connection with Financial Instruments transactions for the account of the Master Fund, other investment vehicles in which the Investment Manager or its Affiliates are involved, and any other advisory clients the Investment Manager may have. These transactions could differ in substance, timing and amount, due to, among other things, differences in investment objectives or other factors affecting the appropriateness or suitability of particular investment activities to the Master Fund or other clients, or to limitations on the availability of particular investment or transactional opportunities. The Investment Manager will allocate transactions and opportunities among the Other Accounts in a manner it believes to be as equitable as possible, considering each account's objectives, programs, limitations and capital available for investment, but all accounts may not necessarily invest in the same Financial Instruments. Furthermore, neither the Investment Manager nor its Affiliates has any obligation to provide the Master Fund or any other account with any particular

investment opportunity or to refrain from taking advantage of an investment opportunity that could be beneficial to the Master Fund.

If the Master Fund and the Other Accounts seek to buy or sell the same Financial Instrument at the same time, the Investment Manager may combine purchase and sale orders on behalf of the Master Fund with orders for those other accounts, including its own or its principals' personal accounts, and to allocate the Financial Instruments or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants in the transactions. While the Investment Manager believes combining transaction orders in this way is, over time, advantageous to all participants, in particular cases, the average price could be less advantageous to the Master Fund than if it had been the only account effecting the transaction or had completed its transaction before the other participants. Because of the Investment Manager's interest in the Master Fund, there could be circumstances in which the Master Fund's transactions may not, under certain laws and regulations, be combined with those of some of the Other Accounts, and the Master Fund may obtain less advantageous execution than such other accounts.

Asset Valuation

The General Partner will have discretion in determining the value of certain of the Master Fund's Financial Instruments. While the value of most marketable Financial Instruments is based on prices reported in the public markets, at times, the size of a block of Financial Instruments held by the Master Fund or temporary restrictions on resale may justify imposing a discount on the market-determined value. Whether and how much to reduce the value of Financial Instruments in any of these circumstances is subject to the General Partner's sole discretion. In addition, a portion of the Master Fund's assets may be invested in restricted securities. To the extent that the Master Fund makes such investments, the value of those investments will be determined in the General Partner's sole discretion. The General Partner will face a conflict of interest in making any of these valuation decisions. Application of a discount to the value of marketable securities in the Master Fund's portfolio may reduce, or eliminate, any Incentive Allocation to which the General Partner would otherwise be entitled for the period ending on a valuation date or increase the amount of loss carryforward to be recovered before an Incentive Allocation would be allocable. The General Partner will face similar conflicts of interest in assigning values to nonmarketable securities.

Conflicts Inherent in a Master-Feeder Structure

Certain investments decisions made by the Investment Manager on behalf of the Master Fund could potentially have an adverse effect, either purposefully or inadvertently, on the Limited Partners of the Partnership, on the one hand, and the shareholders of Platinum Offshore, on the other hand. This could occur for multiple reasons, including without limitation, tax reasons (i.e., non-corporate taxable U.S. investors would benefit generally from holding Financial Instruments long enough to achieve long-term capital gains tax treatment while non-U.S. persons (such as Platinum Offshore) or tax-exempt U.S. persons may be indifferent to such tax treatment). While the Investment Manager reserves the right to make such trading and investment decisions, in general, it will endeavor to make investment decisions on behalf of the

Master Fund that are fair to the Limited Partners of the Partnership and the shareholders of Platinum Offshore.

Exculpation and Indemnification

The Master Fund Agreement provides that neither the General Partner nor its employees, agents or affiliates will be liable to the Master Fund for any act or omission based upon errors of judgment or other fault in connection with the business or affairs of the Master Fund as long as that person reasonably believed he or she acted in the best interests of the Master Fund and except for cases where the person's action is determined by a court to have constituted gross negligence or willful misconduct. The foregoing liability standard is subject to applicable laws. In addition, the Master Fund Agreement provides the General Partner and its employees, agents and affiliates with broad indemnification rights for any act or omission as long as the indemnified person acted in good faith.

Counsel

Schulte Roth & Zabel LLP ("**SRZ**") acts as U.S. legal counsel to the General Partner, the Investment Manager, the Partnership and the Master Fund, their principals and affiliates and other investment vehicles managed by the Investment Manager (collectively, the "**Platinum Parties**"). Accordingly, certain conflicts of interest exist and may arise. The Partnership has waived its conflict of interest with respect to potential and actual conflicts between the Partnership and each of the Platinum Parties. To the extent that an irreconcilable conflict were to develop between the Partnership and any of the Platinum Parties, SRZ may represent the other Platinum Parties and may not represent the Partnership. SRZ is not representing any prospective purchasers of Interests in connection with the offering and will not be representing the Limited Partners. Prospective investors are advised to consult their own independent counsel with respect to the legal and tax implications of an investment in the Partnership.

FEES, ALLOCATIONS AND EXPENSES

Management Fee

The Partnership pays the Investment Manager a monthly management fee equal to 1/12th of 2.0% of the month-end Net Asset Value of each Limited Partner's capital account in the Partnership before deduction of any Incentive Allocation (as defined below) and before taking into account any distributions or withdrawals made during the month (2% per annum), and after giving effect to other expenses as provided herein (including the Partnership's pro rata share of the Master Fund's expenses) (the "**Management Fee**"). The Investment Manager, in its sole discretion, may waive, reduce or discount the Management Fee with respect to one or more Limited Partners without notice to or the consent of the other Limited Partners. The General Partner's capital account will not be debited with any Management Fees. Without the consent of the Limited Partners, the Management Fee may be charged to and paid by the Master Fund instead of the Partnership.

Incentive Allocation

A separate capital account will be created on the books of the Partnership for each Partner. At the end of each Accounting Period[1] of the Partnership, any Net Capital Appreciation[2] or Net Capital Depreciation[3] of the Partnership, after Partnership expenses and a pro rata share of Master Fund expenses, including compensation to Portfolio Managers and all other personnel employed by the Master Fund, will be tentatively credited or debited to all Partners (including the General Partner) in proportion to the opening balances of each Partner's capital accounts for such period (the Partner's "**Partnership Percentage**"). At the end of each Fiscal Year of the Partnership, or at such other date during a fiscal year as of which the following reallocation is required, twenty percent (20%) of the aggregate Net Capital Appreciation of the Partnership tentatively credited to each Limited Partner's capital accounts for the fiscal year will be reallocated to the capital account of the General Partner (the "**Incentive Allocation**").

The Net Capital Appreciation upon which the calculation of an Incentive Allocation is based is deemed reduced by the unrecovered balance, if any, in a Limited Partner's "**Loss Recovery Account**." A Loss Recovery Account is a memorandum account, established for each capital account of a Limited Partner, the opening balance of which is zero. On each date that an Incentive Allocation is required to be determined, the balance in each Loss Recovery Account is increased by the aggregate Net Capital Depreciation since the last date on which a calculation of the Incentive Allocation was required to be made, or decreased, but not beyond zero, by any aggregate Net Capital Appreciation since such date. In the event that a Limited Partner with an unrecovered balance in any of its Loss Recovery Accounts withdraws all or a portion of its related capital accounts, the unrecovered balance in such Loss Recovery Accounts will be proportionately reduced.

In connection with the dissolution of the Partnership, reserves for contingent liabilities will not be taken into account in determining Incentive Allocations and Loss Recovery Accounts.

If a Limited Partner withdraws all or a portion of any of its capital accounts other than at the end of a fiscal year, an Incentive Allocation (the "**Interim Incentive Allocation**") with respect to such capital accounts will be determined on the effective distribution date for the period from the last date on which an Incentive Allocation or an Interim Incentive Allocation (if a previous partial withdrawal has been made in the same fiscal year) has been made through the effective date of distribution; provided, however, that such Interim Incentive Allocation will be based upon the Net Capital Appreciation allocated to such capital account for the applicable period, pro rated for the portion of the capital account being withdrawn. Any Incentive

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[1] "Accounting Period" means the following periods: each Accounting Period will commence after the close of the preceding Accounting Period; each Accounting Period will close at the close of business on the first to occur of (i) the last day of the Partnership's fiscal year (which will be the calendar year), (ii) the date immediately prior to the effective date of the admission of a new Partner pursuant to the Partnership Agreement, (iii) the date immediately prior to the effective date of a Partner's capital contribution pursuant to the Partnership Agreement, (iv) the effective date of any withdrawal by a Partner of capital pursuant to the Partnership Agreement or (v) the date when the Partnership will dissolve.

[2] "Net Capital Appreciation" means the increase in the value of the Partnership's net assets, including unrealized gains, from the beginning of each Accounting Period to the end of such Accounting Period.

[3] "Net Capital Depreciation" means the decrease in the value of the Partnership's net assets, including unrealized losses, from the beginning of each Accounting Period to the end of such Accounting Period.

Allocation with respect to the amounts remaining in the capital account of such Limited Partner at the end of the fiscal year in which such Interim Incentive Allocation has been made will be determined and reallocated as described above in the first paragraph under "*Fees, Allocations and Expenses*"; provided, however, that in no event will any portion of any Interim Incentive Allocation made to the General Partner be reallocated or returned to the Limited Partner. Appropriate adjustments, if required, will be made to the Limited Partner's Loss Recovery Accounts.

In the event that the General Partner determines that, for tax or regulatory reasons, or any other reasons as to which the General Partner and any Partner agree, such Partner should not participate in the Net Capital Appreciation or Net Capital Depreciation attributable to trading in any security or type of security or to any other transaction, the General Partner may allocate such Net Capital Appreciation or Net Capital Depreciation only to the capital accounts of Partners to whom such reasons do not apply, and if appropriate, may establish a separate memorandum account in which only the Partners having an interest in such security, type of security or transaction will have an interest and Net Capital Appreciation or Net Capital Depreciation for such separate memorandum account will be separately calculated. For example, pursuant to this policy, the Partnership will allocate gains or losses attributable to "new issues" in accordance with FINRA Rule 5130.

Organizational Expenses

The Partnership is reimbursing the Investment Manager for all organizational and formation expenses paid by the Investment Manager on its behalf. Although not consistent with U.S. generally accepted accounting principles ("**GAAP**"), which generally requires such expenses to be expensed as incurred, the organizational expenses of the Partnership are being amortized over a period not to exceed 60 months so that early investors are not required to bear a disproportionate share of organizational expenses.

Operating Expenses

In addition to the Management Fee, the Partnership will bear its ordinary and extraordinary expenses as well as its pro rata share of the Master Fund's ordinary and extraordinary expenses. Ordinary operating expenses may include, but are not limited to, fees for administrative services, entity-level taxes, investment expenses (e.g., brokerage commissions, interest expense and due diligence-related expenses including, without limitation, travel costs), legal expenses, compliance expenses, professional expenses (including, without limitation, consultants and experts), escrow expenses, insurance expenses (including, without limitation, director and officer liability insurance and error and omission liability insurance with respect to the activities of the Master Fund and the Investment Manager), accounting expenses, audit and tax preparation expenses, custodial fees, and any extraordinary expenses, such as indemnification of the General Partner and the Investment Manager.

The Partnership will also bear its pro rata share of the asset-based fees and performance fees and/or allocations paid to Portfolio Managers and other persons who render services to the Master Fund or the Investment Manager. A substantial portion of the compensation to Portfolio

Managers will be in the form of fees and/or allocations based on the performance of their respective portfolios.

The Partnership also bears the offering fees and expenses in connection with the private placement of Interests. There are no selling commissions payable from subscription amounts; however, with the consent of the General Partner, the Partnership may elect to compensate one or more persons that are registered broker-dealers with a portion of the Incentive Allocation otherwise allocable to the General Partner and/or a portion of the Management Fee otherwise payable to the Investment Manager.

THE OFFERING

Interests Offered

The Partnership is offering Interests to a limited number of Eligible Investors as described below. Subscriptions for Interests will be accepted generally as of the first Business Day of a calendar month, or at such other times as determined by the General Partner in its sole discretion (each, an "**Offering Date**"). The minimum initial investment is $1,000,000 and the minimum additional investment is $100,000. The General Partner may, in its sole discretion, waive or reduce these requirements in particular cases or change them as to new investors in the future and may apply additional admission standards. The offering may be suspended or terminated at any time for any reason by the General Partner.

The Partnership will offer Interests in different sub-classes of Interests (each, a "**Sub-Class**") in order to permit investments by the Master Fund in "new issues," as such term is defined by FINRA. Restricted Persons, as defined in the Subscription Documents, will be issued a Sub-Class of Interests that will not share equally in profits, losses and costs attributable to any investment by the Partnership in "new issues." In order for the Partnership to be eligible to invest, through the Master Fund, in "new issues," prospective investors will be required to provide certain information about themselves or their beneficial owners (including information related to their identities and occupations or those of their beneficial owners) as set forth in the Subscription Documents.

Eligible Investors

The offering of Interests will be made in accordance with Regulation D under the Securities Act. Interests may be offered and sold only to investors who are (i) "accredited investors" as defined in Regulation D of the Securities Act and (ii) "qualified purchasers" within the meaning of the 1940 Act (such persons being collectively referred to herein as "**Eligible Investors**"). These terms are described in the Partnership's Subscription Documents.

The Partnership reserves the right to determine conclusively whether any person is an Eligible Investor. The Partnership may determine to limit or restrict ownership by a non-qualifying Limited Partner after an investment in the Partnership is made and to compulsorily withdraw Interests held by such a Limited Partner.

Interests in the Partnership are not a suitable investment for ERISA and other tax-exempt U.S. entities, or for non-U.S. persons or entities. Instead, such investors should consider an investment in Platinum Offshore.

Any subscriptions for an Interest may be accepted or rejected, in whole or in part, in the discretion of the General Partner or the Administrator on its behalf.

Suspension of Offering

The General Partner reserves the right to suspend offerings entirely and to refuse to accept any subscription in whole or in part for any reason or for no reason. In addition, the General Partner will suspend offering of Interests for any period during which the calculation of the Net Asset Value of the Partnership has been suspended. (See "*Net Asset Valuation – Suspension of Calculation*" herein.)

Subscription Agreement

To subscribe to purchase Interests, an investor must complete the Subscription Documents as described in the *Summary*.

WITHDRAWALS

A Limited Partner may withdraw all or a portion of its capital account balance as of the last day of each calendar month, and at such other times as the General Partner will, in its sole discretion, permit (each, a "**Withdrawal Date**"), upon not less than thirty (30) days' prior written notice to the Administrator and the Investment Manager (subject to the discretion of the General Partner to waive such notice). The withdrawal price will be based on the Net Asset Value of the Partnership as of the relevant Withdrawal Date (which reflects accrued organizational and operational expenses of the Partnership, and the Partnership's pro rata share of such expenses relating to the Master Fund, as well as any Incentive Allocation allocable on withdrawal with respect to the withdrawn Interest). The withdrawal price may be more or less than the offering price paid by the Limited Partner, depending on the value of the assets of the Partnership at the time of the withdrawal. Interests withdrawn by the Partnership shall not be considered outstanding after the intended date of withdrawal.

The Partnership, in the discretion of the General Partner, also may charge the withdrawing Partner an amount to offset the estimated cost of effecting such withdrawal, including, without limitation, any costs of selling securities in order to effect payment of the withdrawal amount. Any such amounts will be for the benefit of the Partnership.

The Partnership intends to pay at least ninety-five percent (95%) of the withdrawal price, and may pay more than 95% of the withdrawal price in the discretion of the Investment Manager in consultation with the General Partner, within thirty (30) days after the applicable Withdrawal Date and the balance thereof (subject to audit adjustments) will be paid without interest within thirty (30) days after completion of the audit of the Partnership's books for such fiscal year. Such payments will be made in cash.

If a partial withdrawal would result in a Limited Partner having an aggregate capital account balance of $250,000 or less (or such other minimum amount as may be determined by the General Partner in its sole discretion), then the Partnership will have the right either to (i) refuse to honor such request for a partial withdrawal or (ii) compel the withdrawal of such Limited Partner's entire Interest.

All withdrawal requests must be received by the General Partner and the Administrator in writing. The General Partner will confirm by e-mail or by telephone all withdrawal requests which are received in good order. Limited Partners failing to receive e-mail or telephonic confirmations within five days should contact the General Partner to confirm receipt. Failure by a Limited Partner to ensure the receipt of a withdrawal request may render such withdrawal request void.

If a Limited Partner provides more than thirty (30) days' prior notice of a withdrawal, after receiving such notice, the General Partner may, upon at least 24 hours notice to the Limited Partner (via email or otherwise), exercise its discretion pursuant to the Partnership Agreement to determine the Withdrawal Date and effect the relevant withdrawal proceeds at any time prior to the requested Withdrawal Date. For example, if a Limited Partner gives notice on May 1 of its intention to withdraw its Interest effective June 30, the General Partner may give notice to the Limited Partner that its Withdrawal Date will be brought forward to May 31 and pay withdrawal proceeds based on the Partnership's Net Asset Value as of such date.

Compulsory Withdrawals

The Partnership may compulsorily withdraw the Interests of any Limited Partner at any time, for any reason or for no reason, in the sole discretion of the General Partner. This mandatory withdrawal right may be exercised by sending notice (including e-mail notice) to the Limited Partner or any agent of the Limited Partner listed in the Subscription Documents.

Suspension of Withdrawals

The General Partner will suspend withdrawal of Interests during any period in which the calculation of the Net Asset Value of the Partnership or the Net Asset Value of the Interests has been suspended. (See "*Net Asset Valuation - Suspension of Calculation*" herein.)

NET ASSET VALUATION

Method of Calculation

The Net Asset Value of the Partnership will be determined by the Administrator in consultation with the Investment Manager as at the close of business on the last Business Day of each month and on such other dates as are determined by the General Partner in its sole discretion (collectively, "**Valuation Dates**"). The Net Asset Value of the Partnership will be equivalent to the gross assets less the gross liabilities of the Partnership as of any date of determination. To the extent feasible, expenses, fees and other liabilities will be accrued in accordance with GAAP. However, reserves for estimated or accrued expenses, liabilities or contingencies, including general reserves for unspecified contingencies, need not be taken in

accordance with GAAP. In addition, although not consistent with GAAP, the organizational expenses of the Partnership are being amortized over a 60-month period, which may result in the audit opinion being qualified. The "**Net Asset Value of the Interests**" means the Net Asset Value of the Partnership that is represented by each Sub-Class of Interests, in the aggregate.

The Net Asset Value of the Master Fund is determined for all purposes (such as calculating profits and losses) by the Administrator, subject to the ultimate direction of the General Partner from time to time with respect to certain securities, as of the close of business on the last day of each period for which calculations are required in accordance with the Master Fund Agreement. The Master Fund may also retain one or more independent valuation agents from time to time to assist in valuing certain of the Master Fund's assets. Under the terms of the Master Fund Agreement, the value of the Master Fund's assets are determined as follows:

(a) *Listed Securities*. Freely marketable securities listed or admitted to trading on any U.S. or non-U.S. stock exchange or the U.S. NASDAQ National Market or comparable non-U.S. market system ("**NMS**") will be valued (A) at the last reported sale price of the security on the primary stock exchange or the NMS, as the case may be, on the date of determination, or in case there will have been no sale of such security on such date, then (B) at the mean between representative "bid" and "asked" prices for such security on such exchange or the NMS at the close of business on the date of determination, or if no such "bid" and "asked" prices are reported on such date, then (C) at the last reported sale or mean between representative "bid" and "asked" price within the five-day period preceding such date; or, if neither such last sale price nor "bid" and "asked" prices are reported during such period, then (D) at such price as the General Partner deems to be fair market value.

(b) *Unlisted Securities*. Freely marketable securities traded over-the-counter or on another dealer market will be valued (A) at the "last sale" price as reported by the National Association of Securities Dealers Automated Quotation System ("**NASDAQ**") or other primary U.S. or non-U.S. quotation system as of the date of determination or, if no such price is reported for such date, then (B) at the mean between representative "bid" and "asked" prices at the close of business on the date of determination, as reported in NASDAQ or such other system (or, if not so reported, then as reported by a recognized quotation service), or, if no such price is reported on such date, then (C) at the "last sale" or mean between representative "bid" and "asked" prices so reported within the five-day period preceding such date, or, if neither such "last sale" price nor such "bid" and "asked" prices are reported during such period.

(c) *Restricted Securities*. All securities which are not freely marketable by reason of legal restrictions ("**Restricted Securities**"), if readily and immediately convertible into or exercisable for freely marketable securities, will be valued on the basis applicable to such underlying securities, reduced by the applicable conversion or exercise price, as the case may be, and all other Restricted Securities will be valued at their fair value, on the basis of the last representative sale price of similarly restricted securities, or if no such sale price is available, then at such price as the General Partner deems to be fair value.

(d) *Short Positions*. Securities held short by the Master Fund will be valued as respectively provided in (a), (b) or (c) above, as applicable. The value of securities held short by the Master Fund will be treated as a liability of the Master Fund and, together with the amount

of any margin or other loans on account thereof, will be subtracted from the Master Fund's assets in determining net assets of the Master Fund.

(e) *Options*. Options for the purchase or sale of securities will be valued as respectively provided in (a), (b), (c) or (d), as applicable, except that options listed on an exchange will in any event be valued at the mean between the representative "bid" and "asked" prices at the close of business on the date of determination. Premiums from the sale of options written by the Master Fund will be included in the assets of the Master Fund and the market value of such options will be included as a liability of the Master Fund.

(f) *Dividends*. Dividends declared but not yet received, and rights in respect of securities which are quoted ex-dividend or ex-rights, will be included at the fair value thereof, less any applicable taxes thereon, as determined by the General Partner, which may, but need not, be the fair market value so determined on the day the particular securities are first quoted ex-dividend or ex-rights.

(g) *Commodity Interests*. Positions in commodities, commodity futures contracts, options on such futures contracts or other interests in commodities traded on an exchange, through a clearing firm, a bank or through another financial institution will be valued at their most recent settlement price, or closing market quotation, as appropriate, on the applicable exchange or with such firm or institution on the applicable determination date. If such contract cannot be liquidated, due to the operation of daily limits or otherwise, as of such determination date, the liquidating value on the first subsequent day on which the contract would be liquidated may be used or such other value as the General Partner may deem fair and reasonable may be used.

(h) *Cash Items*. Short-term money market instruments and bank deposits will be valued at cost (together with accrued and unpaid interest) or market, depending on the type of investment, as the General Partner will deem appropriate.

(i) *Assets Allocated to Portfolio Managers*. All assets that are allocated to an independent Portfolio Manager for management shall be valued by the Portfolio Manager at their market value.

(j) *Other Assets*. The value of any other assets of the Master Fund (or the value of the assets mentioned in (a) through (h) in situations not covered thereby, or in the event of any other happening determined by the General Partner in its discretion to make another method of valuation advisable) will be their fair value, determined in such manner as may be selected from time to time by the General Partner in its discretion. All values assigned to assets by the General Partner will be final and conclusive as to all Limited Partners.

Suspension of Calculation

The General Partner may, in its discretion, suspend the calculation of the value of the Partnership's assets and the Net Asset Value during the following circumstances: (i) one or more U.S. or non-U.S. stock exchanges or other markets on which a significant amount of the Partnership's investments are listed or quoted and which constitute the primary markets for such investments are closed for any reason other than that of an ordinary holiday, or transactions at

these exchanges are restricted or suspended; (ii) the existence of a war, natural catastrophe or any like state of affairs which constitutes an emergency as a result of which disposal of securities by the Partnership is not possible in an orderly manner; (iii) any means of communications necessary to determine the price or value of any of the Partnership's investments do not function; (iv) the transfer of funds involved in the realization or acquisition of any investments is, in the judgment of the General Partner, not possible at normal rates of exchange; or (v) the Master Fund has suspended valuations, withdrawals and/or acceptance of capital contributions.

Notwithstanding the foregoing, if the General Partner determines that the valuation of any securities or other property in accordance with the above guidelines does not fairly represent market value, the General Partner may value such securities or other property as it reasonably determines and will set forth the basis of such valuation in writing in the Partnership's records.

BROKERAGE AND TRANSACTIONAL PRACTICES

The Master Fund may incur substantial brokerage commissions and other transaction expenses. The Investment Manager has complete discretion in deciding which brokers and dealers to use and in negotiating rates of brokerage compensation. In addition to using brokers as agents and paying commissions, the Master Fund may buy or sell Financial Instruments directly from or to dealers acting as principal (such as market-makers for over-the-counter derivatives) at prices that include markups or markdowns. The following describes some noteworthy aspects of the Investment Manager's and the Master Fund's use of and relationships with brokers and dealers.

Selection Criteria, Generally

In choosing brokers and dealers, the Investment Manager is not required to consider any particular criteria. The Investment Manager seeks "best execution" of Master Fund transactions. What constitutes "best execution" and determining how to achieve it are inherently uncertain. In evaluating whether a broker or dealer will provide best execution, the Investment Manager considers a range of factors. These include, among others, historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions; the execution, clearance and settlement and error correction capabilities of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker's or dealer's willingness to commit capital; the broker's or dealer's reliability and financial stability; the size of the transaction; research, corporate access, reputation, the availability of securities to borrow for short sales; the nature, quantity and quality of research provided by the broker or dealer; the broker's or dealer's ability to protect the Master Fund's trading patterns, positions and strategies from the broader market; and the market for the security. As discussed below, the Investment Manager is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker or dealer provides execution quality comparable to other brokers or dealers, and the Master Fund at times pays more than the lowest transaction cost available in order to obtain for itself and/or the Investment Manager services and products other than securities execution.

"Soft Dollars"

The Investment Manager is authorized to determine different Brokers to be used for each Financial Instrument transaction for the Master Fund. In selecting Brokers to execute transactions, the Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Brokers are selected generally on the basis of best execution, which will be determined by taking into account, among other things, commission rates (and other transactional charges), the Broker's financial strength, stability and responsibility, reputation, reliability, research capability, responsiveness to the Investment Manager and accuracy of recommendations on particular Financial Instruments, ability to execute trades, block trading and block positioning capabilities, nature and frequency of sales coverage, net price, depth of available services, arbitrage operations, bond capability and option operations, the availability of stocks to borrow for short trades, willingness to execute related or unrelated difficult transactions in the future, order of call, back office, processing and special execution capabilities, efficiency of execution and error resolution.

In selecting Brokers, the Investment Manager may also take into account the value of referrals of prospective investors in the Partnership, other investment funds investing in the Master Fund or other funds managed by the Investment Manager or its affiliates and any related finder's fees. Accordingly, the Master Fund may be deemed to be paying for such services with "soft" or commission dollars. Although the Investment Manager believes that the Master Fund may benefit from the services obtained with such "soft" dollars, the Master Fund does not benefit from all of the "soft" dollar services. The relationships with brokerage firms that provide "soft" dollar services to the Investment Manager may influence the Investment Manager's judgment in allocating brokerage business and create a conflict of interest in using the services of those broker-dealers to execute the Master Fund's brokerage transactions.

Aggregation of Orders

In accordance with the terms of its compliance manual, the Investment Manager may combine orders on behalf of the Master Fund with orders for other accounts for which it or its principals have trading authority, or in which it or its principals have an economic interest; provided, however, that the Investment Manager may not combine orders on behalf of the Master Fund with orders for the personal accounts of the principals of the Investment Manager. In such cases, the Investment Manager will allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. The Investment Manager believes combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to the Master Fund than if the Master Fund had been the only accounts effecting the transaction or had completed their transactions before the other participants. Because of the Investment Manager's interest in the Master Fund, there may be circumstances in which the Master Fund's transactions may not, under certain laws and regulations, be combined with those of some of the Investment Manager's and its affiliates' other clients, and the Master Fund may obtain less advantageous execution than such other clients.

Custody, Clearing and Settlement

The Master Fund has arrangements with a number of brokers and clears the Master Fund's transactions for securities, equities, bonds, options and futures through a number of brokerage firms. Some securities of the Master Fund may be held by brokers as custodians for the Master Fund. Other assets of the Master Fund may be held directly by the Master Fund and not through a custodial arrangement.

SUMMARY OF THE PARTNERSHIP AGREEMENT

The following summarizes the material provisions of the Partnership Agreement. A copy of the Partnership Agreement is attached to this Memorandum and should be read in its entirety.

A Limited Partner is liable for debts and obligations of the Partnership to the extent of its capital contributions to the Partnership, subject to the provisions of the Delaware Revised Uniform Limited Partnership Act and Delaware Law. The Partnership will have a perpetual life unless sooner dissolved pursuant to the terms of the Partnership Agreement. A separate capital account will be established on the books of the Partnership and a Partnership Percentage will be determined for each Partner. The capital accounts will reflect the Net Capital Appreciation and Net Capital Depreciation of each Partner's Interest in the Partnership. Additional contributions may be made by each Partner in accordance with the Partnership Agreement. The management of the Partnership is vested exclusively in the General Partner except to the extent that the General Partner has delegated investment management authority to the Investment Manager. The General Partner receives an Incentive Allocation and will be reimbursed for expenses incurred on behalf of the Partnership. The Partnership Agreement permits the Partnership to pay a salary or other compensation to the General Partner. The Partnership's assets will be valued in accordance with the terms of the Partnership Agreement and the General Partner may make distributions to the Partners on a pro rata basis. Each Limited Partner is entitled to a partial or complete withdrawal of amounts from its respective capital account at the end of a calendar month, subject to, and in accordance with, the Partnership Agreement. At its option, the General Partner may decrease the requested amount to be withdrawn. Payment of at least ninety-five percent (95%) of any amount permitted to be withdrawn by a Limited Partner will be made within thirty (30) days following the withdrawal date and the balance thereof without interest will be paid (subject to audit adjustments) within thirty (30) days after completion of the audit of the Partnership's books for such fiscal year. The General Partner may at any time withdraw any amount from its capital account. A Limited Partner may not directly or indirectly transfer its Interest without the prior written approval of the General Partner, which may be withheld in its absolute and sole discretion. A new Limited Partner may be admitted to the Partnership at any time with the consent of the General Partner.

The General Partner, in its sole discretion, may amend the Partnership Agreement, provided that no amendment may: (i) modify the limited liability of a Limited Partner without the consent of each such affected Limited Partner; (ii) reduce the capital account of any existing Limited Partner without that Limited Partner's consent or (iii) adversely affect the interest (pecuniary or otherwise) of any Limited Partner without sufficient prior written notice being given to such Limited Partner to permit such Limited Partner to withdraw from the Partnership.

If the consent of any Limited Partner to any action of the Partnership, including an amendment of the Partnership Agreement, is solicited by the General Partner, the solicitation shall be effected by notice to each Limited Partner given in the manner provided in the Partnership Agreement. The consent of each Limited Partner so solicited shall be deemed conclusively to have been cast or granted as requested in the notice of solicitation, whether or not the notice of solicitation is actually received by that Limited Partner, unless the Limited Partner expresses written objection to the consent by notice given in the manner provided in the Partnership Agreement and actually received by the Partnership within 20 days after the notice of solicitation is effected.

The Partnership will provide to the Limited Partners (i) an unaudited financial report of the Partnership at the end of each quarter, and (ii) an audited financial report of the Partnership within 180 days of the fiscal year end or as soon as reasonably practicable thereafter.

To the fullest extent permitted by law, neither the General Partner nor its Affiliates will be liable to any Limited Partner or the Partnership for mistakes of judgment or for action or inaction which said person reasonably believed to be in the best interests of the Partnership, or for losses due to such mistakes, action or inaction or to the negligence, dishonesty or bad faith of any employee, broker or other agent of the Partnership, provided that such employee, broker or agent was selected, engaged or retained by the Partnership with reasonable care. Each of the General Partner and its Affiliates may consult with counsel and accountants in respect of Partnership affairs and be fully protected and justified in any action or inaction which is taken in accordance with the advice or opinion of such counsel and/or accountants, provided that they shall have been selected with reasonable care.

To the fullest extent permitted by law, the Partnership will indemnify and hold harmless the General Partner, each Affiliate of the General Partner, each direct or indirect general or limited partner, director, officer, employee, agent, member and shareholder of the General Partner, or of any Affiliate of the General Partner and each person who otherwise serves as an advisor, consultant or legal representative to the General Partner in respect of the Partnership's affairs (each a "**LPA Indemnified Party**") from and against any loss or expense suffered or sustained by a LPA Indemnified Party by reason of the fact that it is or was a LPA Indemnified Party, including, without limitation, any judgment, settlement, reasonable attorney's fees and other costs or expenses incurred in connection with the defense of any actual or threatened action or proceeding, provided that such loss or expense resulted from a mistake of judgment on the part of a LPA Indemnified Party, or from action or inaction that said LPA Indemnified Party reasonably believed to be in the best interests of the Partnership. The Partnership will, in the sole discretion of the General Partner, advance to any LPA Indemnified Party, reasonable attorney's fees and other costs and expenses incurred in connection with the defense of any action or proceeding that arises out of such conduct. The LPA Indemnified Parties will agree that in the event a LPA Indemnified Party receives any such advance, such LPA Indemnified Party will reimburse the Partnership for such fees, costs and expenses to the extent it shall be determined that it was not entitled to indemnification under this section.

The Partnership Agreement also provides that any disputes which may arise between the Partnership and any of its Limited Partners, their executors, administrators or assigns will be resolved through arbitration in accordance with the procedures contained therein.

CERTAIN TAX CONSIDERATIONS

CIRCULAR 230 NOTICE. THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain aspects of the income taxation of the Partnership and its Limited Partners that should be considered by a prospective Limited Partner. The Partnership has not sought a ruling from the Internal Revenue Service (the "**Service**") or any other Federal, state or local agency with respect to any of the tax issues affecting the Partnership, nor has it obtained an opinion of counsel with respect to any tax issues.

This summary of certain aspects of the Federal income tax treatment of the Partnership is based upon the Internal Revenue Code of 1986, as amended (the "**Code**"), judicial decisions, Treasury Regulations (the "**Regulations**") and rulings in existence on the date hereof, all of which are subject to change. This summary does not discuss the impact of various proposals to amend the Code which could change certain of the tax consequences of an investment in the Partnership. This summary also does not discuss all of the tax consequences that may be relevant to a particular investor or to certain investors subject to special treatment under the Federal income tax laws, such as insurance companies.

EACH PROSPECTIVE LIMITED PARTNER SHOULD CONSULT WITH ITS OWN TAX ADVISOR IN ORDER TO FULLY UNDERSTAND THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP.

Tax Treatment of Partnership Operations

Classification of the Partnership. The General Partner intends to operate the Partnership as a partnership for Federal tax purposes that is not a publicly traded partnership taxable as a corporation. If it were determined that the Partnership should be taxable as a corporation for Federal tax purposes (as a result of changes in the Code, the Regulations or judicial interpretations thereof, a material adverse change in facts, or otherwise), the taxable income of the Partnership would be subject to corporate income tax when recognized by the Partnership; distributions of such income, other than in certain redemptions of Interests, would be treated as dividend income when received by the Partners to the extent of the current or accumulated

earnings and profits of the Partnership; and Partners would not be entitled to report profits or losses realized by the Partnership.

The Investment Manager intends to operate the Master Fund as a pass-through entity for Federal tax purposes and not as an entity taxable as a corporation. Unless otherwise indicated, references in the following discussion to the tax consequences of Partnership investments, activities, income, gain and loss, include the direct investments, activities, income, gain and loss of the Partnership, and those indirectly attributable to the Partnership as a result of it being a member of the Master Fund.

As a partnership, the Partnership is not itself subject to Federal income tax. The Partnership files an annual partnership information return with the Service which reports the results of operations. Each Partner is required to report separately on its income tax return its distributive share of the Partnership's net long-term capital gain or loss, net short-term capital gain or loss and all other items of ordinary income or loss. Each Partner is taxed on its distributive share of the Partnership's taxable income and gain regardless of whether it has received or will receive a distribution from the Partnership.

Allocation of Profits and Losses. Under the Partnership Agreement, the Partnership's net capital appreciation or net capital depreciation for each accounting period is allocated among the Partners and to their capital accounts without regard to the amount of income or loss actually recognized by the Partnership for Federal income tax purposes. The Partnership Agreement provides that items of income, deduction, gain, loss or credit actually recognized by the Partnership for each fiscal year generally are to be allocated for income tax purposes among the Partners pursuant to the principles of Regulations issued under Sections 704(b) and 704(c) of the Code, based upon amounts of the Partnership's net capital appreciation or net capital depreciation allocated to each Partner's capital account for the current and prior fiscal years. There can be no assurance however, that the particular methodology of allocations used by the Partnership will be accepted by the Service. If such allocations are successfully challenged by the Service, the allocation of the Partnership's tax items among the Partners may be affected.

The General Partner may, in its sole discretion, allocate specially an amount of the Partnership's income or losses for Federal income tax purposes to a Partner withdrawing all or a portion of its capital account to the extent that the Partner's capital account exceeds, or is less than, as the case may be, its Federal income tax basis in its partnership interest. There can be no assurance that, if the General Partner makes any such special allocations, the Service will accept such allocations. If such allocations are successfully challenged by the Service, the Partnership's tax items allocable to the remaining Partners would be affected.

Tax Elections; Returns; Tax Audits. The Code generally provides for optional adjustments to the basis of partnership property upon distributions of partnership property to a partner and transfers of partnership interests (including by reason of death) provided that a partnership election has been made pursuant to Section 754. Under the Partnership Agreement, the General Partner, in its sole discretion, may cause the Partnership to make such an election. Any such election, once made, cannot be revoked without the Service's consent. The actual effect of any such election may depend upon whether the Master Fund also makes such an

election. As a result of the complexity and added expense of the tax accounting required to implement such an election, the General Partner presently does not intend to make such election.

The General Partner decides how to report the partnership items on the Partnership's tax returns. In certain cases, the Partnership may be required to file a statement with the Service disclosing one or more positions taken on its tax return, generally where the tax law is uncertain or a position lacks clear authority. All Partners are required under the Code to treat the partnership items consistently on their own returns, unless they file a statement with the Service disclosing the inconsistency. Given the uncertainty and complexity of the tax laws, it is possible that the Service may not agree with the manner in which the Partnership's items have been reported. In the event the income tax returns of the Partnership are audited by the Service, the tax treatment of the Partnership's income and deductions generally is determined at the limited partnership level in a single proceeding rather than by individual audits of the Partners. The General Partner, designated as the "**Tax Matters Partner**," has considerable authority to make decisions affecting the tax treatment and procedural rights of all Partners. In addition, the Tax Matters Partner has the authority to bind certain Partners to settlement agreements and the right on behalf of all Partners to extend the statute of limitations relating to the Partners' tax liabilities with respect to Partnership items.

Mandatory Basis Adjustments. The Partnership is generally required to adjust its tax basis in its assets in respect of all Partners in cases of partnership distributions that result in a "substantial basis reduction" (i.e., in excess of $250,000) in respect of the Partnership's property. The Partnership is also required to adjust its tax basis in its assets in respect of a transferee, in the case of a sale or exchange of an interest, or a transfer upon death, when there exists a "substantial built-in loss" (i.e., in excess of $250,000) in respect of partnership property immediately after the transfer. For this reason, the Partnership will require (i) a Partner who receives a distribution from the Partnership in connection with a complete withdrawal, (ii) a transferee of an Interest (including a transferee in case of death) and (iii) any other Partner in appropriate circumstances to provide the Partnership with information regarding its adjusted tax basis in its Interest. The Master Fund has a similar tax basis adjustment obligations with respect to distributions by, and sales or transfers of interests in, the Master Fund.

Tax Consequences to a Withdrawing Limited Partner

A Limited Partner receiving a cash liquidating distribution from the Partnership, in connection with a complete withdrawal from the Partnership, generally will recognize capital gain or loss to the extent of the difference between the proceeds received by such Limited Partner and such Limited Partner's adjusted tax basis in its partnership interest. Such capital gain or loss will be short-term, long-term, or some combination of both, depending upon the timing of the Limited Partner's contributions to the Partnership. However, a withdrawing Limited Partner will recognize ordinary income to the extent such Limited Partner's allocable share of the Partnership's "unrealized receivables" exceeds the Limited Partner's basis in such unrealized receivables (as determined pursuant to the Regulations). For these purposes, accrued but untaxed market discount, if any, on securities held by the Partnership will be treated as an unrealized receivable, with respect to which a withdrawing Limited Partner would recognize ordinary income. A Limited Partner receiving a cash nonliquidating distribution will recognize

income in a similar manner only to the extent that the amount of the distribution exceeds such Limited Partner's adjusted tax basis in its partnership interest.

As discussed above, the General Partner may specially allocate items of Partnership income and loss to a withdrawing Partner to the extent its capital account would otherwise exceed or be less than, as the case may be, its adjusted tax basis in its partnership interest. Such a special allocation of income may result in the withdrawing Partner recognizing ordinary income or short-term capital gain in the Partner's last taxable year in the Partnership, which could reduce the amount of long-term capital gain recognized during the tax year in which it receives its liquidating distribution upon withdrawal. Such a special allocation of loss may result in the withdrawing Partner recognizing capital loss, which may include long-term capital loss. in the Partner's last taxable year in the Partnership, which could reduce the amount of short-term loss recognized during the tax year in which it receives its liquidating distribution upon withdrawal. In the case of a Partner making a partial withdrawal, such allocation may accelerate the recognition of income by such Partner, and would accelerate the amount of loss by such Partner.

Distributions of Property. A partner's receipt of a distribution of property from a partnership is generally not taxable. However, under Section 731 of the Code, a distribution consisting of marketable securities generally is treated as a distribution of cash (rather than property) unless the distributing partnership is an "investment partnership" within the meaning of Section 731(c)(3)(C)(i) and the recipient is an "eligible partner" within the meaning of Section 731(c)(3)(C)(iii). The Partnership will determine at the appropriate time whether it qualifies as an "investment partnership." Assuming it so qualifies, if a Limited Partner is an "eligible partner," which term should include a Limited Partner whose contributions to the Partnership consisted solely of cash, the rule treating a distribution of property as a distribution of cash would not apply.

Tax Treatment of Partnership Investments

In General. The Master Fund expects to act a trader or investor, and not as a dealer, with respect to its securities transactions. A trader and an investor are persons who buy and sell securities for their own accounts. A dealer, on the other hand, is a person who purchases securities for resale to customers rather than for investment or speculation.

Generally, the gains and losses realized by a trader or an investor on the sale of securities are capital gains and losses. Capital gains and losses recognized by the Partnership may be long-term or short-term depending, in general, upon the length of time the Partnership maintains a particular investment position and, in some cases, upon the nature of the transaction. Property held for more than one year generally will be eligible for long-term capital gain or loss treatment. The application of certain rules relating to short sales, to so-called "straddle" and "wash sale" transactions and to Section 1256 Contracts (defined below) may serve to alter the treatment of the Partnership's securities positions.

The Partnership may also realize ordinary income and losses with respect to its transactions. The Partnership may hold debt obligations with "original issue discount." In such case the Partnership would be required to include amounts in taxable income on a current basis

even though receipt of such amounts may occur in a subsequent year. In addition, certain derivative transactions entered into by the Partnership may give rise to current income even though there has been no corresponding cash distribution to the Partnership.

The maximum ordinary income tax rate for individuals is 39.6% and, in general, the maximum individual income tax rate for "**Qualified Dividends**"[4] and long-term capital gains is 20% (unless the taxpayer elects to be taxed at ordinary rates - see "Limitation on Deductibility of Interest and Short Sale Expenses" below), although in all cases the actual rates may be higher due to the phase out of certain tax deductions, exemptions and credits. The excess of capital losses over capital gains may be offset against the ordinary income of an individual taxpayer, subject to an annual deduction limitation of $3,000. Capital losses of an individual taxpayer may generally be carried forward to succeeding tax years to offset capital gains and then ordinary income (subject to the $3,000 annual limitation). For corporate taxpayers, the maximum income tax rate is 35%. Capital losses of a corporate taxpayer may be offset only against capital gains, but unused capital losses may be carried back three years (subject to certain limitations) and carried forward five years.

In addition, individuals, estates and trusts are subject to a Medicare tax of 3.8% on net investment income ("NII") (or undistributed NII, in the case of estates and trusts) for each such taxable year, with such tax applying to the lesser of such income or the excess of such person's adjusted gross income (with certain adjustments) over a specified amount.[5] NII includes net income from interest, dividends, annuities, royalties and rents and net gain attributable to the disposition of investment property. It is generally anticipated that net income and gain attributable to an investment in the Partnership will be included in an investor's NII subject to this Medicare tax. However, the calculation of NII for purposes of the Medicare tax and taxable income for purposes of the regular income tax may be different. Furthermore, the Medicare tax and the regular income tax may be due in different taxable years with respect to the same income.

Section 1256 Contracts. In the case of Section 1256 Contracts, the Code generally applies a "mark-to-market" system of taxing unrealized gains and losses on such contracts and otherwise provides for special rules of taxation. A Section 1256 Contract includes certain regulated futures contracts and certain other contracts. Under these rules, Section 1256 Contracts held by the Partnership at the end of each taxable year of the Partnership are treated for Federal income tax purposes as if they were sold by the Partnership for their fair market value on the last business day of such taxable year. The net gain or loss, if any, resulting from such deemed sales (known as "marking to market"), together with any gain or loss resulting from actual sales of Section 1256 Contracts, must be taken into account by the Partnership in computing its taxable income for such year. If a Section 1256 Contract held by the Partnership at the end of a taxable year is sold in the following year, the amount of any gain or loss realized

[4] A "Qualified Dividend" is generally a dividend from certain domestic corporations, and from certain foreign corporations that are either eligible for the benefits of a comprehensive income tax treaty with the United States or are readily tradable on an established securities market in the United States. Shares must be held for certain holding periods in order for a dividend thereon to be a Qualified Dividend.

[5] The amount is $250,000 for married individuals filing jointly, $125,000 for married individuals filing separately, $200,000 for other individuals and the dollar amount at which the highest income tax bracket for estates and trusts begins.

on such sale will be adjusted to reflect the gain or loss previously taken into account under the "mark-to-market" rules.

With certain exceptions, capital gains and losses from such Section 1256 Contracts generally are characterized as short-term capital gains or losses to the extent of 40% thereof and as long-term capital gains or losses to the extent of 60% thereof. If an individual taxpayer incurs a net capital loss for a year, the portion thereof, if any, which consists of a net loss on Section 1256 Contracts may, at the election of the taxpayer, be carried back three years. Losses so carried back may be deducted only against net capital gain to the extent that such gain includes gains on Section 1256 Contracts. A Section 1256 Contract does not include any "securities futures contract" or any option on such a contract, other than a "dealer securities futures contract" (see "*Certain Securities Futures Contracts*").

Certain Securities Futures Contracts. Generally, a securities futures contract is a contract of sale for future delivery of a single security or a narrow-based security index. Any gain or loss from the sale or exchange of a securities futures contract (other than a "dealer securities futures contract") is treated as gain or loss from the sale or exchange of property that has the same character as the property to which the contract relates has (or would have) in the hands of the taxpayer. If the underlying security would be a capital asset in the taxpayer's hands, then gain or loss from the sale or exchange of the securities futures contract would be capital gain or loss. Capital gain or loss from the sale or exchange of a securities futures contract to sell property (i.e., the short side of a securities futures contract) generally will be short-term capital gain or loss.

A "dealer securities futures contract" is treated as a Section 1256 Contract. A "dealer securities futures contract" is a securities futures contract, or an option to enter into such a contract, that (1) is entered into by a dealer (or, in the case of an option, is purchased or granted by the dealer) in the normal course of its trade or business activity of dealing in the contracts and (2) is traded on a qualified board of trade or exchange.

Mixed Straddle Election. The Code allows a taxpayer to elect to offset gains and losses from positions which are part of a "mixed straddle." A "mixed straddle" is any straddle in which one or more but not all positions are Section 1256 Contracts. Pursuant to Temporary Regulations, the Partnership may be eligible to elect to establish one or more mixed straddle accounts for certain of its mixed straddle trading positions. The mixed straddle account rules require a daily "marking to market" of all open positions in the account and a daily netting of gains and losses from positions in the account. At the end of a taxable year, the annual net gains or losses from the mixed straddle account are recognized for tax purposes. The application of the Temporary Regulations' mixed straddle account rules is not entirely clear. Therefore, there is no assurance that a mixed straddle account election by the Partnership will be accepted by the Service.

Possible "Mark-to-Market" Election. To the extent that a Master Fund is directly engaged in a trade or business as a trader in "securities" and/or as a trader in "commodities," it may elect under Section 475 of the Code to "mark-to-market" the securities and/or commodities held in connection with such trade or business. Under such election, securities and/or commodities, as applicable, held by such Master Fund at the end of each taxable year generally will be treated as if they were sold by such Master Fund for their fair market value on the last

day of such taxable year, and gains or losses recognized thereon (with certain exceptions) will be treated as ordinary income or loss. Moreover, even if such Master Fund determines that its securities and/or commodities activities will constitute trading rather than investing, there can be no assurance that the Service will agree, in which case such Master Fund may not be able to mark-to-market its positions.

Short Sales. Gain or loss from a short sale of property is generally considered as capital gain or loss to the extent the property used to close the short sale constitutes a capital asset in the Partnership's hands. Except with respect to certain situations where the property used to close a short sale has a long-term holding period on the date the short sale is entered into, gains on short sales generally are short-term capital gains. A loss on a short sale will be treated as a long-term capital loss if, on the date of the short sale, "substantially identical property" has been held by the Partnership for more than one year. In addition, these rules may also terminate the running of the holding period of "substantially identical property" held by the Partnership.

Gain or loss on a short sale will generally not be realized until such time that the short sale is closed. However, if the Partnership holds a short sale position with respect to stock, certain debt obligations or partnership interests that has appreciated in value and then acquires property that is the same as or substantially identical to the property sold short, the Partnership generally will recognize gain on the date it acquires such property as if the short sale were closed on such date with such property. Similarly, if the Partnership holds an appreciated financial position with respect to stock, certain debt obligations, or partnership interests and then enters into a short sale with respect to the same or substantially identical property, the Partnership generally will recognize gain as if the appreciated financial position were sold at its fair market value on the date it enters into the short sale. The subsequent holding period for any appreciated financial position that is subject to these constructive sale rules will be determined as if such position were acquired on the date of the constructive sale.

Effect of Straddle Rules on Limited Partners' Securities Positions. The Service may treat certain positions in securities held (directly or indirectly) by a Partner and its indirect interest in similar securities held by the Partnership as "straddles" for Federal income tax purposes. Investors should consult their tax advisors regarding the application of the "straddle" rules to their investment in the Partnership.

Limitation on Deductibility of Interest and Short Sale Expenses. For noncorporate taxpayers, Section 163(d) of the Code limits the deduction for "investment interest" (i.e., interest or short sale expenses for "indebtedness properly allocable to property held for investment"). Investment interest is not deductible in the current year to the extent that it exceeds the taxpayer's "net investment income," consisting of net gain and ordinary income derived from investments in the current year less certain directly connected expenses (other than interest or short sale expenses). For this purpose, Qualified Dividends and long-term capital gains are excluded from net investment income unless the taxpayer elects to pay tax on such amounts at ordinary income tax rates.

For purposes of this provision, the Partnership's activities (other than certain activities that are treated as "passive activities" under Section 469 of the Code) will be treated as giving rise to investment income for a Limited Partner, and the investment interest limitation would

apply to a noncorporate Limited Partner's share of the interest and short sale expenses attributable to the Partnership's operation. In such case, a noncorporate Limited Partner would be denied a deduction for all or part of that portion of its distributive share of the Partnership's ordinary losses attributable to interest and short sale expenses unless it had sufficient investment income from all sources including the Partnership. A Limited Partner that could not deduct losses currently as a result of the application of Section 163(d) would be entitled to carry forward such losses to future years, subject to the same limitation. The investment interest limitation would also apply to interest paid by a noncorporate Limited Partner on money borrowed to finance its investment in the Partnership. Potential investors are advised to consult with their own tax advisors with respect to the application of the investment interest limitation in their particular tax situations.

For each taxable year, Section 1277 of the Code limits the deduction of the portion of any interest expense on indebtedness incurred by a taxpayer to purchase or carry a security with market discount which exceeds the amount of interest (including original issue discount) includible in the taxpayer's gross income for such taxable year with respect to such security ("**Net Interest Expense**"). In any taxable year in which the taxpayer has Net Interest Expense with respect to a particular security, such Net Interest Expense is not deductible except to the extent that it exceeds the amount of market discount which accrued on the security during the portion of the taxable year during which the taxpayer held the security. Net Interest Expense which cannot be deducted in a particular taxable year under the rules described above can be carried forward and deducted in the year in which the taxpayer disposes of the security. Alternatively, at the taxpayer's election, such Net Interest Expense can be carried forward and deducted in a year prior to the disposition of the security, if any, in which the taxpayer has net interest income from the security.

Section 1277 would apply to a Limited Partner's share of the Partnership's Net Interest Expense attributable to a security held by the Partnership with market discount. In such case, a Limited Partner would be denied a current deduction for all or part of that portion of its distributive share of the Partnership's ordinary losses attributable to such Net Interest Expense and such losses would be carried forward to future years, in each case as described above. Although no guidance has been issued regarding the manner in which an election to deduct previously disallowed Net Interest Expense in a year prior to the year in which a bond is disposed of should be made, it appears that such an election would be made by the Partnership rather than by the Limited Partner. Section 1277 would also apply to the portion of interest paid by a Limited Partner on money borrowed to finance its investment in the Partnership to the extent such interest was allocable to securities held by the Partnership with market discount.

Deductibility of Partnership Investment Expenditures and Certain Other Expenditures. Investment expenses (e.g., investment advisory fees) of an individual, trust or estate are deductible only to the extent they exceed 2% of adjusted gross income. In addition, the Code further restricts the ability of an individual with an adjusted gross income in excess of a specified amount[6] to deduct such investment expenses. Under such provision, there is a limitation on the

[6] The specified amount for taxable years beginning during 2014 is $305,050 for married individuals filing jointly, $152,525 for married individuals filing separately, $279,650 for heads of households and $254,200 for other individuals.

deductibility of investment expenses in excess of 2% of adjusted gross income to the extent such excess expenses (along with certain other itemized deductions) exceed the lesser of (i) 3% of the excess of the individual's adjusted gross income over the specified amount or (ii) 80% of the amount of certain itemized deductions otherwise allowable for the taxable year. Moreover, such investment expenses are miscellaneous itemized deductions which are not deductible by a noncorporate taxpayer in calculating its alternative minimum tax liability.

It is unclear whether all or a portion of the Master Fund's operations will qualify as trading -- rather than investment -- activities, the expenses for which would not be treated as investment expenses. Therefore, pursuant to Temporary Regulations issued by the Treasury Department, these limitations on deductibility may apply to a noncorporate Limited Partner's share of certain expenses of the Master Fund and the Partnership, including the Management Fee, payments made to Portfolio Managers, the fee paid to the Administrator and payments made on certain derivative instruments.

The consequences of these limitations will vary depending upon the particular tax situation of each taxpayer. Accordingly, noncorporate Limited Partners should consult their tax advisors with respect to the application of these limitations.

A Limited Partner will not be allowed to deduct syndication expenses, including placement fees paid by such Limited Partner or the Partnership. Any such amounts will be included in the Limited Partner's adjusted tax basis for its Interest.

Application of Rules for Income and Losses from Passive Activities. The Code restricts the deductibility of losses from a "passive activity" against certain income which is not derived from a passive activity. This restriction applies to individuals, personal service corporations and certain closely held corporations. Pursuant to Temporary Regulations issued by the Treasury Department, income or loss from the Partnership's investment and trading activity generally will not constitute income or loss from a passive activity. Therefore, passive losses from other sources generally could not be deducted against a Limited Partner's share of such income and gain from the Partnership. Income or loss attributable to certain activities of the Partnership, including investments in partnerships engaged in certain trades or businesses, may constitute passive activity income or loss.

Application of Basis and "At Risk" Limitations on Deductions. The amount of any loss of the Partnership that a Limited Partner is entitled to include in its income tax return is limited to its adjusted tax basis in its Interest as of the end of the Partnership's taxable year in which such loss occurred. Generally, a Limited Partner's adjusted tax basis for its Interest is equal to the amount paid for such Interest, increased by the sum of (i) its share of the Partnership's liabilities, as determined for Federal income tax purposes, and (ii) its distributive share of the Partnership's realized income and gains, and decreased (but not below zero) by the sum of (i) distributions (including decreases in its share of Partnership liabilities) made by the Partnership to such Limited Partner and (ii) such Limited Partner's distributive share of the Partnership's realized losses and expenses.

Similarly, a Limited Partner that is subject to the "at risk" limitations (generally, noncorporate taxpayers and closely held corporations) may not deduct losses of the Partnership

to the extent that they exceed the amount such Limited Partner has "at risk" with respect to its Interest at the end of the year. The amount that a Limited Partner has "at risk" will generally be the same as its adjusted basis as described above, except that it will generally not include any amount attributable to liabilities of the Partnership or any amount borrowed by the Limited Partner on a non-recourse basis.

Losses denied under the basis or "at risk" limitations are suspended and may be carried forward in subsequent taxable years, subject to these and other applicable limitations.

Passive Foreign Investment Companies. The Partnership may invest in foreign corporations which are passive foreign investment companies ("**PFICs**") for Federal income tax purposes. A foreign corporation is considered a PFIC if (i) 75% or more of its gross income for the taxable year is "passive" or (ii) the average percentage of assets (by value) held by it during the taxable year which produce passive income, or which are held for the production of passive income, is at least 50%. As a result of the Partnership's investment in a PFIC, unless the PFIC shares are subject to an election by the Partnership under Section 475 of the Code (see "*Possible 'Mark-to-Market' Election*", above), Limited Partners would be subject to income taxation with respect to their share of income attributable to the PFIC under one of three complex methods designed to eliminate the benefit of any tax deferral that might otherwise be available as a result of an investment in a PFIC.

Under the "interest charge" method, a Limited Partner is generally liable for tax (at ordinary income rates) plus an interest charge reflecting the deemed deferral of tax liability on the income arising when the Partnership pledges or sells its PFIC shares at a gain, receives certain distributions from the PFIC or when the Limited Partner's indirect interest in the PFIC is reduced. Under a second option, if the Partnership makes an election to have the PFIC treated as a qualified electing fund ("**QEF**"), Limited Partners would generally be taxed currently on their proportionate share of the ordinary earnings and net long-term capital gains of the PFIC whether or not the earnings or gains are distributed. In addition, PFIC expenses, if any, that are properly capitalized will not be deductible for purposes of calculating the income included as a result of the QEF election. If the PFIC realizes a net loss in a particular year, under the QEF rules, that loss will not pass through to the Limited Partners nor will it be netted against the income of any other PFIC with respect to which a QEF election has been made. Moreover, the loss also cannot be carried forward to offset income of the PFIC in subsequent years. A Limited Partner should also note that under the QEF rules, it may be taxed on income related to unrealized appreciation in the PFIC's assets attributable to periods prior to the Partnership's investment in the PFIC if such amounts are recognized by the PFIC after the Partnership acquires PFIC shares. Moreover, any net short-term capital gains of the PFIC will not pass through as capital gains, but will be taxed as ordinary income.

In order for the Partnership to be eligible to make a QEF election, the PFIC would have to agree to provide certain information to the Partnership on an annual basis. Under the third alternative, the Partnership generally will have the option to elect to mark its PFIC stock to market at the end of every year, provided the PFIC stock is considered "marketable" under applicable definitions. All such mark to market gains and losses (to the extent allowed) will be considered ordinary. Under regulations, it is unlikely that any PFIC shares that the Partnership

would invest in would be considered "marketable" unless the PFIC shares were regularly traded on a regulated securities exchange.

Other "Anti-Deferral" Provisions. Whether or not the PFIC provisions are applicable, pursuant to the "controlled foreign corporation" provisions of the Code, investments by the Partnership in certain foreign corporations may, in certain circumstances, cause a Limited Partner to (i) recognize taxable income prior to the Partnership's receipt of distributable proceeds or (ii) recognize ordinary taxable income that would otherwise have been treated as long-term or short-term capital gain.

U.S. Withholding Taxes

Certain interest, dividends and "dividend equivalent payments" received by the Master Fund from sources within the United States may be subject to withholding taxes imposed by the United States. The Limited Partners will be informed by the Partnership as to their proportionate share of the U.S. taxes paid by the Master Fund, if any, which they will be required to include in their income. The Limited Partners should be entitled to claim an unrestricted credit for their share of such U.S. taxes in computing their own Federal income tax liability.

In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the Master Fund generally will be required to register with the Service by December 31, 2014 and agree to identify certain of its direct and indirect U.S. account holders (including debtholders and equityholders). Limited Partners should consult their own tax advisors regarding the possible implications of these rules on their investment in Interests.

Reporting Requirements

Regulations generally impose an information reporting requirement on a U.S. person's direct and indirect contributions of cash or property to a foreign partnership such as the Master Fund where, (i) immediately after the contribution, the U.S. person owns (directly, indirectly or by attribution) at least a 10% interest in the foreign partnership or (ii) the value of the cash and/or property transferred during the twelve-month period ending on the date of the contribution by the transferor (or any related person) exceeds $100,000. Under these rules, a Limited Partner will be deemed to have transferred a proportionate share of the cash and property contributed by the Partnership to the Master Fund. Furthermore, if a U.S. person was required to report a transfer to a foreign partnership of appreciated property under the first sentence of this paragraph, and the foreign partnership disposes of the property while such U.S. person remains a direct or indirect partner, that U.S. person must report the disposition by the partnership. However, a Limited Partner will not be required to file information returns with respect to the events described in this paragraph if the Partnership complies with the reporting requirements. The Partnership intends to file the required reports with the Service so as to relieve the Limited Partners of these reporting obligations.

Regulations also generally impose a reporting requirement on any U.S. Limited Partner which, at any time during the taxable year of the Master Fund, owns (indirectly or by attribution) more than 50% of the capital or profits of the Master Fund. The General Partner will notify any

Limited Partner who owns the requisite indirect interest in the Master Fund and will assist such person in meeting their reporting obligations.

The foregoing discussion is only a brief summary of certain information reporting requirements. Substantial penalties may apply if the required reports are not made on time. Partners are strongly urged to consult their own tax advisors concerning these reporting requirements as they relate to their investment in the Partnership.

Foreign Taxes

It is possible that certain dividends and interest directly or indirectly received by the Partnership from sources within foreign countries will be subject to withholding taxes imposed by such countries. In addition, the Partnership or the Master Fund may also be subject to capital gains taxes in some of the foreign countries where they purchase and sell securities. Tax treaties between certain countries and the United States may reduce or eliminate such taxes. It is impossible to predict in advance the rate of foreign tax the Partnership will pay since the amount of the Partnership's assets to be invested in various countries is not known.

The Partners will be informed by the Partnership as to their proportionate share of the foreign taxes paid by the Partnership and the Master Fund which they will be required to include in their income. The Limited Partners generally will be entitled to claim either a credit (subject to the limitations discussed below and provided that, in the case of dividends, the foreign stock is held for the requisite holding period) or, if they itemize their deductions, a deduction (subject to the limitations generally applicable to deductions) for their share of such foreign taxes in computing their Federal income taxes.

Generally, a credit for foreign taxes is subject to the limitation that it may not exceed the Partner's Federal tax (before the credit) attributable to its total foreign source taxable income. A Limited Partner's share of the Partnership's dividends and interest from non-U.S. securities generally will qualify as foreign source income. Generally, the source of gain and loss realized upon the sale of personal property, such as securities, will be based on the residence of the seller. In the case of a partnership, the determining factor is the residence of the partner. Thus, absent a tax treaty to the contrary, the gains and losses from the sale of securities allocable to a Partner that is a U.S. resident generally will be treated as derived from U.S. sources (even though the securities are sold in foreign countries). For purposes of the foreign tax credit limitation calculation, investors entitled to the reduced tax rates on Qualified Dividends and long-term capital gains described above (see "*Tax Treatment of Partnership Investments – In General*"), must adjust their foreign tax credit limitation calculation to take into account the preferential tax rate on such income to the extent it is derived from foreign sources. Certain currency fluctuation gains, including fluctuation gains from foreign currency denominated debt securities, receivables and payables, will also be treated as ordinary income derived from U.S. sources.

The limitation on the foreign tax credit generally is applied separately to foreign source passive income, such as dividends and interest. In addition, for foreign tax credit limitation purposes, the amount of a Partner's foreign source income is reduced by various deductions that are allocated and/or apportioned to such foreign source income. One such deduction is interest expense, a portion of which will generally reduce the foreign source income of any Partner who

owns (directly or indirectly) foreign assets. For these purposes, foreign assets owned by the Partnership will be treated as owned by the investors in the Partnership and indebtedness incurred by the Partnership will be treated as incurred by investors in the Partnership.

Because of these limitations, Limited Partners may be unable to claim a credit for the full amount of their proportionate share of the foreign taxes paid by the Partnership. In addition, a foreign tax credit may not be available to offset the Medicare tax on NII. The foregoing is only a general description of the foreign tax credit under current law. Moreover, since the availability of a credit or deduction depends on the particular circumstances of each Partner, Limited Partners are advised to consult their own tax advisors.

Certain Reporting Obligations

Certain U.S. persons ("potential filers") that own (directly or indirectly) more than 50% of the capital or profits of the Partnership may be required to file, electronically, FinCEN Form 114 (an "**FBAR**") with respect to the Partnership's investments in foreign financial accounts. Failure to file a required FBAR may result in civil and criminal penalties. Potential filers should consult with their own advisors as to whether they are obligated to file an FBAR with respect to an investment in the Partnership.

Tax Shelter Reporting Requirements

The Regulations require the Partnership to complete and file Form 8886 ("**Reportable Transaction Disclosure Statement**") with its tax return for any taxable year in which the Partnership participates in a "reportable transaction." Additionally, each Partner treated as participating in a reportable transaction of the Partnership is generally required to file Form 8886 with its tax return (or, in certain cases, within 60 days of the return's due date). If the Service designates a transaction as a reportable transaction after the filing of a taxpayer's tax return for the year in which the Partnership or a Partner participated in the transaction, the Partnership and/or such Partner may have to file Form 8886 with respect to that transaction within 90 days after the Service makes the designation. The Partnership and any such Partner, respectively, must also submit a copy of the completed form with the Service's Office of Tax Shelter Analysis. The Partnership intends to notify the Partners that it believes (based on information available to the Partnership) are required to report a transaction of the Partnership, and intends to provide such Limited Partners with any available information needed to complete and submit Form 8886 with respect to the Partnership's transactions. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to the Service at its request.

A Partner's recognition of a loss upon its disposition of an interest in the Partnership could also constitute a "reportable transaction" for such Partner, requiring such Partner to file Form 8886.

A significant penalty is imposed on taxpayers who participate in a "reportable transaction" and fail to make the required disclosure. The maximum penalty is $10,000 for natural persons and $50,000 for other persons (increased to $100,000 and $200,000, respectively,

if the reportable transaction is a "listed" transaction). Investors should consult with their own advisors concerning the application of these reporting obligations to their specific situations.

State and Local Taxation

In addition to the Federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Partnership. State and local laws often differ from Federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. A Partner's distributive share of the taxable income or loss of the Partnership generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which it is a resident. A partnership in which the Partnership acquires an interest may conduct business in a jurisdiction which will subject to tax a Partner's share of the partnership's income from that business and may cause Partners to file tax returns in those jurisdictions. Prospective investors should consult their tax advisors with respect to the availability of a credit for such tax in the jurisdiction in which that Partner is a resident.

The tax laws of various states and localities limit or eliminate the deductibility of itemized deductions for certain taxpayers. These limitations may apply to a Partner's share of some or all of the Partnership's and the Master Fund's expenses, including interest expense, to the extent that the expenses are not considered to be trade or business expenses in the applicable jurisdiction. Prospective investors are urged to consult their tax advisors with respect to the impact of these provisions on the deductibility of certain itemized deductions, including interest expense, on their tax liabilities in the jurisdictions in which they are resident.

One or more states may impose reporting requirements on the Partnership and/or its Partners in a manner similar to that described above in "Tax Shelter Reporting Requirements." Investors should consult with their own advisors as to the applicability of such rules in jurisdictions which may require or impose a filing requirement.

The Partnership does not expect to be subject to the New York City unincorporated business tax, which is not imposed on a partnership which purchases and sells securities for its "own account." By reason of a similar "own account" exemption, it is also expected that a nonresident individual Partner should not be subject to New York State personal income tax with respect to his share of income or gain realized directly by the Partnership. (These exemptions may not be applicable to the extent a partnership in which the Partnership invests conducts a business in New York.)

Individual Limited Partners who are residents of New York State and New York City should be aware that the New York State and New York City personal income tax laws limit the deductibility of itemized deductions and interest expense for individual taxpayers at certain income levels. These limitations may apply to a Limited Partner's share of some or all of the Partnership's expenses. Prospective Limited Partners are urged to consult their tax advisors with respect to the impact of these provisions and the Federal limitations on the deductibility of certain itemized deductions and investment expenses on their New York State and New York City tax liability.

For purposes of the New York State corporate franchise tax and the New York City general corporation tax, a corporation generally is treated as doing business in New York State and New York City, respectively, and is subject to such corporate taxes as a result of the ownership of a partnership interest in a partnership which does business in New York State and New York City, respectively.[7] Each of the New York State and New York City corporate taxes are imposed, in part, on the corporation's taxable income or capital allocable to the relevant jurisdiction by application of the appropriate allocation percentages. Moreover, a non-New York corporation which does business in New York State may be subject to a New York State license fee. A corporation which is subject to New York State corporate franchise tax solely as a result of being a limited partner in a New York partnership may, under certain circumstances, elect to compute its New York State corporate franchise tax by taking into account only its distributive share of such partnership's income and loss. There is currently no similar provision in effect for purposes of the New York City general corporation tax.

Regulations under both the New York State corporate franchise tax and the New York City general corporation tax, however, provide an exception to this general rule in the case of a "portfolio investment partnership", which is defined, generally, as a partnership which meets the gross income requirements of Section 851(b)(2) of the Code. New York State (but not New York City) has adopted regulations that also include income and gains from commodity transactions described in Section 864(b)(2)(B)(iii) as qualifying gross income for this purpose. The Partnership's qualification as such a portfolio investment partnership must be determined on an annual basis and, with respect to a taxable year, the Partnership may not qualify as a portfolio investment partnership.

New York State imposes a quarterly withholding obligation on certain partnerships with respect to partners that are individual non-New York residents or corporations (other than "S" corporations). Accordingly, the Partnership may be required to withhold on the distributive shares of New York source partnership income allocable to such partners to the extent such income is not derived from trading in securities for the Partnership's own account.

Each prospective Partner should consult its tax advisor with regard to the New York State and New York City tax consequences of an investment in the Partnership.

THE ADMINISTRATOR

The Administrator

The Partnership, the Master Fund and the other parties thereto (collectively, the "**Funds**") have entered into an administration agreement (the "**Administration Agreement**") with SS&C Technologies, Inc. (acting through its business unit, SS&C Fund Services) (the "**Administrator**") to perform day-to-day administrative, bookkeeping and registrar and transfer agency services. The Administrator and its affiliates, under the ultimate supervision of the

[7] New York State (but not New York City) generally exempts from corporate franchise tax a non-New York corporation which (i) does not actually or constructively own a 1% or greater limited partnership interest in a partnership doing business in New York and (ii) has a tax basis in such limited partnership interest not greater than $1 million.

General Partner, will be responsible for matters pertaining to the administration of the Partnership, including, without limitation: (i) calculating Net Asset Value; (ii) maintaining financial books and records so far as may be necessary to give a complete record of all transactions carried out by the Administrator on behalf of the Partnership; (iii) providing registrar and transfer agent services in connection with the issuance, transfer and withdrawal of Interests; and (iv) observing and complying with applicable anti-money laundering laws and regulations.

The Partnership has appointed the Administrator to act as registrar and transfer agent (the "**Registrar**") for the Partnership. The services provided by the Administrator, in the context of acting as Registrar, include the maintenance of a copy of the register of Interest ownership (the "Interest Register") representing the Partnership's records relating to Interest ownership and the withdrawal of Interests; receipt of requests for withdrawal; authorization of withdrawal payments; authorization of disbursements of Management Fees and Incentive Allocations, commissions and other charges; and other services as agreed on by the parties.

The fees payable to the Administrator are based on the net asset value of the Funds as detailed in the Administration Agreement. The Partnership may retain other service providers affiliated with the Administrator to perform the administrative services that would otherwise be performed by the Administrator.

The Administration Agreement is for an initial one-year term and may be renewed for two-year periods. The Administration Agreement is subject to termination by the Administrator or by the Partnership upon 90 days' written notice prior to the end of a given term or immediately in certain other circumstances specified therein.

In the absence of a material breach of the Administration Agreement by the Administrator due to gross negligence, bad faith, fraud or dishonesty in the performance of the Administrator's duties under the Administration Agreement, neither the Administrator nor any of its affiliates, officers, directors, employees, agents, successors and assigns (each, an "**Administrator Indemnified Person**") shall be liable to the Partnership or any Limited Partner or any other person on account of anything done, omitted or suffered by the Administrator or any other Administrator Indemnified Person in good faith pursuant to the Administration Agreement in the performance of the services described therein.

Under the Administration Agreement, the Partnership agrees to indemnify and keep the Administrator and the Administrator Indemnified Persons indemnified from and against any liabilities, obligations, losses, damages, penalties, actions, judgments, claims, demands, suits, costs, expenses or disbursements that may be imposed on, incurred by or asserted against any of them arising (other than by reason of gross negligence, bad faith, fraud or dishonesty on the part of the Administrator or any other Administrator Indemnified Person or the material breach of the Administration Agreement by the Administrator) in connection with the provision of services under the Administration Agreement.

The Administrator is not responsible for any trading decisions of the Master Fund (all of which will be made by the Investment Manager and/or the Portfolio Managers).

THE ADMINISTRATOR WILL NOT PROVIDE ANY INVESTMENT ADVISORY OR MANAGEMENT SERVICES TO THE FUNDS AND THEREFORE WILL NOT BE IN ANY WAY RESPONSIBLE FOR THE FUNDS' PERFORMANCE.

AUDITORS

The independent auditors for the Partnership are BDO Seidman, LLP, or such other firm as may be selected by the General Partner from time to time.

LEGAL COUNSEL

SRZ serves as U.S. legal counsel to the Partnership, the Master Fund, the Investment Manager and the General Partner (the "**Platinum Parties**").

Walkers serves as Cayman Islands legal counsel to the Master Fund.

SRZ's representation of the Platinum Parties and their respective affiliates and Walkers' representation of the Master Fund and its affiliates is limited to specific matters as to which they have been consulted by the General Partner and/or the Investment Manager. There may exist other matters that could have a bearing on the Platinum Parties and their respective affiliates as to which they have not been consulted. In addition, SRZ and Walkers do not undertake (nor do they intend) to monitor the compliance of the Investment Manager, the General Partner and/or their respective affiliates with the investment program, valuation procedures and other guidelines set forth in this Memorandum, nor do they monitor compliance with applicable laws. In reviewing this Memorandum, SRZ and Walkers relied upon information furnished to them by the Platinum Parties and/or their respective affiliates, and did not investigate or verify the accuracy and completeness of information set forth herein concerning the Platinum Parties and their respective affiliates and personnel.

SRZ and Walkers do not represent any prospective purchasers of Interests in connection with the offering and will not be representing the Limited Partners.

ADDITIONAL INFORMATION

The Investment Manager and the Administrator will answer all inquiries from prospective investors relative to the offering of the Interests and the intended operation of the Partnership and the Master Fund and will provide additional information (to the extent that they possesses such information or can acquire it without unreasonable effort or expense) necessary to verify the accuracy of any representations or information set forth in this Memorandum.

From: Platinum Investors <PlatinumInvestors@platinumlp.com>
Sent: Wednesday, July 20, 2016 4:08 PM
To: Platinum Investors <PlatinumInvestors@platinumlp.com>
Subject: Investor Communication
Attach: BMS Letter to Platinum Investors.pdf; Schwartz_brief_HS.PDF

Mr. Schwartz has asked us to send this letter to you on his behalf.

Guidepost
www.guidepostsolutions.com

Guidepost Solutions LLC
415 Madison Avenue
11th Floor
New York, NY 10017
T: 212.817.6700
F: 212.817.6728

July 20, 2016

Re: Platinum

Dear Investor:

I am pleased to advise you that Guidepost Solutions LLC has been retained by Platinum Management (NY) LLC, Platinum Credit Management LP and Platinum Liquid Opportunity Management (NY) LLC (the "Managers") as the Independent Oversight Advisor ("IOA") to assist the Managers with the development and implementation of a plan for the orderly liquidation of the Funds under management.

As the IOA, I believe that I have the appropriate authority and access to resources to achieve two fundamental objectives on behalf of investors: (1) achieve an orderly liquidation and protect investors' interests in the Funds by keeping in place the proper systems and processes as conducted by the Managers (2) while providing close scrutiny of the liquidation process for the benefit of all investors.

To meet these objectives, our activities will include verifying assets including investment positions, reviewing inter-company transfers, verifying ownership interests in the Funds, establishing a process for the efficient communication to and from investors as the liquidation plan is implemented, meeting counterparties and/or regulators, meeting with the outside auditors, consultation over the disposition of Fund assets and providing other services consistent with the above.

In addition to the foregoing, we will be actively monitoring the prudent, but purposeful liquidation of the Funds' investment portfolio and will report to the SEC at least monthly as to the status of our engagement, the consummation of any sale transactions, and the identification of any actual or potential violations of federal securities law, if any, which may come to our attention during the course of our oversight. Any proposed pledge, sale, transfer, encumbrance or other disposition of any material cash or asset of the Funds will require prior consultation with us as will any proposed transaction between any Fund and any Manager or affiliate.

We initially began to familiarize ourselves with the Funds and the issues addressed in prior communications shortly after July 4th and have been working since that time. Thus far our discussions with the Managers have been helpful, open and consistent with our objectives.

Please note, we are not acting in the capacity of attorneys and there is no attorney client relationship between me or Guidepost and the Funds or the Managers; we are acting in the interests of the investors.

Guidepost

We have asked the Managers to present a written plan to us for the orderly liquidation of the Funds. We will review the plan and then monitor compliance with it and review justifications for any deviations from it. We have asked that this plan be presented to us in final form within the next 30 days.

I am leading the engagement for Guidepost Solutions LLC and actively working on it, however should you have any questions please feel free to contact any one of the three of us listed below as we will have primary responsibility and accountability for this work on your behalf. I also have included my bio for your review. Due to concerns of investor confidentiality and counterparty negotiations, we have not attached the agreement retaining us, however should you like to discuss any matters, including my fee structure or information about the scope, nature, or ongoing progress of our work, please do not hesitate to contact us. Thank you.

Sincerely,

Bart M. Schwartz
Chairman

212-817-6733
bschwartz@guidepostsolutions.com

Robert P. Rittereiser
(212) 205-4189
rrittereiser@guidepostsolutions.com

Michael D. Klett
(212) 205-4189
mklett@guidepostsolutions.com

Attachment (bio)

Platinum Partners: Projected Capital Activity Report 2016

Redemptions Payable				
Fund	Effective Date	Est. Value of Full Redemptions Payable		
		Full Redemptions	Partial Redemptions	Total Redemptions
PPVA	3/31/2015		$ (150,000)	$ (150,000)
	6/30/2015	$ (981,963)	$ (1,357,390)	$ (2,339,353)
	7/31/2015	$ (2,850,683)		$ (2,850,683)
	9/30/2015	$ (10,930,510)	$ (3,900,784)	$ (14,831,294)
	10/31/2015	$ (4,900,000)		$ (4,900,000)
	11/30/2015	$ (1,676,166)		$ (1,676,166)
	12/31/2015	$ (15,408,014)	$ (6,081,566)	$ (21,489,580)
	3/31/2016	$ (9,581,423)	$ (9,017,617)	$ (18,599,040)
	6/30/2016	$ (19,350,606)	$ (11,633,531)	$ (30,984,137)
	9/30/2016	$ (13,567,500)	$ (2,283,826)	$ (15,851,326)
	6/30/2017	$ (1,075,500)		$ (1,075,500)
PPVA Total		**$ (80,322,364)**	**$ (34,424,714)**	**$ (114,747,078)**
PPCO	9/30/2015	$ (156)		$ (156)
	3/31/2016	$ (20,257,474)	$ (3,200,000)	$ (23,457,474)
	6/30/2016	$ (41,116,500)	$ (3,156,000)	$ (44,272,500)
	9/30/2016	$ (13,581,000)	$ (3,000,000)	$ (16,581,000)
	12/31/2016	$ (19,273,500)	$ (145,000)	$ (19,418,500)
PPCO Total		**$ (94,228,630)**	**$ (9,501,000)**	**$ (103,729,630)**
PPLO	9/30/2015	$ (6,366,018)		$ (6,366,018)
	12/31/2015	$ (32,376)		$ (32,376)
PPLO Total		**$ (6,398,395)**		**$ (6,398,395)**
Grand Total		**$ (180,949,389)**	**$ (43,925,714)**	**$ (224,875,103)**

Audit Holdbacks Payable		
Fund	Year Holdback is Due	Amount to be Paid
PPCO		$ (1,280,236)
PPLO	2016	$ (167,566)
PPLO Total		**$ (167,566)**
PPVA	2016	$ (8,845,427)
PPVA Total		**$ (8,845,427)**
Grand Total		**$ (10,293,229)**
Platinum Partners: Total Holdback Payable		**$ (10,293,229)**

Execution Version
CONFIDENTIAL

Guidepost Solutions LLC
415 Madison Avenue
11th Floor
New York, NY 10017

July 18, 2016

Platinum Management (NY) LLC
Platinum Credit Management LP
Platinum Liquid Opportunity Management (NY) LLC
250 W. 55th St., 14th Floor
New York, NY 10019

Attention: Mark Nordlicht

Ladies and Gentlemen:

This letter agreement (this "Agreement") confirms the terms on which Platinum Management (NY) LLC, Platinum Credit Management LP and Platinum Liquid Opportunity Management (NY) LLC (each, a "Manager" and collectively, the "Managers"), on behalf of the Funds which they manage, as defined below (the Funds collectively hereinafter referred to as the "Client") have engaged Guidepost Solutions LLC ("Consultant") to assist the Client with oversight of its portfolio, valuations and compliance during the period from the date hereof to the Termination Date (as defined below).

1. *Engagement*. The Client hereby engages Consultant to provide the services set forth in this Agreement in connection with all funds and fund assets managed by the Managers including, but not limited to, each of the following funds: Platinum Partners Value Arbitrage Fund (USA) L.P., Platinum Partners Value Arbitrage Fund (International) Limited, Platinum Partners Value Arbitrage Fund L.P., Platinum Partners Credit Opportunities Fund LLC, Platinum Partners Credit Opportunities Fund (TE) LLC, Platinum Partners Credit Opportunities Fund International, Ltd., Platinum Partners Credit Opportunities Fund International (A), Ltd., Platinum Partners Credit Opportunities Master Fund, LP, Platinum Partners Liquid Opportunity Fund (USA) L.P., Platinum Partners Liquid Opportunity Fund (International) Ltd. and Platinum Partners Liquid Opportunity Master Fund L.P. (collectively, and together with any intermediate entities, the "Funds"). The engagement of Consultant hereunder is limited to the duties set forth herein and, in all cases, is subject to the terms of this Agreement.

2. *Services to be Rendered*. The services to be provided by Consultant in connection with its engagement hereunder will consist of (unless the Client and Consultant agree that a particular service is not needed to be provided any longer or in any particular instance):

(a) acting as an independent oversight advisor for the orderly management and disposition of the assets of the Funds and related matters;

(b) verifying the current assets of the Funds and any third-parties' ownership interests in the assets including, but not limited to, any claims, liens, pledges and other encumbrances on such assets;

(c) reviewing (i) all material transactions of the Funds, including any material transfers of money or assets, and (ii) all related party transactions and Affiliate transactions, each as further addressed in Section 7 hereof (for purposes of this Agreement, "Affiliate" is defined as a person or entity that directly, or indirectly through one or more intermediaries, has an ownership or control interest in, or is owned or controlled in whole or in part by, or is under common ownership or control in whole or in part with, the person or entity specified);

(d) establishing a process for communication to shareholders and members of the Funds (collectively, "Investors"), and reviewing any such communications and any communications received from Investors;

(e) upon request of the Client or Managers, meeting with counterparties and other interested parties (including, but not limited to, outside auditors, government regulators or law enforcement personnel);

(f) participating with the Client and Managers in (i) any determination of whether a Fund should commence liquidation, (ii) the determination of the proposed terms under which such Fund will liquidate, and (iii) the actual disposition of assets and other requirements of the liquidation process;

(g) cooperating with any duly appointed liquidator for any of the Funds; and

(h) providing such other services in connection with the Funds as (i) the Client or Managers may reasonably request, (ii) are set forth in this Agreement, or (iii) Consultant may reasonably determine are necessary to fulfill its obligations hereunder.

The Client acknowledges and agrees that Consultant's engagement hereunder is not an agreement by Consultant to make any investment or provide any financing.

3. *Confidentiality*. Subject to the other provisions of this Agreement, the parties to this Agreement acknowledge that, in the course of dealings between the parties, each party may acquire information or materials about the other party, its business activities and operations, its technical information and trade secrets (including, but not limited to, information concerning or about the Managers or the Funds), which are of a confidential or proprietary nature ("Confidential Information"). Information will be treated as Confidential Information (i) if it is marked or accompanied by documents clearly and conspicuously designating them as "confidential" or the equivalent; (ii) if it is identified by the disclosing party as confidential before, during or promptly after the presentation or communication; or (iii) if information, by its nature, should have reasonably been known to be confidential. The terms and conditions of this Agreement shall be deemed Confidential Information. Each party will use the same degree of care, but no less than a reasonable degree of care, as the party uses with respect to its own similar information to protect the information and to prevent (i) any use of information not authorized in

this Agreement, (ii) dissemination of information to any employee of the party without a need to know, (iii) communication of information to any third party, or (iv) publication of information. These restrictions of confidentiality will not apply, however, to any information that (i) was lawfully known to the receiving party before receipt from the disclosing party; (ii) is or becomes publicly available through no fault of the receiving party; (iii) is rightfully received by the receiving party from a third party without a duty of confidentiality; (iv) is disclosed by the disclosing party to a third party without a duty of confidentiality on the third party; (v) is independently developed by the receiving party without a breach of this Agreement; (vi) is disclosed by the receiving party with the disclosing party's prior written approval, and Client and Managers hereby grant approval to Consultant to disclose any and all information that is otherwise Confidential Information to the staff of the U.S. Securities and Exchange Commission ("SEC"). If a receiving party is required by a government body or court of law to disclose information, the receiving party agrees to give the disclosing party reasonable advance notice so that disclosing party may contest the disclosure or seek a protective order. Each party warrants that it has the right to disclose its own Confidential Information. Each party agrees to return to the other party, or to destroy (and to certify the destruction in writing to the other party) all materials containing any Confidential Information of the other party regardless of the media and regardless of by whom prepared, within ten (10) days after demand for the materials or in any event within ten (10) days after termination or expiration of this Agreement, provided that each party may retain a copy of such Confidential Information for such period of time as is required under applicable law or regulation.

4. *Fees and Expenses*.

(a) It is agreed that the Managers will pay Consultant, as compensation for its services hereunder, an amount equal to (i) $125,000 for July 2016, (ii) $100,000 per month for each of August and September 2016, (ii) $75,000 per month for October – December 2016 and (iii) thereafter, $50,000 per month. Except as set forth in this Section 4, no other compensation or reimbursement of expenses will be paid. In the event that Consultant reasonably determines that additional services are necessary to fulfill its obligations pursuant to Section 2(h) hereunder, Consultant and Managers shall negotiate in good faith regarding any additional compensation to be provided to Consultant to perform such additional services. The parties hereto acknowledge and agree that the expenses for Section 2(b) hereunder will be billed separately on an hourly basis.

(b) Each payment referred to in Section 4(a) shall be due and payable in cash to such bank account specified by Consultant, with the first payment due within five days of executing this agreement, the August payment due on August 15, and thereafter on the first day of each succeeding month.

(c) In addition, the Managers shall reimburse Consultant for all reasonable and documented out-of-pocket costs and expenses incurred in connection with Consultant's engagement pursuant to this Agreement, subject to the provision by Consultant of reasonable documentation of such costs and expenses incurred and provided that such costs and expenses shall not exceed $10,000 per month in the aggregate without the Managers' prior written consent; provided, that the

Managers shall have no reimbursement obligation pursuant to this Section 4(c) with respect to any costs or expenses incurred in the event that this Agreement is terminated by the Client in circumstances involving a Bad Act of Consultant. In the event that Consultant reasonably determines that the $10,000 per month cap referenced herein is insufficient for the Consultant to fulfill its obligations pursuant to this Agreement, Consultant and Managers shall negotiate in good faith regarding modification of the cap.

(d) In performing its responsibilities under this Agreement, Consultant may use the services of (i) its controlled Affiliates, provided that it will be responsible for ensuring that such Affiliates comply with the terms of this Agreement, including confidentiality obligations no less restrictive than those applicable to Consultant under this Agreement and (ii) such third parties as Consultant shall reasonably determine are necessary for the performance of its obligations hereunder; provided further that the foregoing shall not release Consultant of its obligations hereunder. For the purposes of this Agreement, "Consultant" will include such controlled Affiliates and third parties where appropriate.

(e) The Managers' agreement to pay the Consultant under this Section 4 and to indemnify the Consultant under Section 5 of this Agreement is without prejudice to its position that these are fees, expenses and indemnification obligations of the Funds and for the benefit of the Funds. As such, after the Consultant has reviewed the state of the Funds' finances, the Managers may elect to seek reimbursement annually from the Client Funds for sums that the Managers have advanced to pay the fees, expenses and indemnification obligations paid to the Consultant provided that no enforcement action has been filed by any governmental agency against any of the Managers or their principals between the date hereof and the exercise date of any such reimbursement election. If any such enforcement action is pending, then Managers may not elect to seek reimbursement until such time as all appeals of any such action have been exhausted.

5. *Indemnification and Contribution*. In consideration of Consultant's engagement hereunder, the Client and Managers agree to the provisions set forth in Exhibit A, which provisions are incorporated by reference herein and constitute a part of this Agreement.

6. *Termination and Survival*.

(a) This Agreement shall survive until the final disposition of all or substantially all of the assets of the Funds; provided, that (i) Consultant may terminate its engagement hereunder at any time after the one-year anniversary hereof and (ii) the Client may terminate Consultant's engagement hereunder at any time after the one-year anniversary hereof provided prior notice is given of such proposed termination of Consultant to the SEC staff, in each case of clause (i) and (ii) by giving 30 days' prior written notice to the other party (the "Termination Date"). Notwithstanding the foregoing or anything to the contrary herein, this Section 6 (Termination and Survival) and Sections 3 (Confidentiality), 4(c) (Expenses), 5

(Indemnification and Contribution), 7 (Certain Matters Relating to Engagement), 8 (Other Business Relationships), 10 (Governing Law, Waiver of Jury Trial and Submission to Jurisdiction) and 11 (Miscellaneous) will survive any termination of this Agreement or the termination or completion of Consultant's engagement hereunder.

(b) The Client and the Managers acknowledge and agree that they will not solicit or retain Consultant or any personnel or vendors of Consultant for any purpose for a period of eighteen (18) months after the later of (i) termination of the original term of this Agreement, and (ii) termination of any period referred to in the next sentence. Subject to notification to the SEC staff, the parties hereto may agree to revive this Agreement after termination and may expand the duties hereunder.

7. *Certain Matters Relating to Engagement*.

(a) The Client and Managers acknowledge that Consultant has been retained solely to provide the services set forth herein and that the purpose of Consultant's engagement is to assist the Managers in furthering the goals of protecting the Funds' assets and Investors. In rendering such services, Consultant shall act as an independent contractor. In its capacity as an independent contractor, neither Consultant nor any of its personnel will be deemed "access persons" for purposes of the compliance policies of the Managers.

(b) The Client and Managers agree that they will provide or cause to be provided all available assistance and documentation wherever located, will make available personnel during normal business hours and at such places and times as Consultant shall reasonably request from time to time in order to permit Consultant to effectively and efficiently carry out its obligations under this Agreement. Consultant acknowledges and agrees that the foregoing may be limited by assertion of attorney-client or other privilege with respect to certain actions taken or not taken prior to the date of this Agreement, provided that the Client and Managers agree that they will not make or permit their personnel to make any such assertion of such privilege unless it has a good faith belief, based on the advice of counsel that such privilege exists.

(c) Consultant agrees that it will not take a position that it is adverse to the SEC and will not assert that attorney-client privilege applies to its communications with the Client. Consultant may not, however, provide privileged material to the SEC in the event that Consultant is inadvertently provided with or otherwise obtains privileged material.

(d) The parties hereto agree to the following reporting obligations:

(i) Consultant agrees to report at least monthly to the SEC staff and at such other shorter times, in its or the SEC staff's discretion, on the status of its engagement under this Agreement, which reporting may be by telephone or by other reasonable means.

(ii) The Managers shall timely report to Consultant, and Consultant shall timely report to the SEC staff regarding any proposed or consummated transaction(s) listed in Sections 7(e)-(m) below which require prior consultation with Consultant. Consultant's report to the SEC staff shall include a description of such transaction(s), the Consultant's professional opinion(s) regarding such transaction(s), and, if the transaction(s) was consummated, details regarding the same.

(iii) Consultant shall report any actual or potential violation of federal securities laws during the period of the Consultant's engagement hereunder to the SEC staff reasonably promptly upon learning of such violation, and in any event within two (2) business days.

(e) The parties hereto agree that any proposed transaction between any Fund, on the one hand, and any Manager, any Affiliate or agent of any Manager, on the other hand, will require prior consultation with Consultant.

(f) The parties hereto agree that any proposed disposition of any cash or other Fund asset to or for the benefit of any Manager, or any Affiliate or agent of any Manager, will require prior consultation with Consultant.

(g) The parties hereto agree that any proposed charitable contribution of any cash or other Fund asset will require prior consultation with the Consultant.

(h) The parties hereto agree that any proposed disposition of any cash or other asset by any Manager or Fund or any Affiliate thereof to, or for the benefit of, any Investor will require prior consultation with the Consultant.

(i) The parties hereto agree that any proposed transfer, encumbrance or other disposition of any interest in any Fund (including, but not limited to, the disposition of any Fund share or LLC interest) will require prior consultation with the Consultant.

(j) The Managers shall promptly notify the Consultant of any loans to, or investments in, any of the Managers or the Funds from any source.

(k) The parties hereto agree that any proposed pledge, sale, encumbrance or other disposition by any Fund of any material cash or other asset of such Fund will require prior consultation with Consultant. Solely for purposes of this Section 7(k) and Section 2(c), "material" will mean an amount equal to the lesser of $50,000 or 0.25% of the most recently reported net asset value of such Fund, but in no event less than $10,000 and, if to or for the benefit of the same person or entity, any such dispositions during a sixty (60) day period which, in the aggregate, equal the lesser of $50,000 or 0.25% of the most recently reported net asset value of such Fund, but in no event less than $10,000.

(l) The parties hereto agree that any proposed transaction between any Fund and/or Manager or any Affiliate thereof, on the one hand, and Beechwood[1] or any Affiliate or agent of Beechwood, on the other hand, will require prior consultation with Consultant.

(m) The parties hereto agree that in the event of any material dispute between the Client and Consultant regarding any proposed action to be taken after the date of this Agreement, the Client and Consultant will discuss such dispute with the SEC staff before such action is taken.

8. *Other Business Relationships*. Consultant may have and may in the future have relationships with parties other than the Client. Although Consultant in the course of such other relationships may acquire information about such other parties, Consultant shall have no obligation to disclose such information, or the fact that Consultant is in possession of such information, to the Client or to use such information on the behalf of any of them. Furthermore, the Client acknowledges and agrees that Consultant may have fiduciary, legal and contractual and other obligations that preclude Consultant from disclosing such information, the fact that Consultant possesses such information or that Consultant maintains any relationship with such other parties. The Client acknowledges and agrees that Consultant may continue to engage with and otherwise perform its functions in connection with any fiduciary, legal, contractual or other obligations in conjunction with its other relationships without regard to its relationship to the Client.

9. *Additional Representations and Warranties*.

(a) Consultant warrants and covenants that it is, and will remain throughout the terms of this Agreement, disinterested and independent from the Managers, the Funds, and all Affiliates thereof.

(b) Each party to this Agreement hereby represents, warrants and covenants to the other party hereto as follows:

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[1] "Beechwood" includes BAM Administrative Services LLC, BAM Management Services LLC, B Asset Holdings LLC, B Asset Manager GP LLC, B Asset Manager II GP LLC, B Asset Manager LP, B Asset Manager II LP, BBIL ULICO 2013, BBIL ULICO 2014, BBIL MLIC 2015, BBLN-AGERA Corp., BBIL-PEDCO Corp., Beechwood Bermuda Ltd., Beechwood Capital LLC, Beechwood Global Distributors LLC, Beechwood Bermuda International Ltd., Beechwood Bermuda Investment Holdings Ltd., Beechwood Bermuda International Middle East Ltd., Beechwood Re Ltd., Beechwood Re Holdings Inc., Beechwood Re Investments LLC, Beechwood Re Investors LLC, BHLN-AGERA Corp., BHLN-PEDCO Corp., BHLN-St. John's Place Corp., BRe BCLIC 2013 Primary, BRe BCLIC 2013 Sub, BRe WNIC 2013 LTC Primary, BRe WNIC 2013 LTC Sub, FTL Holdings LLC, MSD Administrative Services LLC, MSD Investment LLC, MSD TX LLC, Old Mutual (Bermuda) Ltd., Senior Health Insurance Company of Pennsylvania, Tevere Capital LP, 2481234 Ontario Ltd., 7097914 Manitoba Ltd., any Affiliate or agent of any of the foregoing, and any person or entity acting on Beechwood's behalf.

(i) Such party is duly organized and validly existing under the laws of its respective jurisdiction of organization. Such party has all power and authority necessary to conduct the business in which it is engaged, except where the failure to have such power or authority would not impair in any material respect its ability to perform its obligations under this Agreement or to consummate any transactions contemplated by this Agreement.

(ii) Such party has obtained, or will promptly obtain, and maintain in force throughout the term of this Agreement all necessary consents, permits, licenses, legal opinions, and other authorizations required of it in order for such party to carry out its services under this Agreement.

(iii) The execution and delivery of this Agreement by such party and the performance of its obligations hereunder will not, in any material respect (i) violate any provision of any applicable law, rule or regulation, any order of any court or the terms of any agreement, whether written or oral, to which it is a party, or (ii) infringe upon the rights of any third party including property, contractual or employment rights, or the rights to any trade secret, proprietary information or intellectual property.

(iv) Such party acknowledges that the other party hereto enters into this Agreement in reliance on the representations, warranties and covenants contained herein, and agrees to promptly notify the other party in writing if any representations or warranties hereunder cease to be accurate or complete in any material respect.

(c) Consultant agrees to comply with all applicable laws, rules and regulations related to the services that Consultant provides hereunder. Consultant represents and warrants to the Client that it has all governmental licenses required in connection with the services that Consultant provides hereunder.

10. *Governing Law, Waiver of Jury Trial and Submission to Jurisdiction*.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the conflicts of laws principles thereof. Each of the parties hereto irrevocably agrees to waive trial by jury in any action, proceeding, claim or counterclaim brought by or on behalf of either party hereto related to or arising out of this Agreement or the performance of services hereunder. Each party certifies that no representative, agent or attorney of the other has represented, expressly or otherwise, that the other party would not, in the event of any proceeding, seek to enforce the foregoing waiver and acknowledges that it has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications set forth in this Section 10(a).

(b) Each of the parties hereto irrevocably agrees that any state or federal court sitting in the City of New York shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute arising out of or relating to

this Agreement and, for such purposes, irrevocably submits to the jurisdiction of such courts. Each of the parties hereto irrevocably and unconditionally waives any objection to the laying of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum.

11. *Miscellaneous*. This Agreement contains the entire agreement between the parties hereto relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto. This Agreement may not be amended or modified except by a writing executed by each of the parties hereto. Section headings herein are for convenience only and are not a part of this Agreement. This Agreement is solely for the benefit of the parties hereto, and no other person (except for indemnified persons to the extent set forth in Exhibit A hereto) shall acquire or have any rights under or by virtue of this Agreement. This Agreement may not be assigned by either party hereto without the other party's prior written consent. Neither party hereto shall be responsible or have any liability to any other party for any indirect, special or consequential damages arising out of or in connection with this Agreement or the transactions contemplated hereby, even if advised of the possibility thereof. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

[*Signature page follows*]

If the foregoing correctly sets forth our understanding, please so indicate by executing this letter, together with the enclosed duplicate originals, in the place indicated and returning two original signatures for our files.

Very truly yours,

GUIDEPOST SOLUTIONS LLC

By: _____
Name: MART M. SCHWARTZ
Title: Chairman

Acknowledged, accepted and agreed
as of the date first written above for and
on behalf of themselves and the Funds:

PLATINUM MANAGEMENT (NY) LLC

By: _____
Name:
Title:

PLATINUM CREDIT MANAGEMENT LP

By: _____
Name:
Title:

PLATINUM LIQUID OPPORTUNITY MANAGEMENT (NY) LLC

By: _____
Name:
Title:

If the foregoing correctly sets forth our understanding, please so indicate by executing this letter, together with the enclosed duplicate originals, in the place indicated and returning two original signatures for our files.

Very truly yours,

GUIDEPOST SOLUTIONS LLC

By: _____
Name:
Title:

Acknowledged, accepted and agreed
as of the date first written above for and
on behalf of themselves and the Funds:

PLATINUM MANAGEMENT (NY) LLC

By: _____
Name: Mark Nordlicht
Title: Chairman + Chief Investment Officer

PLATINUM CREDIT MANAGEMENT LP

By: _____
Name: Mark Nordlicht
Title: Chairman + Chief Investment Officer

PLATINUM LIQUID OPPORTUNITY MANAGEMENT (NY) LLC

By: _____
Name: Mark Nordlicht
Title: Chairman + Chief Investment Officer

(a) *Indemnification and Reimbursement*.

(i) *By Client and Managers*. Client and Managers jointly and severally agree:

(1) to indemnify and hold harmless Consultant and its Affiliates and each of the officers, directors, employees, agents and controlling persons of each of Consultant and its Affiliates (each a "*Consultant Indemnified Person*") from and against any and all losses, claims, demands, damages, liabilities and expenses ("*Liabilities*"), to which any such Consultant Indemnified Person may become subject, insofar as such Liabilities (or any claim, action, litigation, investigation or proceeding in respect thereof, regardless of whether any of such Consultant Indemnified Persons is a party thereto) arise out of or are based upon the engagement of Consultant hereunder; and

(2) to reimburse such Consultant Indemnified Persons for any reasonable and documented out-of-pocket legal expenses of one (1) firm of outside counsel (and in no event the allocated cost of internal counsel) in connection with investigating, preparing, responding to or defending any such Liabilities (or claim, action, litigation, investigation or proceeding in respect thereof).

(ii) *By Consultant*. Consultant agrees:

(1) to indemnify and hold harmless the Client and its Affiliates and each of the officers, directors, employees, agents and controlling persons of each of the Client and its Affiliates (each a "*Client Indemnified Person*") from and against any and all Liabilities to which any such Client Indemnified Person may become subject, insofar as such Liabilities (or any claim, action, litigation, investigation or proceeding in respect thereof, regardless of whether any of such Client Indemnified Persons is a party thereto) arise out of or are based upon the engagement of Consultant hereunder; and

(2) to reimburse such Client Indemnified Persons for any reasonable and documented out-of-pocket legal expenses of one (1) firm of outside counsel (and in no event the allocated cost of internal counsel) in connection with investigating, preparing, responding to or defending any such Liabilities (or claim, action, litigation, investigation or proceeding in respect thereof).

Each such person entitled to indemnification pursuant to this clause (a) shall be hereinafter referred to as an "*Indemnified Person.*" Notwithstanding any of the foregoing, indemnification shall not, as to any Indemnified Person, apply to any Liabilities to the extent that they (A) are finally determined by a court of competent jurisdiction to have

resulted from the bad faith, gross negligence, fraud or willful misconduct by any such Indemnified Person (each such act or omission in clause (A), a "*Bad Act*"), (B) in the case of the Client's and Managers' obligation to indemnify the Consultant Indemnified Persons, arise from any claim by the Client or a Consultant Indemnified Person (or any related action, litigation or proceeding) against any Consultant Indemnified Person or (C) in the case of Consultant's obligation to indemnify the Client Indemnified Persons, arise from any claim by Consultant or a Client Indemnified Person (or any related action, litigation or proceeding) against any Client Indemnified Person.

(b) *Notice and Conduct of Proceedings*. Promptly (but no later than five (5) days) after receipt by an Indemnified Person of notice of any claim, action, litigation, investigation or proceeding for which indemnification is or may be sought hereunder (a "*Proceeding*"), such Indemnified Person, or Consultant or Client on behalf of such Indemnified Person, as applicable, will notify, in the case of a Consultant Indemnified Person seeking indemnification, the Client, and in the case of a Client Indemnified Person seeking indemnification, Consultant (such notified party, the "*Indemnifying Person*") in writing of such Proceeding. Failure to so notify the Indemnifying Person will not relieve the Indemnifying Person from liability that it may have to any Indemnified Person hereunder to the extent it does not prejudice the Indemnifying Person. The Indemnifying Person shall be entitled to assume the defense of all Indemnified Persons in connection with the Proceeding, including the employment of counsel reasonably satisfactory to Indemnified Person, and the payment of the fees and disbursements of such counsel. Notwithstanding the Indemnifying Person's decision to assume the defense of any Proceeding, (x) its right to enter into any compromise or settlement of any Proceeding shall be limited as set forth below, and (y) the Indemnified Person shall have the right to employ separate counsel at its own expense and to participate in the defense of any Proceeding. Counsel employed pursuant to the foregoing clause (y) shall be at the expense of the Indemnified Person, unless (i) any Indemnified Person is a named party to any such Proceeding and has been advised by counsel in writing that the representation of the Indemnifying Person and the Indemnified Person by the same counsel would be impermissible under applicable standards of professional responsibility; provided, that the counsel retained by the Indemnified Person shall be reasonably acceptable to the Indemnifying Person, or (ii) the Indemnifying Person fails to assume the defense of the Proceeding or to employ counsel reasonably satisfactory to the Indemnified Person, in each case in a timely manner. In the event of any of the foregoing clauses (i) through (ii), then the Indemnified Person may employ separate counsel, reasonably satisfactory to the Indemnifying Person, at the Indemnifying Person's expense to represent or defend such Indemnified Person in any Proceeding or group of related Proceedings (it being agreed that the Indemnifying Person shall not, under any of the circumstances described in clause (i) or (ii) above, have the right to direct the defense of the Proceeding on behalf of the Indemnified Person). In no event shall the Indemnifying Person be liable for the fees and expenses of more than one separate firm of attorneys for all Indemnified Persons in connection with any one Proceeding or separate but substantially similar or related Proceedings, plus

one firm of local counsel in each jurisdiction in which any such Proceeding is taking place. Notwithstanding anything to the contrary herein, any Indemnified Person and its counsel shall have the right (at such Indemnified Person's expense) to defend and to make the final decision on matters affecting the conduct of any Proceeding with respect to any allegation that such Indemnified Person is not entitled to be indemnified by the Indemnifying Person.

(c) *Settlement of Proceedings*. The Indemnifying Person shall not be liable for any settlement of any pending or threatened Proceeding effected by any Indemnified Person without the written consent of the Indemnifying Person, but if settled with its written consent or if there shall be a final judgment for the plaintiff in any such Proceeding, the Indemnifying Person agrees to indemnify and hold harmless each Indemnified Person from and against any and all Liabilities and related expenses in accordance with the provisions of this Exhibit A. The Indemnifying Person shall not, without the prior written consent of each Indemnified Person (which consent shall not be unreasonably withheld), effect any settlement of any pending or threatened Proceeding in respect of which indemnity or contribution could have been sought hereunder by such Indemnified Person unless such settlement (x) includes an unconditional release of such Indemnified Person in form and substance reasonably satisfactory to such Indemnified Person from all liability on claims that are the subject matter of such Proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of such Indemnified Person.

(d) *Miscellaneous*. The obligations of the Indemnifying Person under this Exhibit A shall be in addition to any liability that the Indemnifying Person may otherwise have to any Indemnified Person and this Exhibit A shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnifying Person and any Indemnified Person. Capitalized terms used but not defined in this Exhibit A shall have the meanings specified in the Agreement.

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO: FSD 131 OF 2016 (AJJ)

IN THE MATTER OF THE COMPANIES LAW (2013 REVISION)

AND IN THE MATTER OF THE EXEMPTED LIMITED PARTNERSHIP LAW, 2014

AND IN THE MATTER OF PLATINUM PARTNERS VALUE ARBITRAGE FUND L.P.

BEFORE THE HONOURABLE MR. JUSTICE ANDREW J. JONES QC
IN CHAMBERS
25 AUGUST 2016

ORDER

UPON the application (this "**Application**") of Platinum Partners Value Arbitrage Fund L.P. (the "**Master Fund**") acting by Platinum Management (NY) LLC (the "**General Partner**") in its capacity as the general partner of the Master Fund pursuant its *ex parte* Summons issued on 23 August 2016 for the appointment of joint provisional liquidators pursuant to section 104(3) of the Companies Law (2013 Revision) (as amended) (the "**Companies Law**") (as applied by and subject to section 36 of the Exempted Limited Partnership Law, 2014);

AND UPON reading the winding up petition presented by the Master Fund acting by its General Partner on 23 August 2016 2016 (the "**Petition**"), the First Affidavit of Mark Nordlicht sworn on 23 August 2016, the Second Affidavit of Nordlicht sworn on 23 August 2016, the Third Affidavit of Mark Nordlicht sworn on 24 August 2016, the First Affidavit of Matthew Wright sworn on 19 August 2016, the First Affidavit of Christopher Kennedy sworn on 19 August 2016, the First Affidavit of Patrick McConvey sworn on 24 August 2016 and the respective exhibits thereto;

AND UPON hearing counsel for the Master Fund, acting by its General Partner

IT IS ORDERED THAT:

1. Matthew Wright and Christopher Kennedy both of RHSW (Cayman) Limited, Windward 1, Regatta Office Park, P.O. Box 897, West Bay Road, Grand Cayman, KY1-1103,

Cayman Islands, be appointed as joint provisional liquidators (the "**JPLs**") of the Master Fund with the power to act jointly and severally and during the period of their appointment, any act required or authorised to be done by the JPLs may be done by any one or more of the JPLs.

2. The JPLs shall not be required to give security for their appointment.

3. The JPLs are hereby authorised jointly and severally to take such steps as, in their discretion, may be necessary or expedient for the purpose of presenting a compromise or arrangement to the creditors of the Master Fund in order to facilitate the maximisation of the value of the assets of the Master Fund upon their realisation.

4. In addition to the powers prescribed in Part II of the Third Schedule to the Companies Law, the JPLs are hereby authorised jointly and severally to exercise any of the following powers without further sanction of the Court:

   (a) the power to defend any action or other legal pending against the Master Fund;

   (b) the power to enter into discussions and negotiations for and on behalf of the Master Fund for the purpose of, but not limited to -

      (i) restructuring the Master Fund's business and operations;

      (ii) restructuring or rescheduling the Master Fund's indebtedness; and/or

      (iii) making any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging themselves to have any claim (present or future, certain or contingent, ascertained or sounding only in damages) against the Master Fund or for which the Master Fund may be rendered liable;

   (c) the power to sell any of the Master Fund's property by public auction or private contract with power to transfer the whole of it to any person or to sell the same in parcels, in each case subject to the prior consent of the liquidation committee constituted pursuant to paragraph 5 of this Order (the "**Liquidation Committee**") or, if such consent is not provided, subject to the prior sanction of the Court;

(d) the power to raise or borrow money and grant securities therefor over the property of the Master Fund, in each case subject to the prior consent of the Liquidation Committee or, if such consent is not provided, subject to the prior sanction of the Court;

(e) the power to engage staff (whether or not as employees of the Master Fund) to assist the JPLs in the performance of their functions;

(f) the power to engage independent attorneys and other professionally qualified persons to assist the JPLs in the performance of their functions, whether in the Cayman Islands or elsewhere provided that the JPLs shall not engage Walkers, Schulte Roth & Zabel LLP or Dechert LLP as attorneys for the JPLs;

(g) the power to:

(i) take control of the ownership interests of the Master Fund in its direct subsidiaries and/or joint ventures, investment, associated companies, business or other entities ("**Subsidiaries**") of the Master Fund in which the Master Fund holds an interest, in each case wherever located, as the JPLs shall think fit;

(ii) call or cause to be called such meetings of such Subsidiaries and/or to sign such resolutions (in each case in accordance with the provisions of any relevant constitutional or related documentation of such companies) and take such other steps, including applications to appropriate courts and/or regulators, as the JPLs shall consider necessary to appoint or remove directors, legal representatives, officers, and/or managers to or from such Subsidiaries, and in each case take such steps as are necessary to cause the registered agents (or other equivalent corporate administrators) of such Subsidiaries to give effect to the changes to the boards of directors, legal representatives, officers, and/or managers of such Subsidiaries, including (without limitation) effecting changes to the company registers of such Subsidiaries as may be deemed appropriate by the JPLs; and/or

(iii) to take such other action in relation to all such Subsidiaries as the JPLs shall think fit for the purpose of protecting the assets of the Master Fund and managing the affairs of the Master Fund;

(h) the power to communicate with and carry out any necessary filings with regulatory bodies as appropriate, including, without limitation, the Cayman Islands Registrar of Exempted Limited Partnerships, the Cayman Islands Monetary Authority and the United States Securities and Exchange Commission in the name and on behalf of the Master Fund;

(i) subject to the prior sanction of the Court following an application to be made upon not less than five days' notice to the Liquidation Committee, the power to engage either Platinum Management (NY) LLC, or another professional asset manager, to act as investment adviser;

(j) subject to the prior sanction of the Court following an application to be made upon not less than five days' notice to the Liquidation Committee, the power to engage or re-engage the services of Guidepost Solutions LLC; and

(k) the power to do all acts and execute, in the name and on behalf of the Master Fund, all deeds, receipts and other documents in connection with the exercise of their powers notwithstanding that the JPLs are not the general partner of the Master Fund and, for that purpose, use the Master Fund's seal (if any) when necessary.

5. A Liquidation Committee shall be constituted consisting of -

(a) not more than three creditors of the Master Fund;

(b) an unredeemed shareholder of Platinum Partners Value Arbitrage Fund (International) Limited (the "**Offshore Feeder Fund**"); and

(c) a limited partner of Platinum Partners Value Arbitrage Fund (USA) LP ("the **Onshore Feeder Fund**")

6. To the fullest extent permitted by law, the Liquidation Committee and its members shall have no duty, whether fiduciary or otherwise, to any other creditor, the Master Fund, the

Offshore Feeder Fund, the Onshore Feeder Fund, the JPLs or any other person by reason of, or in connection with, their membership of or participation in the Liquidation Committee.

7. The Liquidation Committee be authorised to engage Cayman Islands attorneys whose fees and expenses, reasonably and properly incurred on the instructions of the Liquidation Committee, shall be paid out of the assets of the Master Fund as an expense of the provisional liquidation.

8. The JPLs be authorised, if they think fit, to take any such action as may be necessary or desirable to obtain recognition of the appointment of the JPLs in any other relevant jurisdiction and to make applications to the courts of such jurisdictions for that purpose, including, without limitation as representatives of the Master Fund (as applicable) to seek relief under Chapter 15 of Title 11 of the United States Bankruptcy Code, and to take such steps arising in connection therewith that the JPLs may consider appropriate.

9. Pursuant to Section 97 of the Companies Law, no suit, action or other proceedings, including criminal proceedings, shall be proceeded with or commenced against the Master Fund except with the leave of the Court and subject to such terms as the Court may impose.

10. Pursuant to Section 99 of the Companies Law, no disposition of the Master Fund's property by or with the authority of the JPLs in either case in the carrying out of their duties and functions and the exercise of their powers pursuant to this Order shall be avoided and any payments made into or out of the bank accounts(s) of the Master Fund in the ordinary course of business of the Master Fund between the date of the presentation of the Petition herein and the date of the appointments of the JPLs shall not be avoided by virtue of the provisions of section 99 of the Companies Law in the event of an order for the winding up of the Master Fund being made on the Petition.

11. The costs of and incidental to the Application incurred by the Master Fund shall be agreed and paid by the JPLs out of the assets of the Master Fund.

AND IT IS FURTHER DIRECTED THAT:

12. The hearing of the Petition shall be adjourned to 27 October 2016 at 10.00 am and any creditor of the Master Fund shall have liberty to apply, upon not less than 14 days' notice to the Master Fund and the JPLs, to –

    11.1 discharge or vary this order; and/or

    11.2 remove the JPLs and appoint alternative provisional liquidators.

13. Any creditor or shareholder of the Offshore Feeder Fund and any creditor or limited partner of the Onshore Feeder Fund may be heard on the adjourned hearing of the Petition.

14. The JPLs and/or the General Partner shall cause copies of the Petition and this Order to be served upon –

    14.1 all creditors of the Master Fund;

    14.2 all redemption creditors and shareholders of the Offshore Feeder Fund; and

    14.3 all creditors and limited partners of the Onshore Feeder Fund.

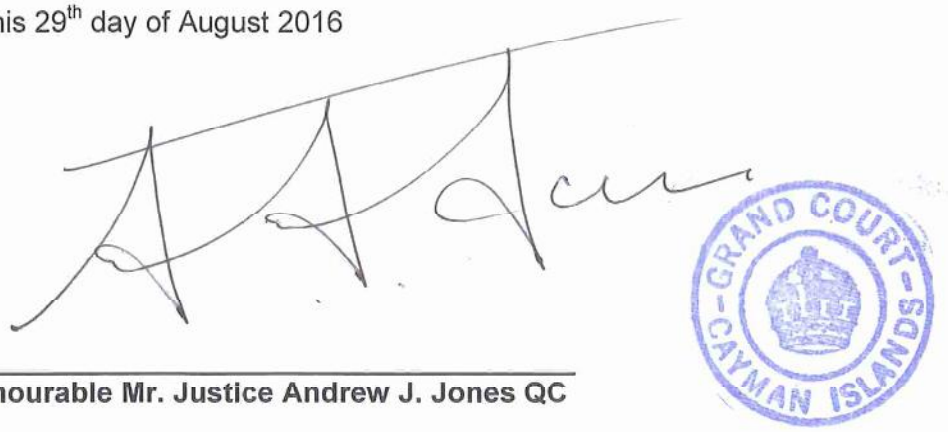
15. The JPLs shall provide copies of all affidavits and exhibits thereto filed in support of the Petition and the Summons, upon request, to any creditor, shareholder and/or limited partner of the Master Fund, the Offshore Feeder Fund and the Onshore Feeder Fund.

16. The JPLs shall file a report to the Court detailing the progress of the provisional liquidation and setting out their recommendations for any potential restructuring and shall make such report available to all creditors and limited partners of the Master Fund and all creditors and shareholders of the Offshore Feeder Fund and all creditors and limited partners of the Onshore Feeder Fund by no later than 13 October 2016.

17. A transcript of the hearing of this Application shall be prepared and approved by the Judge and the JPLs shall provide copies, upon request, all creditors, shareholders and limited partners of the Master Fund, the Offshore Feeder Fund and the Onshore Feeder Fund.

DATED this 25th day of August 2016

FILED this 29th day of August 2016



The Honourable Mr. Justice Andrew J. Jones QC

JUDGE OF THE GRAND COURT

This Order is filed by Walkers, Attorneys at Law for the Petitioner whose address for service is care of its said Attorneys at Law, Walkers, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9001, Cayman Islands.

[Dechert Draft 12/16/16]
CONFIDENTIAL

Guidepost Solutions LLC
415 Madison Avenue
11th Floor
New York, NY 10017

December [__], 2016

Platinum Management (NY) LLC
Platinum Credit Management LP
Platinum Liquid Opportunity Management (NY) LLC
250 W. 55th St., 14th Floor
New York, NY 10019
Attention: Mark Nordlicht

Ladies and Gentlemen:

This amended and restated letter agreement (this "Agreement") supersedes the existing letter agreement between the parties hereto dated July 18, 2016 and confirms the terms on which Platinum Management (NY) LLC, Platinum Credit Management LP and Platinum Liquid Opportunity Management (NY) LLC (each, a "Manager" and collectively, the "Managers"), on behalf of the Funds which they manage, as defined below (the Funds collectively hereinafter referred to as the "Client") have engaged Bart M. Schwartz ("Chief Oversight Officer") to oversee and manage the Client's portfolio, valuations and compliance during the period from the date hereof to the Termination Date (as defined below) as more particularly described below. The Client agrees and acknowledges that the Chief Oversight Officer shall utilize the services of Guidepost Solutions LLC ("Guidepost") and others designated by the Chief Oversight Office to perform services and duties hereunder in the sole discretion of the Chief Oversight Officer. Guidepost, its affiliates and other third parties designated by the Chief Oversight Officer and reasonably acceptable to the Managers to perform services hereunder shall be referred to herein as the "Designees".

1. *Engagement*. The Client hereby engages Chief Oversight Officer to provide the services set forth in this Agreement in connection with all funds and fund assets currently managed by the Managers including, but not limited to, each of the following funds: Platinum Partners Value Arbitrage Fund (USA) L.P., Platinum Partners Value Arbitrage Fund (International) Limited, Platinum Partners Value Arbitrage Fund L.P., Platinum Partners Credit Opportunities Fund LLC, Platinum Partners Credit Opportunities Fund (TE) LLC, Platinum Partners Credit Opportunities Fund International, Ltd., Platinum Partners Credit Opportunities Fund International (A), Ltd., Platinum Partners Credit Opportunities Master Fund, LP, Platinum Partners Liquid Opportunity Fund (USA) L.P., Platinum Partners Liquid Opportunity Fund (International) Ltd. and Platinum Partners Liquid Opportunity Master Fund L.P. (collectively, and together with any intermediate entities, the "Funds"). The engagement of Chief Oversight Officer hereunder is subject to the terms of this Agreement. Notwithstanding the foregoing, the parties hereto acknowledge that Platinum Partners Value Arbitrage Fund (International) Limited and Platinum Partners Value Arbitrage Fund L.P. (collectively, the "Liquidating Funds") are in court-supervised liquidation in the Cayman Islands, and that any role or authority granted to the Chief Oversight Officer

pursuant to this Agreement is subject to the authority of the courts and the liquidator(s) appointed by the relevant courts with respect to the Liquidating Funds.

2. *Services to be Rendered*. The Chief Oversight Officer has been retained to oversee the orderly liquidation of the Funds, and to that end, he shall approve all transactions of the Funds, including any transfers, payments and/or distribution of money or assets, including, but not limited to, all related party transactions and Affiliate transactions, each as further addressed in Section 7 hereof (for purposes of this Agreement, "Affiliate" is defined as a person or entity that directly, or indirectly through one or more intermediaries, has an ownership or control interest in, or is owned or controlled in whole or in part by, or is under common ownership or control in whole or in part with, the person or entity specified). Because the knowledge, experience and insights of the Managers regarding the Funds' portfolios are of great value to the investors, the Chief Oversight Officer and the Managers and their respective management teams will discuss and consult with one another on a regular basis regarding all significant issues, as determined by the Chief Oversight Officer, with respect to the Funds. Specifically, the Chief Oversight Officer and the Designees shall perform the following services:

(a) approving, after appropriate consultation with the Managers, the orderly management and disposition of the assets of the Funds and related matters;

(b) verifying the current assets of the Funds and any third parties' ownership interests in the assets including, but not limited to, any claims, liens, pledges and other encumbrances on such assets;

(c) establishing a process for communication to shareholders and members of the Funds (collectively, "Investors"), and reviewing any such communications and any communications received from Investors and approving all agreements with Investors and their Affiliates;

(d) meeting with counterparties and other interested parties (including, but not limited to, outside auditors, government regulators or law enforcement personnel);

(e) after consulting with the Client and Managers, making (i) any determination of whether a Fund should commence liquidation, (ii) the determination of the proposed terms under which such Fund will liquidate, and (iii) the actual disposition of assets and other requirements of the liquidation process;

(f) cooperating with any duly appointed liquidator for any of the Funds;

(g) approving the use of assets of the Funds for the benefit of the Funds and its Investors, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business, including authorizing and making payments for the services rendered under this Agreement; and

(h) providing such other services in connection with the Funds as the Chief Oversight Officer may reasonably determine are necessary.

The Client, the Funds and the Mangers acknowledge and agree that Chief Oversight Officer's engagement hereunder is not an agreement by Chief Oversight Officer to make any investment or provide any financing.

In undertaking to provide the services set forth herein, the Chief Oversight Officer and the Designees do not guarantee or otherwise provide any assurances that it will succeed in profitably operating the Funds and/or disposing of the assets of the Funds in an orderly manner. Moreover, the Chief Oversight Officer and the Designees shall be entitled, in performing their duties hereunder to rely on information disclosed or supplied to them without verification or warranty of accuracy or validity.

The Chief Oversight Officer and the Designees shall not be obligated to be available to perform services hereunder for any specific minimum number of hours or at any specific location during any period, it being understood that Chief Oversight Officer and the Designees shall be obligated to furnish such hours of service as they deem necessary in their sole discretion to perform their duties hereunder. The Managers and their respective management teams will keep the Chief Oversight Officer fully informed of any and all significant discussions and/or negotiations with Investors. All banks, brokerage firms, financial institutions, and other persons or entities which have possession, custody, or control of any assets or funds held by, in the name of, or for the benefit of the Managers and/or the Funds, directly or indirectly, shall be directed to cooperate fully with the Chief Oversight Officer for the identification, preservation, and transfer of assets of the Funds, if and when directed by the Chief Oversight Officer in his sole discretion.

3. *Confidentiality*. Subject to the other provisions of this Agreement, the parties to this Agreement acknowledge that, in the course of dealings between the parties, each party may acquire information or materials about the other party, its business activities and operations, its technical information and trade secrets (including, but not limited to, information concerning or about the Managers or the Funds), which are of a confidential or proprietary nature ("Confidential Information"). Information will be treated as Confidential Information (i) if it is marked or accompanied by documents clearly and conspicuously designating them as "confidential" or the equivalent; (ii) if it is identified by the disclosing party as confidential before, during or promptly after the presentation or communication; or (iii) if information, by its nature, should have reasonably been known to be confidential. The terms and conditions of this Agreement shall be deemed Confidential Information. Each party will use the same degree of care, but no less than a reasonable degree of care, as the party uses with respect to its own similar information to protect the information and to prevent (i) any use of information not authorized in this Agreement, (ii) dissemination of information to any employee of the party without a need to know, (iii) communication of information to any third party, or (iv) publication of information. These restrictions of confidentiality will not apply, however, to any information that (i) was lawfully known to the receiving party before receipt from the disclosing party; (ii) is or becomes publicly available through no fault of the receiving party; (iii) is rightfully received by the receiving party from a third party without a duty of confidentiality; (iv) is disclosed by the disclosing party to a third party without a duty of confidentiality on the third party; (v) is independently developed by the receiving party without a breach of this Agreement; (vi) is disclosed by the receiving party with the disclosing party's prior written approval, and Client and Managers hereby grant approval to Chief Oversight Officer to disclose any and all information that is otherwise Confidential Information to the staff of the U.S. Securities and Exchange

Commission ("SEC"), to Guidepost, the Designees, Investors and other third parties in the sole discretion of the Chief Oversight Officer should the Chief Oversight Officer deem that such disclosure be of assistance to the Chief Oversight Officer in connection with his services under this Agreement. If a receiving party is required by a government body or court of law to disclose information, the receiving party agrees to give the disclosing party reasonable advance notice so that disclosing party may contest the disclosure or seek a protective order. Each party warrants that it has the right to disclose its own Confidential Information. Each party agrees to return to the other party, or to destroy (and to certify the destruction in writing to the other party) all materials containing any Confidential Information of the other party regardless of the media and regardless of by whom prepared, within ten (10) days after demand for the materials or in any event within ten (10) days after termination or expiration of this Agreement, provided that each party may retain a copy of such Confidential Information for such period of time as is required under applicable law or regulation.

4. *Fees and Expenses*.

(a) The Chief Oversight Officer and the Designees shall bill Client monthly through Guidepost for all services rendered under this Agreement on an hourly basis. The Client, the Managers and the Funds shall be severally and jointly responsible for the payment of the services hereunder. Invoices shall include a description of the tasks performed and time worked by each person working, as well as a statement of the total amount of out-of-pocket expenses and disbursements incurred with subtotals by category. The Client agrees to pay hourly rates for the services to be performed under this Agreement by the Chief Oversight Officer and Designees ranging from $300 to $750 per hour, depending upon the level of personnel utilized as determined by the Chief Oversight Officer. Hourly rates are subject to adjustment annually. A separate charge may be billed for any actual and reasonable out of pocket costs, such as travel, lodging, database costs and other disbursements. In addition, a 5% administrative overhead cost on the amount of the professional fees set forth above shall be payable with each invoice. Client will process invoices promptly and will remit payment to Guidepost promptly and in no event later than ten days after an invoice is received. Payments should be sent to Guidepost Solutions LLC, 415 Madison Avenue, 11th Floor, New York, NY 10017. Instructions for payment by wire transfer will be provided upon request. If bills remain outstanding for more than thirty (30) days, the Chief Oversight Officer and the Designees reserve the right to stop all work. If the Chief Oversight Officer and the Designees must engage counsel or otherwise expend funds to collect bills over sixty days old, Client agrees to reimburse Guidepost for all associated fees and costs, plus interest on the outstanding balance. Certain of the services hereunder may be subject to mandatory state or local sales taxes. The Chief Oversight Officer requests the payment of Guidepost's currently outstanding invoices which total [$_____].

(b) In performing its responsibilities under this Agreement, Chief Oversight Officer may use the services of (i) Guidepost, its affiliates and the other Designees, provided that it will be responsible for ensuring that such parties comply with the

terms of this Agreement, including confidentiality obligations no less restrictive than those applicable to Chief Oversight Officer under this Agreement.

(c) With respect to any payments made by the Managers for services rendered under this Agreement, the Managers may elect to seek reimbursement annually from the Client Funds for sums that the Managers have advanced to pay the fees, expenses and indemnification obligations paid under this Agreement, provided that no enforcement action has been filed by any governmental agency against any of the Managers or their principals between the date hereof and the exercise date of any such reimbursement election. If any such enforcement action is pending, then Managers may not elect to seek reimbursement until such time as all appeals of any such action have been exhausted.

5. *Indemnification and Contribution*. In consideration of Chief Oversight Officer's engagement hereunder, Funds, the Client and Managers agree to the provisions set forth in Exhibit A, which provisions are incorporated by reference herein and constitute a part of this Agreement.

6. *Termination and Survival*.

(a) This Agreement shall survive until the final disposition of all or substantially all of the assets of the Funds; provided, that (i) Chief Oversight Officer may terminate its engagement hereunder at any time after the one-year anniversary hereof and (ii) the Client may terminate Chief Oversight Officer's engagement hereunder at any time after the one-year anniversary hereof provided prior notice is given of such proposed termination of Chief Oversight Officer to the SEC staff, in each case of clause (i) and (ii) by giving 30 days' prior written notice to the other party (the "Termination Date"). Notwithstanding the foregoing or anything to the contrary herein, this Section 6 (Termination and Survival) and Sections 3 (Confidentiality), 4(Fees and Expenses) with respect to amounts incurred prior to the Termination Date as well as those in connection with any termination, 5 (Indemnification and Contribution), 7 (Certain Matters Relating to Engagement), 8 (Other Business Relationships), 10 (Governing Law, Waiver of Jury Trial and Submission to Jurisdiction) and 11 (Miscellaneous) will survive any termination of this Agreement or the termination or completion of Chief Oversight Officer's engagement hereunder.

(b) The Funds, the Client and the Managers acknowledge and agree that they will not solicit or retain the Chief Oversight Officer and/or any Designee or any personnel or vendors of Chief Oversight Officer and/or any Designee without the prior written consent of Guidepost for any purpose for a period of eighteen (18) months after the later of (i) termination of the original term of this Agreement, and (ii) termination of any period referred to in the next sentence. Subject to notification to the SEC staff, the parties hereto may agree to revive this Agreement after termination and may expand the duties hereunder.

7. *Certain Matters Relating to Engagement*.

(a) The Client, the Funds and the Managers acknowledge that Chief Oversight Officer has been retained solely to provide the services set forth herein and that the purpose of Chief Oversight Officer's engagement is to attempt to protect the Funds' assets and Investors. In rendering such services, Chief Oversight Officer shall act as an independent contractor. In its capacity as an independent contractor, neither Chief Oversight Officer nor any of its personnel will be deemed "access persons" for purposes of the compliance policies of the Managers.

(b) The Client, the Funds and the Managers agree that they will provide or cause to be provided all available assistance and documentation wherever located, will make available personnel during normal business hours and at such places and times as Chief Oversight Officer shall reasonably request from time to time in order to permit Chief Oversight Officer to effectively and efficiently carry out its services under this Agreement. Chief Oversight Officer acknowledges and agrees that the foregoing may be limited by assertion of attorney-client or other privilege with respect to certain actions taken or not taken prior to the date of this Agreement, provided that the Client, the Funds and the Managers agree that they will not make or permit their personnel to make any such assertion of such privilege unless it has a good faith belief, based on the advice of counsel that such privilege exists.

(c) Chief Oversight Officer agrees that it will not take a position that it is adverse to the SEC and will not assert that attorney-client privilege applies to its communications with the Client. Chief Oversight Officer may not, however, provide privileged material to the SEC in the event that Chief Oversight Officer is inadvertently provided with or otherwise obtains privileged material, and for the avoidance of doubt, the parties hereto agree that the Managers will not be required to disclose any material to Chief Oversight Officer if the Managers have been advised by their counsel that such material is privileged.

(d) The parties hereto agree to the following reporting obligations:

(i) Chief Oversight Officer agrees to verbally report at least monthly to the SEC staff and at such other shorter times, in its or the SEC staff's discretion, on the status of its engagement under this Agreement, which reporting may be by telephone or by other reasonable means.

(ii) The Chief Oversight Officer, shall timely and verbally report to the SEC staff regarding any proposed or consummated transaction(s) listed in Sections 7(e)-(m) below all of which, the Funds, the Client and the Managers agree will require prior approval of Chief Oversight Officer. The Chief Oversight Officer's report to the SEC staff shall include a description of such transaction(s), the Chief Oversight Officer's

professional opinion(s) regarding such transaction(s), and, if the transaction(s) was consummated, details regarding the same.

(iii) Chief Oversight Officer shall verbally report any actual or potential violation of federal securities laws during the period of the Chief Oversight Officer's engagement hereunder to the SEC staff reasonably promptly upon learning of such violation, and in any event within two (2) business days.

(e) The parties hereto agree that any proposed transaction between any Fund, on the one hand, and any Manager, any Affiliate or agent of any Manager, on the other hand, will require prior approval of Chief Oversight Officer.

(f) The parties hereto agree that any proposed disposition of any cash or other Fund asset to or for the benefit of any Manager, or any Affiliate or agent of any Manager will require prior approval of Chief Oversight Officer.

(g) The parties hereto agree that any proposed charitable contribution of any cash or other Fund asset will require prior approval of Chief Oversight Officer.

(h) The parties hereto agree that any proposed disposition of any cash or other asset by any Manager or Fund or any Affiliate thereof to, or for the benefit of, any Investor will require prior approval of Chief Oversight Officer.

(i) The parties hereto agree that any proposed transfer, encumbrance or other disposition of any interest in any Fund (including, but not limited to, the disposition of any Fund share or LLC interest) will require prior approval of Chief Oversight Officer.

(j) The parties hereto agree that any loans to, or investments in, any of the Managers or the Funds from any source will require prior approval of Chief Oversight Officer.

(k) The parties hereto agree that any proposed pledge, sale, encumbrance or other disposition by any Fund of any cash or other asset of such Fund will require prior approval of Chief Oversight Officer. Chief Oversight Officer shall report to the SEC pursuant to Section 7(d)(ii) with respect to each material cash or other asset transaction. Solely for purposes of this Section 7(k) "material" will mean an amount equal to the lesser of $50,000 or 0.25% of the most recently reported net asset value of such Fund, but in no event less than $10,000 and, if to or for the benefit of the same person or entity, any such dispositions during a sixty (60) day period which, in the aggregate, equal the lesser of $50,000 or 0.25% of the most recently reported net asset value of such Fund, but in no event less than $10,000.

(l) The parties hereto agree that any transaction between any Fund and/or Manager or any Affiliate thereof, on the one hand, and Beechwood[1] or any Affiliate or agent of Beechwood, on the other hand, will require prior approval of Chief Oversight Officer.

(m) The parties hereto agree that in the event of any material unresolved dispute between the Client, the Managers and/or Chief Oversight Officer regarding any proposed action to be taken after the date of this Agreement, the Client and Chief Oversight Officer will discuss such dispute with the SEC staff before such action is taken.

8. *Other Business Relationships*. Chief Oversight Officer may have and may in the future have relationships with parties other than the Client, the Funds and/or the Managers. Although Chief Oversight Officer in the course of such other relationships may acquire information about such other parties, Chief Oversight Officer shall have no obligation to disclose such information, or the fact that Chief Oversight Officer is in possession of such information, to the Client or to use such information on the behalf of any of them. Furthermore, the Client, the Funds and/or the Managers acknowledge and agree that Chief Oversight Officer may have fiduciary, legal and contractual and other obligations that preclude Chief Oversight Officer from disclosing such information, the fact that Chief Oversight Officer possesses such information or that Chief Oversight Officer maintains any relationship with such other parties. The Client, the Funds and/or the Managers acknowledge and agree that Chief Oversight Officer may continue to engage with and otherwise perform its functions in connection with any fiduciary, legal, contractual or other obligations in conjunction with its other relationships without regard to its relationship to the Client, the Funds and/or the Managers.

9. *Additional Representations and Warranties*.

(a) Chief Oversight Officer warrants and covenants that it is, and will remain throughout the terms of this Agreement, disinterested and independent from the Managers, the Funds, and all Affiliates thereof.

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[1] "Beechwood" includes BAM Administrative Services LLC, BAM Management Services LLC, B Asset Holdings LLC, B Asset Manager GP LLC, B Asset Manager II GP LLC, B Asset Manager LP, B Asset Manager II LP, BBIL ULICO 2013, BBIL ULICO 2014, BBIL MLIC 2015, BBLN-AGERA Corp., BBIL-PEDCO Corp., Beechwood Bermuda Ltd., Beechwood Capital LLC, Beechwood Global Distributors LLC, Beechwood Bermuda International Ltd., Beechwood Bermuda Investment Holdings Ltd., Beechwood Bermuda International Middle East Ltd., Beechwood Re Ltd., Beechwood Re Holdings Inc., Beechwood Re Investments LLC, Beechwood Re Investors LLC, BHLN-AGERA Corp., BHLN-PEDCO Corp., BHLN-St. John's Place Corp., BRe BCLIC 2013 Primary, BRe BCLIC 2013 Sub, BRe WNIC 2013 LTC Primary, BRe WNIC 2013 LTC Sub, FTL Holdings LLC, MSD Administrative Services LLC, MSD Investment LLC, MSD TX LLC, Old Mutual (Bermuda) Ltd., Senior Health Insurance Company of Pennsylvania, Tevere Capital LP, 2481234 Ontario Ltd., 7097914 Manitoba Ltd., any Affiliate or agent of any of the foregoing, and any person or entity acting on Beechwood's behalf.

(b) Each party to this Agreement hereby represents, warrants and covenants to the other party hereto as follows:

(i) Such party is duly organized and validly existing under the laws of its respective jurisdiction of organization. Such party has all power and authority necessary to conduct the business in which it is engaged, except where the failure to have such power or authority would not impair in any material respect its ability to perform its obligations under this Agreement or to consummate any transactions contemplated by this Agreement.

(ii) Such party has obtained, or will promptly obtain, and maintain in force throughout the term of this Agreement all necessary consents, permits, licenses, legal opinions, and other authorizations required of it in order for such party to carry out its services under this Agreement.

(iii) The execution and delivery of this Agreement by such party and the performance of its obligations hereunder will not, in any material respect (i) violate any provision of any applicable law, rule or regulation, any order of any court or the terms of any agreement, whether written or oral, to which it is a party, or (ii) infringe upon the rights of any third party including property, contractual or employment rights, or the rights to any trade secret, proprietary information or intellectual property.

(iv) Such party acknowledges that the other party hereto enters into this Agreement in reliance on the representations, warranties and covenants contained herein, and agrees to promptly notify the other party in writing if any representations or warranties hereunder cease to be accurate or complete in any material respect.

(c) Chief Oversight Officer agrees to comply with all applicable laws, rules and regulations related to the services that Chief Oversight Officer provides hereunder. Chief Oversight Officer represents and warrants to the Client that it has all governmental licenses required in connection with the services that Chief Oversight Officer provides hereunder.

10. *Governing Law, Waiver of Jury Trial and Submission to Jurisdiction*.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the conflicts of laws principles thereof. Each of the parties hereto irrevocably agrees to waive trial by jury in any action, proceeding, claim or counterclaim brought by or on behalf of either party hereto related to or arising out of this Agreement or the performance of services hereunder. Each party certifies that no representative, agent or attorney of the other has represented, expressly or otherwise, that the other party would not, in the event of any proceeding, seek to enforce the foregoing waiver and acknowledges that it has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications set forth in this Section 10(a).

(b) Each of the parties hereto irrevocably agrees that any state or federal court sitting in the City of New York shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute arising out of or relating to this Agreement and, for such purposes, irrevocably submits to the jurisdiction of such courts. Each of the parties hereto irrevocably and unconditionally waives any objection to the laying of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum.

11. *Miscellaneous*. This Agreement contains the entire agreement between the parties hereto relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto. This Agreement may not be amended or modified except by a writing executed by each of the parties hereto. Section headings herein are for convenience only and are not a part of this Agreement. This Agreement is solely for the benefit of the parties hereto, and no other person (except for indemnified persons to the extent set forth in Exhibit A hereto) shall acquire or have any rights under or by virtue of this Agreement. This Agreement may not be assigned by either party hereto without the other party's prior written consent. Neither party hereto shall be responsible or have any liability to any other party for any indirect, special or consequential damages arising out of or in connection with this Agreement or the transactions contemplated hereby, even if advised of the possibility thereof. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument. This Agreement and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or by other electronic means (including .pdf), shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No Party hereto shall raise the use of a facsimile machine or by other electronic means (including .pdf) to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or by other electronic means (including .pdf) as a defense to the formation of a contract and each such Party forever waives any such defense

[*Signature page follows*]

If the foregoing correctly sets forth our understanding, please so indicate by executing this letter, together with the enclosed duplicate originals, in the place indicated and returning two original signatures for our files.

Very truly yours,

GUIDEPOST SOLUTIONS LLC

By: _____
Name:
Title:

Acknowledged, accepted and agreed
as of the date first written above for and
on behalf of themselves and the Funds:

PLATINUM MANAGEMENT (NY) LLC

By: _____
Name:
Title:

PLATINUM CREDIT MANAGEMENT LP

By: _____
Name:
Title:

PLATINUM LIQUID OPPORTUNITY MANAGEMENT (NY) LLC

By: _____
Name:
Title:

(a) *Indemnification and Reimbursement*.

(i) *By Client and Managers*. Client, the Funds and the Managers jointly and severally agree:

(1) to indemnify and hold harmless Chief Oversight Officer, Guidepost, the Designees and their respective Affiliates and each of the officers, directors, employees, agents and controlling persons of each of Chief Oversight Officer, Guidepost, the Designees and their respective Affiliates (each a "*COO Indemnified Person*") from and against any and all losses, claims, demands, damages, liabilities and expenses ("*Liabilities*"), to which any such COO Indemnified Person may become subject, insofar as such Liabilities (or any claim, action, litigation, investigation or proceeding in respect thereof, regardless of whether any of such COO Indemnified Persons is a party thereto) arise out of or are based upon the engagement of Chief Oversight Officer hereunder ("*COO Liabilities*"); and

(2) to reimburse such COO Indemnified Persons for any reasonable and documented out-of-pocket legal expenses of one (1) firm of outside counsel (and in no event the allocated cost of internal counsel) in connection with investigating, preparing, responding to or defending any such COO Liabilities (or claim, action, litigation, investigation or proceeding in respect thereof).

(ii) *By Chief Oversight Officer*. Chief Oversight Officer agrees:

(1) to indemnify and hold harmless the Client and its Affiliates and each of the officers, directors, employees, agents and controlling persons of each of the Client and its Affiliates (each a "*Client Indemnified Person*") from and against any and all Liabilities to which any such Client Indemnified Person may become subject, insofar as such Liabilities (or any claim, action, litigation, investigation or proceeding in respect thereof, regardless of whether any of such Client Indemnified Persons is a party thereto) arise out of or are based upon intentional misconduct of the Chief Oversight Officer hereunder ("*Client Liabilities*") ; and

(2) to reimburse such Client Indemnified Persons for any reasonable and documented out-of-pocket legal expenses of one (1) firm of outside counsel (and in no event the allocated cost of internal counsel) in connection with investigating, preparing, responding to or defending any such Client Liabilities (or claim, action, litigation, investigation or proceeding in respect thereof).

Each such person entitled to indemnification pursuant to this clause (a) shall be hereinafter referred to as an "*Indemnified Person.*" Notwithstanding any of the foregoing, indemnification shall not, as to any Indemnified Person, apply to any Liabilities to the extent that they (A) are finally determined by a court of competent jurisdiction to have resulted from the bad faith, gross negligence, fraud or willful misconduct by any such Indemnified Person (each such act or omission in clause (A), a "*Bad Act*"), (B) in the case of the Client's and Managers' obligation to indemnify the COO Indemnified Persons, arise from any claim by a COO Indemnified Person (or any related action, litigation or proceeding) against any COO Indemnified Person or (C) in the case of Chief Oversight Officer's obligation to indemnify the Client Indemnified Persons, arise from any claim by Chief Oversight Officer or a Client Indemnified Person (or any related action, litigation or proceeding) against any Client Indemnified Person.

(b) *Notice and Conduct of Proceedings*. Promptly (but no later than five (5) days) after receipt by an Indemnified Person of notice of any claim, action, litigation, investigation or proceeding for which indemnification is or may be sought hereunder (a "*Proceeding*"), such Indemnified Person, or Chief Oversight Officer or Client on behalf of such Indemnified Person, as applicable, will notify, in the case of a COO Indemnified Person seeking indemnification, the Client, and in the case of a Client Indemnified Person seeking indemnification, Chief Oversight Officer (such notified party, the "*Indemnifying Person*") in writing of such Proceeding. Failure to so notify the Indemnifying Person will not relieve the Indemnifying Person from liability that it may have to any Indemnified Person hereunder to the extent it does not prejudice the Indemnifying Person. The Indemnifying Person shall be entitled to assume the defense of all Indemnified Persons in connection with the Proceeding, including the employment of counsel reasonably satisfactory to Indemnified Person, and the payment of the fees and disbursements of such counsel. Notwithstanding the Indemnifying Person's decision to assume the defense of any Proceeding, (x) its right to enter into any compromise or settlement of any Proceeding shall be limited as set forth below, and (y) the Indemnified Person shall have the right to employ separate counsel at its own expense and to participate in the defense of any Proceeding. Counsel employed pursuant to the foregoing clause (y) shall be at the expense of the Indemnified Person, unless (i) any Indemnified Person is a named party to any such Proceeding and has been advised by counsel in writing that the representation of the Indemnifying Person and the Indemnified Person by the same counsel would be impermissible under applicable standards of professional responsibility; provided, that the counsel retained by the Indemnified Person shall be reasonably acceptable to the Indemnifying Person, or (ii) the Indemnifying Person fails to assume the defense of the Proceeding or to employ counsel reasonably satisfactory to the Indemnified Person, in each case in a timely manner. In the event of any of the foregoing clauses (i) through (ii), then the Indemnified Person may employ separate counsel, reasonably satisfactory to the Indemnifying Person, at the Indemnifying Person's expense to represent or defend such Indemnified Person in any Proceeding or group of related Proceedings (it being agreed that the Indemnifying Person shall not, under any of the circumstances described in clause (i) or (ii) above, have the

right to direct the defense of the Proceeding on behalf of the Indemnified Person). In no event shall the Indemnifying Person be liable for the fees and expenses of more than one separate firm of attorneys for all Indemnified Persons in connection with any one Proceeding or separate but substantially similar or related Proceedings, plus one firm of local counsel in each jurisdiction in which any such Proceeding is taking place. Notwithstanding anything to the contrary herein, any Indemnified Person and its counsel shall have the right (at such Indemnified Person's expense) to defend and to make the final decision on matters affecting the conduct of any Proceeding with respect to any allegation that such Indemnified Person is not entitled to be indemnified by the Indemnifying Person.

(c) *Settlement of Proceedings*. The Indemnifying Person shall not be liable for any settlement of any pending or threatened Proceeding effected by any Indemnified Person without the written consent of the Indemnifying Person, but if settled with its written consent or if there shall be a final judgment for the plaintiff in any such Proceeding, the Indemnifying Person agrees to indemnify and hold harmless each Indemnified Person from and against any and all Liabilities and related expenses in accordance with the provisions of this Exhibit A. The Indemnifying Person shall not, without the prior written consent of each Indemnified Person (which consent shall not be unreasonably withheld), effect any settlement of any pending or threatened Proceeding in respect of which indemnity or contribution could have been sought hereunder by such Indemnified Person unless such settlement (x) includes an unconditional release of such Indemnified Person in form and substance reasonably satisfactory to such Indemnified Person from all liability on claims that are the subject matter of such Proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of such Indemnified Person.

(d) *Miscellaneous*. The obligations of the Indemnifying Person under this Exhibit A shall be in addition to any liability that the Indemnifying Person may otherwise have to any Indemnified Person and this Exhibit A shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnifying Person and any Indemnified Person. Capitalized terms used but not defined in this Exhibit A shall have the meanings specified in the Agreement.

From: Uri Landesman
To: Mark Nordlicht
Sent: 11/6/2012 3:37:22 PM
Subject: Re: Current Redemptions Nov 5, 2012.xls

Didn't take it as complaining, it is my job. Redemptions very daunting, good luck with the partners will lead that war or back you solidly.

Sent from my iPad

On Nov 6, 2012, at 11:22 AM, "Mark Nordlicht" <mnordlicht@platinumlp.com> wrote:

Wasn't trying to complain, was just trying to make u aware, it's just very daunting. It seems like we make some progress and then reds are relentless almost. It's tough to get ahead in subs if u have to replace 150-200 a year.... Will obviously need to be tough with partners on not taking out this year too.

Sent from my iPhone

On Nov 6, 2012, at 10:13 AM, "Uri Landesman" <ULandesman@platinumlp.com> wrote:

I will do my best, we could sweep the table here, so far, think Jan. 1st a possibility for some, if not all.

From: Mark Nordlicht
Sent: Tuesday, November 06, 2012 09:16 AM
To: Uri Landesman
Subject: Fwd: Current Redemptions Nov 5, 2012.xls

If we don't exceed this in subs for dec 1 and jan 1 we are probably going to have to put black elk in side pocket. I also need to pay back elbogen loan and an additional 4 million oct 31 and nov 30 so we talking 40.

Sent from my iPad

Begin forwarded message:

From: Michael Kimelman <mkimelman@platinumlp.com>
Date: November 5, 2012 7:35:40 PM EST
To: Mark Nordlicht <mnordlicht@platinumlp.com>
Subject: Current Redemptions Nov 5, 2012.xls

27 million total – Adam Brenner is 7 million

From: Joseph SanFilippo
To: Mark Nordlicht; Uri Landesman
CC: Michael Kimelman
Sent: 2/5/2014 2:03:15 PM
Subject: December 31 Redemption Summary.xlsx
Attachments: December 31 Redemption Summary.xlsx

Current Payables are highlighted in yellow.

		Total	Audit Holdback	Net Payable	Paid	Remaining Due	
Marcos Katz	PPVA International	$7,700,000.00		$7,700,000.00	(7,700,000.00)	-	amount
huang min chung	PPVA International	$1,000,000.00		$1,000,000.00	(1,000,000.00)	-	amount
Finsbury Trust	PPVA International	$75,000.00		$75,000.00	(75,000.00)	-	amount
NYROY/RBC 1607	PPVA International	$150,000.00		$150,000.00		150,000.00	amount
Citco 190047 Cl I-R	PPVA International	$41,739.13	($4,173.91)	$37,565.22		37,565.22	amount
Chuuk	PPVA International	$10,000,000.00		$10,000,000.00	(10,000,000.00)	-	amount
East Legacy	PPVA International	$1,500,000.00		$1,500,000.00		1,500,000.00	amount
Darak	PPVA International	$0.00		$0.00		-	amount
Rofur	PPVA International	$10,000.00		$10,000.00		10,000.00	amount
Rothfam	PPVA International	$10,000.00		$10,000.00		10,000.00	amount
Julius Baer	PPVA International	$60,000.00		$60,000.00		60,000.00	amount
Merkaz - Center Inc	PPVA International	$0.00		$0.00		-	amount
Stichting Bewaarder De Veste Beleggingsfondsen	PPVA International	$687,150.00		$687,150.00	(687,150.00)	-	500k Euro amount
Citco 190047 Cl I-R	PPVA International	$52,452.94	($5,245.29)	$47,207.65		47,207.65	18.4737 Shares
Citco 190047 Cl I-R	PPVA International	$102,556.61	($10,255.66)	$92,300.95		92,300.95	36.120 Shares
RBC Dexia ISDS A/C Julius Baer Funds	PPVA International	$613,753.97	($61,375.40)	$552,378.57		552,378.57	full redemption
Next Gen TS FBO Greg Zaffiro IRA	PPVA International	$11,839.44	($1,183.94)	$10,655.50		10,655.50	full redemption
Pilgrimi Foundation	PPVA International	$696,391.04	($69,639.10)	$626,751.94		626,751.94	full redemption
Jabret- Shacor Canada Inc	PPVA International	$1,289,040.80	($128,904.08)	$1,160,136.72		1,160,136.72	full redemption transfer 500k to PPCO, transfer 500k to PPLO, redeeming
Ray Brenner Pension	PPVA International	$1,350,000.00		$1,350,000.00	(350,000.00)	1,000,000.00	350k
Shmuel and Serena Fuchs Foundatoin	PPVA International	$14,786.35		$14,786.35		14,786.35	amount over 1 million
Agudath of Is	PPVA International	$7,440.10		$7,440.10		7,440.10	amount over 500k
Shloime Wagschal	PPVA International	$6,606.61		$6,606.61		6,606.61	profits above 442,000
Min Chen	PPVA International	$16,441.79		$16,441.79		16,441.79	profits above 1.1 million
SGBT Lux DeGroof Plexus	PPVA International	$678,927.78		$678,927.78		678,927.78	**360 shares EURO**
Jay Cohen Revocable trust	PPVA USA	$300,000.00		$300,000.00		300,000.00	amount
Perl Equity Holdings LLC	PPVA USA			$0.00		-	amount
Shaked Opportunity	PPVA USA	$0.00		$0.00		-	amount
Sabrina Kemeny	PPVA USA	$200,000.00		$200,000.00		200,000.00	amount
David Schick	PPVA USA	$225,000.00		$225,000.00		225,000.00	amount
B Fuchs Holdings	PPVA USA	$900,000.00		$900,000.00		900,000.00	amount
B Fuchs	PPVA USA	$500,000.00		$500,000.00		500,000.00	amount
CP Capital	PPVA USA	$75,000.00		$75,000.00		75,000.00	amount

Columbia Group	PPVA USA	$250,000.00		$250,000.00	250,000.00	amount
Morris Fuchs Grandchilren Trust 2007	PPVA USA	$1,500,000.00		$1,500,000.00	(1,500,000.00) -	amount
The Eggebraten Trust	PPVA USA	$70,000.00		$70,000.00	(70,000.00) -	amount likely to be reduced
Rausman Somerset	PPVA USA	$40,000.00		$40,000.00	40,000.00	amount
Barry Rausman Trust	PPVA USA	$150,000.00		$150,000.00	150,000.00	amount
Israel Freund	PPVA USA	$0.00		$0.00	-	amount
Jeffrey Parker Grat 11-1	PPVA USA	$928,128.00		$928,128.00	(928,128.00) -	amount
John Cecil	PPVA USA	$1,000,000.00		$1,000,000.00	1,000,000.00	amount
Gerald Fuchs	PPVA USA	$100,000.00		$100,000.00	100,000.00	amount
Dana Klein	PPVA USA	$15,000.00		$15,000.00	(15,000.00) -	amount
John Huth	PPVA USA	$350,000.00		$350,000.00	350,000.00	amount
B'ahava SA LLC	PPVA USA	$500,000.00		$500,000.00	500,000.00	amount
Mani Katari	PPVA USA	$74,548.52		$74,548.52	74,548.52	amount over 100k
Greg Zaffiro LLC	PPVA USA	$67,002.68	($6,700.27)	$60,302.41	60,302.41	full redemption
DMS Family LLC	PPVA USA	$662,699.94	($66,269.99)	$596,429.95	596,429.95	full redemption
Greg Holt	PPVA USA	$118,376.61	($11,837.66)	$106,538.95	106,538.95	full redemption
Patricia Chernicky	PPVA USA	$118,376.61	($11,837.66)	$106,538.95	106,538.95	full redemption
William Mattimiro	PPVA USA	$134,338.87	($13,433.89)	$120,904.98	120,904.98	full redemption
Zucker Family LLC	PPVA USA	$542,293.82	($54,229.38)	$488,064.44	488,064.44	full redemption
Adam Brenner	PPVA USA	$1,500,000.00		$1,500,000.00	1,500,000.00	1 mil to ppco 500k to pplo
Josh and Edith Zeitman	PPVA USA	$37,386.71		$37,386.71	37,386.71	QTR amount over 2,500,000
Aviva Lagner	PPVA USA	$3,769.81		$3,769.81	3,769.81	QTR amount over 250,000
Erica Fieger	PPVA USA	$3,713.26		$3,713.26	3,713.26	QTR amount over 250,000

Friedy and Richard Kasnett	PPVA USA	$3,710.13		$3,710.13	3,710.13	QTR amount over 250K - changed from prev redemptions
Platinum FI Group LLC	PPVA USA	$25,528.68		$25,528.68	25,528.68	qtr amounts over 1.7 million
PNAA	PPVA USA	$22,618.88		$22,618.88	22,618.88	qtr amounts over 1.5 million
Jonathan Mayer	PPVA USA	$2,597.34		$2,597.34	2,597.34	qtr est 175k above
Fagey Steinberg	PPVA USA	$1,507.92		$1,507.92	1,507.92	qtr profits above 100k
Shelah Reisman	PPVA USA	$3,724.99		$3,724.99	3,724.99	qtr profits above 250k
Bruder Irrevoc Family Trust	PPVA USA	$3,766.84		$3,766.84	3,766.84	qtr profits above 250K
Shlomo & Tamar Rechnitz - Joint Tenants In Common	PPVA USA	$75,396.29		$75,396.29	75,396.29	redemption of profits over 5 mil
Bodner, Elizar	PPVA USA	$2,610.11		$2,610.11	2,610.11	150K profits above
Bodner, Mordechai	PPVA USA	$2,610.11		$2,610.11	2,610.11	150K profits above
Bodner, Moshe	PPVA USA	$2,610.11		$2,610.11	2,610.11	150K profits above
Bodner, Rachel	PPVA USA	$2,610.11		$2,610.11	2,610.11	150K profits above
Bodner, Tzipporah	PPVA USA	$2,610.11		$2,610.11	2,610.11	150K profits above
Bodner, Yaakov	PPVA USA	$2,610.11		$2,610.11	2,610.11	150K profits above
Bodner, Yissocher	PPVA USA	$2,610.11		$2,610.11	2,610.11	150K profits above
Bodner, Aaron	PPVA USA	$3,480.16		$3,480.16	3,480.16	200k profits above
Liao Living Trust dtd 8/26/11	PPVA USA	$15,079.26		$15,079.26	15,079.26	above 1 million
Joel Edelstein	PPVA USA	$205,017.11		$205,017.11	205,017.11	above 500k
		$36,820,459.76	($445,086.25)	$36,375,373.51	($22,325,278.00)	$14,050,095.51

Effective Date	Fund	Capital Activity Type	Capital Activity Amount	Amount Payable	Date Cash Moved	Amount Paid	Amount Due	Holdback	Status	Notes
3/31/2015	PPVA	Partial Redemption	$ (500,000.00)	$ (500,000.00)	4/14/2015	$ 500,000.00	$ -	$ -	Completed	
3/31/2015	PPVA	Partial Redemption	$ (148,624.94)	$ (148,624.94)	5/1/2015	$ 148,624.94	$ -	$ -	Completed	
3/31/2015	PPVA	Partial Redemption	$ (1,736,676.64)	$ (1,736,676.64)	5/7/2015	$ 1,736,676.64	$ -	$ -	Completed	Changed Estimated Number
3/31/2015	PPVA	Partial Redemption	$ (1,000,000.00)	$ (1,000,000.00)	5/7/2015	$ 1,000,000.00	$ -	$ -	Completed	Paying Trican 1MM per month
3/31/2015	PPVA	Partial Redemption	$ (30,000.00)	$ (30,000.00)	5/7/2015	$ 30,000.00	$ -	$ -	Completed	
3/31/2015	PPVA	Partial Redemption	$ (500,000.00)	$ (500,000.00)	5/7/2015	$ 500,000.00	$ -	$ -	Completed	qrtly redemp: profits above 2MM (500,000+ Profits)
3/31/2015	PPVA	Partial Redemption	$ (493,469.88)	$ (493,469.88)	5/11/2015	$ 493,469.88	$ -	$ -	Completed	Profits above $5MM
3/31/2015	PPVA	Partial Redemption	$ (197,387.96)	$ (197,387.96)	5/11/2015	$ 197,387.96	$ -	$ -	Completed	Profits above $2MM
3/31/2015	PPVA	Partial Redemption	$ (697,515.00)	$ (697,515.00)	5/14/2015	$ 697,515.00	$ -	$ -	Completed	650K Euros
3/31/2015	PPVA	Partial Redemption	$ (50,000.00)	$ (50,000.00)	5/14/2015	$ 50,000.00	$ -	$ -	Completed	
3/31/2015	PPVA	Partial Redemption	$ (50,000.00)	$ (50,000.00)	5/20/2015	$ 50,000.00	$ -	$ -	Completed	
3/31/2015	PPVA	Partial Redemption	$ (10,000.00)	$ (10,000.00)	5/20/2015	$ 10,000.00	$ -	$ -	Completed	
3/31/2015	PPVA	Full Redemption	$ (1,200,709.33)	$ (1,080,638.40)	5/28/2015	$ 1,080,638.40	$ -	$ (120,070.93)	Completed - Pending Audit	
3/31/2015	PPVA	Partial Redemption	$ (269,251.20)	$ (269,251.20)	5/28/2015	$ 269,251.20	$ -	$ -	Completed	
3/31/2015	PPVA	Partial Redemption	$ (100,000.00)	$ (100,000.00)	6/1/2015	$ 100,000.00	$ -	$ -	Completed	Standing amount each quarter
3/31/2015	PPVA	Partial Redemption	$ (15,000.00)	$ (15,000.00)	6/1/2015	$ 15,000.00	$ -	$ -	Completed	Standing quarterly amount
3/31/2015	PPVA	Partial Redemption	$ (80,492.11)	$ (80,492.11)	6/1/2015	$ 80,492.11	$ -	$ -	Completed	52 0848 Shares
3/31/2015	PPVA	Partial Redemption	$ (9,838.28)	$ (9,838.28)	6/1/2015	$ 9,838.28	$ -	$ -	Completed	10 Shares
3/31/2015	PPVA	Partial Redemption	$ (136,407.17)	$ (136,407.17)	6/1/2015	$ 136,407.17	$ -	$ -	Completed	117 Shares
3/31/2015	PPVA	Partial Redemption	$ (89,134.72)	$ (89,134.72)	6/1/2015	$ 89,134.72	$ -	$ -	Completed	75 Shares
3/31/2015	PPVA	Partial Redemption	$ (20,000.00)	$ (20,000.00)	6/1/2015	$ 20,000.00	$ -	$ -	Completed	
3/31/2015	PPVA	Partial Redemption	$ (175,067.71)	$ (175,067.71)	6/3/2015	$ 175,067.71	$ -	$ -	Completed	
3/31/2015	PPVA	Full Redemption	$ (292,119.84)	$ (262,907.86)	6/3/2015	$ 262,907.86	$ -	$ (29,211.98)	Completed - Pending Audit	
3/31/2015	PPVA	Partial Redemption	$ (363,075.46)	$ (363,075.46)	6/3/2015	$ 363,075.46	$ -	$ -	Completed	345K Euros
3/31/2015	PPVA	Full Redemption	$ (293,055.90)	$ (263,750.31)	6/3/2015	$ 263,750.31	$ -	$ (29,305.59)	Completed - Pending Audit	
3/31/2015	PPVA	Full Redemption	$ (586,940.36)	$ (528,246.32)	6/5/2015	$ 528,246.32	$ -	$ (58,694.04)	Completed - Pending Audit	550 000 Shares
3/31/2015	PPVA	Full Redemption	$ (398,613.58)	$ (358,752.22)	6/5/2015	$ 358,752.22	$ -	$ (39,861.36)	Completed - Pending Audit	
3/31/2015	PPVA	Full Redemption	$ (557,096.48)	$ (557,096.48)	6/18/2015	$ 557,096.48	$ -	$ -	Completed	No Audit Holdback
3/31/2015	PPVA	Full Redemption	$ (2,009,027.06)	$ (1,808,124.35)	6/19/2015	$ 1,808,124.35	$ -	$ (200,902.71)	Completed - Pending Audit	
3/31/2015	PPVA	Full Redemption	$ (330,686.24)	$ (330,686.24)	7/8/2015	$ 330,686.24	$ -	$ -	Completed	No Audit Holdback
3/31/2015	PPVA	Partial Redemption	$ (600,000.00)	$ (600,000.00)	4/3/2105	$ 600,000.00	$ -	$ -	Completed	As per Michael Kimelman
3/31/2015	PPVA	Full Redemption	$ (18,833,462.44)	$ (16,950,116.20)	5/22/2015-6/5/2015-6/18	$ 16,950,116.20	$ -	$ (1,883,346.24)	Completed - Pending Audit	Half Paid+2.5MM+1.5MM Paid+$2,237,528.98
3/31/2015	PPVA	Full Redemption	$ (2,152,395.71)	$ (1,937,156.14)	7/28/2015-8/31/2015	$ 1,937,156.14	$ -	$ (215,239.57)	Completed	
3/31/2015	PPVA	Partial Redemption	$ (150,000.00)	$ (150,000.00)			$ (150,000.00)	$ -	Pending	

To: Uri Landesman[ULandesman@platinumlp.com]
From: Mark Nordlicht
Sent: Mon 6/16/2014 9:05:11 PM
Importance: Normal
Subject: Re: Prospects
Received: Mon 6/16/2014 9:05:12 PM

Talk later . As Murray says I'm just giving the news not the weather. We are getting some liquidity from black elk- though not the equity ... Am hesitant to put myself in position of using that for reds. We just need to short term go crazy , get everyone focused , and long term try to come up with marketing pitch where we can raise even when we are illiquid. Thx

Sent from my iPhone

On Jun 16, 2014, at 4:46 PM, "Uri Landesman" <ULandesman@platinumlp.com> wrote:

> Happy to discuss whatever whenever. We are pushing hard, illiquidity a bigger hurdle than energy concentration, although the latter is still an issue. Need monetization/liquidity events in the fund; I know you realize this and are doing your best.
>
> ---
>
> **From:** Mark Nordlicht
> **Sent:** Monday, June 16, 2014 4:43 PM
> **To:** Uri Landesman
> **Subject:** Re: Prospects
>
> Ok, schwebel I already accounted to make up for some past issues. Let's talk in a little bit. I think we need to revamp the strategy on PPVA and figure out what to do. It can't go on like this or practically, we will need to wind down. This is not a rhetoric thing, it's just not possible to manage net outflows of this magnitude. I think we can overcome this but this is code red, we can't go on with status quo. We need to be very aggressive if we want to stay open. We can't pay out 25 million in reds per quarter and have 5 come in. It just becomes almost impossible to manage asset allocation among the different strategies. I really feel that while we are still overloaded in energy, we are now diversified in 4 different companies within energy which shd make us a bit more attractive hopefully. It feels like in ppco we are in decent shape because of sk although clearly we want to diversify there too.
>
> Sent from my iPad
> On Jun 16, 2014, at 4:16 PM, "Uri Landesman" <ULandesman@platinumlp.com> wrote:
>
> > In PPva, Schweibel is supposedly money good for $5 mil., we have another $1-2 mil. prospect for July 1, and about $500,000 of fother likely.Aug. 1 doesn't have much visibility yet, in that fund. PPCO is all over the map, partly because Shepherd Kaplan is sort of fighting with one of their clients as to the client investing in us through them or on their own. We are not sure if SK's estimates that they are giving us include or exclude that client. We have another $20 mil. prospect that is looking good for either July 1 or August 1. Ergo, PPCO could be as much as $60 mil. over the next two closings. Zero is not out of the question, either.

To: Mark Nordlicht[mnordlicht@platinumlp.com]
From: Uri Landesman
Sent: Tue 3/3/2015 5:17:14 PM
Importance: Normal
Subject: RE:
Received: Tue 3/3/2015 5:17:16 PM

I'll handle it, hope you are having a productive day at Navidea, Netanyahu was fantastic, administration really going to be on their backheels.

-----Original Message-----
From: Mark Nordlicht
Sent: Tuesday, March 03, 2015 12:13 PM
To: Uri Landesman
Subject:

I'm forwarding you Frederick's number. I don't trust myself, I feel I came off really defensive with Leon. I think u give us best possibility to try and keep him.
44 7768 636 691
Energy- already took big hit, well positioned for rebound.
Agera
Navb- positive data not announced yet showing major ability in treating aids and other viruses.
Vistagen/actavis still in picture
Echo- cfda approval expected by late summer, working on wearable deal, low float.
Urigen- filed s1 - valuation shd be 50-100 writeup.

In general, looking to get back to more diversified book over course of year but for now, have tremendous optionality that cd produce some lumpy positive monthly returns in any one month.

Sent from my iPhone

To: Mark Nordlicht[mnordlicht@platinumlp.com]
Cc: Andrew Kaplan[AKaplan@platinumlp.com]
From: Uri Landesman
Sent: Tue 4/7/2015 2:48:35 PM
Importance: Normal
Subject: Re: Thomvest Platinum
Received: Tue 4/7/2015 2:48:36 PM

Yeah, sorry, Hail Mary time.

Sent from my iPad

On Apr 7, 2015, at 10:46 AM, Mark Nordlicht <mnordlicht@platinumlp.com> wrote:

Nothing u can do about it now, was obviously a mistake but thankfully, u didn't say anything terrible

Sent from my iPhone

On Apr 7, 2015, at 10:33 AM, Andrew Kaplan <AKaplan@platinumlp.com> wrote:

Uri,

You left my forward/notes in your reply.....

From: Uri Landesman
Sent: Tuesday, April 07, 2015 10:26 AM
To: Stefan Clulow
Cc: Mark Nordlicht; Andrew Kaplan
Subject: Fwd: Thomvest Platinum

It was a pleasure catching up with you. I'm sorry you are still redeeming, we would have enjoyed and appreciated the opportunity to regain your trust and faith in our abilities. We will keep you on our info lists, and hope one day to be worthy of your reinvestment. I'm on vacation for the holiday, but available to chat if that is timely.

Sent from my iPad

Begin forwarded message:

From: Andrew Kaplan <AKaplan@platinumlp.com>
Date: April 7, 2015 at 10:08:27 AM EDT
To: Mark Nordlicht <mnordlicht@platinumlp.com>
Cc: Uri Landesman <ULandesman@platinumlp.com>, Gilad Kalter <gkalter@platinumlp.com>
Subject: FW: Thomvest Platinum

I have tried a few times this morning to reach Stefan, but it has gone straight to voicemail (I have not left messages). Per below, I doubt it will change his decision, but one never knows. This redemption should never ever have happened.

From: Stefan Clulow [mailto:stefan@thomvest.com]
Sent: Tuesday, April 07, 2015 8:59 AM
To: Andrew Kaplan
Cc: Anesu Nyamuda
Subject: Thomvest Platinum

Andrew – Per my voice message, thank you for the meeting last week. We have had an opportunity to reflect on the meeting and the events that led to it and have decided to

proceed with our scheduled redemption. We will continue to track Platinum Partners and PPVA in particular over the course of 2015 and revisit PPVA and PPCO in the course of our year-end 2015 review and rebalancing exercise. To this end, please keep Anesu and me on the distribution list for the monthly reports.

Please contact me with any questions.

Best regards,

Stefan Clulow
Thomvest Asset Management
65 Queen Street West | Suite 2400 | Toronto | Canada | M5H 2M8
416-681-2524 | stefan@thomvest.com | www.thomvest.com

Effective Date	Fund	Capital Activity Type	Capital Activity Amo	Amount Payable	Date Cash Moved	Amount Paid	Amount Due	Holdback	Status	Notes
9/30/2015	PPVA	Partial Redemption	$ (250,000.00)	$ (250,000.00)	11/12/2015	$ 250,000.00	$ -	$ -	Completed	
9/30/2015	PPVA	Full Redemption	$ (270,579.48)	$ (243,521.53)	12/1/2015	$ 243,521.53	$ -	$ (27,057.95)	Completed - Pending Audit	Moved to PPNE (Audit Holdback Cant be redeeemed until after 2015 Audit)
9/30/2015	PPVA	Partial Redemption	$ (13,763.31)	$ (13,763.31)	12/14/2015	$ 13,763.31	$ -	$ -	Completed	7.092 Shares - Paid from Mgmt
9/30/2015	PPVA	Full Redemption	$ (274,781.13)	$ (247,303.02)	12/15/2015	$ 225,000.00	$ (22,303.02)	$ (27,478.11)	Pending	225K paid from Mgmt
9/30/2015	PPVA	Partial Redemption	$ (600,000.00)	$ (600,000.00)	12/18/2015	$ 300,000.00	$ (300,000.00)	$ -	Pending	Hardship
9/30/2015	PPVA	Partial Redemption	$ (3,020.40)	$ (3,020.40)	12/22/2015	$ 3,020.40	$ -	$ -	Completed	
9/30/2015	PPVA	Partial Redemption	$ (6,143.57)	$ (6,143.57)	12/22/2015	$ 6,143.57	$ -	$ -	Completed	
9/30/2015	PPVA	Partial Redemption	$ (5,034.01)	$ (5,034.01)	12/22/2015	$ 5,034.01	$ -	$ -	Completed	
9/30/2015	PPVA	Partial Redemption	$ (4,658.98)	$ (4,658.98)	12/22/2015	$ 4,658.98	$ -	$ -	Completed	
9/30/2015	PPVA	Partial Redemption	$ (2,132.14)	$ (2,132.14)	12/22/2015	$ 2,132.14	$ -	$ -	Completed	
9/30/2015	PPVA	Partial Redemption	$ (2,621.58)	$ (2,621.58)	12/22/2015	$ 2,621.58	$ -	$ -	Completed	
9/30/2015	PPVA	Partial Redemption	$ (500,000.00)	$ (500,000.00)	1/20/2016	$ 185,000.00	$ (315,000.00)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (300,000.00)	$ (300,000.00)	2/3/2016	$ 300,000.00	$ -	$ -	Completed	
9/30/2015	PPVA	Partial Redemption	$ (4,777.00)	$ (4,777.00)	3/16/2016	$ 4,777.00	$ -	$ -	Completed	
9/30/2015	PPVA	Full Redemption	$ (2,002,066.95)	$ (1,801,860.26)	5/18/2016	$ 200,000.00	$ (1,601,860.26)	$ (200,206.70)	Pending	200K paid earlier due to destress
9/30/2015	PPVA	Partial Redemption	$ (2,000,000.00)	$ (2,000,000.00)	Non Cash	$ 2,000,000.00	$ -	$ -	Completed	
9/30/2015	PPVA	Partial Redemption	$ (3,000,000.00)	$ (3,000,000.00)	Non Cash	$ 3,000,000.00	$ -	$ -	Completed	
9/30/2015	PPVA	Partial Redemption	$ (3,017.06)	$ (3,017.06)			$ (3,017.06)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (1,065.45)	$ (1,065.45)			$ (1,065.45)	$ -	Pending	
9/30/2015	PPVA	Full Redemption	$ (633,175.19)	$ (569,857.67)			$ (569,857.67)	$ (63,317.52)	Pending	
9/30/2015	PPVA	Full Redemption	$ (523,639.43)	$ (471,275.49)			$ (471,275.49)	$ (52,363.94)	Pending	Changed Estimated Number
9/30/2015	PPVA	Partial Redemption	$ (2,013.62)	$ (2,013.62)			$ (2,013.62)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (2,130.35)	$ (2,130.35)			$ (2,130.35)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (1,597.77)	$ (1,597.77)			$ (1,597.77)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (1,597.77)	$ (1,597.77)			$ (1,597.77)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (1,597.77)	$ (1,597.77)			$ (1,597.77)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (1,597.77)	$ (1,597.77)			$ (1,597.77)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (1,597.77)	$ (1,597.77)			$ (1,597.77)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (1,597.77)	$ (1,597.77)			$ (1,597.77)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (1,597.77)	$ (1,597.77)			$ (1,597.77)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (22,652.52)	$ (22,652.52)			$ (22,652.52)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (10,068.02)	$ (10,068.02)			$ (10,068.02)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (6,150.13)	$ (6,150.13)			$ (6,150.13)	$ -	Pending	
9/30/2015	PPVA	Full Redemption	$ (332,192.89)	$ (298,973.60)			$ (298,973.60)	$ (33,219.29)	Pending	
9/30/2015	PPVA	Full Redemption	$ (394,560.39)	$ (355,104.35)			$ (355,104.35)	$ (39,456.04)	Pending	
9/30/2015	PPVA	Partial Redemption	$ (15,000.00)	$ (15,000.00)			$ (15,000.00)	$ -	Pending	
9/30/2015	PPVA	Full Redemption	$ (91,311.99)	$ (82,180.79)			$ (82,180.79)	$ (9,131.20)	Pending	
9/30/2015	PPVA	Partial Redemption	$ (2,000,000.00)	$ (2,000,000.00)			$ (2,000,000.00)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (1,006.80)	$ (1,006.80)			$ (1,006.80)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (300,000.00)	$ (300,000.00)			$ (300,000.00)	$ -	Pending	
9/30/2015	PPVA	Full Redemption	$ (411,880.74)	$ (370,692.67)			$ (370,692.67)	$ (41,188.07)	Pending	
9/30/2015	PPVA	Full Redemption	$ (10,828.39)	$ (9,745.55)			$ (9,745.55)	$ (1,082.84)	Pending	10 Shares
9/30/2015	PPVA	Full Redemption	$ (140,875.15)	$ (126,787.64)			$ (126,787.64)	$ (14,087.52)	Pending	118 Shares
9/30/2015	PPVA	Full Redemption	$ (91,311.99)	$ (82,180.79)			$ (82,180.79)	$ (9,131.20)	Pending	52 0854 Shares
9/30/2015	PPVA	Partial Redemption	$ (2,514.21)	$ (2,514.21)			$ (2,514.21)	$ -	Pending	
9/30/2015	PPVA	Full Redemption	$ (1,010,769.50)	$ (909,692.55)			$ (909,692.55)	$ (101,076.95)	Pending	
9/30/2015	PPVA	Full Redemption	$ (6,580,454.17)	$ (5,922,408.75)			$ (5,922,408.75)	$ (658,045.42)	Pending	
9/30/2015	PPVA	Partial Redemption	$ (5,028.42)	$ (5,028.42)			$ (5,028.42)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (649,054.39)	$ (649,054.39)			$ (649,054.39)	$ -	Pending	Full Class L02/15 Amount
9/30/2015	PPVA	Partial Redemption	$ (7,551.02)	$ (7,551.02)			$ (7,551.02)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (17,115.64)	$ (17,115.64)			$ (17,115.64)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (5,123.48)	$ (5,123.48)			$ (5,123.48)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (150,000.00)	$ (150,000.00)			$ (150,000.00)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (4,274.16)	$ (4,274.16)			$ (4,274.16)	$ -	Pending	
9/30/2015	PPVA	Full Redemption	$ (119,385.72)	$ (107,447.15)			$ (107,447.15)	$ (11,938.57)	Pending	100 Shares
9/30/2015	PPVA	Partial Redemption	$ (50,340.09)	$ (50,340.09)			$ (50,340.09)	$ -	Pending	
9/30/2015	PPVA	Partial Redemption	$ (20,493.92)	$ (20,493.92)			$ (20,493.92)	$ -	Pending	

To: Mark Nordlicht[mnordlicht@platinumlp.com]; David Levy[dlevy@platinumlp.com]
From: Michael Kimelman
Sent: Fri 1/15/2016 3:50:32 PM
Importance: Normal
Subject: FW: platinum
Received: Fri 1/15/2016 3:50:33 PM

From: Mark Leben [mailto:mark@stephanieimports.com]
Sent: Friday, January 15, 2016 10:43 AM
To: Michael Kimelman; Joseph Ritterman
Cc: Bernard Fuchs
Subject: RE: platinum

Mike

I appreciate your replies and I really do not want to give you a hard time. MY only point that seems to be missed in all of this is that I am subject to the whim of others. I have acted as a buffer these years and have always tried to be a team player. On the other hand I have an obligation to make them aware of what is going on as I become aware of issues myself.

Nothing makes investors more jittery than not paying in a timely fashion. I told you that in my opinion holding up the PPCO payment in light of the changes that you wanted to implement at PPVA was a big mistake. If in fact PPCO has nothing to do with PPVA than why was the PPCO delayed for 2 months.

I have reached the end of my rope and I am out of excuses. You have told me already many times that payments would be made in the next week and I in turn pass that info on. When the payment is not made then it is I who look like I am not keeping my word. I don't think I need to explain this in more detail as you certainly understand the position I have been put into.

I asked Mr. Huberfeld to meet with me at end December and never got that meeting. Mr. Fuchs told me that he is no longer the person to speak to. In total we have more than 6 million dollars tied up in PPVA and PPCO. I have no idea what others have with you but my sense is that this is not a small money even to these funds. Telling me each week that it will be a few more days is not going to make the problem go away. I don't know who is in charge now but I do know that this unacceptable. I am not looking for a phone call that someone will apologize to me, rather information that is straight forward and takes into account my unique position.

From: Michael Kimelman [mailto:mkimelman@platinumlp.com]
Sent: Friday, January 15, 2016 10:15 AM
To: Mark Leben <mark@stephanieimports.com>; Joseph Ritterman <jritterman@platinumlp.com>
Cc: Bernard Fuchs <bfuchs@platinumlp.com>
Subject: RE: platinum

Dear Mark,

I apologize for the delay. I have been told that PPNE interest payments will be made next week. I have escalated your email and hope to have an answer for you by Monday on when the 9/30 redemptions will be paid. Thank you.

Best,
Michael

From: Mark Leben [mailto:mark@stephanieimports.com]
Sent: Friday, January 15, 2016 10:02 AM
To: Joseph Ritterman; Michael Kimelman
Cc: Bernard Fuchs
Subject: platinum

I have asked already about a dozen times about money due to me from PPVA. When I sat with Mr. Fuchs a few weeks ago I explained to him that I have others who are invested with me. On the one hand you would like me to remain with the fund but you

have not paid me money that is due now for 75 days. Every time I ask I am told a few more days . I am stuck with trying to explain to these people why they should remain in the fund while they do not get payments that are due to them

17,115.64 Platinum FI
5123.48 Agudath
6500 (estimate) PNAA I estimate as I have never gotten statements for that one so I can only estimate based on how much money PNAA has in relation to the others

The total of the three is 30k

Also PPNE is supposed to pay at the start of the month and we are now at Jan 15 with no money. This was supposedly guaranteed by the fund what does that mean

STERLING NATIONAL BANK

400 Rella Blvd
Montebello, NY 10901

RETURN SERVICE REQUESTED

PLATINUM MANAGEMENT (NY) LLC
C/O PLATINUM PARTNERS
152 W 57TH ST FL 4
NEW YORK NY 10019-3310

July 2015

Reporting Activity 07/01 - 07/31 *Page 1 of 12*

Contact Us

Client Services	855-274-2800
Automated Telephone Banking	855-274-2802
Mailing Address	400 Rella Blvd Montebello, NY 10901
Online Access	https://www.snb.com

SUMMARY OF ACCOUNTS

ACCOUNT TYPE	ACCOUNT NUMBER	ENDING BALANCE
ANALYZED BUSINESS CHECKING	XXXXXX0447	$142,381.63
PREMIUM BUSINESS MONEY MARKET	XXXXXX2784	$861,295.92

ANALYZED BUSINESS CHECKING - XXXXXX0447

Account Summary

Date	Description			
07/01/2015	**Beginning Balance**	**$69,220.05**	Average Ledger Balance	$79,982.67
	76 Debit(s) this period	$4,029,788.42	Average Available Balance	$79,482.67
	18 Credit(s) this period	$4,104,421.31		
07/31/2015	**Ending Balance**	**$142,381.63**		
	Service Charges	$1,471.31		

Transaction Activity

Transaction Date	Description	Debits	Credits	Balance
07/01/2015	Beginning Balance			$69,220.05

[redacted]

STERLING NATIONAL BANK

July 2015

Reporting Activity 07/01 - 07/31 *Page 3 of 12*

ANALYZED BUSINESS CHECKING - XXXXXX0447 (continued)

Transaction Activity (continued)

Transaction Date	Description	Debits	Credits	Balance
[redacted]				
07/24/2015	INCOMING WIRE,BERNARD FUCHS OR ,CAPITALONE LA[redacted]		$1,650,000.00	$1,669,180.94
07/24/2015	WEB XFER FR DDA[redacted]		$50,000.00	$1,719,180.94
07/24/2015	WEB XFER TO DDA[redacted]	-$1,650,000.00		$69,180.94
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]

STERLING NATIONAL BANK

400 Rella Blvd
Montebello, NY 10901

RETURN SERVICE REQUESTED

PLATINUM PARTNERS VALUE ARBITRAGE FUND L.P.
C/O PLATINUM PARTNERS
250 W 55TH ST FL 14
NEW YORK NY 10019-7599

[redacted]

Contact Us

Client Services	855-274-2800
Automated Telephone Banking	855-274-2802
Mailing Address	400 Rella Blvd Montebello, NY 10901
Online Access	https://www.snb.com

SUMMARY OF ACCOUNTS

ACCOUNT TYPE	ACCOUNT NUMBER	ENDING BALANCE
ANALYZED BUSINESS CHECKING	XXXXXX0148	$709,220.80

ANALYZED BUSINESS CHECKING - XXXXXX0148

[redacted]

ANALYZED BUSINESS CHECKING - XXXXXX0148 (continued)

Transaction Activity (continued)

Transaction Date	Description	Debits	Credits	Balance
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
07/24/2015	WEB XFER FR DDA [redacted] 447		$1,650,000.00	$710,231.78
07/24/2015	WEB XFER FR DDA [redacted]		$20,000.00	$730,231.78
07/24/2015	WEB XFER TO DDA [redacted] 447	-$50,000.00		$680,231.78
07/24/2015	WEB XFER TO DDA [redacted] 527	-$50,000.00		$630,231.78
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]

STERLING NATIONAL BANK

400 Rella Blvd
Montebello, NY 10901

RETURN SERVICE REQUESTED

PLATINUM PARTNERS VALUE ARBITRAGE FUND (USA) L.P.
C/O PLATINUM PARTNERS
152 W 57TH ST FL 4
NEW YORK NY 10019-3310

July 2015

Contact Us

Client Services	855-274-2800
Automated Telephone Banking	855-274-2802
Mailing Address	400 Rella Blvd Montebello, NY 10901
Online Access	https://www.snb.com

SUMMARY OF ACCOUNTS

ACCOUNT TYPE	ACCOUNT NUMBER	ENDING BALANCE
ANALYZED BUSINESS CHECKING	XXXXXX0455	$0.00
ANALYZED BUSINESS CHECKING	XXXXXX0527	$100,000.00

ANALYZED BUSINESS CHECKING - XXXXXX0455

Account Summary

Date	Description			
07/01/2015	**Beginning Balance**	**$0.00**	Average Ledger Balance	$1,612.90
	6 Debit(s) this period	$355,000.00	Average Available Balance	$1,612.90
	6 Credit(s) this period	$355,000.00		
07/31/2015	**Ending Balance**	**$0.00**		

[redacted]

STERLING NATIONAL BANK

ANALYZED BUSINESS CHECKING - XXXXXX0527 (continued)

Transaction Activity

Transaction Date	Description	Debits	Credits	Balance
[redacted]	Beginning Balance			$0.00
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
07/24/2015	OUTGOING WIRE [redacted]	-$15,000.00		-$15,000.00
07/24/2015	OUTGOING WIRE [redacted]	-$35,000.00		-$50,000.00
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]			[redacted]
[redacted]				
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]			[redacted]
[redacted]				
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]			[redacted]
[redacted]	[redacted]			[redacted]

Effective Date	Fund	Feeder	Class	Investor	Capital Activity Type	Capital Activity Amount	Amount Payable	Date Cash Moved	Amount Paid	Amount Due	Date Added
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	$ (24,170.98)	$ (24,170.98)	8/26/2015	$ 24,170.98	$ -	8/26/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	$ (30,515.71)	$ (30,515.71)	8/21/2015	$ 30,515.71	$ -	8/21/2015
6/30/2015	PPVA	PPVA INTL	J	[redacted]	Partial Redemption	$ (20,188.73)	$ (20,188.73)	9/1/2015	$ 20,188.73	$ -	9/1/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	$ (417,913.87)	$ (417,913.87)	8/4/2015	$ 417,913.87	$ -	8/4/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	$ (93,415.36)	$ (93,415.36)	9/1/2015	$ 93,415.36	$ -	9/1/2015
6/30/2015	PPVA	PPVA USA	I	[redacted]	Partial Redemption	$ (300,000.00)	$ (300,000.00)	9/1/2015	$ 300,000.00	$ -	9/1/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$ (14,317.74)	$ (14,317.74)	8/21/2015	$ 14,317.74	$ -	8/21/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$ (29,962.32)	$ (29,962.32)	8/28/2015	$ 29,962.32	$ -	8/28/2015
6/30/2015	PPVA	PPVA USA	A	[redacted]	Partial Redemption	$ (200,000.00)	$ (200,000.00)	9/1/2015	$ 200,000.00	$ -	9/1/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$ (125,000.00)	$ (125,000.00)	8/31/2015	$ 125,000.00	$ -	8/31/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	$ (109,010.17)	$ (109,010.17)	9/1/2015	$ 109,010.17	$ -	9/1/2015
6/30/2015	PPVA	PPVA INTL	LE	[redacted]	Partial Redemption	$ (220,000.00)	$ (220,000.00)	10/9/2015	$ 220,000.00	$ -	10/9/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	$ (18,773.42)	$ (18,773.42)	8/26/2015	$ 18,773.42	$ -	8/26/2015
6/30/2015	PPVA	PPVA INTL	LR	[redacted]	Partial Redemption	$ (56,074.49)	$ (56,074.49)	9/1/2015	$ 56,074.49	$ -	9/1/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$ (72,799.99)	$ (72,799.99)	9/1/2015	$ 72,799.99	$ -	9/1/2015
6/30/2015	PPVA	PPVA INTL	I,J	[redacted]	Partial Redemption	$ (500,000.00)	$ (500,000.00)	7/28/2015	$ 500,000.00	$ -	7/28/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	$ (98,543.80)	$ (98,543.80)	8/21/2015	$ 98,543.80	$ -	8/21/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Full Redemption	$ (212,505.94)	$ (191,255.35)	8/4/2015	$ 191,255.35	$ -	8/4/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Full Redemption	$ (1,007,897.56)	$ (907,107.80)	8/31/2015	$ 907,107.80	$ -	9/16/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	$ (15,000.00)	$ (15,000.00)	8/31/2015	$ 15,000.00	$ -	8/31/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	$ (311,551.53)	$ (311,551.53)	9/16/2015	$ 311,551.53	$ -	9/16/2015
6/30/2015	PPVA	PPVA INTL	I	[redacted]	Partial Redemption	$ (200,000.00)	$ (200,000.00)	9/1/2015	$ 200,000.00	$ -	9/1/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$ (7,280.00)	$ (7,280.00)	9/1/2015	$ 7,280.00	$ -	9/1/2015
6/30/2015	PPVA	PPVA INTL	IR	[redacted]	Full Redemption	$ (435,667.48)	$ (392,100.73)	9/1/2015	$ 392,100.73	$ -	9/1/2015
6/30/2015	PPVA	PPVA INTL	A,B, IR	[redacted]	Partial Redemption	$ (300,000.00)	$ (300,000.00)	9/1/2015	$ 300,000.00	$ -	9/1/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$ (500,000.00)	$ (500,000.00)	8/7/2015	$ 500,000.00	$ -	4/29/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	$ (28,505.14)	$ (28,505.14)	9/1/2015	$ 28,505.14	$ -	9/1/2015
6/30/2015	PPVA	PPVA USA	I	[redacted]	Partial Redemption	$ (573,770.40)	$ (573,770.40)	10/9/2015	$ 573,770.40	$ -	7/1/2015
6/30/2015	PPVA	PPVA INTL	IN	[redacted]	Partial Redemption	$ (200,000.00)	$ (200,000.00)	10/9/2015	$ 200,000.00	$ -	3/18/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Full Redemption	$ (6,227,944.60)	$ (5,705,150.14)	7/1/2015	$ 5,705,150.14	$ -	10/8/2015
6/30/2015	PPVA	PPVA USA	IR,L	[redacted]	Partial Redemption	$ (500,000.00)	$ (500,000.00)	8/4/2015	$ 500,000.00	$ -	8/4/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$ (500,000.00)	$ (500,000.00)	8/7/2015	$ 500,000.00	$ -	4/29/2015
6/30/2015	PPVA	PPVA INTL	LR	[redacted]	Full Redemption	$ (736,894.24)	$ (663,204.82)	8/5/2015	$ 663,204.82	$ -	8/17/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$ (500,000.00)	$ (500,000.00)	8/7/2015	$ 500,000.00	$ -	4/29/2015
6/30/2015	PPVA	PPVA USA	A,J	[redacted]	Partial Redemption	$ (500,000.00)	$ (500,000.00)	10/9/2015	$ 500,000.00	$ -	10/9/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	$ (36,222.18)	$ (36,222.18)	8/26/2015	$ 36,222.18	$ -	8/26/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$ (36,399.99)	$ (36,399.99)	9/1/2015-7/24/2015	$ 36,399.99	$ -	9/1/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Full Redemption	$ (1,078,150.16)	$ (970,335.14)	8/4/2015	$ 970,335.14	$ -	8/4/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$ (109,199.96)	$ (109,199.96)	9/1/2015	$ 109,199.96	$ -	9/1/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$ (750,000.00)	$ (750,000.00)	10/13/2015	$ 750,000.00	$ -	10/13/2015

6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$	(123,759.96)	$	(123,759.96)	9/1/2015	$	123,759.96	$ - 9/1/2015
6/30/2015	PPVA	PPVA INTL	J/L	[redacted]	Partial Redemption	$	(36,184.18)	$	(36,184.18)	9/1/2015	$	36,184.18	$ - 4/25/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Full Redemption	$	(146,446.56)	$	(131,801.90)	8/17/2015	$	131,801.90	$ - 8/17/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Full Redemption	$	(366,785.40)	$	(330,106.86)	8/5/2015	$	330,106.86	$ - 8/5/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	$	(42,598.01)	$	(42,598.01)	9/1/2015	$	42,598.01	$ - 9/1/2015
6/30/2015	PPVA	PPVA INTL	A,J,L	[redacted]	Partial Redemption	$	(5,000,000.00)	$	(5,000,000.00)	7/9/2015-7/17/2015-8	$	5,000,000.00	$ - 9/9/2015
6/30/2015	PPVA	PPVA INTL	KNI	[redacted]	Partial Redemption	$	(9,445.13)	$	(9,445.13)	8/31/2015	$	9,445.13	$ - 8/31/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Full Redemption	$	(128,646.93)	$	(115,782.24)	9/1/2015	$	115,782.24	$ - 9/1/2015
6/30/2015	PPVA	PPVA USA	A,L	[redacted]	Partial Redemption	$	(32,127.68)	$	(32,127.68)	7/28/2015	$	32,127.68	$ - 7/28/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	$	(35,799.84)	$	(35,799.84)	9/1/2015	$	35,799.84	$ - 9/1/2015
6/30/2015	PPVA	PPVA USA	I	[redacted]	Partial Redemption	$	(12,995.33)	$	(12,995.33)	9/1/2015	$	12,995.33	$ - 9/1/2015
6/30/2015	PPVA	PPVA USA	I,L	[redacted]	Partial Redemption	$	(400,000.00)	$	(400,000.00)	10/13/2015	$	400,000.00	$ - 10/13/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Full Redemption	$	(284,349.41)	$	(255,914.47)	8/31/2015	$	255,914.47	$ - 9/17/2015
6/30/2015	PPVA	PPVA USA	A,J	[redacted]	Partial Redemption	$	(450,000.00)	$	(450,000.00)	8/31/2015	$	450,000.00	$ - 8/31/2015
6/30/2015	PPVA	PPVA USA	J,L	[redacted]	Partial Redemption	$	(17,685.96)	$	(17,685.96)	9/1/2015-7/24/2015	$	17,685.96	$ - 9/1/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$	(363,999.83)	$	(363,999.83)	10/9/2015	$	363,999.83	$ - 10/9/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Full Redemption	$	(163,230.43)	$	(146,907.39)	9/1/2015	$	146,907.39	$ - 9/1/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Full Redemption	$	(287,587.05)	$	(258,828.35)	8/17/2015	$	258,828.35	$ - 8/17/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Full Redemption	$	(383,818.09)	$	(345,436.28)	10/12/2015	$	345,436.28	$ - 10/13/2015
6/30/2015	PPVA	PPVA USA	A,I	[redacted]	Partial Redemption	$	(400,000.00)	$	(400,000.00)	8/4/2015	$	400,000.00	$ - 8/4/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$	(300,000.00)	$	(300,000.00)	10/9/2015	$	300,000.00	$ - 10/9/2015
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Full Redemption	$	(1,296,894.51)	$	(1,167,205.06)	10/9/2015	$	1,167,205.06	$ - 10/12/2015
6/30/2015	PPVA	PPVA USA	I	[redacted]	Partial Redemption	$	(133,985.22)	$	(133,985.22)	9/1/2015	$	133,985.22	$ - 9/1/2015
6/30/2015	PPVA	PPVA USA	A	[redacted]	Full Redemption	$	(106,333.45)	$	(95,700.11)	9/1/2015	$	95,700.11	$ - 9/1/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$	(100,000.00)	$	(100,000.00)	8/31/2015	$	100,000.00	$ - 8/31/2015
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	$	(378,000.00)	$	(378,000.00)	10/13/2015	$	378,000.00	$ - 6/25/2015

Due Diligence Questionnaire

Platinum Management (NY) LLC

July 2015

CONFIDENTIAL

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Important Legal Information

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THIS FUND DUE DILIGENCE QUESTIONNAIRE ("DDQ") IS FOR ILLUSTRATION AND DISCUSSION PURPOSES ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED OR USED AS, FINANCIAL, LEGAL, TAX OR INVESTMENT ADVICE. THIS DDQ IS AS OF THE DATE INDICATED, IS NOT COMPLETE, AND DOES NOT CONTAIN CERTAIN MATERIAL INFORMATION ABOUT THE FUNDS, INCLUDING IMPORTANT DISCLOSURES AND RISK FACTORS ASSOCIATED WITH AN INVESTMENT IN THE FUNDS.

NO REPRESENTATION IS MADE THAT ANY FUND WILL OR IS LIKELY TO ACHIEVE ITS OBJECTIVES OR THAT ANY INVESTOR WILL BE ABLE TO AVOID INCURRING LOSSES. PORTFOLIO COMPOSITION AND RISK MANAGEMENT INFORMATION ARE SHOWN FOR ILLUSTRATION AND DISCUSSION PURPOSES ONLY AND ARE NOT A GUARANTEE OF THE PORTFOLIO COMPOSITION OF THE FUNDS AT ANY POINT IN TIME. CERTAIN NUMBERS ILLUSTRATED AND SHOWN IN THIS DDQ ARE UNAUDITED AND MAY NOT CONFORM WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP"). THIS DDQ DOES NOT TAKE INTO ACCOUNT THE PARTICULAR INVESTMENT OBJECTIVES OR FINANCIAL CIRCUMSTANCES OF ANY SPECIFIC PERSON WHO MAY RECEIVE IT. THIS DDQ IS SUBJECT TO REVISION, MODIFICATION AND UPDATING. THIS DDQ IS CONFIDENTIAL, IS INTENDED ONLY FOR THE PERSON TO WHOM IT HAS BEEN DELIVERED AND UNDER NO CIRCUMSTANCES MAY THIS DOCUMENT BE SHOWN, COPIED, TRANSMITTED, OR OTHERWISE GIVEN TO ANY PERSON OTHER THAN AN AUTHORIZED RECIPIENT.

1. Firm Overview

1.1. Name of the Funds

The name of the master fund is:
Platinum Partners Value Arbitrage Fund L.P. ("PPVA", the "Fund", or the "Master Fund").

The names of the feeder funds are:
Platinum Partners Value Arbitrage Fund (USA) LP (the "Onshore Fund")
Platinum Partners Value Arbitrage Fund (International) Ltd. (the "Offshore Fund")
Platinum Partners Value Arbitrage Intermediate Fund Ltd. (the "Intermediate Fund")

For purposes of simplicity, the Offshore Feeder Fund and the Intermediate Fund may be referred to as the "Offshore Fund." The Master Fund, Onshore Fund and Offshore Fund are referred to collectively as the "Fund."

1.2. Name of the Management Company and General Partner

Platinum Management (NY) LLC ("Platinum") is the Management Company for all of the funds.

1.3. Address of the Manager

250 West 55th Street
14th Floor
New York, NY 10019
(212) 582-2222
InvestorRelations@platinumlp.com

1.4. Provide a brief historical overview of the Firm.

Platinum Partners (the "Firm") is a New York based investment management group with more than $1 Billion in assets under management. The Firm was founded in 2003 by Mark Nordlicht, an investor with over twenty years of experience in the asset management space. The Firm manages multiple funds, including Platinum Partners Credit Opportunities Master Fund L.P. ("PPCOMF"); Platinum Partners Value Arbitrage Fund L.P. ("PPVA"); Platinum Partners Liquid Opportunity Master Fund L.P. ("PPLO"); Bayberry Consumer Finance Fund LLC and Bayberry Consumer Finance Fund International Ltd. (collectively, "Bayberry"); Marbridge Energy Finance Fund II LLC and Marbridge Energy Finance Fund International II Ltd. (collectively, "Marbridge II"). Although each of the aforementioned funds have separate investment advisors, Mr. Nordlicht is the CIO of the investment advisors of PPCOMF, PPVA, and PPLO . The CIOs of the investment advisors of Marbridge II and Bayberry are Portfolio Managers of the Firm.

Platinum launched the Master Fund in January 2003 with an initial investment of $25 million in capital from founder Mark Nordlicht, his close family and friends. Platinum began with a multi-strategy approach based on Mr. Nordlicht's 20 years of industry experience. The Fund's investment strategies

have grown into a blend of nine low-correlated strategies focused on achieving consistent risk-adjusted returns and low volatility.

Headquartered in New York, the Fund is managed by a skilled team of investment professionals with broad experience in asset-based lending, capital allocation, risk management, investment sourcing, negotiation, due diligence, compliance, accounting, and investment operations.

1.5. Describe the Manager's investment philosophy.

Platinum believes that returns are a function of managing risk and investing in a diversified mix of uncorrelated strategies. Generally, strategies employed by the Fund begin by identifying downside risk. The Fund attempts to combine investments that generate consistent returns, with varying degrees of volatility, to provide a portfolio that is uncorrelated to global market indices and other Fund investments. Positions are managed continually with the goal of delivering non-directional investment results. It is the goal of Platinum that the Fund should have minimal exposure to broader market moves. Since inception, the Fund has had a correlation of 0.16 to the S&P 500 index.[1] Strategies which exhibit potential exposure (i.e. beta) to select markets may utilize hedging techniques in order to minimize market correlation.

1.6. Describe the Platinum Partners Value Arbitrage Fund L.P. fund structure

The Master Fund is an exempted limited partnership formed under the laws of the Cayman Islands on December 17, 2002. The Master Fund, the Onshore Fund and the Offshore Funds are managed by Platinum Management (NY) LLC, a limited liability company domiciled in Delaware. Platinum Partners Value Arbitrage LP serves as the General Partner of the Master Fund. The Onshore Fund is a Delaware limited partnership formed on October 25, 2002. The Offshore Fund is a Cayman Islands exempted corporation formed on October 25, 2002. The Offshore Fund makes its investments in the Master Fund through the Intermediate Fund, a Cayman Islands exempted company formed on April 9, 2010. The Master Fund utilizes a series of majority-owned consolidated subsidiaries for energy trading and holding companies for certain privately-negotiated investments.[2]

Biographies of key personnel of the Fund:

Mark Nordlicht
Principal, Chairman and Chief Investment Officer

Mark Nordlicht is the Chairman and Chief Investment Officer of PPVA. He has acted in this capacity since January 2011. Mr. Nordlicht has twenty years of experience in the investment industry and is responsible for oversight of all trading, asset allocation and risk management on behalf of the Platinum-managed funds.. In 2003, Mr. Nordlicht founded and launched Platinum Partners Value Arbitrage Fund LP ("PPVA"), a multi-strategy hedge fund designed to achieve risk-adjusted returns irrespective of the direction of any broader market activity. PPVA deploys assets opportunistically across various strategies,

[1] Calculation based on the correlation of Platinum Partners Value Arbitrage Fund (International) Ltd. (the "Offshore Fund") monthly returns to the S&P 500 Aggregate Index since inception of January 1, 2003 to June 30, 2015. You cannot invest directly in an index. This is the most relevant index to benchmark against given our strategy.

including long/short equity, energy arbitrage, convertible arbitrage, and asset based convertible debt. Mr. Nordlicht is currently the Chief Investment Officer of PPVA and Platinum Partners Liquid Opportunity Master Fund L.P. Additionally, Mr. Nordlicht launched Platinum Energy Resources (2005), a publicly traded oil & natural gas company and Platinum Diversified Mining (2007), a publicly traded mining company. Mr. Nordlicht is also the founder and served as non-executive Chairman of Optionable, Inc., a brokerage firm for energy options, until May 1, 2007. From 1997 to 2002, Mr. Nordlicht was a founder and the managing partner of West End Capital, a New York based money management firm that specialized in privately negotiated structured debt financings for small and mid-cap publically traded companies. In 1991, Mr. Nordlicht founded Northern Lights Trading, a proprietary options firm based in New York that employed traders in the cotton, coffee, natural gas, crude oil, gold, and silver option trading pits. Mr. Nordlicht was the general partner of Northern Lights Trading until 2000. In 1990, Mr. Nordlicht graduated from Yeshiva University with a B.A. in Philosophy.

David Levy
Co-Chief Investment Officer

David Levy serves as Co-Chief Investment Officer of Platinum Partners and is responsible for overseeing more than $1 billion in total investments. Mr. Levy directly manages more than $250 million in capital, focusing on investments in asset-based lending and credit-based strategies, across a variety of industries, seeking to generate returns with less risk than traditional strategies. Mr. Levy has spent his career as an investment specialist and portfolio manager. Prior to joining Platinum Partners, Mr. Levy co-founded Crius Energy, a publicly listed national retail energy platform, which currently provides power to over 500,000 residential consumer equivalents (RCEs) in the United States. He also previously worked in the office of New York City Mayor Michael Bloomberg, and prior to that, with the Chief Counsel to United States Senator Orrin Hatch. Mr. Levy serves as a member of the Advisory Council for the International Crisis Group. He holds a Bachelor of Science in Finance from Yeshiva University.

Naftali Manela
Chief Operating Officer

Naftali Manela is the Chief Operating Officer of Platinum Partners and is responsible for overseeing operations for all funds under the firm's management. He also works closely with the firm's senior management and investment teams to supporting deal structuring. Mr. Manela previously served as the Chief Financial Officer of Platinum Credit Management LP, where he oversaw all accounting and reporting for Platinum Partners Credit Opportunities Master Fund LP, and its feeder funds, as well as several special purpose vehicles managed by Platinum Partners. Before joining Platinum Partners in 2008, Mr. Manela served as Vice President of Financial Reporting at S.A.C. Capital Management, LLC, where he was responsible for fund administration and financial reporting. Prior to that, Mr. Manela launched and managed a family office and fund of funds. Mr. Manela began his career at PricewaterhouseCoopers, where he worked as an auditor in the Capital Markets group focusing primarily on auditing hedge funds. Mr. Manela is a Certified Public Accountant in the State of New York and graduated *summa cum laude* from Touro College with a Bachelor of Science in Accounting.

Daniel Mandelbaum
Chief Financial Officer

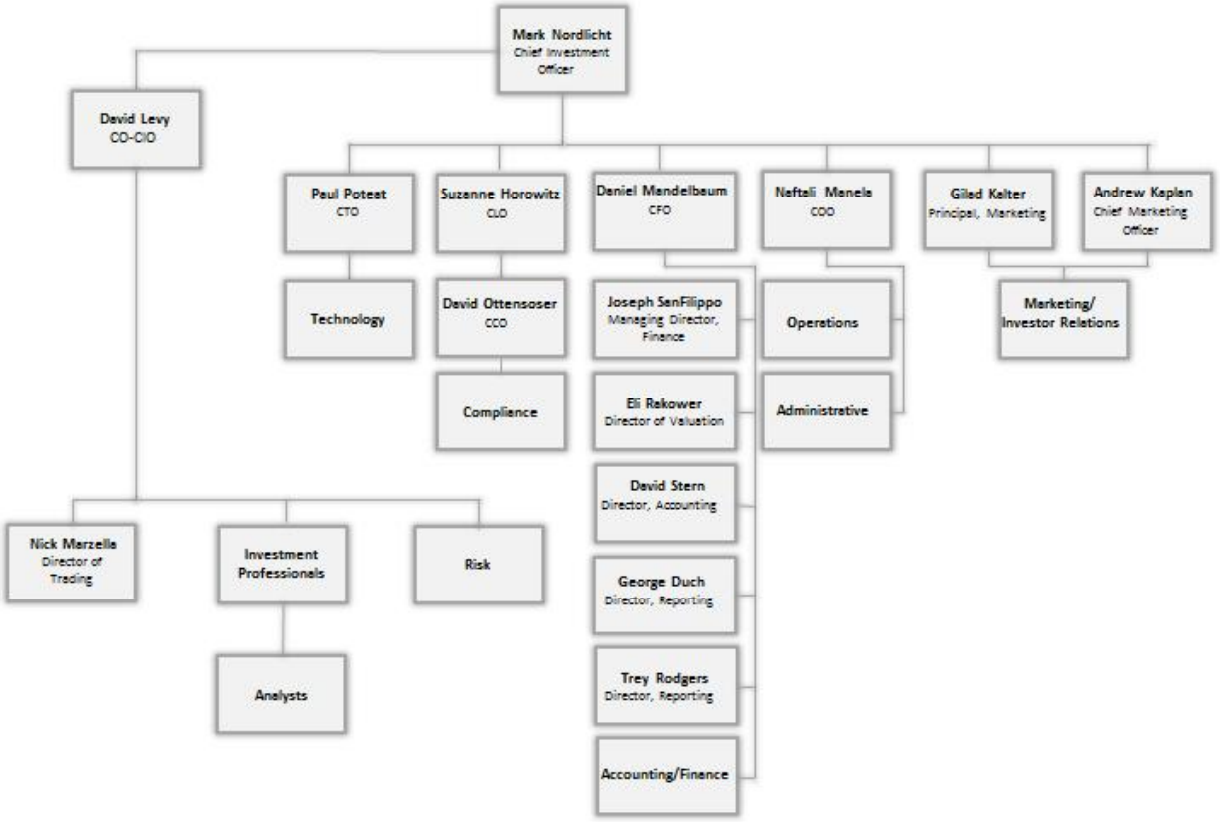
Daniel Mandelbaum was named the Chief Financial Officer of Platinum Partners in 2015, bringing sixteen years of hedge fund experience to the firm. Prior to joining Platinum Partners, Mr. Mandelbaum served as Chief Financial Officer and Chief Operating Officer for Royal Capital Management, LLC, a fundamental long/short equity firm based in New York City, where he worked for thirteen years. He was responsible for overseeing all business development as well as financial, tax, operational and compliance issues. Mr. Mandelbaum began his career at PricewaterhouseCoopers, where he held roles as an analyst and eventually senior analyst in the Capital Markets group, focusing on auditing hedge funds.
Mr. Mandelbaum is a Certified Public Accountant. He graduated *cum laude* with a Bachelor of Science in Accounting from the Sy Syms School of Business at Yeshiva University.

Suzanne Horowitz
Chief Legal Officer

Suzanne Horowitz has over 15 years of legal and compliance experience, and is responsible for all legal matters relating to the Platinum-managed funds. From 2013 to 2015, Ms. Horowitz was General Counsel and Chief Compliance Officer of Premium Point Investments LP which manages hedge funds and separate accounts, operates a mortgage conduit business and owns a majority interest in a residential property manager. From 2004 to 2012, Ms. Horowitz was Associate General Counsel and Senior Compliance Officer at Oak Hill Advisors, L.P. ("OHA"), an investment manager specializing in below investment grade credit markets (originally Ms. Horowitz performed legal and compliance functions for both Oak Hill Capital Partners and OHA). Prior to joining Oak Hill, Ms. Horowitz was an Associate at Reboul, MacMurray, Hewitt, Maynard & Kristol (subsequently merged with Ropes & Gray LLP) in the fund formation group. Ms. Horowitz holds a J.D. from Benjamin N. Cardozo School of Law and a B.A from the University of Pennsylvania.

David Ottensoser
Chief Compliance Officer

David Ottensoser is Chief Compliance Officer of the Manager. From 2002 to 2011, he was the General Counsel and Corporate Secretary of NICE Systems, Inc., the Americas' subsidiary of NICE Systems, Ltd., a public global technology company based in Israel, where he was responsible for all legal matters relating to NICE's Americas' operations, including business transactions, corporate matters, intellectual property and commercial litigation. Prior to NICE, Mr. Ottensoser was General Counsel of Global Supplynet, a private e-commerce software development and consulting company. In addition, Mr. Ottensoser was an Associate at Moritt, Hock and Hamroff, LLP, where he focused on corporate law and litigation. Mr. Ottensoser received his J.D. from Fordham Law School and a B.A. in English from Yeshiva University.


Mark Nordlicht
Chief Investment Officer
David Levy
CO-CIO
Paul Poteet
CTO
Suzanne Horowitz
CLO
Daniel Mandelbaum
CFO
Naftali Manela
COO
Gilad Kalter
Principal, Marketing
Andrew Kaplan
Chief Marketing Officer
Technology
David Ottensoser
CCO
Joseph SanFilippo
Managing Director, Finance
Operations
Marketing/ Investor Relations
Compliance
Eli Rakower
Director of Valuation
Administrative
David Stern
Director, Accounting
Nick Marzella
Director of Trading
Investment Professionals
Risk
George Duch
Director, Reporting
Analysts
Trey Rodgers
Director, Reporting
Accounting/Finance

1.7. Disclose the Fund's monthly performance since inception.

PLATINUM PARTNERS VALUE ARBITRAGE (INTERNATIONAL), LTD. NET MONTHLY RETURNS														
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**	**Cum**
2003	1.41	0.63	0.47	(0.08)	(0.82)	1.91	1.07	2.55	3.22	2.11	1.67	2.02	**17.33%**	**17.33%**
2004	3.33	1.79	2.19	0.14	0.21	(0.45)	(0.34)	1.00	(0.32)	1.09	0.74	2.97	**12.97%**	**32.55%**
2005	1.63	0.97	0.29	(0.29)	0.78	1.39	1.54	2.04	1.46	3.13	0.51	2.34	**16.93%**	**54.99%**
2006	3.23	2.04	1.72	1.15	2.02	1.62	0.55	0.30	1.50	1.88	1.95	3.75	**23.94%**	**92.10%**
2007	2.48	3.81	4.33	2.99	4.35	5.44	2.22	3.39	1.56	4.96	1.95	6.09	**53.25%**	**194.39%**
2008	(2.10)	1.15	(1.53)	2.56	4.48	1.58	0.33	1.20	(3.41)	(1.07)	0.14	1.21	**4.37%**	**207.26%**
2009	3.29	0.42	2.01	1.35	2.57	1.69	1.82	1.53	1.80	0.64	0.54	1.47	**20.86%**	**271.34%**
2010	1.09	2.70	0.16	2.05	(0.20)	0.46	1.83	1.11	1.73	1.49	1.41	3.99	**19.27%**	**342.89%**
2011	2.10	4.41	2.18	1.83	1.37	2.87	0.77	0.56	0.98	1.31	(0.49)	1.43	**21.03%**	**436.02%**
2012	0.42	0.78	2.87	(0.09)	0.52	1.93	1.59	0.14	0.90	0.84	(0.24)	1.39	**11.58%**	**498.08%**
2013	1.75	0.79	1.36	0.18	0.85	1.13	0.95	1.29	0.23	(1.78)	1.41	(1.21)	**7.11%**	**540.59%**
2014**	3.68*	1.53	1.00	0.21	2.13	2.63	0.53	1.01	(0.17)	(1.66)	(2.51)	2.05	**±10.76%**	**±609.50%**
2015**	0.10	(0.89)	(0.83)	7.83	(±0.22)	±1.23							**±7.17%**	**±660.36%**

PLATINUM PARTNERS VALUE ARBITRAGE (USA), LP NET MONTHLY RETURNS														
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**	**Cum**
2003	1.39	0.63	0.45	(0.09)	(0.83)	1.89	1.06	2.54	3.21	2.10	1.66	2.00	**17.17%**	**17.17%**
2004	3.33	1.79	2.18	0.14	0.21	(0.45)	(0.34)	1.00	(0.32)	1.09	0.74	2.92	**12.90%**	**32.28%**
2005	1.62	0.96	0.29	(0.29)	0.77	1.38	1.54	2.04	1.46	3.12	0.51	2.35	**16.88%**	**54.61%**
2006	3.22	2.04	1.71	1.14	2.02	1.63	0.50	0.33	1.52	1.88	1.93	3.67	**23.80%**	**91.41%**
2007	2.49	3.83	4.34	2.90	4.32	5.42	2.22	3.38	1.56	4.91	1.93	6.10	**53.00%**	**192.85%**
2008	(2.10)	1.15	(1.53)	2.56	4.48	1.58	0.33	1.20	(3.42)	(1.07)	0.14	1.21	**4.36%**	**205.61%**
2009	3.29	0.42	2.01	1.35	2.57	1.68	1.80	1.51	1.79	0.64	0.54	1.47	**20.78%**	**269.13%**
2010	1.09	2.69	0.16	2.03	(0.20)	0.46	1.83	1.11	1.73	1.49	1.41	4.00	**19.25%**	**340.17%**
2011	2.10	4.41	2.18	1.83	1.38	2.87	0.77	0.56	0.98	1.31	(0.48)	1.43	**21.05%**	**432.84%**
2012	0.42	0.78	2.87	(0.08)	0.52	1.93	1.59	0.14	0.90	0.85	(0.24)	1.39	**11.60%**	**494.65%**
2013	1.75	0.79	1.36	0.18	0.85	1.14	0.96	1.29	0.23	(1.77)	1.41	(1.20)	**7.15%**	**537.11%**
2014**	3.69*	1.53	1.00	0.21	2.14	2.63	0.54	1.01	(0.17)	(1.64)	(2.50)	1.98	**±10.75%**	**±605.58%**
2015**	0.11	(0.89)	(0.83)	7.83	(0.22)	±1.23							**±7.18%**	**±656.24%**

*The January 2014 rate of return reflects a one time reversal of certain fees.

**Unaudited; ± Estimated and subject to change

Past performance is not necessarily indicative of future performance. Net returns are net of all fees and expenses. Performance cited is believed to be correct as of the date prepared. Performance cited is valid for Class I Shares in the Offshore Feeder Fund through 2009 and Class L since 2010. For the returns of other fund share classes, please refer to audited financial statements and the Fund's monthly investor letters. This document and any information contained herein speak only as of the date hereof and are subject to change without notice. Platinum and its affiliated companies and employees shall have no obligation to update or amend any information contained herein. This document is being furnished to you for informational purposes only and on the condition that it will not form a primary basis for any investment decision. This document is not intended to provide, nor should it be construed or used as, tax, legal, financial or investment advice. Note: For more detailed performance analytics, please see Section 8, Fund Performance Analytics.

1.8. Details of AUM of the Fund

Date	Total Assets Under Management
7/1/15	$802 million
1/1/15	$755 million
1/1/14	$761 million
1/1/13	$692 million
1/1/12	$688 million
1/1/11	$473 million
1/1/10	$435 million
1/1/09	$682 million
1/1/08	$567 million
1/1/07	$212 million
1/1/06	$102 million
1/1/05	$80 million
1/1/04	$59 million

1.9. What are the Fund's Historical Returns[3]?

Platinum Partners Value Arbitrage Fund (USA) LP	
Timeframe	**Return**
Cumulative (Inception)	656.24%
Average Annualized	17.57%
2015 (6 months)	7.18%
2014	10.75%
2013	7.15%
2012	11.60%
2011	21.05%
2010	19.25%
2009	20.78%
2008	4.36%
2007	53.00%
2006	23.80%
2005	16.88%
2004	12.90%
2003	17.17%

1.10. What is the percentage of months with a positive return?

85.33%. (128/150)

[3] All returns are calculated net of all fees and expenses. Returns are as of June 30, 2015. Past performance is not indicative of future results.

1.11. What was the worst drawdown (continuous decline)?

The worst continuous decline occurred over September and October 2008, when the fund lost an aggregate of 4.48%. This was followed by several months of positive results, resulting in a new high-water mark three months later in January 2009.

1.12. Primary Fund Contacts

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2. Fund Strategy

2.1. What is the strategy of the fund?

The Fund is a multi-strategy, multi-manager hedge fund designed to achieve risk-adjusted returns irrespective of the direction of broader market activity[4]. The General Partner believes that returns are a function of appropriately managing downside risk and seeks to invest in a mix of uncorrelated strategies. Typically, the fund deploys capital opportunistically across multiple primary investment strategies.

The following are among the investment strategies expected to be employed, directly or indirectly, by the Master Fund.

Equity Arbitrage. The Master Fund may engage in various forms of equity arbitrage trading strategies, including, without limitation, long/short equity and event-driven. Long/short equity trading typically uses fundamental research to identify equity securities that either should perform well (in which case the securities will be held long) or poorly (in which case the equities will be sold short). Typically, the Portfolio Managers employing long/short equity techniques hold some combination of both long and short positions that will at least partly offset one another to minimize market risk. Event-driven trading may include investments in long and short positions of listed and unlisted equities, convertible debt, options, futures, debt and warrants that the Investment Manager or a Portfolio Manager expects to profit from the occurrence of certain issuer-specific events. These strategies may be fundamentally based or non-discretionary model driven. In employing these strategies, the Master Fund seeks to avoid exposure to the direction of the broader markets. The Master Fund may also engage in privately-negotiated equity transactions whereby the Master Fund will finance publicly traded companies through a private placement which typically consists of debt and/or equity. In addition, most negotiated financings will offer downside protection to the Master Fund while also providing upside exposure through warrants, equity or debt that converts into equity. The Master Fund may invest in special purpose acquisition companies when they are trading at a discount to the amount of cash per share they hold in escrow and a structural opportunity exists to realize the cash within a predetermined timeframe.

Energy and Power Arbitrage. The Master Fund may engage in various energy trading strategies, including, without limitation, location arbitrage and volatility arbitrage. These strategies may include investments in exchange-listed futures, options and options on futures contracts which are intended to profit from volatility spreads in the options markets of major world energy exchanges. Strategy risks include volatility risks and position concentration risks. Risks are managed by stress testing market moves and volatility moves to ensure risks are within strategy risk limits. In addition, risks are controlled by generally being net long options, often including long wing options, thereby protecting against "event risk." The Master Fund may take directional risk in the energy markets as deemed appropriate and timely by the Investment Manager. Furthermore, the Master Fund may engage in various trading strategies in the global carbon and financial transmission right **("FTR")** electricity markets. The Master Fund's carbon trading strategy often engages in opportunistic investments in which it obtains the rights to the commodity stream of carbon credits from clean energy projects such as wind farms, hydroelectric

4 No representation is made that the Fund will or is likely to achieve its objectives or that any investor will be able to avoid incurring losses

power plants, coal mine methane power plants, and energy efficiency projects at cement factories. In exchange for advancing a limited amount of project development costs for each project, the Master Fund procures the right to purchase the resulting carbon credits at a discount to the then-current open market price, earning the corresponding spread (if any) upon a subsequent sale on the market. The electricity trading strategy involves fundamentally evaluating the FTR market, including analyzing historical congestions based on fundamental factors of transmission, generation and load and capturing aberrations in valuations of electricity congestion in the transmission market.

Convertible Arbitrage. The Master Fund may engage in various forms of convertible arbitrage trading strategies. Through these strategies, the Master Fund typically seeks to profit from fundamental research and exploit differences in the availability of capital including, without limitation, capital in emerging market economies. The success of the Master Fund's convertible arbitrage strategy depends upon the Investment Manager's ability to identify convertible securities that appear incorrectly valued relative to their theoretical value, purchase (or sell short) such a convertible security and sell short (or purchase) the underlying security for which the convertible security can be exchanged to exploit price differentials. There can be no assurance that the Investment Manager will be able to identify convertible arbitrage opportunities or that changes in price differentials will not cause losses. In addition, these strategies may utilize currency hedging techniques, including investment in futures and forward currency contracts which are intended to mitigate the Master Fund's exposure to foreign currency movements and country-specific political risk. Furthermore, the Master Fund may provide capital to well established non-U.S. companies seeking to raise capital for business purposes. These investments will be secured by shares of the publicly traded company. The Master Fund typically structures the financing in a manner that best secures the collateral in accordance with the laws of the local jurisdiction. It is anticipated that corporate executives or management of the non-U.S. company will sell their equity holdings to the Master Fund at an agreed upon discount (pursuant to a sale and repurchase agreement) whereby the counterparty agrees to repurchase the equity for a set price on a specified date in the future. If on any trading day the aggregate market value of equity holdings fall below a pre-agreed price, the counterparty is required to deliver sufficient additional shares to maintain the agreed upon purchase discount percentage. If the repurchase price is not paid to the Master Fund when due, or if additional shares are not received as described above, the Master Fund may elect to sell the shares into the open market to realize its investment and anticipated return.

Asia-Based Arbitrage. The Master Fund may engage in various forms of Asia-based investment strategies. The strategy includes investments in secured financing against publiclytraded Asian equities positions and/or convertible debt of exchange-listed, rapidly growing companies in emerging market countries. These investments typically seek to profit from fundamental research and exploit differences in the availability of capital in emerging market economies. Strategy risks include volatility, credit risk, and political risk. Risks are generally controlled via the use of position and concentration limits, extensive credit research and due diligence. In addition, this strategy may utilize currency hedging techniques including investments in futures and forward currency contracts which are intended to eliminate Fund exposure to foreign currency movements and to mitigate country specific political risk. Capital is also provided to well established foreign companies seeking to raise capital for business purposes, secured by shares of the publicly-traded company. The Master Fund seeks to structure investments in a manner that best secures the collateral in accordance with the laws of the local jurisdiction. Corporate executives or management of the foreign company may sell their equity holdings to the Master Fund at an agreed upon

discount (pursuant to a sale and repurchase agreement) whereby the counterparty agrees to repurchase the equity for a set price on a specified date in the future. If on any trading day the aggregate market value of equity holdings fall below a pre-agreed price, the counterparty is required to deliver sufficient additional shares to maintain the agreed upon purchase discount percentage. If the repurchase price is not paid to the Master Fund when due, or if additional shares are not received as described above, the Master Fund may elect to sell the shares into the open market to realize its investment and anticipated return.

Quantitative Arbitrage. The Master Fund may employ various non-discretionary quantitative arbitrage strategies that seek to exploit the occurrence of certain market phenomena in the equity, commodity, currency, and fixed income markets via the use of model-based investing strategies. Such strategies may be executed via investments in futures, options, equities, exchange-traded funds and other securities or instruments typically using computerized, algorithmic processes.

Asset-Based Finance. The Master Fund may employ various asset-based financing strategies that seek to profit from secured financing supported by assets in excess of the value of the debt, including, without limitation, asset-based convertible debt strategies, health care receivables strategies and legal finance strategies. These investments generally have strong opportunities to participate in equity appreciation through warrants, conversion features, or grants of stock that are part of the investment package. Asset-based convertible debt strategies may include privately negotiated investments in senior secured debt instruments convertible into underlying equity and/or collateral assets of public and private companies. Legal finance strategies may include investments in a pool of litigation being pursued by a single law firm, or investment in a single litigation, which may include the rights to participate in the proceeds received from the eventual outcome of the litigation(s) and/or a fixed return on the monies advanced. Asset-based investments in companies exploring for, or producing, natural resources, including but not limited to asset-based investments in the mining and energy sectors, may include privately negotiated investments in senior secured debt instruments typically secured via underlying collateral in excess of the value of the debt. These obligations are typically secured by the natural resource or rights to extract it owned by the companies and the collateral is evaluated based on the proven in-situ resource corresponding to the rights owned by such companies. The companies may or may not employ commodity hedging strategies to protect themselves from potential changes in the underlying resource.

Private Equity Investments. The Master Fund may employ various investment strategies that seek to profit from equity and debt investments in private or public companies. These investments include privately negotiated investments in debt instruments, preferred stock or units, membership interests and common stock of the companies. These investments generally have outsized opportunities to participate in equity appreciation relative to the investment at risk. Private equity investments include, but are not limited to, investments in the energy, natural resource, retail, medical and healthcare industries.

Opportunistic/Macro. The Master Fund may employ various investment strategies that seek to profit from investments that use macroeconomic principles and economic views to seek to identify global opportunities across various equity, fixed income, currency, and futures markets. The strategy generally seeks to exploit the occurrence of certain market phenomena via the use of model-based investing strategies. Certain risks are mitigated by using hedging techniques.

Other. The Master Fund is opportunistic and may also engage in other strategies and one-off opportunities in the sole discretion of the Investment Manager.

The consideration of any new strategy begins by exploring and identifying downside risk. Positions are managed continually to ensure that the Fund's returns are uncorrelated to the direction of the broader markets.

The Fund seeks to deliver consistent monthly returns, with low volatility, and low beta exposure. Platinum identifies opportunities in which it believes it can readily create value in a predictable time frame and where it believes its competitive advantages translate into sustainable and attractive risk-adjusted returns. Platinum sources opportunities globally without limitation to geography. While Platinum believes that the current strategies have the potential for significant appreciation, Platinum continually evaluates a broad array of identifiable market opportunities.

2.2. Is the strategy of the Fund directional or non-directional?

The Fund is non-directional and maintains minimal exposure to the broader market. Since inception, the Fund's correlation with the S&P 500 has been 0.16.[5] To reduce correlation, hedging techniques are utilized to minimize market exposure in higher beta investments.

2.3. Describe the asset allocation policy between strategies.

Platinum deploys capital opportunistically across strategies that we expect to perform irrespective of the direction of the boarder market. We believe that the portfolio has the potential for significant asset appreciation and we allocate capital dynamically to those opportunities with the highest risk-adjusted return projections. Management pursues a portfolio of uncorrelated strategies, on a bottom-up basis, in order to reduce volatility of the Fund's returns.

The core of Platinum's investment strategy is a proven, rigorous investment selection and evaluation process. This process involves evaluating each strategy and investments within the Fund based upon risk and return characteristics, and allocating capital to those strategies that best enhance the Fund's overall risk-return profile.

Ultimately, the Managing Member of the General Partner will decide on allocations based upon what mix of strategies it believes will have the optimal risk-reward characteristics to produce risk-adjusted returns. In addition, management believes diversification is the cornerstone of risk management and seeks investment opportunities that are not only diversified in terms of performance, but in terms of volatility as well, thereby reducing the Fund's overall volatility. In determining whether to alter or adjust our exposure to an investment or strategy, consideration will be given to targeted investment goals, correlations to other existing Fund investments, and existing market trends. Platinum will continuously evaluate these factors to determine the appropriate timing for the expansion or reduction of any particular investment strategy.

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5 Calculation based on the correlation of Platinum Partners Value Arbitrage Fund (International) Ltd. (the "Offshore Fund") monthly returns to the S&P 500 Aggregate Index since inception of January 1, 2003 to June 30, 2015. You cannot invest directly in an index. This is the most relevant index to benchmark against given our strategy.

2.4. What are the relative advantages of the Fund when applying the above-mentioned investment strategies?

Historically, Platinum has demonstrated an advantage in selecting uncorrelated strategies that are differentiated and uncorrelated not only to broader market activity but also uncorrelated to other hedge funds and multi-strategy funds in particular. In executing the Fund's strategies, Platinum draws upon its ability to source and retain talent from a strong network of senior investment professionals and its reputation as an innovative fund manager. One of Platinum's competitive advantages is the depth and breadth of its investment team and network of industry professionals. Platinum's resources and experience provide optimal deal sourcing and also allow the firm to execute a cautious "prove the concept" approach to its investment opportunities. Platinum's depth and experience positions the firm as a "first mover" in certain asset classes across the globe. Our global presence and strategy of sourcing and retaining investment talent is a key competitive advantage and one that will hopefully enable the firm to continue achieving returns as each market in which it participates evolves and expands.

2.5. List the market conditions in which the strategy is unsuitable.

The Fund's portfolio consists of a diversified mix of relative value investments and is designed to produce returns irrespective of any broader market environment or turmoil. While on an overall basis, we do not believe any general market condition will be detrimental to the overall book, there are specific conditions relating to each strategy that could certainly negatively impact that particular strategy. These conditions may be related to the price of a commodity, or the occurrence of a specific company event. The crucial point for the Fund, however, is that when such a negative effect impacts a particular strategy, it is isolated to that strategy and does not affect the other strategies of the book. Hence, the net result of running a book with a truly diversified mix of uncorrelated strategies is that positive performance in the majority of strategies can overcome a one-time negative event in a particular strategy.

2.6. Give a list of relative risks and describe how these risks are managed.

Platinum's philosophy is to identify, measure, and control risk across all areas of our business. Risk management at Platinum has both qualitative and quantitative components.

A) Quantitative: Platinum believes that the quantitative components provide discipline and a framework for understanding and applying consistent risk adjusted performance assessments on many risk factors. We target limits in a range of traditional areas, including position size, VAR, stop-losses, delta and duration, sector concentration, and diversification across and within strategies. In assessing both conventional and less well-understood risks, we use our. Moreover, real-time P&L is monitored by the Chief Investment Officers and the individial Portfolio Managers.

B) Qualitative: In addition to quantitative techniques, we believe that qualitative techniques are also critical, particularly due to the non-traditional investment types that our Fund trades. In other words, we feel strongly that there is no substitute for good judgment, that some risk factors cannot be quantified, and quantitative models do not adequately address tail risk. We constantly monitor and assess the various risks relating to each of our positions on an ongoing basis.

Platinum believes that there are two paramount risks in every loan or private equity transaction, in addition to the other risk factors as detailed in the relevant Memorandum[6]:

1. Counterparty fraud. To mitigate counterparty fraud, Platinum employs detailed checks on its borrowers and the underlying transactions, including, but not limited to, full background checks, involved due diligence, frequent monitoring, use of controlled accounts and/or lockboxes, and verification of assets, inventory and/or other collateral, as necessary[7].
2. Errors in valuation of underlying collateral and volatility in collateral. To mitigate errors in valuing, Platinum actively monitors collateral, as required. Platinum will employ outside valuation consultants when lending against an asset that Platinum believes it does not have sufficient expertise in valuing.

3. Portfolio Strategy

3.1. Please describe the process of testing a new strategy.

New liquid trading strategies are typically implemented with small initial allocations, in order for the firm to become comfortable with expected versus observed risk exposures, position concentrations and financial instrument usage. New managers may have allocations increased after test periods, or may have allocations eliminated over time.

Financing strategies employ robust levels of due diligence testing. The following items are taken into consideration[8]:

1) Collateral
   a) What is the underlying collateral?
   b) Is the collateral able to be evaluated?
   c) Is the collateral transferable?
   d) What is the current market for the collateral?
   e) Is the collateral monitorable?
   f) Is the collateral legally distinct and can the Fund's interest be perfected?
   g) Can the collateral be segregated?
   h) Is the collateral volatile?

2) Return Analysis
   a) What are the profitability metrics of the underlying business?

[6] For more detailed summary of risk factors, see the relevant Memorandum (as may be amended from time to time.)
[7] These represent fraud mitigation techniques. Not all items are applicable to each individual transaction and often many are not applied.
[8] The following represents a detailed list of due diligence items for a wide range of transactions. Not all items are applicable to each individual transaction and often many are not applied in performing diligence for a transaction.

b) How has profitability changed over the past month, quarter, year?
c) What is the Fund's expected return on the investment?
d) What is the borrower's expected return on the investment?
e) What are the alternative means of accessing capital for this borrower?
f) Can the return be sustained over the life of the loan?
g) Has the Fund extracted as much value as it can through all sources of cash flow?

3) Risks
a) Has the Fund investigated the principals of its borrower?
b) Are there any regulatory issues that are currently known?
c) Is there pending regulation or legislation that may impact this business?
d) Are there controls that can be imposed to control cash flow?
e) Is there a structure that can be implemented to segregate pledged assets?
f) Is there execution risk?
g) Can the Fund insure any risks (e.g., counterparty, collateral value, currency or fraud)?
h) Has the Fund fully analyzed its borrower's controls and procedures?
i) Has the Fund controlled to the maximum extent possible cash management and movement?

4) Macro
a) How is the business impacted by changes in the credit environment?
b) How will the business be impacted by a change in inflation, GDP?
c) Is there country-specific risk

5) Opportunity
a) Can the transaction be scaled?
b) Are there other companies that the Fund can target that employ a similar business model?

6) Loan Duration

7) Portfolio Concentration

8) Diligence
a) Full legal diligence of key contracts, insurance, current banking relationships, financial relationships
b) External accounting diligence, typically cash on cash audit of historical returns and balance sheet accounts
c) Review of financials of business, transactions and related parties
d) Background reports on principals, including credit checks, criminal searches and lien searches
e) Industry reports, analyzing strengths, weaknesses, opportunities, and threats of industry and company
f) Site visit
g) Extensive management visits and interviews

h) Escrow relationships
i) Ongoing audit relationships

9) Banking relationships
   a) Establish controlled accounts
   b) Establish viewing rights to collateral accounts
   c) Create new entities, bankruptcy remote if necessary
   d) Approval of cash management process

10) Documentation
   a) Diligence should be recorded and organized
   b) Documents to be provided to fund management prior to funding

11) Maintenance
   a) Collateral monitored
   b) Bank accounts monitored
   c) Financial statements analyzed
   d) Risks updated
   e) Periodic updates with management
   f) Online access to corporate systems
   g) Provide all amended documents to fund management
   h) Site visits
   i) Discussions with the borrower's auditors where possible

3.2. Describe the process of choosing new managers.

In executing the Fund's strategies, Platinum draws upon its ability to source and retain talent from a strong network of senior investment professionals and its reputation as an innovative fund manager. This network is one of Platinum's key competitive advantages. Our goal is to evaluate potential portfolio managers, in order to evaluate different potential strategies and approaches.

There are many methods we use to evaluate new managers. We require that applicants provide all of their historical trading performance and allow us to independently verify its accuracy. We assess how distinctive the strategy is and its potential correlation to other Fund strategies. We typically perform testing on gross historical performance versus various benchmarks, and calculate a number of risks and return measurements, which may include R^2, correlation, covariance versus existing Fund strategies, alpha, beta, standard deviation and Sharpe ratio, and analyze risks and returns at different levels of leverage. In addition to quantitative analysis, we believe that qualitative analysis is equally important. Our qualitative assessment of a potential manager includes reference checking, background investigation, and a detailed interview process.

3.3. How long does it take to exit the most liquid positions in the portfolio?

The Fund's most liquid positions could, under normal market conditions, typically be liquidated in less than a week, including assets in the Energy and Power Arbitrage, Long/Short Fundamental Equity, Event Driven, Quantitative and Asia Based Arbitrage strategies.

3.4. Who are the participants in the process of selecting investments?

Currently, all investments in the Fund are overseen by the Chief Investment Officers**.** They also jointly manage the firm's allocation and risk management processes. At the strategy level, individual portfolio managers are selecting investments within parameters agreed upon by the manager. In addition, there is a Risk Committee, consisting of senior Fund personnel, who generally meet quarterly to review top positions and risk allocations primarily for liquid trading strategies and with regard to private strategies, risk is actively and continuously monitered.

3.5. Describe the Fund's use of leverage

We make leverage decisions based upon actual risk exposures of each strategy, which can vary substantially. For example, Platinum does not typically apply leverage to its Asset Based Finance strategies. However, our Long/Short Fundamental, Event Driven, Opportunistic/Macro and Quantitative Equity strategies typically can employ up to 12.5 times leverage on certain positions, while limiting portfolio managers to no more than 20% net long or short exposure. The leverage on these strategies as a whole usually runs between 3 to 7 times. Commodities derivatives contracts utilized by the Energy Related Arbitrage strategy employs implied leverage based on prime brokerage cash collateral requirements. Platinum grosses up all equity exposure.

3.6. What is the level of Fund leverage employed over the last five years?

Leverage Employed Over the Last 5 years	
2015	1.1 times capital
2014	1.7 times capital
2013	1.3 times capital
2012	1.5 times capital
2011	1.7 times capital

3.7. What research materials do the investment managers use (internal research or outsourcing)?

Investment managers at Platinum utilize internal research as well as outsourced buy-side and sell-side research, periodicals, and online news sources. Use of external research depends upon strategy and sub-strategy trading needs, but may include: Bloomberg, Reuters, Financial Analysts Journal, The ARM Insider, Collection Advisor, CFA Institute Conference Proceedings Quarterly, The Economist, the Wall Street Journal, Barron's, and various daily sell-side morning research summaries including Deutsche Bank, Credit Suisse, JPMorgan, and Merrill Lynch.

3.8. Is short selling ever used?

Short selling is used opportunistically as a method of creating alpha by allowing the Fund to profit from negative as well as positive market views, hedging market exposure by actively managing net long exposure of publicly traded markets, and leveraging alpha capture, such that fewer assets can produce greater returns investing in the same arbitrage opportunity.

3.9. What is the geographical distribution of your Investments?

The majority of the Fund's investments are located in North America. The Fund also has investments in Europe, Asia, South America, Australia, and South Africa. Platinum is agnostic about geography when selecting investments. Investment opportunities pursued are those with the greatest risk-adjusted return potential, irrespective of location.

4. Valuation and Reporting

4.1. Does the Fund have a formal Valuation Policy?

Yes. The Valuation Policy provides certain guidelines for the valuation of assets managed by Platinum in accordance with applicable Generally Accepted Accounting Principles (GAAP) as of the effective date of this policy. The Manager is responsible for administering the Valuation Policy .

The Manager has delegated to the Administrator the determination of the Net Asset Value of the Fund. In making such determination, the Administrator will follow the valuation policies and procedures adopted by the Fund as set out below. If and to the extent that the Manager is responsible for or otherwise involved in the pricing of any of the Fund's Loans or other assets, the Administrator may accept, use and rely on such prices in determining the Net Asset Value of the Fund and shall not be liable to the Fund, any investor in the Fund, the Manager or any other person in so doing.

The determination of the Net Asset Value, including the market value of all Loans and other assets, and liabilities, of the Fund (including reasonable reserves for contingencies) by the Manager will be final and conclusive. Prospective investors should understand that these and other special situations involving uncertainties as to determinations of the market value of Loans and other assets of the Funds could have a material impact on the Net Asset Value of the Fund if the judgment regarding the appropriate determinations of their values should prove to be incorrect.

4.2. Discuss the Fund's valuation methodology. State the types of financial assets which figure in the execution of the strategies and their method of valuation.

The Valuation Policy ("the Policy") provides certain guidelines for the valuation of assets managed by Platinum Management (NY) LP (the "Manager") in accordance with applicable Generally Accepted Accounting Principles ("GAAP") as of the effective date of this policy.

The Policy's primary objective is to ensure compliance with *Fair Value of Financial Instruments*. Financial Accounting Standards Board ("**FASB**") Accounting Standards Codification ("**ASC**") Topic 820 ("**ASC 820**"), *Fair Value Measurements and Disclosures*, which defines fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and provides disclosure requirements for fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In addition, the Policy is intended to assist in the identification of exceptions in the value of Account holdings, management of a diverse portfolio of investments, support of Risk Management analysis, risk mitigation, and facilitation of investor reporting.

VALUATION METHODOLOGY

The valuation methodology generally followed is a fair valuation approach for each asset class and asset type. The methodology encompasses the use of the following: publicly available quotes for exchange-traded investments; valuations from a retained Independent Valuation Agent; solicited quotes from pricing service providers, brokers, or counterparties for traded and certain brokered market investments; market price less liquidity or restriction lockup discounts for certain non-marketable securities; mark-to-model, income method, market method, and risk-adjusted discounted cash flow analysis for certain direct investments; and proprietary valuation for complex asset structures.

Asset Classes

As of the effective date of the Policy, the Manager advises the following asset classes with the respective financial instruments:

Asset Classes	**Financial Instruments**
Notes Receivable / Secured Lending	Secured/Collateralized Loans
Investment Companies	LP interest in other investment companies (Fund of Fund)
Private Equity	Common stock, preferred stock, LLC membership interest Convertible notes and debentures Warrants / options on private deals Networking interests and profit sharing
Equities and Debt	Publicly traded common stock and bonds
Other Investments	Life settlement contracts
Derivatives	Forward contracts, options, warrants, swaps
Currencies	Future contracts, swaps
Commodities	Forward contracts

FAIR VALUE HIERARCHY

ASC 820 requires that financial holdings be classified according to three levels of fair value and disclosed to investors. These levels are: quoted prices in active markets for identical investments (Level 1), prices modeled using observable market inputs (Level 2) and prices modeled using unobservable (proprietary) inputs (Level 3).

Level	Definition
1	Quoted prices in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date; no blockage factors are allowed. The Account's external valuation and audit service providers rely on a combination of IDC, Bloomberg and other 3rd party service provider data for fair valuation of Level 1 financial instruments.
2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including A) Quoted prices for similar assets and liabilities in active markets (adjusted); quoted prices for similar assets and liabilities in markets that are not active (e.g., some brokered markets, principal-to-principal markets); B) Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates) C) Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs) The Account's external valuation and audit service providers rely on a combination of market inputs, including interest rates, FX rates, comparable transaction prices, prepayment levels, accruals and pricing spreads in determining fair value estimates for Level 2 financial instruments.
3	Unobservable inputs. To the extent that observable inputs are not available, the entity may use its own assumptions about market participant assumptions, including assumptions about risk, developed based on the best information available (subject to cost-benefit constraint), which may include the entity's own data. Asset types include, but are not limited to, notes receivable, private equity and. Valuations of these assets generally utilize a mark-to-model methodology that may include discounted cash flow analysis. The external valuation and audit service providers rely on a combination of market and

Level	Definition
	non-market inputs, including comparable transaction prices, accruals, restriction discounts and management discretion in determining fair value estimates for Level 3 financial instruments. This category includes assets that primarily use internal analysis in the determination of fair value. The assets are either traded, but have no market price available or are complex structures and require management's involvement to arrive at a fair value.

VALUATION APPROACHES

Financial Instrument Type	Affected Asset Classes	Valuation Method	ASC 820 Level
Publicly traded common stock and bonds (unrestricted),	Equities and Debt	Generally priced daily using an independent pricing source.	1 & 2
Membership or Limited Partnership interest	Investment Companies	Priced according to the most recent monthly net asset value provided by the Limited Partnership. A liquidity discount for redemption restriction may be used when appropriate.	2 & 3
Common and preferred stock, LLC membership interest, networking interest, profit sharing	Private Equity	*Income Approach* – Using a discounted cash flow ("DCF") analysis to convert future cash flows of the Company to present value by applying an appropriate discount rate to reflect the risk of the cash flows including a hurdle rate of return or weighted average cost of capital ("WACC"). The measurement of value is based on market participant's expectations about those future cash flows in the discrete and terminal	3

Financial Instrument Type	Affected Asset Classes	Valuation Method	ASC 820 Level
		year periods. *Market Approach* – Using either/both (1) Guideline public Company method or (2) Guideline transaction method: Selecting similar guideline public comparable companies or comparable transactions, pulling the relevant market multiples from an independent pricing source, if applicable and determine the appropriate multiples based on differences between the subject Company and the comparable guideline companies and transactions. Market inputs for the Income and Market Approach will be pulled from CapitalIQ, an independent pricing source.	
Warrants / Options / Convertible Notes	Private Equity & Equities	Warrants of companies with market capitalizations are priced using Black-Scholes modeling. Warrants of companies are valued at $0 when they are insignificant to the holding and/or significantly out-of-money. Convertible Notes to publicly traded companies are valued based on the underlying stock price of the company or using an option pricing model.	2 & 3

Financial Instrument Type	Affected Asset Classes	Valuation Method	ASC 820 Level
Forwards / Swaps / Futures	Derivatives, Commodities, Currency	Contracts are priced using a pricing model where price inputs are observed from actively quoted markets.	2
Life Settlement contracts	Other Investments	Fair value of a life insurance policy is determined by applying an investment discount rate based on the cost of funding the Company's life settlement contracts as compared to returns on investments in asset classes with comparable credit quality, to the expected cash flow generated by the policies in the Company's life settlement portfolio (death benefits less premium payments), net of policy specific adjustments and reserves. the following factors are consider in the fair value estimates: cost at date of purchase, recent purchases and sales of similar investments (if available and applicable), financial standing of the issuer, changes in economic conditions affecting the issuer, maintenance cost, premiums, benefits, standard actuarially developed mortality tables and life expectancy reports prepared by nationally recognized and independent third party medical underwriters.	3

Financial Instrument Type	Affected Asset Classes	Valuation Method	ASC 820 Level
Secured/Collateralized Loans	Notes Receivable / Secured Lending	Generally priced at principal loan amount outstanding unless the loan is impaired. The Investment Manager will generally consider a loan impaired when, based on current information and events, it is probable that the Company will be unable to collect the principal and/or interest and the value of the collateral doesn't support the loan. The Investment Manager determines the significance of payment delays, payment shortfalls and the amount of payment on a case-by-case basis, taking into consideration the circumstances surrounding the loan and the strength of the borrower and the collateral (i.e. loan to value), including, but not limited to, the length and reason for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed.	3

Valuation Considerations

Valuation inputs are assessed to ensure reasonableness and consistency. These inputs include cash flow projections from counterparties, risk premium component of the discount rate, and reference market data. Valuation methodologies utilized for new investments are also fully assessed and updated on a periodic basis.

Cash Flow Projections

Valuation methodologies using an Income approach will typically use cash flow projections in the discounted cash flows analysis. These Company projections will be provided on an annual basis by the portfolio manager based on Management expectations of future cash flows. When applicable, these cash flow projections will be updated on a quarterly basis based on changes to key assumptions.

Discount Rates

WAAC – Calculated taking into account the relative weights of each component of the underlying investee company's capital structure, the weighted average cost of capital is the average rate of return a company expects to compensate all its different investors. WAAC is used to discount present value of future earnings or cash flows.

DLOM – Marketability is defined as the ability to convert an investment into cash quickly at a known price and with minimal transaction costs. The DLOM is a downward adjustment to the value of an investment to reflect its reduced level of marketability. Primary factors in determining the size of the DLOM are as follows; Size of distributions or dividends, Size of revenues and/or earnings, Revenue and/or earnings growth and stability, Product risk and industry risk.

Broker Quotes

It is the Asset Manager's policy to take an average of all broker quotes received. Broker quotes are generally provided by the broker from whom the asset or liability was originally purchased, the responsible prime broker and/or brokers holding other similar positions. Where market liquidity allows, multiple quotes are received. If trading activity is not sufficient to obtain multiple quotes, only one broker quote is required.

Valuation Exception Reporting

Exceptions include, but are not limited to: an override of Asset Manager cash flows, significant changes or a suspicious lack of changes to cash flow projections, changes between "SFAS 157 "Levels", unavailability of external market data, and models or discounts applied to a Level 1 or 2 quote. Exceptions will be reported to the Committee who will assess all exceptions.

- In the case of a discount applied to a Level 1 or 2 quote, the exception report will include documentation of the methodology used to arrive at the discount.

Independent Assessment

The Manager has retained an Independent Valuation Agent to provide an analysis of fair value on the majority of level 2 and level 3 securities on a quarterly basis. The Independent Valuation Agent's analysis is reviewed and reconciled to internal fair value analysis by Manager.

POLICY GOVERNANCE

The Investment Manager is responsible for assessing and resolving any exceptions or revisions to the valuation methodology, policies and procedures as well as assessing the final portfolio Net Asset Value (NAV).

Development of Valuation Methodology and Policy

Valuation methodologies and the policy are developed by the Investment Manager. The methodology is reviewed by the Investment Manager on at least an annual basis or more frequently, at its sole discretion, based upon any recommended revisions to the methodology.

Reporting

Financial reports will be produced on a periodic basis.

Frequency	Description
Monthly	1. Fair Value position Summary 2. Sector Allocation and Holdings by Strategy
Quarterly	3. Quarterly valuations from 3rd party valuation service provider 4. Investment purchase/sales rollforward
Annually	5. GAAP Audited Financial Statements, including footnotes (audited)

4.3. Describe the Fund's governance of valuation policy for financial reports.
The Valuation Committee is responsible for assessing and resolving any exceptions or revisions to the valuation methodology, policies and procedures, as well as assessing the final portfolio Net Asset Value ("NAV").

Development of Valuation Policy

The Valuation Committee develops the Valuation Policy and reviews it on at least an annual basis, or more frequently, at its discretion, in cases of significant methodology changes or organizational changes.

Handling of Exceptions & Escalations

Any exceptions in policy or methodology are reviewed and approved by one of the Chief Investment Officers.

4.4. What are the modes of reporting to investors (frequency of reporting, kind of reporting)?

Platinum currently attempts to provide investor communications and reporting according to the following schedule:

Report	Timeframe	Description
Monthly Fact Sheet	+10 business days after month end	Estimated net return % for previous month, strategy allocations, strategy returns, strategy contributions to Fund return, monthly performance since inception, cumulative performance
End of Month Net Asset Value	+15 business days after month end	Detailed statement of account, giving end of month NAV and monthly/YTD return %
Estimated Schedule K-1	+100 calendar days after tax year end	Estimated Schedule K-1
Audited Financial Statements	+120 calendar days after fiscal year end	GAAP financial statements, including footnotes (audited)
Final Schedule K-1	+180 calendar days after tax year end	Final Schedule K-1

5. Legal and Organizational

5.1. What is the form of incorporation of the Fund?

Each legal entity associated with the master-feeder structure is as follows:

Management Company: Limited Liability Company
Master Fund: Exempted Limited Partnership
Onshore Feeder Fund: Limited Partnership
Offshore Feeder Fund: Corporation
Intermediate Fund: Corporation

5.2. What is the place of incorporation?

Entity formation documents associated with the master-feeder structure were filed in the follow legal jurisdictions:

Management Company ("Platinum"): Delaware, USA
Master Fund: Grand Cayman, Cayman Islands
Onshore Fund: Delaware, USA
Offshore Fund: Grand Cayman, Cayman Islands
Intermediate Fund: Grand Cayman, Cayman Islands

5.3. What are the fees associated with the Fund?

Management Fee: 2%
Incentive Allocation: 20%

Note: In addition to incentive fees, Sub-Advisors / Portfolio Managers are separately compensated for their services, and the Fund is responsible for such compensation and expenses payable to and incurred by each Sub-Advisor[9].

5.4. Is there any high water mark mechanism?

All returns are subject to a high water mark mechanism, such that incentive fees are not charged on gross returns until the Fund has surpassed a previous high water mark.

5.5. Is there any hurdle rate mechanism?

The only class that currently has a hurdle rate is Class P with an 8% preferred rate of return to the limited partners with the next 2% of performance distributed to the General Partner. Thereafter, a typical 20% incentive allocation is charged. Generally, with respect to the Class P Interests, at the end of each fiscal year, any net capital appreciation (after deduction of Management Fees and other expenses), initially will be apportioned to the General Partner and the Class P Limited Partners pro rata in accordance with their respective beginning capital account balance for such fiscal year, as adjusted for any additional subscriptions and withdrawals made during the year. The amount initially apportioned to the General Partner for such fiscal year shall be allocated to the General Partner, and the amount initially apportioned to each Class P Limited Partner for such fiscal year shall be divided between such Limited Partner and the General Partner and allocated as follows:

(i) 8% Preferred Return: First, 100% to such Limited Partner, until such Limited Partner has been allocated an amount equal to a preferred return of 8% per annum on such Limited Partner's beginning capital account balance for such fiscal year, as adjusted for any additional subscriptions and withdrawals made during the year;

(ii) Catch-Up: Second, 100% to the General Partner until the cumulative allocations to the General Partner under this clause (ii) equals 20% of the total amounts allocated pursuant to clause (i) and this clause (ii); and

[9] See relevant Memorandum for more details

5.6. What are the terms of liquidity for the customer?

For all classes except for Class P, the liquidity terms are quarterly redemptions with a 60-day notification period. For Class P the liquidity terms are quarterly redemptions with a 12-month notification period. There is no initial lock up[10].

5.7. What is the minimum investment for a customer?

$1,000,000 USD (or equivalent). The minimum investment amount may be waived by Platinum and/or the Offshore Fund directors, as relevant.

5.8. Side Pockets

The Fund does not currently use side pockets.

5.9. Side Letters

From time to time the Fund may enter into Side Letter Agreements with investors regarding, amongst other things, preferred liquidity terms and/or discounted fees. For more information on the Fund's existing side letter(s), please contact the Manager.

5.10. Managed Accounts

The manager does not currently provide managed accounts.

5.11. Is the Fund registered with any governmental body?

The Master Fund and the Offshore Fund are registered with the Cayman Islands Monetary Authority.

5.12. Is Platinum Management (NY) LLC a registered investment advisor?

Platinum Management (NY) LLC is a registered investment advisor under the Investment Advisers Act of 1940.

The firm has structured and implemented a comprehensive Compliance Program, employs a Chief Compliance Officer and has a Compliance Manual and Code of Ethics. The Fund has engaged SS&C (defined below) to conduct anti-money laundering reviews and to check insider trading policies.

Platinum is not registered as a commodity pool operator ("CPO") with the U.S. Commodity Futures Trading Commission ("CFTC") and operates under CFTC exemption, Regulation § 4.13(a)(3).

[10] In accordance with the terms of the applicable Memorandum, subject to a 10% audit holdback.

5.13. What kinds of rights are conferred upon the purchasers?

Subscribers to the Onshore Fund are issued limited liability membership interests. Subscribers to the Offshore Fund are issued redeemable, participating, voting shares of $0.01 par value per share in the capital of the Offshore Fund. The shares may be subscribed for at an issue price of $1,000 per share. For additional information on rights of the purchasers, please see the relevant Memorandum.

6. Operational Aspects

6.1. How frequently are positions monitored?

Positions are monitored actively, as required.

6.2. Please describe your process for executing, recording, confirming, settling and monitoring trades. What controls are in place to ensure trades are executed correctly and errors are resolved in a timely manner?

Publicly traded equities are executed primarily via our portfolio managers and a dedicated execution trader. All verbal instructions between the trading desk and individual portfolio managers are confirmed in written format. Trades are executed either via FIX or message-based electronic trade execution services. Trade capture for these trades takes place automatically at the time of execution, either via our OMS Eze Castle or via automatic retention of all trade order messages sent through other trade execution services. Executions flow into the system instantaneously if the order is executed via FIX, or manually if there is no FIX connection available to the executing broker. Tri-party reconciliation of these trading execution records is performed by our Operations staff between the prime broker, administrator and operations records. Trade settlement and fail activity is monitored and recognized daily with our prime brokers. Prime brokers generally display all unconfirmed trades on a T+1 basis on their websites, which we check daily. Any amendments made by Platinum are saved in soft copy to our DTC Break folder. All settlement and fail activity emails are sent to a shared Settlements email box which allows Operations personnel to monitor the process in real time and prevent any breaks prior to T+1 daily reconciliation and P&L calculation. In addition, SS&C Technologies performs trade reconciliation on a daily basis.

Commodity trades are executed on electronic systems, or with one of our approved commodities brokers via trade order system or phone. Trade confirmations are sent back to the executing trader at the time of execution, and in a summary report at end of day. All commodities trades are either exchange products or OTC derivatives clearing on regulated exchange. Trade confirms are received from exchange promptly and are automatically transferred into our risk system. Tri-party reconciliation of these trading execution records is performed by our Operations staff between the prime broker, administrator and operations records. Trade settlement and fail activity is monitored and recognized immediately via review by the responsible Portfolio Manager. All settlement and fail activity emails are sent to a shared Settlements email box which allows Operations personnel to monitor the process in real time and prevent any breaks prior to T+1 daily P&L calculation. In addition, SS&C Technologies performs trade reconciliation on a daily basis.

6.3. What is the target for the volume of assets under the management of the Fund? Will the Fund stop raising new sums of money when it achieves this target?

The Fund employs multiple investment strategies which have different capacity constraints. In aggregate, we anticipate that current strategies can scale up to capital of at least $2.0 billion without material changes to the underlying strategies. Additionally, we expect that the General Partner's expertise in identifying new strategies and talent shall increase the fund's capacity over time. New money is only accepted in the event Platinum believes that opportunities exist to deliver risk adjusted returns. Should the Fund grow to an amount whereby additional assets would dilute returns from existing opportunities, the Fund will be closed to new investors.

6.4. List insurance coverage maintained

Key Man Insurance on Mark Nordlicht
Directors & Officers ("D&O") Insurance

7. Fund Background

7.1. What is the number of employees of the Firm?

The firm has in excess of 35 employees spread across investment, legal, compliance, operations and marketing, of which approximately two thirds are investment professionals.

7.2. What is the volume of the managers' personal investments in the assets of the Fund?

Entities related to Platinum and its employees own approximately 20% of the Fund's AUM as of July 1, 2015.

7.3. Have there ever been any civil proceedings filed against any of the Fund's principals pertaining to their fiduciary obligations? Please describe in detail.

Mark Nordlicht, one of the Fund's principals, was named in a consolidated amended class action complaint as a former director of Optionable, Inc. ("Optionable"), a brokerage firm for energy options which he founded in 2000. Mark was not active in daily business operations of the company, but he served on its Board of Directors until May 1, 2007. In late April 2007, Optionable's largest customer, BMO Financial Group, announced that it had incurred significant natural gas-related trading losses and that it was suspending all of its trading activity through Optionable, pending the results of an ongoing external review. Following these announcements, several complaints to a class of investors were filed against Optionable and, in some cases, Optionable's current and former officers and directors, including Mark Nordlicht. On September 15, 2008, United States District Judge Lewis A. Kaplan dismissed the consolidated amended class action complaint in which Mark was named, on the ground that it failed to allege fraud. The plaintiffs have since appealed the consolidated amended class action complaint ruling and the presiding judge then dismissed the appeal as final. There were also 2 civil proceedings related to Optionable that were dismissed pursuant to settlements but they did not allege wrongdoing pertaining to fiduciary obligations.

7.4. Have there ever been any criminal proceedings filed against any of the Fund's principals? Please describe in detail.

No.

7.5. Have any of the Principals or affiliated entities ever (i) filed for bankruptcy or (ii) had any judgments entered against them involving fraud, willful misconduct, or material violation of the securities law?

No.

7.6. Is there any pending litigation involving the Fund?

The Fund and Platinum are periodically involved in asserting civil claims against debtors and/or defending themselves from civil claims brought by other parties as a part of the process of collecting upon secured debt and other investments. While legal action is a costly and unfortunate byproduct of our industry, as an investment manager we are duty-bound to fulfill our fiduciary obligation on behalf of investors and thereby assert and defend Fund rights to the fullest of our ability. Unfortunately, this involves legal action in a handful of cases each year.

Banyon Funding

In 2008, the Fund opened a secured credit facility to a family office in South Florida called Banyon. Banyon used the facility to make investments in litigation settlements marketed by a prominent South Florida law firm, Rothstein Rosenfeldt Adler ("RRA"), purportedly on behalf of the firm's clients. In 2009, the principal of RRA was charged criminally with fraud in connection with the settlements, and it became known that the settlements purchased by Banyon were fraudulent. RRA, Banyon, and the Banyon principals all collapsed into bankruptcy.

The Fund pursued its rights in the various bankruptcy cases and commenced civil litigation against several persons and entities responsible for its losses. Through those efforts, the Fund recovered substantially all of its outstanding losses and legal fees. In the years 2010-2014, the bankruptcy trustee for the RRA bankruptcy estate, and several creditors of the estate and related parties, commenced litigation against the Fund seeking to recover losses sustained by them. All such litigation is resolved with the exception of an action by an RRA investor for defamation and the alleged fraudulent inducement or negligent misrepresentation that purportedly caused it to invest in the RRA funds. The Funds do not believe that this suit has merit and will defend it vigorously. Further information about this matter is available upon request.

CBOE

This case arises out of the improper disclosures by the Options Clearing Corporation (OCC) and Chicago Board Options Exchange (CBOE) of non-public information concerning the adjustment of the strike price of IFN options to entities that then sold those options to Platinum. Both PPVA and PPLO are plaintiffs in

the suit that alleges violations of the Illinois Securities Laws, Illinois Consumer Fraud Act and common law fraud.

This case was originally brought just by PPVA. After Platinum (PPVA) filed its complaint and the court denied PPVA's request for a TRO, defendants moved to dismiss the complaint, arguing they were immune from civil suit and, even if they were not immune, the complaint failed to state a claim. The court granted defendants' motion to dismiss on the grounds that they were immune from suit.

PPVA appealed the county's decision. The Illinois Appellate Court reversed, holding that defendants were not immune from suit and that the complaint properly stated its claims. Defendants sought permission to appeal from the Illinois Supreme Court, which was denied.

PPVA subsequently amended its complaint, adding facts and an extra Illinois Securities Act claim, and also adding PPLO as a plaintiff. Defendants moved to dismiss the amended complaint and/or strike certain portions of the complaint. The court granted the motion in part and denied the motion in part. The partial granting of the motion does not materially affect Plaintiffs' claims. Plaintiffs filed a second amended complaint on December 5, 2013.

Both Plaintiffs and Defendants have completed written discovery and produced documents. Numerous third parties have been subpoenaed and produced documents as well. Additional subpoenas for documents to third parties are being sent out. Depositions of some of the OCC witnesses and some of the third parties have already taken place. More depositions will be taking place over the summer. There is currently a cutoff ofNovember 19, 2015 for the depositions on the issue of whether defendants leaked this information. Defendants' motions to amend their answer in an attempt the add the defense of regulatory immunity back into the case was denied on June 23, 2015.

7.7. Does Platinum have a Business Continuity Plan?

Platinum has prepared and maintains current Business Continuity Plan ("BCP") outlining plans to continue business and meet existing obligations in the event of a Significant Business Disruption ("SBD"). A copy of the Business Continuity Plan is available upon request.

8. Risk Management and Control Mechanisms

8.1. Who is in charge of risk control at the Fund?

The Chief Investment Officers focus on managing the Fund's overall investment risks, including risk/return analysis, asset allocation, investment due diligence, management of exposures, valuation, procedural and counterparty risks and other strategy considerations.

8.2. Describe the Fund's risk management policy.

A well-controlled risk profile is a critical part of Platinum's investment methodology. The Fund seeks to control risk in a number of ways, which may include: diversifying across investment strategies; adjusting

the expected maturity or holding periods of positions; analyzing and monitoring risk-adjusted performance; and implementing operational controls.

Platinum utilizes various reports to monitor the risk profile of the Fund. These reports include, but are not limited to[11]:

- Margin requirements reporting
- Monitor trader's stated trading strategy by reviewing trader's net exposure, sector concentration, products traded, and other risk factors for any signification deviations
- Perform "what if" analysis, as requested, to determine the projected impact of certain trades upon various Fund risk measures, P&L effects, and broker margin requirements.
- Daily cash report, including short term expected liquidity
- Portfolio allocation among strategies
- Portfolio composition concentration
- Ongoing legal and regulatory monitoring by internal and external legal sources

8.3. What tools are employed in risk management and in monitoring investments?

Platinum employs 3rd party independent risk software, which provides risk management calculations on an application service provider ("ASP") basis. The Chief Investment Officers review these measurements on an ongoing basis. In addition Platinum utilizes various reports to monitor the overall risk profile of the Fund. These reports include, but are not limited to:

- Daily cash report, including short term expected liquidity
- Portfolio allocation among strategies
- Portfolio composition concentration
- Monitoring of balancing requirements and/or collateral values
- Controlled account monitoring for balances and transactions
- Third party reports regarding underlying financial assets
- Ongoing legal and regulatory monitoring by internal and external legal sources
- Investment reporting requirements by the counterparties, including financial statements and tax returns
- Phone calls with counterparties

8.4. What is Platinum's philosophy to limiting drawdowns?

At the macro level, the Fund aims to reduce volatility of the Fund's returns and limit steep losses by pursuing a portfolio of strategies uncorrelated to the broader markets. In general, the Fund does not expect that market conditions will have a material effect upon its portfolio, but on a strategy level it may be correlated.

The Manager believes that diversification is the cornerstone of sound risk management. When considering any new strategy, the Manager begins by exploring and identifying downside risk.

[11] The following represents a detailed list of risk management/monitoring tools. Not all tools are applicable or applied to each investment.

Additionally, the Manager actively focuses on identifying and hedging any structural risk in the portfolio.

Another important way the Manager attempts to limit draw downs is through frequent monitoring of investments. Once an investment is made, portfolio managers will actively monitor the position on a daily, weekly or monthly basis, as applicable. This practice enables the Manager to quickly identify potentially troubled investments, and in turn make informed decisions about reallocations or exit options.

8.5. Describe the Fund's policy on the management of its level of liquidity.

Platinum actively manages the Fund's liquidity by monitoring the portfolio to anticipate cash flows, such that investments will generate enough income to provide the liquidity the Fund needs. As a result of the Fund's use of leverage to finance certain strategies, we frequently adjust the Fund's allocations to liquid and illiquid strategies in order to hedge liquidity risks. The Fund makes policy decisions on liquidity management based upon daily P&L, margin and market value reporting; monthly subscriptions, contributions, redemptions and withdrawals; and negotiations on lending facility terms and conditions. Platinum expends considerable energies negotiating excess capacity alternative lending agreements to manage Fund liquidity, counterparty and leverage risks associated with Fund investments and cash flows.

8.6. Please provide an investor reference for the Fund.

Investor references are available upon request. Please inquire with the Manager.

Due Diligence Questionnaire

Platinum Management (NY) LLC

September 2015

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1. Firm Overview

1.1. Name of the Funds

The name of the master fund is:
Platinum Partners Value Arbitrage Fund L.P. ("PPVA", the "Fund", or the "Master Fund").

The names of the feeder funds are:
Platinum Partners Value Arbitrage Fund (USA) LP (the "Onshore Fund")
Platinum Partners Value Arbitrage Fund (International) Ltd. (the "Offshore Fund")
Platinum Partners Value Arbitrage Intermediate Fund Ltd. (the "Intermediate Fund")

For purposes of simplicity, the Offshore Feeder Fund and the Intermediate Fund may be referred to as the "Offshore Fund." The Master Fund, Onshore Fund and Offshore Fund are referred to collectively as the "Fund."

1.2. Name of the Management Company and General Partner

Platinum Management (NY) LLC ("Platinum") is the Management Company for all of the funds.

1.3. Address of the Manager

250 West 55th Street
14th Floor
New York, NY 10019
(212) 582-2222
InvestorRelations@platinumlp.com

1.4. Provide a brief historical overview of the Firm.

Platinum Partners (the "Firm") is a New York based investment management group with more than $1 Billion in assets under management. The Firm was founded in 2003 by Mark Nordlicht, an investor with over twenty years of experience in the asset management space. The Firm manages multiple funds, including Platinum Partners Credit Opportunities Master Fund L.P. ("PPCOMF"); Platinum Partners Value Arbitrage Fund L.P. ("PPVA"); Platinum Partners Liquid Opportunity Master Fund L.P. ("PPLO"); Bayberry Consumer Finance Fund LLC and Bayberry Consumer Finance Fund International Ltd. (collectively, "Bayberry"); Marbridge Energy Finance Fund II LLC and Marbridge Energy Finance Fund International II Ltd. (collectively, "Marbridge II"). Although each of the aforementioned funds have separate investment advisors, Mr. Nordlicht is the CIO of the investment advisors of PPCOMF, PPVA, and PPLO. The CIOs of the investment advisors of Marbridge II and Bayberry are Portfolio Managers of the Firm.

Platinum launched the Master Fund in January 2003 with an initial investment of $25 million in capital from founder Mark Nordlicht, his close family and friends. Platinum began with a multi-strategy approach based on Mr. Nordlicht's 20 years of industry experience. The Fund's investment strategies

have grown into a blend of nine low-correlated strategies focused on achieving consistent risk-adjusted returns and low volatility.

Headquartered in New York, the Fund is managed by a skilled team of investment professionals with broad experience in asset-based lending, capital allocation, risk management, investment sourcing, negotiation, due diligence, compliance, accounting, and investment operations.

1.5. Describe the Manager's investment philosophy.

Platinum believes that returns are a function of managing risk and investing in a diversified mix of uncorrelated strategies. Generally, strategies employed by the Fund begin by identifying downside risk. The Fund attempts to combine investments that generate consistent returns, with varying degrees of volatility, to provide a portfolio that is uncorrelated to global market indices and other Fund investments. Positions are managed continually with the goal of delivering non-directional investment results. It is the goal of Platinum that the Fund should have minimal exposure to broader market moves. Since inception, the Fund has had a correlation of 0.17 to the S&P 500 index.[1] Strategies which exhibit potential exposure (i.e. beta) to select markets may utilize hedging techniques in order to minimize market correlation.

1.6. Describe the Platinum Partners Value Arbitrage Fund L.P. fund structure

The Master Fund is an exempted limited partnership formed under the laws of the Cayman Islands on December 17, 2002. The Master Fund, the Onshore Fund and the Offshore Funds are managed by Platinum Management (NY) LLC, a limited liability company domiciled in Delaware. Platinum Partners Value Arbitrage LP serves as the General Partner of the Master Fund. The Onshore Fund is a Delaware limited partnership formed on October 25, 2002. The Offshore Fund is a Cayman Islands exempted corporation formed on October 25, 2002. The Offshore Fund makes its investments in the Master Fund through the Intermediate Fund, a Cayman Islands exempted company formed on April 9, 2010. The Master Fund utilizes a series of majority-owned consolidated subsidiaries for energy trading and holding companies for certain privately-negotiated investments.[2]

Biographies of key personnel of the Fund:

Mark Nordlicht
Principal, Chairman and Chief Investment Officer

Mark Nordlicht is the Chairman and Chief Investment Officer of PPVA. He has acted in this capacity since January 2011. Mr. Nordlicht has twenty years of experience in the investment industry and is responsible for oversight of all trading, asset allocation and risk management on behalf of the Platinum-managed funds.. In 2003, Mr. Nordlicht founded and launched Platinum Partners Value Arbitrage Fund LP ("PPVA"), a multi-strategy hedge fund designed to achieve risk-adjusted returns irrespective of the direction of any broader market activity. PPVA deploys assets opportunistically across various strategies,

[1] Calculation based on the correlation of Platinum Partners Value Arbitrage Fund (International) Ltd. (the "Offshore Fund") monthly returns to the S&P 500 Aggregate Index since inception of January 1, 2003 to September 30, 2015. You cannot invest directly in an index. This is the most relevant index to benchmark against given our strategy.

including long/short equity, energy arbitrage, convertible arbitrage, and asset based convertible debt. Mr. Nordlicht is currently the Chief Investment Officer of PPVA and Platinum Partners Liquid Opportunity Master Fund L.P. Additionally, Mr. Nordlicht launched Platinum Energy Resources (2005), a publicly traded oil & natural gas company and Platinum Diversified Mining (2007), a publicly traded mining company. Mr. Nordlicht is also the founder and served as non-executive Chairman of Optionable, Inc., a brokerage firm for energy options, until May 1, 2007. From 1997 to 2002, Mr. Nordlicht was a founder and the managing partner of West End Capital, a New York based money management firm that specialized in privately negotiated structured debt financings for small and mid-cap publically traded companies. In 1991, Mr. Nordlicht founded Northern Lights Trading, a proprietary options firm based in New York that employed traders in the cotton, coffee, natural gas, crude oil, gold, and silver option trading pits. Mr. Nordlicht was the general partner of Northern Lights Trading until 2000. In 1990, Mr. Nordlicht graduated from Yeshiva University with a B.A. in Philosophy.

David Levy
Co-Chief Investment Officer

David Levy serves as Co-Chief Investment Officer of Platinum Partners and is responsible for overseeing more than $1 billion in total investments. Mr. Levy directly manages more than $250 million in capital, focusing on investments in asset-based lending and credit-based strategies, across a variety of industries, seeking to generate returns with less risk than traditional strategies. Mr. Levy has spent his career as an investment specialist and portfolio manager. Prior to joining Platinum Partners, Mr. Levy co-founded Crius Energy, a publicly listed national retail energy platform, which currently provides power to over 500,000 residential consumer equivalents (RCEs) in the United States. He also previously worked in the office of New York City Mayor Michael Bloomberg, and prior to that, with the Chief Counsel to United States Senator Orrin Hatch. Mr. Levy serves as a member of the Advisory Council for the International Crisis Group. He holds a Bachelor of Science in Finance from Yeshiva University.

Naftali Manela
Chief Operating Officer

Naftali Manela is the Chief Operating Officer of Platinum Partners and is responsible for overseeing operations for all funds under the firm's management. He also works closely with the firm's senior management and investment teams to supporting deal structuring. Mr. Manela previously served as the Chief Financial Officer of Platinum Credit Management LP, where he oversaw all accounting and reporting for Platinum Partners Credit Opportunities Master Fund LP, and its feeder funds, as well as several special purpose vehicles managed by Platinum Partners. Before joining Platinum Partners in 2008, Mr. Manela served as Vice President of Financial Reporting at S.A.C. Capital Management, LLC, where he was responsible for fund administration and financial reporting. Prior to that, Mr. Manela launched and managed a family office and fund of funds. Mr. Manela began his career at PricewaterhouseCoopers, where he worked as an auditor in the Capital Markets group focusing primarily on auditing hedge funds. Mr. Manela is a Certified Public Accountant in the State of New York and graduated *summa cum laude* from Touro College with a Bachelor of Science in Accounting.

Joseph SanFilippo
Chief Financial Officer

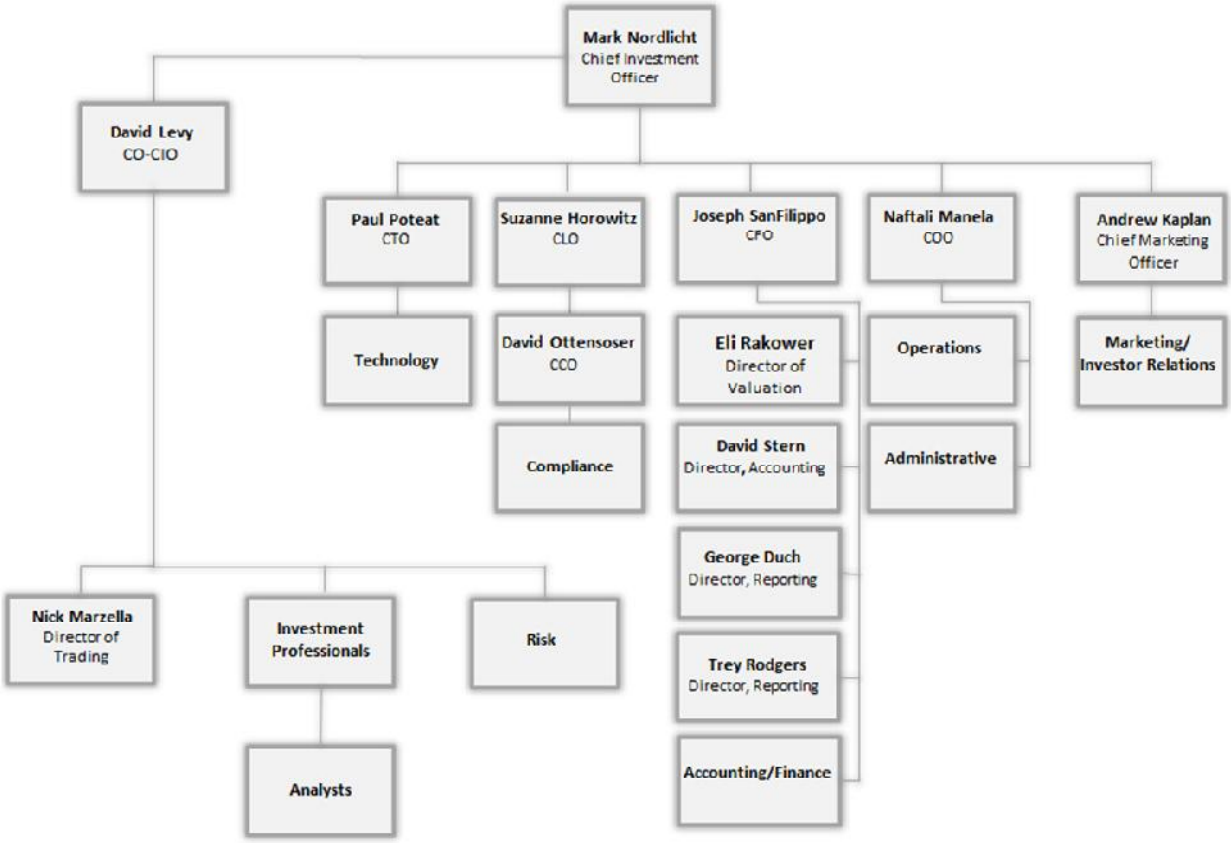
Joseph SanFilippo was senior auditor for BDO Seidman, LLP from August 2003 through January 2005, prior to joining Platinum. During his tenure at BDO, Mr. SanFilippo was a member of the financial services group and specialized in audits of Hedge Funds. From November 1999 until August 2003, Mr. SanFilippo was an auditor at Marks Paneth & Shron, LLP. Mr. SanFilippo is a Certified Public Accountant in the State of New York, a member of the American Institute of Certified Public Accountants and New York State Society of CPAs. He received his B.S. degree in Accounting from Brooklyn College.

Suzanne Horowitz
Chief Legal Officer

Suzanne Horowitz has over 15 years of legal and compliance experience, and is responsible for all legal matters relating to the Platinum-managed funds. From 2013 to 2015, Ms. Horowitz was General Counsel and Chief Compliance Officer of Premium Point Investments LP which manages hedge funds and separate accounts, operates a mortgage conduit business and owns a majority interest in a residential property manager. From 2004 to 2012, Ms. Horowitz was Associate General Counsel and Senior Compliance Officer at Oak Hill Advisors, L.P. ("OHA"), an investment manager specializing in below investment grade credit markets (originally Ms. Horowitz performed legal and compliance functions for both Oak Hill Capital Partners and OHA). Prior to joining Oak Hill, Ms. Horowitz was an Associate at Reboul, MacMurray, Hewitt, Maynard & Kristol (subsequently merged with Ropes & Gray LLP) in the fund formation group. Ms. Horowitz holds a J.D. from Benjamin N. Cardozo School of Law and a B.A from the University of Pennsylvania.

David Ottensoser
Chief Compliance Officer

David Ottensoser is Chief Compliance Officer of the Manager. From 2002 to 2011, he was the General Counsel and Corporate Secretary of NICE Systems, Inc., the Americas' subsidiary of NICE Systems, Ltd., a public global technology company based in Israel, where he was responsible for all legal matters relating to NICE's Americas' operations, including business transactions, corporate matters, intellectual property and commercial litigation. Prior to NICE, Mr. Ottensoser was General Counsel of Global Supplynet, a private e-commerce software development and consulting company. In addition, Mr. Ottensoser was an Associate at Moritt, Hock and Hamroff, LLP, where he focused on corporate law and litigation. Mr. Ottensoser received his J.D. from Fordham Law School and a B.A. in English from Yeshiva University.


Mark Nordlicht
Chief Investment Officer
David Levy
CO-CIO
Paul Poteat
CTO
Suzanne Horowitz
CLO
Joseph SanFilippo
CFO
Naftali Manela
COO
Andrew Kaplan
Chief Marketing Officer
Technology
David Ottensoser
CCO
Eli Rakower
Director of Valuation
Operations
Marketing/ Investor Relations
Compliance
David Stern
Director, Accounting
Administrative
George Duch
Director, Reporting
Trey Rodgers
Director, Reporting
Accounting/Finance
Nick Marzella
Director of Trading
Investment Professionals
Risk
Analysts

1.7. Disclose the Fund's monthly performance since inception.

PLATINUM PARTNERS VALUE ARBITRAGE (INTERNATIONAL), LTD. NET MONTHLY RETURNS														
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**	**Cum**
2003	1.41	0.63	0.47	(0.08)	(0.82)	1.91	1.07	2.55	3.22	2.11	1.67	2.02	**17.33%**	**17.33%**
2004	3.33	1.79	2.19	0.14	0.21	(0.45)	(0.34)	1.00	(0.32)	1.09	0.74	2.97	**12.97%**	**32.55%**
2005	1.63	0.97	0.29	(0.29)	0.78	1.39	1.54	2.04	1.46	3.13	0.51	2.34	**16.93%**	**54.99%**
2006	3.23	2.04	1.72	1.15	2.02	1.62	0.55	0.30	1.50	1.88	1.95	3.75	**23.94%**	**92.10%**
2007	2.48	3.81	4.33	2.99	4.35	5.44	2.22	3.39	1.56	4.96	1.95	6.09	**53.25%**	**194.39%**
2008	(2.10)	1.15	(1.53)	2.56	4.48	1.58	0.33	1.20	(3.41)	(1.07)	0.14	1.21	**4.37%**	**207.26%**
2009	3.29	0.42	2.01	1.35	2.57	1.69	1.82	1.53	1.80	0.64	0.54	1.47	**20.86%**	**271.34%**
2010	1.09	2.70	0.16	2.05	(0.20)	0.46	1.83	1.11	1.73	1.49	1.41	3.99	**19.27%**	**342.89%**
2011	2.10	4.41	2.18	1.83	1.37	2.87	0.77	0.56	0.98	1.31	(0.49)	1.43	**21.03%**	**436.02%**
2012	0.42	0.78	2.87	(0.09)	0.52	1.93	1.59	0.14	0.90	0.84	(0.24)	1.39	**11.58%**	**498.08%**
2013	1.75	0.79	1.36	0.18	0.85	1.13	0.95	1.29	0.23	(1.78)	1.41	(1.21)	**7.11%**	**540.59%**
2014	3.68*	1.53	1.00	0.21	2.13	2.63	0.53	1.01	(0.17)	(1.66)	(2.51)	2.05	**10.76%**	**609.50%**
2015**	0.10	(0.89)	(0.83)	7.83	(0.22)	1.28	(0.07)	0.02	±0.94				**±8.16%**	**±667.43%**

PLATINUM PARTNERS VALUE ARBITRAGE (USA), LP NET MONTHLY RETURNS														
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**	**Cum**
2003	1.39	0.63	0.45	(0.09)	(0.83)	1.89	1.06	2.54	3.21	2.10	1.66	2.00	**17.17%**	**17.17%**
2004	3.33	1.79	2.18	0.14	0.21	(0.45)	(0.34)	1.00	(0.32)	1.09	0.74	2.92	**12.90%**	**32.28%**
2005	1.62	0.96	0.29	(0.29)	0.77	1.38	1.54	2.04	1.46	3.12	0.51	2.35	**16.88%**	**54.61%**
2006	3.22	2.04	1.71	1.14	2.02	1.63	0.50	0.33	1.52	1.88	1.93	3.67	**23.80%**	**91.41%**
2007	2.49	3.83	4.34	2.90	4.32	5.42	2.22	3.38	1.56	4.91	1.93	6.10	**53.00%**	**192.85%**
2008	(2.10)	1.15	(1.53)	2.56	4.48	1.58	0.33	1.20	(3.42)	(1.07)	0.14	1.21	**4.36%**	**205.61%**
2009	3.29	0.42	2.01	1.35	2.57	1.68	1.80	1.51	1.79	0.64	0.54	1.47	**20.78%**	**269.13%**
2010	1.09	2.69	0.16	2.03	(0.20)	0.46	1.83	1.11	1.73	1.49	1.41	4.00	**19.25%**	**340.17%**
2011	2.10	4.41	2.18	1.83	1.38	2.87	0.77	0.56	0.98	1.31	(0.48)	1.43	**21.05%**	**432.84%**
2012	0.42	0.78	2.87	(0.08)	0.52	1.93	1.59	0.14	0.90	0.85	(0.24)	1.39	**11.60%**	**494.65%**
2013	1.75	0.79	1.36	0.18	0.85	1.14	0.96	1.29	0.23	(1.77)	1.41	(1.20)	**7.15%**	**537.11%**
2014	3.69*	1.53	1.00	0.21	2.14	2.63	0.54	1.01	(0.17)	(1.64)	(2.50)	1.98	**10.75%**	**605.58%**
2015**	0.11	(0.89)	(0.83)	7.83	(0.22)	1.28	(0.07)	0.02	±0.94				**±8.17%**	**±663.26%**

*The January 2014 rate of return reflects a one time reversal of certain fees.

**Unaudited; ± Estimated and subject to change

Past performance is not necessarily indicative of future performance. Net returns are net of all fees and expenses. Performance cited is believed to be correct as of the date prepared. Performance cited is valid for Class I Shares in the Offshore Feeder Fund through 2009 and Class L since 2010. For the returns of other previous fund share classes, please refer to audited financial statements and the Fund's monthly investor letters. This document and any information contained herein speak only as of the date hereof and are subject to change without notice. Platinum and its affiliated companies and employees shall have no obligation to update or amend any information contained herein. This document is being furnished to you for informational purposes only and on the condition that it will not form a primary basis for any investment decision. This document is not intended to provide, nor should it be construed or used as, tax, legal, financial or investment advice. Note: For more detailed performance analytics, please see Section 8, Fund Performance Analytics.

1.8. Details of AUM of the Fund

Date	Total Assets Under Management
10/1/15	$789 million
1/1/15	$755 million
1/1/14	$761 million
1/1/13	$692 million
1/1/12	$688 million
1/1/11	$473 million
1/1/10	$435 million
1/1/09	$682 million
1/1/08	$567 million
1/1/07	$212 million
1/1/06	$102 million
1/1/05	$80 million
1/1/04	$59 million

1.9. What are the Fund's Historical Returns[3]?

Platinum Partners Value Arbitrage Fund (USA) LP	
Timeframe	**Return**
Cumulative (Inception)	663.26%
Average Annualized	17.28%
2015 (9 months)	8.17%
2014	10.75%
2013	7.15%
2012	11.60%
2011	21.05%
2010	19.25%
2009	20.78%
2008	4.36%
2007	53.00%
2006	23.80%
2005	16.88%
2004	12.90%
2003	17.17%

1.10. What is the percentage of months with a positive return?

84.97% (130/153)

[3] All returns are calculated net of all fees and expenses. Returns are as of September 30, 2015. Past performance is not indicative of future results.

1.11. What was the worst drawdown (continuous decline)?

The worst continuous decline occurred over September and October 2008, when the fund lost an aggregate of 4.48%. This was followed by several months of positive results, resulting in a new high-water mark three months later in January 2009.

1.12. Primary Fund Contact

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1.13. External Service Provider Contacts

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2. Fund Strategy

2.1. What is the strategy of the fund?

The Fund is a multi-strategy, multi-manager hedge fund designed to achieve risk-adjusted returns irrespective of the direction of broader market activity[4]. The General Partner believes that returns are a function of appropriately managing downside risk and seeks to invest in a mix of uncorrelated strategies. Typically, the fund deploys capital opportunistically across multiple primary investment strategies.

The following are among the investment strategies expected to be employed, directly or indirectly, by the Master Fund.

Equity Arbitrage. The Master Fund may engage in various forms of equity arbitrage trading strategies, including, without limitation, long/short equity and event-driven. Long/short equity trading typically uses fundamental research to identify equity securities that either should perform well (in which case the securities will be held long) or poorly (in which case the equities will be sold short). Typically, the Portfolio Managers employing long/short equity techniques hold some combination of both long and short positions that will at least partly offset one another to minimize market risk. Event-driven trading may include investments in long and short positions of listed and unlisted equities, convertible debt, options, futures, debt and warrants that the Investment Manager or a Portfolio Manager expects to profit from the occurrence of certain issuer-specific events. These strategies may be fundamentally based or non-discretionary model driven. In employing these strategies, the Master Fund seeks to avoid exposure to the direction of the broader markets. The Master Fund may also engage in privately-negotiated equity transactions whereby the Master Fund will finance publicly traded companies through a private placement which typically consists of debt and/or equity. In addition, most negotiated financings will offer downside protection to the Master Fund while also providing upside exposure through warrants, equity or debt that converts into equity. The Master Fund may invest in special purpose acquisition companies when they are trading at a discount to the amount of cash per share they hold in escrow and a structural opportunity exists to realize the cash within a predetermined timeframe.

Energy and Power Arbitrage. The Master Fund may engage in various energy trading strategies, including, without limitation, location arbitrage and volatility arbitrage. These strategies may include investments in exchange-listed futures, options and options on futures contracts which are intended to profit from volatility spreads in the options markets of major world energy exchanges. Strategy risks include without limitation to volatility risks and position concentration risks. Risks are managed by stress testing market moves and volatility moves to ensure risks are within strategy risk limits. In addition, risks are controlled by generally being net long options, often including long wing options, thereby protecting against "event risk." The Master Fund may take directional risk in the energy markets as deemed appropriate and timely by the Investment Manager. Furthermore, the Master Fund may engage in various trading strategies in the global carbon and financial transmission right **("FTR")** electricity markets. The Master Fund's carbon trading strategy often engages in opportunistic investments in which it obtains the rights to the commodity stream of carbon credits from clean energy projects such as wind farms, hydroelectric

4 No representation is made that the Fund will or is likely to achieve its objectives or that any investor will be able to avoid incurring losses.

power plants, coal mine methane power plants, and energy efficiency projects at cement factories. In exchange for advancing a limited amount of project development costs for each project, the Master Fund procures the right to purchase the resulting carbon credits at a discount to the then-current open market price, earning the corresponding spread (if any) upon a subsequent sale on the market. The electricity trading strategy involves fundamentally evaluating the FTR market, including analyzing historical congestions based on fundamental factors of transmission, generation and load and capturing aberrations in valuations of electricity congestion in the transmission market.

Convertible Arbitrage. The Master Fund may engage in various forms of convertible arbitrage trading strategies. Through these strategies, the Master Fund typically seeks to profit from fundamental research and exploit differences in the availability of capital including, without limitation, capital in emerging market economies. The success of the Master Fund's convertible arbitrage strategy depends upon the Investment Manager's ability to identify convertible securities that appear incorrectly valued relative to their theoretical value, purchase (or sell short) such a convertible security and sell short (or purchase) the underlying security for which the convertible security can be exchanged to exploit price differentials. There can be no assurance that the Investment Manager will be able to identify convertible arbitrage opportunities or that changes in price differentials will not cause losses. In addition, these strategies may utilize currency hedging techniques, including investment in futures and forward currency contracts which are intended to mitigate the Master Fund's exposure to foreign currency movements and country-specific political risk. Furthermore, the Master Fund may provide capital to well established non-U.S. companies seeking to raise capital for business purposes. These investments will be secured by shares of the publicly traded company. The Master Fund typically structures the financing in a manner that best secures the collateral in accordance with the laws of the local jurisdiction. It is anticipated that corporate executives or management of the non-U.S. company will sell their equity holdings to the Master Fund at an agreed upon discount (pursuant to a sale and repurchase agreement) whereby the counterparty agrees to repurchase the equity for a set price on a specified date in the future. If on any trading day the aggregate market value of equity holdings fall below a pre-agreed price, the counterparty is required to deliver sufficient additional shares to maintain the agreed upon purchase discount percentage. If the repurchase price is not paid to the Master Fund when due, or if additional shares are not received as described above, the Master Fund may elect to sell the shares into the open market to realize its investment and anticipated return.

Asia-Based Arbitrage. The Master Fund may engage in various forms of Asia-based investment strategies. The strategy includes investments in secured financing against publiclytraded Asian equities positions and/or convertible debt of exchange-listed, rapidly growing companies in emerging market countries. These investments typically seek to profit from fundamental research and exploit differences in the availability of capital in emerging market economies. Strategy risks include volatility, credit risk, and political risk. Risks are generally controlled via the use of position and concentration limits, extensive credit research and due diligence. In addition, this strategy may utilize currency hedging techniques including investments in futures and forward currency contracts which are intended to eliminate Fund exposure to foreign currency movements and to mitigate country specific political risk. Capital is also provided to well established foreign companies seeking to raise capital for business purposes, secured by shares of the publicly-traded company. The Master Fund seeks to structure investments in a manner that best secures the collateral in accordance with the laws of the local jurisdiction. Corporate executives or management of the foreign company may sell their equity holdings to the Master Fund at an agreed upon

discount (pursuant to a sale and repurchase agreement) whereby the counterparty agrees to repurchase the equity for a set price on a specified date in the future. If on any trading day the aggregate market value of equity holdings fall below a pre-agreed price, the counterparty is required to deliver sufficient additional shares to maintain the agreed upon purchase discount percentage. If the repurchase price is not paid to the Master Fund when due, or if additional shares are not received as described above, the Master Fund may elect to sell the shares into the open market to realize its investment and anticipated return.

Quantitative Arbitrage. The Master Fund may employ various non-discretionary quantitative arbitrage strategies that seek to exploit the occurrence of certain market phenomena in the equity, commodity, currency, and fixed income markets via the use of model-based investing strategies. Such strategies may be executed via investments in futures, options, equities, exchange-traded funds and other securities or instruments typically using computerized, algorithmic processes.

Asset-Based Finance. The Master Fund may employ various asset-based financing strategies that seek to profit from secured financing supported by assets in excess of the value of the debt, including, without limitation, asset-based convertible debt strategies, health care receivables strategies and legal finance strategies. These investments generally have strong opportunities to participate in equity appreciation through warrants, conversion features, or grants of stock that are part of the investment package. Asset-based convertible debt strategies may include privately negotiated investments in senior secured debt instruments convertible into underlying equity and/or collateral assets of public and private companies. Legal finance strategies may include investments in a pool of litigation being pursued by a single law firm, or investment in a single litigation, which may include the rights to participate in the proceeds received from the eventual outcome of the litigation(s) and/or a fixed return on the monies advanced. Asset-based investments in companies exploring for, or producing, natural resources, including but not limited to asset-based investments in the mining and energy sectors, may include privately negotiated investments in senior secured debt instruments typically secured via underlying collateral in excess of the value of the debt. These obligations are typically secured by the natural resource or rights to extract it owned by the companies and the collateral is evaluated based on the proven in-situ resource corresponding to the rights owned by such companies. The companies may or may not employ commodity hedging strategies to protect themselves from potential changes in the underlying resource.

Private Equity Investments. The Master Fund may employ various investment strategies that seek to profit from equity and debt investments in private or public companies. These investments include privately negotiated investments in debt instruments, preferred stock or units, membership interests and common stock of the companies. These investments generally have outsized opportunities to participate in equity appreciation relative to the investment at risk. Private equity investments include, but are not limited to, investments in the energy, natural resource, retail, medical and healthcare industries.

Opportunistic/Macro. The Master Fund may employ various investment strategies that seek to profit from investments that use macroeconomic principles and economic views to seek to identify global opportunities across various equity, fixed income, currency, and futures markets. The strategy generally seeks to exploit the occurrence of certain market phenomena via the use of model-based investing strategies. Certain risks are mitigated by using hedging techniques.

Other. The Master Fund is opportunistic and may also engage in other strategies and one-off opportunities in the sole discretion of the Investment Manager.

The consideration of any new strategy begins by exploring and identifying downside risk. Positions are managed continually to aim to ensure that the Fund's returns are uncorrelated to the direction of the broader markets.

The Fund seeks to deliver consistent monthly returns, with low volatility, and low beta exposure. Platinum identifies opportunities in which it believes it can readily create value in a predictable time frame and where it believes its competitive advantages translate into sustainable and attractive risk-adjusted returns. Platinum sources opportunities globally without limitation to geography. While Platinum believes that the current strategies have the potential for significant appreciation, Platinum continually evaluates a broad array of identifiable market opportunities.

2.2. Is the strategy of the Fund directional or non-directional?

The Fund is non-directional and maintains minimal exposure to the broader market. Since inception, the Fund's correlation with the S&P 500 has been 0.17.[5] To reduce correlation, hedging techniques are utilized to minimize market exposure in higher beta investments.

2.3. Describe the asset allocation policy between strategies.

Platinum deploys capital opportunistically across strategies that we expect to perform irrespective of the direction of the boarder market. We believe that the portfolio has the potential for significant asset appreciation and we allocate capital dynamically to those opportunities with the highest risk-adjusted return projections. Management pursues a portfolio of uncorrelated strategies, on a bottom-up basis, in order to reduce volatility of the Fund's returns.

The core of Platinum's investment strategy is a tested, rigorous investment selection and evaluation process. This process involves evaluating each strategy and investments within the Fund based upon risk and return characteristics, and allocating capital to those strategies that best enhance the Fund's overall risk-return profile.

Ultimately, the Managing Member of the General Partner will decide on allocations based upon what mix of strategies it believes will have the optimal risk-reward characteristics to produce risk-adjusted returns. In addition, management believes diversification is the cornerstone of risk management and seeks investment opportunities that are not only diversified in terms of performance, but in terms of volatility as well, thereby reducing the Fund's overall volatility. In determining whether to alter or adjust our exposure to an investment or strategy, consideration will be given to targeted investment goals, correlations to other existing Fund investments, and existing market trends. Platinum will continuously

5 Past performance does not gaurentee future results. Calculation based on the correlation of Platinum Partners Value Arbitrage Fund (International) Ltd. (the "Offshore Fund") monthly returns to the S&P 500 Aggregate Index since inception of January 1, 2003 to September 30, 2015. You cannot invest directly in an index. This is the most relevant index to benchmark against given our strategy.

evaluate these factors to determine the appropriate timing for the expansion or reduction of any particular investment strategy.

2.4. What are the relative advantages of the Fund when applying the above-mentioned investment strategies?

Historically, Platinum has demonstrated an advantage in selecting uncorrelated strategies that are differentiated and uncorrelated not only to broader market activity but also uncorrelated to other hedge funds and multi-strategy funds in particular. In executing the Fund's strategies, Platinum draws upon its ability to source and retain talent from a strong network of senior investment professionals and its reputation as an innovative fund manager. One of Platinum's competitive advantages is the depth and breadth of its investment team and network of industry professionals. Platinum's resources and experience provide optimal deal sourcing and also allow the firm to execute a cautious "prove the concept" approach to its investment opportunities. Platinum's depth and experience positions the firm to act rapidly to pursue investments in asset classes across the globe. We believe our global presence and strategy of sourcing and retaining investment talent is a key competitive advantage and one that will hopefully enable the firm to continue achieving returns as each market in which it participates evolves and expands.

2.5. List the market conditions in which the strategy is unsuitable.

The Fund's portfolio consists of a diversified mix of relative value investments and is designed to produce returns irrespective of any broader market environment or turmoil. While on an overall basis, we do not believe any general market condition will be detrimental to the overall book, there are specific conditions relating to each strategy that could certainly negatively impact that particular strategy. These conditions may be related to the price of a commodity, or the occurrence of a specific company event. The crucial point for the Fund, however, is that when such a negative effect impacts a particular strategy, it is isolated to that strategy and does not affect the other strategies of the book. Hence, the net result of running a book with a truly diversified mix of uncorrelated strategies is that positive performance in the majority of strategies can overcome a one-time negative event in a particular strategy.

2.6. Give a list of relative risks and describe how these risks are managed.

Platinum's philosophy is to identify, measure, and control risk across all areas of our business. Risk management at Platinum has both qualitative and quantitative components.

A) Quantitative: Platinum believes that the quantitative components provide discipline and a framework for understanding and applying consistent risk adjusted performance assessments on many risk factors. We target limits in a range of traditional areas, including position size, VAR, stop-losses, delta and duration, sector concentration, and diversification across and within strategies. Moreover, real-time P&L is monitored by the Chief Investment Officers and the individial Portfolio Managers.

B) Qualitative: In addition to quantitative techniques, we believe that qualitative techniques are also critical, particularly due to the non-traditional investment types that our Fund trades. In other words, we feel strongly that there is no substitute for good judgment, that some risk factors

cannot be quantified, and quantitative models do not adequately address tail risk. We constantly monitor and assess the various risks relating to each of our positions on an ongoing basis.

Platinum believes that there are two paramount risks in every loan or private equity transaction, in addition to the other risk factors as detailed in the relevant Memorandum[6]:

1. Counterparty fraud. To mitigate counterparty fraud, Platinum employs detailed checks on its borrowers and the underlying transactions, including, but not limited to, full background checks, involved due diligence, frequent monitoring, use of controlled accounts and/or lockboxes, and verification of assets, inventory and/or other collateral, as necessary[7].
2. Errors in valuation of underlying collateral and volatility in collateral. To mitigate errors in valuing, Platinum actively monitors collateral, as required. Platinum will employ outside valuation consultants when lending against an asset that Platinum believes it does not have sufficient expertise in valuing.

3. Portfolio Strategy

3.1. Please describe the process of testing a new strategy.

New liquid trading strategies are typically implemented with small initial allocations, in order for the firm to become comfortable with expected versus observed risk exposures, position concentrations and financial instrument usage. New managers may have allocations increased after test periods, or may have allocations eliminated over time.

Financing strategies employ robust levels of due diligence testing. The following items are taken into consideration[8]:

1) Collateral
   a) What is the underlying collateral?
   b) Is the collateral able to be evaluated?
   c) Is the collateral transferable?
   d) What is the current market for the collateral?
   e) Is the collateral monitorable?
   f) Is the collateral legally distinct and can the Fund's interest be perfected?
   g) Can the collateral be segregated?
   h) Is the collateral volatile?

[6] For more detailed summary of risk factors, see the relevant Memorandum (as may be amended from time to time.)
[7] These represent fraud mitigation techniques. Not all items are applicable to each individual transaction and often many are not applied.
[8] The following represents a detailed list of due diligence items for a wide range of transactions. Not all items are applicable to each individual transaction and often many are not applied in performing diligence for a transaction.

2) Return Analysis
   a) What are the profitability metrics of the underlying business?
   b) How has profitability changed over the past month, quarter, year?
   c) What is the Fund's expected return on the investment?
   d) What is the borrower's expected return on the investment?
   e) What are the alternative means of accessing capital for this borrower?
   f) Can the return be sustained over the life of the loan?
   g) Has the Fund extracted as much value as it can through all sources of cash flow?

3) Risks
   a) Has the Fund investigated the principals of its borrower?
   b) Are there any regulatory issues that are currently known?
   c) Is there pending regulation or legislation that may impact this business?
   d) Are there controls that can be imposed to control cash flow?
   e) Is there a structure that can be implemented to segregate pledged assets?
   f) Is there execution risk?
   g) Can the Fund insure any risks (e.g., counterparty, collateral value, currency or fraud)?
   h) Has the Fund fully analyzed its borrower's controls and procedures?
   i) Has the Fund controlled to the maximum extent possible cash management and movement?

4) Macro
   a) How is the business impacted by changes in the credit environment?
   b) How will the business be impacted by a change in inflation, GDP?
   c) Is there country-specific risk

5) Opportunity
   a) Can the transaction be scaled?
   b) Are there other companies that the Fund can target that employ a similar business model?

6) Loan Duration

7) Portfolio Concentration

8) Diligence
   a) Full legal diligence of key contracts, insurance, current banking relationships, financial relationships
   b) External accounting diligence, typically cash on cash audit of historical returns and balance sheet accounts
   c) Review of financials of business, transactions and related parties
   d) Background reports on principals, including credit checks, criminal searches and lien searches

e) Industry reports, analyzing strengths, weaknesses, opportunities, and threats of industry and company
f) Site visit
g) Extensive management visits and interviews
h) Escrow relationships
i) Ongoing audit relationships

9) Banking relationships
   a) Establish controlled accounts
   b) Establish viewing rights to collateral accounts
   c) Create new entities, bankruptcy remote if necessary
   d) Approval of cash management process

10) Documentation
   a) Diligence should be recorded and organized
   b) Documents to be provided to fund management prior to funding

11) Maintenance
   a) Collateral monitored
   b) Bank accounts monitored
   c) Financial statements analyzed
   d) Risks updated
   e) Periodic updates with management
   f) Online access to corporate systems
   g) Provide all amended documents to fund management
   h) Site visits
   i) Discussions with the borrower's auditors where possible

3.2. Describe the process of choosing new managers.

In executing the Fund's strategies, Platinum draws upon its ability to source and retain talent from a strong network of senior investment professionals and its reputation as an innovative fund manager. This network is one of Platinum's key competitive advantages. Our goal is to evaluate potential portfolio managers, in order to evaluate different potential strategies and approaches.

There are many methods we use to evaluate new managers. We require that applicants provide all of their historical trading performance and allow us to independently verify its accuracy. We assess how distinctive the strategy is and its potential correlation to other Fund strategies. We typically perform testing on gross historical performance versus various benchmarks, and calculate a number of risks and return measurements, which may include R^2, correlation, covariance versus existing Fund strategies, alpha, beta, standard deviation and Sharpe ratio, and analyze risks and returns at different levels of leverage. In addition to quantitative analysis, we believe that qualitative analysis is equally important.

Our qualitative assessment of a potential manager includes reference checking, background investigation, and a detailed interview process.

3.3. How long does it take to exit the most liquid positions in the portfolio?

The Fund's most liquid positions could, under normal market conditions, typically be liquidated in less than a week, including assets in the Energy and Power Arbitrage, Long/Short Fundamental Equity, Event Driven, Quantitative and Asia Based Arbitrage strategies.

3.4. Who are the participants in the process of selecting investments?

Currently, all investments in the Fund are overseen by the Chief Investment Officers**.** They also jointly manage the firm's allocation and risk management processes. At the strategy level, individual portfolio managers are selecting investments within parameters agreed upon by the manager.

3.5. Describe the Fund's use of leverage

We make leverage decisions based upon actual risk exposures of each strategy, which can vary substantially. For example, Platinum does not typically apply leverage to its Asset Based Finance strategies. However, our Long/Short Fundamental, Event Driven, Opportunistic/Macro and Quantitative Equity strategies typically can employ up to 12.5 times leverage on certain positions, while limiting portfolio managers to no more than 20% net long or short exposure. The leverage on these strategies as a whole usually runs between 3 to 7 times. Commodities derivatives contracts utilized by the Energy Related Arbitrage strategy employs implied leverage based on prime brokerage cash collateral requirements. Platinum grosses up all equity exposure.

3.6. What is the level of Fund leverage employed over the last five years?

Leverage Employed Over the Last 5 years	
2015	1.3 times capital
2014	1.7 times capital
2013	1.3 times capital
2012	1.5 times capital
2011	1.7 times capital

3.7. What research materials do the investment managers use (internal research or outsourcing)?

Investment managers at Platinum utilize internal research as well as outsourced buy-side and sell-side research, periodicals, and online news sources. Use of external research depends upon strategy and sub-strategy trading needs, but may include: Bloomberg, Reuters, Financial Analysts Journal, The ARM Insider, Collection Advisor, CFA Institute Conference Proceedings Quarterly, The Economist, the Wall

Street Journal, Barron's, and various daily sell-side morning research summaries including Deutsche Bank, Credit Suisse, JPMorgan, and Merrill Lynch.

3.8. Is short selling ever used?

Short selling is used opportunistically as a method of creating alpha by allowing the Fund to profit from negative as well as positive market views, hedging market exposure by actively managing net long exposure of publicly traded markets, and leveraging alpha capture, such that fewer assets can produce greater returns investing in the same arbitrage opportunity.

3.9. What is the geographical distribution of your Investments?

The majority of the Fund's investments are located in North America. The Fund also has investments in Europe, Asia, South America, Australia, and South Africa. Platinum is agnostic about geography when selecting investments. Investment opportunities pursued are those with the greatest risk-adjusted return potential, irrespective of location.

4. Valuation and Reporting

4.1. Does the Fund have a formal Valuation Policy?

Yes. The Valuation Policy provides certain guidelines for the valuation of assets managed by Platinum in accordance with applicable Generally Accepted Accounting Principles (GAAP) as of the effective date of this policy. The Manager is responsible for administering the Valuation Policy.

The Manager has delegated to the Administrator the determination of the Net Asset Value of the Fund. In making such determination, the Administrator will follow the valuation policies and procedures adopted by the Fund as set out below. If and to the extent that the Manager is responsible for or otherwise involved in the pricing of any of the Fund's Loans or other assets, the Administrator may accept, use and rely on such prices in determining the Net Asset Value of the Fund and shall not be liable to the Fund, any investor in the Fund, the Manager or any other person in so doing.

The determination of the Net Asset Value, including the market value of all Loans and other assets, and liabilities, of the Fund (including reasonable reserves for contingencies) by the Manager will be final and conclusive. Prospective investors should understand that these and other special situations involving uncertainties as to determinations of the market value of Loans and other assets of the Funds could have a material impact on the Net Asset Value of the Fund if the judgment regarding the appropriate determinations of their values should prove to be incorrect.

4.2. Discuss the Fund's valuation methodology. State the types of financial assets which figure in the execution of the strategies and their method of valuation.

The Valuation Policy ("the Policy") provides certain guidelines for the valuation of assets managed by Platinum Management (NY) LP (the "Manager") in accordance with applicable Generally Accepted Accounting Principles ("GAAP") as of the effective date of this policy.

The Policy's primary objective is to ensure compliance with *Fair Value of Financial Instruments*. Financial Accounting Standards Board ("**FASB**") Accounting Standards Codification ("**ASC**") Topic 820 ("**ASC 820**"), *Fair Value Measurements and Disclosures*, which defines fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and provides disclosure requirements for fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In addition, the Policy is intended to assist in the identification of exceptions in the value of Account holdings, management of a diverse portfolio of investments, support of Risk Management analysis, risk mitigation, and facilitation of investor reporting.

VALUATION METHODOLOGY

The valuation methodology generally followed is a fair valuation approach for each asset class and asset type. The methodology encompasses the use of the following: publicly available quotes for exchange-traded investments; valuations from a retained Independent Valuation Agent; solicited quotes from pricing service providers, brokers, or counterparties for traded and certain brokered market investments; market price less liquidity or restriction lockup discounts for certain non-marketable securities; mark-to-model, income method, market method, and risk-adjusted discounted cash flow analysis for certain direct investments; and proprietary valuation for complex asset structures.

Asset Classes

As of the effective date of the Policy, the Manager advises the following asset classes with the respective financial instruments:

Asset Classes	**Financial Instruments**
Notes Receivable / Secured Lending	Secured/Collateralized Loans
Investment Companies	LP interest in other investment companies (Fund of Fund)
Private Equity	Common stock, preferred stock, LLC membership interest Convertible notes and debentures Warrants / options on private deals Networking interests and profit sharing
Equities and Debt	Publicly traded common stock and bonds
Other Investments	Life settlement contracts
Derivatives	Forward contracts, options, warrants, swaps

Currencies	Future contracts, swaps
Commodities	Forward contracts

FAIR VALUE HIERARCHY

ASC 820 requires that financial holdings be classified according to three levels of fair value and disclosed to investors. These levels are: quoted prices in active markets for identical investments (Level 1), prices modeled using observable market inputs (Level 2) and prices modeled using unobservable (proprietary) inputs (Level 3).

Level	Definition
1	Quoted prices in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date; no blockage factors are allowed. The Account's external valuation and audit service providers rely on a combination of IDC, Bloomberg and other 3rd party service provider data for fair valuation of Level 1 financial instruments.
2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including A) Quoted prices for similar assets and liabilities in active markets (adjusted); quoted prices for similar assets and liabilities in markets that are not active (e.g., some brokered markets, principal-to-principal markets); B) Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates) C) Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs) The Account's external valuation and audit service providers rely on a combination of market inputs, including interest rates, FX rates, comparable transaction prices, prepayment levels, accruals and pricing spreads in determining fair value estimates for Level 2 financial instruments.
3	Unobservable inputs. To the extent that observable inputs are not available, the entity may use its own assumptions about market participant assumptions, including assumptions about risk, developed based on the best information available (subject to cost-benefit constraint), which may include the entity's own data. Asset types include, but are not limited to, notes receivable, private equity and. Valuations of these assets generally utilize a mark-to-model methodology that may include discounted cash flow analysis. The external valuation and audit service providers rely on a combination of market and non-market inputs, including comparable transaction prices, accruals, restriction

Level	Definition
	discounts and management discretion in determining fair value estimates for Level 3 financial instruments. This category includes assets that primarily use internal analysis in the determination of fair value. The assets are either traded, but have no market price available or are complex structures and require management's involvement to arrive at a fair value.

VALUATION APPROACHES

Financial Instrument Type	Affected Asset Classes	Valuation Method	ASC 820 Level
Publicly traded common stock and bonds (unrestricted),	Equities and Debt	Generally priced daily using an independent pricing source.	1 & 2
Membership or Limited Partnership interest	Investment Companies	Priced according to the most recent monthly net asset value provided by the Limited Partnership. A liquidity discount for redemption restriction may be used when appropriate.	2 & 3
Common and preferred stock, LLC membership interest, networking interest, profit sharing	Private Equity	*Income Approach* – Using a discounted cash flow ("DCF") analysis to convert future cash flows of the Company to present value by applying an appropriate discount rate to reflect the risk of the cash flows including a hurdle rate of return or weighted average cost of capital ("WACC"). The measurement of value is based on market participant's expectations about those future cash flows in the discrete and terminal year periods.	3

Financial Instrument Type	Affected Asset Classes	Valuation Method	ASC 820 Level
		Market Approach – Using either/both (1) Guideline public Company method or (2) Guideline transaction method: Selecting similar guideline public comparable companies or comparable transactions, pulling the relevant market multiples from an independent pricing source, if applicable and determine the appropriate multiples based on differences between the subject Company and the comparable guideline companies and transactions. Oil and Gas Investments: *Market Approach* – Using either/both (1) Guideline public Company method or (2) Guideline transaction method: In addition to the typical valuation multiples (i.e revenue, EBITDA), consideration will be given to the following acceptable valuation multiples in the Oil and Gas industry: Enterprise value to proven reserves, proven barrels, etc. Selecting similar guideline public comparable companies or comparable transactions, pulling the relevant market multiples from an independent pricing source,	

Financial Instrument Type	Affected Asset Classes	Valuation Method	ASC 820 Level
		if applicable and determining discounts/premiums to the comparable multiples based on differences (i.e. risk, performance, size) between the subject Company and the comparable guideline companies and transactions. In addition, we will use best practices in industry to obtain independent third party Oil and Gas Reserve Reports that will demonstrate the Company's level of expected cash flows and category of proven reserves and barrels in the ground. *Income Approach* – See above for a description of this methodology, however, this methodology may not be used directly since the aforementioned reserve report is a form on an income approach as the report reflects future cash flows of the Company. Market inputs for the Income and Market Approach will be pulled from CapitalIQ, an independent pricing source.	
Warrants / Options / Convertible Notes	Private Equity & Equities	Warrants of companies with market capitalizations are priced using Black-Scholes modeling. Warrants of companies are valued at $0 when they are insignificant to	2 & 3

Financial Instrument Type	Affected Asset Classes	Valuation Method	ASC 820 Level
		the holding and/or significantly out-of-money. Convertible Notes to publicly traded companies are valued based on the underlying stock price of the company or using an option pricing model.	
Forwards / Swaps / Futures	Derivatives, Commodities, Currency	Contracts are priced using a pricing model where price inputs are observed from actively quoted markets.	2
Life Settlement contracts	Other Investments	Fair value of a life insurance policy is determined by applying an investment discount rate based on the cost of funding the Company's life settlement contracts as compared to returns on investments in asset classes with comparable credit quality, to the expected cash flow generated by the policies in the Company's life settlement portfolio (death benefits less premium payments), net of policy specific adjustments and reserves. the following factors are consider in the fair value estimates: cost at date of purchase, recent purchases and sales of similar investments (if available and applicable), financial standing of the issuer, changes in economic conditions affecting the	3

Financial Instrument Type	Affected Asset Classes	Valuation Method	ASC 820 Level
		issuer, maintenance cost, premiums, benefits, standard actuarially developed mortality tables and life expectancy reports prepared by nationally recognized and independent third party medical underwriters.	
Secured/Collateralized Loans	Notes Receivable / Secured Lending	Generally priced at principal loan amount outstanding unless the loan is impaired. The Investment Manager will generally consider a loan impaired when, based on current information and events, it is probable that the Company will be unable to collect the principal and/or interest and the value of the collateral doesn't support the loan. The Investment Manager determines the significance of payment delays, payment shortfalls and the amount of payment on a case-by-case basis, taking into consideration the circumstances surrounding the loan and the strength of the borrower and the collateral (i.e. loan to value), including, but not limited to, the length and reason for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed.	3

Valuation Considerations

Valuation inputs are assessed to ensure reasonableness and consistency. These inputs include cash flow projections from counterparties, risk premium component of the discount rate, and reference market data. Valuation methodologies utilized for new investments are also fully assessed and updated on a periodic basis.

Cash Flow Projections

Valuation methodologies using an Income approach will typically use cash flow projections in the discounted cash flows analysis. These Company projections will be provided on an annual basis by the portfolio manager based on Management expectations of future cash flows. When applicable, these cash flow projections will be updated on a quarterly basis based on changes to key assumptions.

Discount Rates

WAAC – Calculated taking into account the relative weights of each component of the underlying investee company's capital structure, the weighted average cost of capital is the average rate of return a company expects to compensate all its different investors. WAAC is used to discount present value of future earnings or cash flows.

DLOM – Marketability is defined as the ability to convert an investment into cash quickly at a known price and with minimal transaction costs. The DLOM is a downward adjustment to the value of an investment to reflect its reduced level of marketability. Primary factors in determining the size of the DLOM are as follows; Size of distributions or dividends, Size of revenues and/or earnings, Revenue and/or earnings growth and stability, Product risk and industry risk.

Broker Quotes

It is the Asset Manager's policy to take an average of all broker quotes received. Broker quotes are generally provided by the broker from whom the asset or liability was originally purchased, the responsible prime broker and/or brokers holding other similar positions. Where market liquidity allows, multiple quotes are received. If trading activity is not sufficient to obtain multiple quotes, only one broker quote is required.

Valuation Exception Reporting

Exceptions include, but are not limited to: an override of Asset Manager cash flows, significant changes or a suspicious lack of changes to cash flow projections, changes between "SFAS 157 "Levels", unavailability of external market data, and models or discounts applied to a Level 1 or 2 quote. Exceptions will be reported to the Committee who will assess all exceptions.

- In the case of a discount applied to a Level 1 or 2 quote, the exception report will include documentation of the methodology used to arrive at the discount.

Independent Assessment

The Manager has retained an Independent Valuation Agent to provide an analysis of fair value on the majority of level 2 and level 3 securities on a quarterly basis. The Independent Valuation Agent's analysis is reviewed and reconciled to internal fair value analysis by Manager.

POLICY GOVERNANCE

The Investment Manager is responsible for assessing and resolving any exceptions or revisions to the valuation methodology, policies and procedures as well as assessing the final portfolio Net Asset Value (NAV).

Development of Valuation Methodology and Policy

Valuation methodologies and the policy are developed by the Investment Manager. The methodology is reviewed by the Investment Manager on at least an annual basis or more frequently, at its sole discretion, based upon any recommended revisions to the methodology.

Reporting

Financial reports will be produced on a periodic basis.

Frequency	Description
Monthly	1. Fair Value position Summary 2. Sector Allocation and Holdings by Strategy
Quarterly	3. Quarterly valuations from 3rd party valuation service provider 4. Investment purchase/sales rollforward
Annually	5. Audited GAAP Financial Statements, including footnotes (audited)

4.3. Describe the Fund's governance of valuation policy for financial reports.

The Valuation Committee is responsible for assessing and resolving any exceptions or revisions to the valuation methodology, policies and procedures, as well as assessing the final portfolio Net Asset Value ("NAV").

Development of Valuation Policy

The Valuation Committee develops the Valuation Policy and reviews it on at least an annual basis, or more frequently, at its discretion, in cases of significant methodology changes or organizational changes.

Handling of Exceptions & Escalations

Any exceptions in policy or methodology are reviewed and approved by one of the Chief Investment Officers.

4.4. What are the modes of reporting to investors (frequency of reporting, kind of reporting)?

Platinum currently attempts to provide investor communications and reporting according to the following schedule:

Report	Timeframe	Description
Monthly Fact Sheet	+10 business days after month end	Estimated net return % for previous month, strategy allocations, strategy returns, strategy contributions to Fund return, monthly performance since inception, cumulative performance
End of Month Net Asset Value	+15 business days after month end	Detailed statement of account, giving end of month NAV and monthly/YTD return %
Estimated Schedule K-1	+100 calendar days after tax year end	Estimated Schedule K-1
Audited Financial Statements	+120 calendar days after fiscal year end	GAAP financial statements, including footnotes (audited)
Final Schedule K-1	+180 calendar days after tax year end	Final Schedule K-1

5. Legal and Organizational

5.1. What is the form of incorporation of the Fund?

Each legal entity associated with the master-feeder structure is as follows:

Management Company: Limited Liability Company

Master Fund: Exempted Limited Partnership

Onshore Feeder Fund: Limited Partnership
Offshore Feeder Fund: Corporation
Intermediate Fund: Corporation

5.2. What is the place of incorporation?

Entity formation documents associated with the master-feeder structure were filed in the follow legal jurisdictions:

Management Company ("Platinum"): Delaware, USA
Master Fund: Grand Cayman, Cayman Islands
Onshore Fund: Delaware, USA
Offshore Fund: Grand Cayman, Cayman Islands
Intermediate Fund: Grand Cayman, Cayman Islands

5.3. What are the fees associated with the Fund?

Management Fee: 2%
Incentive Allocation: 20%

Note: In addition to incentive fees, Sub-Advisors / Portfolio Managers are separately compensated for their services, and the Fund is responsible for such compensation and expenses payable to and incurred by each Sub-Advisor[9].

5.4. Is there any high water mark mechanism?

All returns are subject to a high water mark mechanism, such that incentive fees are not charged on gross returns until the Fund has surpassed a previous high water mark.

5.5. Is there any hurdle rate mechanism?

The only class that currently has a hurdle rate is Class P with an 8% preferred rate of return to the limited partners with the next 2% of performance distributed to the General Partner. Thereafter, a typical 20% incentive allocation is charged. Generally, with respect to the Class P Interests, at the end of each fiscal year, any net capital appreciation (after deduction of Management Fees and other expenses), initially will be apportioned to the General Partner and the Class P Limited Partners pro rata in accordance with their respective beginning capital account balance for such fiscal year, as adjusted for any additional subscriptions and withdrawals made during the year. The amount initially apportioned to the General Partner for such fiscal year shall be allocated to the General Partner, and the amount initially apportioned to each Class P Limited Partner for such fiscal year shall be divided between such Limited Partner and the General Partner and allocated as follows:

(i) 8% Preferred Return: First, 100% to such Limited Partner, until such Limited Partner has been allocated an amount equal to a preferred return of 8% per annum on such Limited Partner's beginning

[9] See relevant Memorandum for more details

capital account balance for such fiscal year, as adjusted for any additional subscriptions and withdrawals made during the year;

(ii) Catch-Up: Second, 100% to the General Partner until the cumulative allocations to the General Partner under this clause (ii) equals 20% of the total amounts allocated pursuant to clause (i) and this clause (ii); and

5.6. What are the terms of liquidity for the customer?

For all classes except for Class P, the liquidity terms are quarterly redemptions with a 60-day notification period. For Class P the liquidity terms are quarterly redemptions with a 12-month notification period. There is no initial lock up[10].

5.7. What is the minimum investment for a customer?

$1,000,000 USD (or equivalent). The minimum investment amount may be waived by Platinum and/or the Offshore Fund directors, as relevant.

5.8. Side Pockets

The Fund does not currently use side pockets.

5.9. Side Letters

From time to time the Fund may enter into Side Letter Agreements with investors regarding, amongst other things, preferred liquidity terms and/or discounted fees. For more information on the Fund's existing side letter(s), please contact the Manager.

5.10. Managed Accounts

The manager does not currently provide managed accounts.

5.11. Is the Fund registered with any governmental body?

The Master Fund and the Offshore Fund are registered with the Cayman Islands Monetary Authority.

5.12. Is Platinum Management (NY) LLC a registered investment advisor?

Platinum Management (NY) LLC is a registered investment advisor under the Investment Advisers Act of 1940.

[10] In accordance with the terms of the applicable Memorandum, subject to a 10% audit holdback.

The firm has structured and implemented a comprehensive Compliance Program, employs a Chief Compliance Officer and has a Compliance Manual and Code of Ethics. The Fund has engaged SS&C (defined below) to conduct anti-money laundering reviews and to check insider trading policies.

Platinum is not registered as a commodity pool operator ("CPO") with the U.S. Commodity Futures Trading Commission ("CFTC") and operates under CFTC exemption, Regulation § 4.13(a)(3).

5.13. What kinds of rights are conferred upon the purchasers?

Subscribers to the Onshore Fund are issued limited liability membership interests. Subscribers to the Offshore Fund are issued redeemable, participating, voting shares of $0.01 par value per share in the capital of the Offshore Fund. The shares may be subscribed for at an issue price of $1,000 per share. For additional information on rights of the purchasers, please see the relevant Memorandum.

6. Operational Aspects

6.1. How frequently are positions monitored?

Positions are monitored actively, as required.

6.2. Please describe your process for executing, recording, confirming, settling and monitoring trades. What controls are in place to ensure trades are executed correctly and errors are resolved in a timely manner?

Publicly traded equities are executed primarily via our portfolio managers and a dedicated execution trader. All verbal instructions between the trading desk and individual portfolio managers are confirmed in written format. Trades are executed either via FIX or message-based electronic trade execution services. Trade capture for these trades takes place automatically at the time of execution, either via our OMS Eze Castle or via automatic retention of all trade order messages sent through other trade execution services. Executions flow into the system instantaneously if the order is executed via FIX, or manually if there is no FIX connection available to the executing broker. Tri-party reconciliation of these trading execution records is performed by our Operations staff between the prime broker, administrator and operations records. Trade settlement and fail activity is monitored and recognized daily with our prime brokers. Prime brokers generally display all unconfirmed trades on a T+1 basis on their websites, which we check daily. Any amendments made by Platinum are saved in soft copy to our DTC Break folder. All settlement and fail activity emails are sent to a shared Settlements email box which allows Operations personnel to monitor the process in real time and prevent any breaks prior to T+1 daily reconciliation and P&L calculation. In addition, SS&C Technologies performs trade reconciliation on a daily basis.

Commodity trades are executed on electronic systems, or with one of our approved commodities brokers via trade order system or phone. Trade confirmations are sent back to the executing trader at the time of execution, and in a summary report at end of day. All commodities trades are either exchange products or OTC derivatives clearing on regulated exchange. Trade confirms are received from exchange promptly and are automatically transferred into our risk system. Tri-party reconciliation of these trading

execution records is performed by our Operations staff between the prime broker, administrator and operations records. Trade settlement and fail activity is monitored and recognized immediately via review by the responsible Portfolio Manager. All settlement and fail activity emails are sent to a shared Settlements email box which allows Operations personnel to monitor the process in real time and prevent any breaks prior to T+1 daily P&L calculation. In addition, SS&C Technologies performs trade reconciliation on a daily basis.

6.3. What is the target for the volume of assets under the management of the Fund? Will the Fund stop raising new sums of money when it achieves this target?

The Fund employs multiple investment strategies which have different capacity constraints. In aggregate, we anticipate that current strategies can scale up to capital of at least $2.0 billion without material changes to the underlying strategies. Additionally, we expect that the General Partner's expertise in identifying new strategies and talent shall increase the fund's capacity over time. New money is only accepted in the event Platinum believes that opportunities exist to deliver risk adjusted returns. Should the Fund grow to an amount whereby additional assets would dilute returns from existing opportunities, the Fund will be closed to new investors.

6.4. List insurance coverage maintained

Key Man Insurance on Mark Nordlicht
Directors & Officers ("D&O") Insurance

7. Fund Background

7.1. What is the number of employees of the Firm?

The firm has in excess of 35 employees spread across investment, legal, compliance, operations and marketing, of which approximately two thirds are investment professionals.

7.2. What is the volume of the managers' personal investments in the assets of the Fund?

Entities related to Platinum and its employees own approximately 20% of the Fund's AUM as of July 1, 2015.

7.3. Have there ever been any civil proceedings filed against any of the Fund's principals pertaining to their fiduciary obligations? Please describe in detail.

Please refer to the latest copy of the audited financial statements for the Fund.

7.4. Have there ever been any criminal proceedings filed against any of the Fund's principals? Please describe in detail.

No.

7.5. Have any of the Principals or affiliated entities ever (i) filed for bankruptcy or (ii) had any judgments entered against them involving fraud, willful misconduct, or material violation of the securities law?

No.

7.6. Is there any pending litigation involving the Fund?

Please refer to the latest copy of the audited financial statements for the Fund.

7.7. Does Platinum have a Business Continuity Plan?

Platinum has prepared and maintains current Business Continuity Plan ("BCP") outlining plans to continue business and meet existing obligations in the event of a Significant Business Disruption ("SBD"). A copy of the Business Continuity Plan is available upon request.

8. Risk Management and Control Mechanisms

8.1. Who is in charge of risk control at the Fund?

The Chief Investment Officers focus on managing the Fund's overall investment risks, including risk/return analysis, asset allocation, investment due diligence, management of exposures, valuation, procedural and counterparty risks and other strategy considerations.

8.2. Describe the Fund's risk management policy.

A well-controlled risk profile is a critical part of Platinum's investment methodology. The Fund seeks to control risk in a number of ways, which may include: diversifying across investment strategies; adjusting the expected maturity or holding periods of positions; analyzing and monitoring risk-adjusted performance; and implementing operational controls.

Platinum utilizes various reports to monitor the risk profile of the Fund. These reports include, but are not limited to[11]:

- Margin requirements reporting
- Monitor trader's stated trading strategy by reviewing trader's net exposure, sector concentration, products traded, and other risk factors for any signification deviations
- Perform "what if" analysis, as requested, to determine the projected impact of certain trades upon various Fund risk measures, P&L effects, and broker margin requirements.
- Daily cash report, including short term expected liquidity
- Portfolio allocation among strategies
- Portfolio composition concentration

[11] The following represents a detailed list of risk management/monitoring tools. Not all tools are applicable or applied to each investment.

- Ongoing legal and regulatory monitoring by internal and external legal sources

8.3. What tools are employed in risk management and in monitoring investments?

Platinum employs 3rd party independent risk software, which provides risk management calculations on an application service provider ("ASP") basis. The Chief Investment Officers review these measurements on an ongoing basis. In addition Platinum utilizes various reports to monitor the overall risk profile of the Fund. These reports include, but are not limited to:

- Daily cash report, including short term expected liquidity
- Portfolio allocation among strategies
- Portfolio composition concentration
- Monitoring of balancing requirements and/or collateral values
- Controlled account monitoring for balances and transactions
- Third party reports regarding underlying financial assets
- Ongoing legal and regulatory monitoring by internal and external legal sources
- Investment reporting requirements by the counterparties, including financial statements and tax returns
- Phone calls with counterparties

8.4. What is Platinum's philosophy to limiting drawdowns?

At the macro level, the Fund aims to reduce volatility of the Fund's returns and limit steep losses by pursuing a portfolio of strategies uncorrelated to the broader markets. In general, the Fund does not expect that market conditions will have a material effect upon its portfolio, but on a strategy level it may be correlated.

The Manager believes that diversification is the cornerstone of sound risk management. When considering any new strategy, the Manager begins by exploring and identifying downside risk. Additionally, the Manager actively focuses on identifying and hedging any structural risk in the portfolio.

Another important way the Manager attempts to limit draw downs is through frequent monitoring of investments. Once an investment is made, portfolio managers will actively monitor the position on a daily, weekly or monthly basis, as applicable. This practice enables the Manager to quickly identify potentially troubled investments, and in turn make informed decisions about reallocations or exit options.

8.5. Describe the Fund's policy on the management of its level of liquidity.

Platinum actively manages the Fund's liquidity by monitoring the portfolio to anticipate cash flows, such that investments will generate enough income to provide the liquidity the Fund needs. As a result of the Fund's use of leverage to finance certain strategies, we frequently adjust the Fund's allocations to liquid and illiquid strategies in order to hedge liquidity risks. The Fund makes policy decisions on liquidity management based upon daily P&L, margin and market value reporting; monthly subscriptions,

contributions, redemptions and withdrawals; and negotiations on lending facility terms and conditions. Platinum expends considerable energies negotiating excess capacity alternative lending agreements to manage Fund liquidity, counterparty and leverage risks associated with Fund investments and cash flows.

8.6. Please provide an investor reference for the Fund.

Investor references are available upon request. Please inquire with the Manager.

Platinum Partners
VALUE ARBITRAGE FUND LP

March 2015
Onshore Fund
Class L

Fund Overview

Platinum Partners Value Arbitrage Fund LP ("PPVA") is a multi-strategy fund designed to achieve superior risk-adjusted returns irrespective of the direction of any broader market activity. PPVA deploys assets opportunistically across various strategies, including short term relative value, event driven, and asset based finance. The General Partner believes that superior returns are a function of appropriately managing downside risk and seeks to invest in a mix of uncorrelated strategies.

Firm Overview

Platinum Partners (the "Firm") is a New York based investment management group with more than $1 Billion in assets under management. The Firm was founded in 2003 by Mark Nordlicht, an investor with over twenty years of experience in the asset management space. The Firm manages multiple funds, including Platinum Partners Credit Opportunities Master Fund L.P. ("PPCOMF"); Platinum Partners Value Arbitrage Fund L.P. ("PPVA"); Platinum Partners Liquid Opportunity Master Fund L.P. ("PPLO"); Bayberry Consumer Finance Fund LLC and Bayberry Consumer Finance Fund International Ltd. (collectively, "Bayberry"); Marbridge Energy Finance Fund II LLC and Marbridge Energy Finance Fund International II Ltd. (collectively, "Marbridge II"). Although each of the aforementioned funds have separate investment advisors, Mr. Nordlicht is the CIO of the investment advisors of PPCOMF, PPVA, and PPLO . The CIOs of the investment advisors of Marbridge II and Bayberry are Portfolio Managers of the Firm.

Manager Biography

Mark Nordlicht has over 20 years of experience in the investment industry and is responsible for oversight of all trading, asset allocation and risk management on behalf of the Platinum-managed funds. Mr. Nordlicht founded Platinum Energy Resources and Platinum Diversified Mining, publicly traded oil & natural gas and mining companies, respectively. Mr. Nordlicht is also the founder and served as non-executive Chairman of Optionable, Inc., a brokerage firm for energy options, until May 1, 2007. From 1997 to 2001, Mr. Nordlicht was a founder and managing partner of West End Capital, a New York-based money management firm. In 1991, Mr. Nordlicht founded Northern Lights Trading and was its general partner until 2000. Northern Lights Trading was a proprietary options firm based in New York which employed traders in the cotton, coffee, natural gas, crude oil, gold, and silver option trading pits. Mr. Nordlicht graduated from Yeshiva University with a B.A. in Philosophy.

David Levy serves as Co-Chief Investment Officer of Platinum Partners. Mr. Levy has spent his career as an investment specialist and portfolio manager. Mr. Levy oversees over $1 billion in total investments and has directly managed over $250 million in capital. The focus of Mr. Levy's investments is in asset-based lending in a variety of industries, and utilizing credit based strategies to generate returns with less risk than traditional strategies. Mr. Levy co-founded Crius Energy, a publicly listed national retail energy platform currently providing power to over 500,000 RCE's in the United States. Mr. Levy's prior experience also includes time spent in the New York City mayor's office for Mayor Bloomberg and with the Chief Counsels office of Senator Orrin Hatch. Mr. Levy also serves as a member of the International Crisis Group's Advisory Council. Mr. Levy holds a Bachelor of Science in Finance from Yeshiva University.

Fund Statistics ±

Sharpe Ratio:	2.92	**Downside Deviation:**	0.76%	**Firm AUM:**	$1.35 Billion
Annualized Standard Deviation:	5.14%	**Percentage of positive months:**	85.71%	**PPVA Master Fund AUM:**	$760 Million
Average Annualized Return	17.15%	**Largest Monthly Loss:**	3.42%	**PPVA Onshore Fund AUM:**	$291 Million

Platinum Partners Value Arbitrage (USA), LP Net Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Cum
2003	1.39	0.63	0.45	(0.09)	(0.83)	1.89	1.06	2.54	3.21	2.10	1.66	2.00	**17.17%**	**17.17%**
2004	3.33	1.79	2.18	0.14	0.21	(0.45)	(0.34)	1.00	(0.32)	1.09	0.74	2.92	**12.90%**	**32.28%**
2005	1.62	0.96	0.29	(0.29)	0.77	1.38	1.54	2.04	1.46	3.12	0.51	2.35	**16.88%**	**54.61%**
2006	3.22	2.04	1.71	1.14	2.02	1.63	0.50	0.33	1.52	1.88	1.93	3.67	**23.80%**	**91.41%**
2007	2.49	3.83	4.34	2.90	4.32	5.42	2.22	3.38	1.56	4.91	1.93	6.10	**53.00%**	**192.85%**
2008	(2.10)	1.15	(1.53)	2.56	4.48	1.58	0.33	1.20	(3.42)	(1.07)	0.14	1.21	**4.36%**	**205.61%**
2009	3.29	0.42	2.01	1.35	2.57	1.68	1.80	1.51	1.79	0.64	0.54	1.47	**20.78%**	**269.13%**
2010	1.09	2.69	0.16	2.03	(0.20)	0.46	1.83	1.11	1.73	1.49	1.41	4.00	**19.25%**	**340.17%**
2011	2.10	4.41	2.18	1.83	1.38	2.87	0.77	0.56	0.98	1.31	(0.48)	1.43	**21.05%**	**432.84%**
2012	0.42	0.78	2.87	(0.08)	0.52	1.93	1.59	0.14	0.90	0.85	(0.24)	1.39	**11.60%**	**494.65%**
2013	1.75	0.79	1.36	0.18	0.85	1.14	0.96	1.29	0.23	(1.77)	1.41	(1.20)	**7.15%**	**537.11%**
2014**	3.69*	1.53	1.00	0.21	2.14	2.63	0.54	1.01	(0.17)	(1.64)	(2.50)	1.98	**±10.75%**	**±605.58%**
2015**	0.11	(0.89)	(±0.70)										**(±1.48%)**	**±595.17%**

*The January 2014 rate of return reflects a one time reversal of certain fees.
**Unaudited; ± Estimated and subject to change
The information herein is part of a two page packet which incorporates and is qualified by disclosures on page two. Past performance is not necessarily indicative of future performance.

Platinum Partners
VALUE ARBITRAGE FUND LP

March 2015
Onshore Fund
Class L

Investment Terms

Minimum Investment:	$ 1,000,000 (USD)
New Capital:	Monthly
Lockup:	None
Withdrawals:	Quarterly, 60 day notice required
Management Fee:	2%
Incentive Allocation:	20%
Other Fees:	Administrative and Investment Related

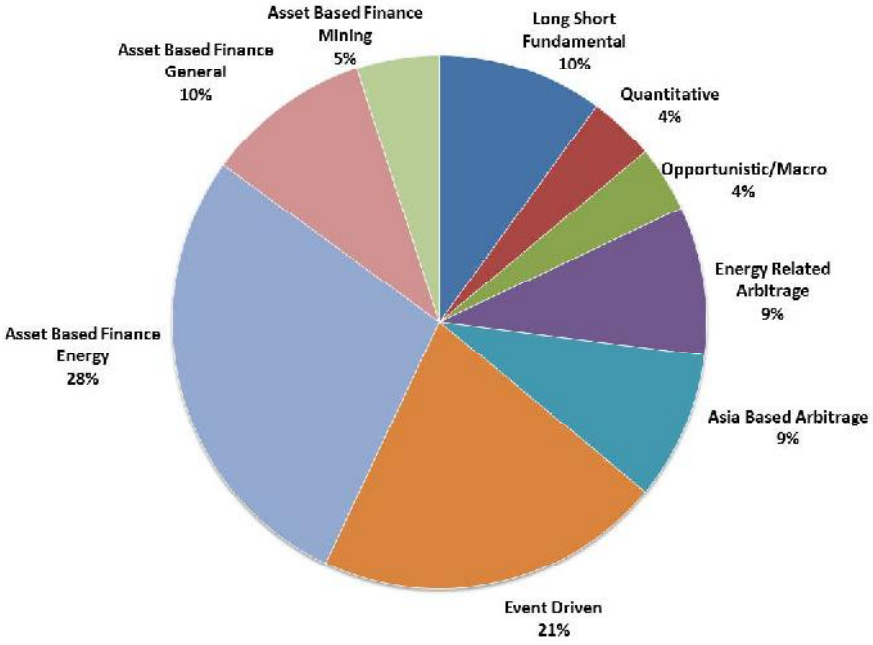
Service Providers

Administrator:	SS&C Technologies, Inc.
Auditor:	CohnReznick, LLP
Independent Valuation Agent:	Sterling Valuation Group, Inc.
Legal Counsel:	Schulte Roth & Zabel LLP
Global Custodian:	BNY Mellon
Prime Broker:	Credit Suisse
	Nomura Securities

Strategy Performance

Strategy	Return	Contribution to Fund
Long Short Fundamental	-0.40%	-0.04%
Quantitative	-0.50%	-0.02%
Opportunistic/Macro	-0.03%	0.00%
Energy Related Arbitrage	-0.38%	-0.03%
Asia Based Arbitrage	0.55%	0.05%
Event Driven	-1.32%	-0.28%
Asset Based Finance Energy	-1.37%	-0.38%
Asset Based Finance General	0.10%	0.01%
Asset Based Finance Mining	-0.04%	0.00%
Total :		**(0.70%)**

Targeted Risk Allocation



Contact

Contact - Andrew Kaplan AKaplan@platinumlp.com (212) 271-7894

Platinum Partners

VALUE ARBITRAGE FUND LP

December 2015
Onshore Fund
Class Q

Fund Overview

Platinum Partners Value Arbitrage Fund LP ("PPVA") is a multi-strategy fund designed to achieve significant risk-adjusted returns irrespective of the direction of any broader market activity. PPVA deploys assets opportunistically across various strategies, including short term relative value, event driven, and asset based finance. The General Partner believes that consistent positive returns are a function of appropriately managing downside risk and seeks to invest in a mix of uncorrelated strategies.

Firm Overview

Platinum Partners (the "Firm") is a New York based investment management group with more than $1 Billion in assets under management. The Firm was founded in 2003 by Mark Nordlicht, an investor with over twenty years of experience in the asset management space. The Firm manages multiple funds, including Platinum Partners Credit Opportunities Master Fund L.P. ("PPCOMF"); Platinum Partners Value Arbitrage Fund L.P. ("PPVA"); Platinum Partners Liquid Opportunity Master Fund L.P. ("PPLO"); Marbridge Energy Finance Fund II LLC and Marbridge Energy Finance Fund International II Ltd. (collectively, "Marbridge II"). Although each of the aforementioned funds have separate investment advisors, Mr. Nordlicht is the CIO of the investment advisors of PPCOMF, PPVA, and PPLO . The CIO of the investment advisor of Marbridge II is a Portfolio Manager of the Firm.

Manager Biography

Mark Nordlicht has over 20 years of experience in the investment industry and is responsible for oversight of all trading, asset allocation and risk management on behalf of the Platinum-managed funds. Mr. Nordlicht founded Platinum Energy Resources and Platinum Diversified Mining, publicly traded oil & natural gas and mining companies, respectively. Mr. Nordlicht is also the founder and served as non-executive Chairman of Optionable, Inc., a brokerage firm for energy options, until May 1, 2007. From 1997 to 2001, Mr. Nordlicht was a founder and managing partner of West End Capital, a New York-based money management firm. In 1991, Mr. Nordlicht founded Northern Lights Trading and was its general partner until 2000. Northern Lights Trading was a proprietary options firm based in New York which employed traders in the cotton, coffee, natural gas, crude oil, gold, and silver option trading pits. Mr. Nordlicht graduated from Yeshiva University with a B.A. in Philosophy.

David Levy serves as Co-Chief Investment Officer of Platinum Partners. Mr. Levy has spent his career as an investment specialist and portfolio manager. Mr. Levy oversees over $1 billion in total investments and has directly managed over $250 million in capital. The focus of Mr. Levy's investments is in asset-based lending in a variety of industries, and utilizing credit based strategies to generate returns with less risk than traditional strategies. Mr. Levy co-founded Crius Energy, a publicly listed national retail energy platform currently providing power to over 500,000 RCEs in the United States. Mr. Levy's prior experience also includes time spent in the New York City Mayor's office for Mayor Bloomberg and with the Chief Counsel's office of Senator Orrin Hatch. Mr. Levy also serves as a member of the International Crisis Group's Advisory Council. Mr. Levy holds a Bachelor of Science in Finance from Yeshiva University.

Fund Statistics ±

Sharpe Ratio:	2.80	**Downside Deviation:**	0.74%	**Firm AUM:**	$1.28 Billion
Annualized Standard Deviation:	5.44%	**Percentage of positive months:**	84.61%	**PPVA Master Fund AUM:**	$721 Million
Average Annualized Return	17.02%	**Largest Monthly Loss:**	3.42%	**PPVA Onshore Fund AUM:**	$244 Million

Platinum Partners Value Arbitrage (USA), LP Net Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Cum
2003	1.39	0.63	0.45	(0.09)	(0.83)	1.89	1.06	2.54	3.21	2.10	1.66	2.00	**17.17%**	**17.17%**
2004	3.33	1.79	2.18	0.14	0.21	(0.45)	(0.34)	1.00	(0.32)	1.09	0.74	2.92	**12.90%**	**32.28%**
2005	1.62	0.96	0.29	(0.29)	0.77	1.38	1.54	2.04	1.46	3.12	0.51	2.35	**16.88%**	**54.61%**
2006	3.22	2.04	1.71	1.14	2.02	1.63	0.50	0.33	1.52	1.88	1.93	3.67	**23.80%**	**91.41%**
2007	2.49	3.83	4.34	2.90	4.32	5.42	2.22	3.38	1.56	4.91	1.93	6.10	**53.00%**	**192.85%**
2008	(2.10)	1.15	(1.53)	2.56	4.48	1.58	0.33	1.20	(3.42)	(1.07)	0.14	1.21	**4.36%**	**205.61%**
2009	3.29	0.42	2.01	1.35	2.57	1.68	1.80	1.51	1.79	0.64	0.54	1.47	**20.78%**	**269.13%**
2010	1.09	2.69	0.16	2.03	(0.20)	0.46	1.83	1.11	1.73	1.49	1.41	4.00	**19.25%**	**340.17%**
2011	2.10	4.41	2.18	1.83	1.38	2.87	0.77	0.56	0.98	1.31	(0.48)	1.43	**21.05%**	**432.84%**
2012	0.42	0.78	2.87	(0.08)	0.52	1.93	1.59	0.14	0.90	0.85	(0.24)	1.39	**11.60%**	**494.65%**
2013	1.75	0.79	1.36	0.18	0.85	1.14	0.96	1.29	0.23	(1.77)	1.41	(1.20)	**7.15%**	**537.11%**
2014	3.69*	1.53	1.00	0.21	2.14	2.63	0.54	1.01	(0.17)	(1.64)	(2.50)	1.98	**10.75%**	**605.58%**
2015**	0.11	(0.89)	(0.83)	7.83	(0.22)	1.28	(0.07)	0.02	1.05	(1.43)	0.24	±2.28	**±9.44%**	**±672.19%**

*The January 2014 rate of return reflects a one time reversal of certain fees.

**Unaudited; ± Estimated and subject to change. The Master Fund AUM set forth above includes 60.37% of the Special Investments.

The information herein is part of a two page packet which incorporates and is qualified by disclosures on page two. Past performance is not necessarily indicative of future performance. No representation is made that the Fund will or is likely to achieve its objectives or that any investor will be able to avoid incurring losses.

Platinum Partners

VALUE ARBITRAGE FUND LP

December 2015
Onshore Fund
Class Q

INVESTMENT TERMS

Minimum Investment:	$ 1,000,000 (USD)
New Capital:	Monthly
Lockup:	None
Withdrawals:	Quarterly, 6 months' notice required
Management Fee:	2%
Incentive Allocation:	20%
Other Fees:	Administrative and Investment Related

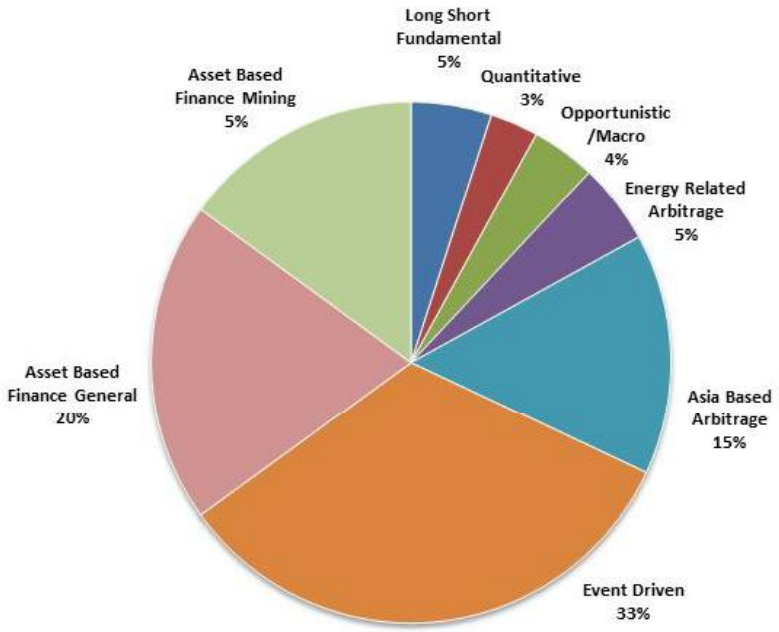
SERVICE PROVIDERS

Administrator:	SS&C Technologies, Inc.
Auditor:	CohnReznick, LLP
Independent Valuation Agent:	Sterling Valuation Group, Inc.
Legal Counsel:	Schulte Roth & Zabel LLP
Global Custodian:	BNY Mellon
Prime Broker:	Credit Suisse

STRATEGY PERFORMANCE

STRATEGY	NET RETURN	CONTRIBUTION TO FUND
Long Short Fundamental	-0.27%	-0.01%
Quantitative	-0.20%	-0.01%
Opportunistic/Macro	-0.20%	-0.01%
Energy Related Arbitrage	-1.20%	-0.06%
Asia Based Arbitrage	0.97%	0.14%
Event Driven	6.32%	2.09%
Asset Based Finance General	0.72%	0.14%
Asset Based Finance Mining	-0.06%	-0.01%
Total :		**2.28%**

TARGETED RISK ALLOCATION*



CONTACT

Contact - Andrew Kaplan AKaplan@platinumlp.com (212) 582-2222

Past performance is not necessarily indicative of future performance. This material is not an invitation to subscribe for shares or interests in any fund and is by way of information only. Sales of shares or interests are made on the basis of the relevant offering documents only and are not offered in any jurisdiction in which such offer or sale is not authorized. Investors will purchase limited partnership interests in Platinum Partners Value Arbitrage Fund (USA) L.P. ("Platinum USA") or preferred shares in Platinum Partners Value Arbitrage Fund (International) Limited ("Platinum International"), depending on the preference for an onshore or offshore feeder fund. Platinum USA and Platinum International will, in turn, invest all or substantially all of their assets in the Platinum Partners Value Arbitrage Fund L.P. (the "Master Fund"). Before any investment is made in either Platinum USA or Platinum International, investors should review carefully the Confidential Private Offering Memorandum for such fund (collectively, the "Memoranda"). The Memoranda describe in detail the risks associated with making an investment in either Platinum USA or Platinum International. Investors will have the right to redeem or withdraw their interests or shares, as the case may be, on a quarterly basis subject to certain restrictions described in the Memoranda. Investment in either feeder fund may not be suitable for all investors and prospective investors should consult their professional advisers as to suitability, legal, tax and economic consequences of an investment in either fund. Reference to the "Fund" means an investment in the Master Fund through the purchase of limited partnership interests in Platinum USA or preferred shares of Platinum International. 2015 returns have not been audited. Most recent month is an estimate; Year-to-date and cumulative numbers and graphs include this estimate. Returns given are for non-restricted investors who were invested in Platinum (USA) or Platinum (International) at the beginning of the year. Returns shown for periods prior to May 2007 represent Class A returns; from June 2007 to September 2010 represent Class I returns; from October 2010 to November 2015 represent Class L; Class Q thereafter. Actual returns for a particular investor may vary due to several factors including timing of investment and class. The Strategy Performance numbers are estimates and may vary. Certain estimations and simplifying assumptions were used to arrive at the targeted risk allocation. The numbers provided may not add up to the aggregate performance of the Fund. The Strategy Performance and Target Risk Allocation numbers may include leverage or implied leverage. Targeted Risk Allocation may change from time to time and relative to the above. Targeted Risk Allocation is updated as of December 31, 2015. Please note that all allocations are approximate, are calculated based on estimated risk exposure, are not intended to be an indication of actual fund notional exposure, and are subject to change without notice.

PLATINUM PARTNERS CR OPPORTUNITIES MASTE
250 WEST 55TH ST 14TH FL
NEW YORK NY 10019

ACCOUNT SUMMARY FOR PERIOD AUGUST 01, 2015 - AUGUST 31, 2015

Business Analyzed Checking [redacted]

PLATINUM PARTNERS CR OPPORTUNITIES MASTE

Previous Balance 07/31/15	$3,262,107.09	Number of Days in Cycle	31
33 Deposits/Credits	$11,112,124.03	Minimum Balance This Cycle	$207.11
72 Checks/Debits	($13,942,912.85)	Average Collected Balance	$526,421.99
Service Charges	$0.00		
Ending Balance 08/31/15	$431,318.27		

ACCOUNT DETAIL FOR PERIOD AUGUST 01, 2015 - AUGUST 31, 2015

Business Analyzed Checking [redacted]

PLATINUM PARTNERS CR OPPORTUNITIES MASTE

Date	Description	Deposits/Credits	Withdrawals/Debits	Resulting Balance
[redacted]				

Thank you for banking with us .

PLATINUM PARTNERS CR OPPORTUNITIES MASTE

ACCOUNT DETAIL CONTINUED FOR PERIOD AUGUST 01, 2015 - AUGUST 31, 2015

Date	Description	Deposits/Credits	Withdrawals/Debits	Resulting Balance
[redacted]				
08/05	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$330,000.00	$1,557,351.20
[redacted]				
08/05	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$450,000.00	$757,351.20
08/05	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$450,000.00	$307,351.20
[redacted]				
08/10	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$500,000.00	$364,973.78
[redacted]				
08/11	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$400,000.00	$366,956.22
[redacted]				
08/12	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$340,000.00	$363,656.22
08/12	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$350,000.00	$13,656.22
[redacted]				

ACCOUNT DETAIL CONTINUED FOR PERIOD AUGUST 01, 2015 - AUGUST 31, 2015

Date	Description	Deposits/Credits	Withdrawals/Debits	Resulting Balance
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
08/14	Wire transfer deposit PLATINUM PARTNER S VALUE AR[redacted]	$100,000.00		$100,207.11
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

PLATINUM PARTNERS CR OPPORTUNITIES MASTE

ACCOUNT DETAIL CONTINUED FOR PERIOD AUGUST 01, 2015 - AUGUST 31, 2015

Date	Description	Deposits/Credits	Withdrawals/Debits	Resulting Balance
[redacted]	[redacted]		[redacted]	$235,693.17
08/19	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$235,000.00	$693.17
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
08/20	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$295,000.00	$20,693.17
[redacted]	[redacted]		[redacted]	[redacted]
08/21	Wire transfer deposit PLATINUM PARTNER S VALUE AR [redacted]	$60,000.00		$80,533.17
[redacted]	[redacted]		[redacted]	[redacted]
08/24	Wire transfer deposit PLATINUM PARTNER S VALUE AR [redacted]	$70,000.00		$96,533.17
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
08/25	Wire transfer deposit PLATINUM PARTNER S VALUE AR [redacted]	$15,000.00		$32,696.04
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
08/25	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$15,000.00	$29,660.66
08/26	Wire transfer deposit PLATINUM PARTNER S VALUE AR [redacted]	$130,000.00		$159,660.66
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

ACCOUNT DETAIL CONTINUED FOR PERIOD AUGUST 01, 2015 - AUGUST 31, 2015

Date	Description	Deposits/Credits	Withdrawals/Debits	Resulting Balance
[redacted]				
08/27	Wire transfer deposit PLATINUM PARTNER S VALUE AR[redacted]	$350,000.00		$464,660.66
08/27	Wire transfer deposit PLATINUM PARTNER S VALUE AR[redacted]	$300,000.00		$764,660.66
08/27	Wire transfer deposit PLATINUM PARTNER S VALUE AR[redacted]	$150,000.00		$914,660.66
08/27	Wire transfer deposit PLATINUM PARTNER S VALUE AR[redacted]	$50,000.00		$964,660.66
[redacted]				

PLATINUM PARTNERS CR OPPORTUNITIES MASTE

ACCOUNT DETAIL CONTINUED FOR PERIOD AUGUST 01, 2015 - AUGUST 31, 2015

Date	Description	Deposits/Credits	Withdrawals/Debits	Resulting Balance
[redacted]				
08/31	Wire transfer deposit PLATINUM PARTNER S VALUE AR[redacted]	$1,100,000.00		$3,856,744.27
[redacted]				

PLATINUM PARTNERS CR OPPORTUNITIES MASTE
250 WEST 55TH ST 14TH FL
NEW YORK NY 10019

ACCOUNT SUMMARY FOR PERIOD SEPTEMBER 01, 2015 - SEPTEMBER 30, 2015

Business Analyzed Checking [redacted]		PLATINUM PARTNERS CR OPPORTUNITIES MASTE	
Previous Balance 08/31/15	$431,318.27	Number of Days in Cycle	30
24 Deposits/Credits	$8,871,789.44	Minimum Balance This Cycle	$56,078.59
52 Checks/Debits	($8,997,909.11)	Average Collected Balance	$701,815.55
Service Charges	$0.00		
Ending Balance 09/30/15	$305,198.60		

ACCOUNT DETAIL FOR PERIOD SEPTEMBER 01, 2015 - SEPTEMBER 30, 2015

Business Analyzed Checking [redacted] — **PLATINUM PARTNERS CR OPPORTUNITIES MASTE**

Date	Description	Deposits/Credits	Withdrawals/Debits	Resulting Balance
[redacted]				

Thank you for banking with us .

PLATINUM PARTNERS CR OPPORTUNITIES MASTE

ACCOUNT DETAIL CONTINUED FOR PERIOD SEPTEMBER 01, 2015 - SEPTEMBER 30, 2015

Date	Description	Deposits/Credits	Withdrawals/Debits	Resulting Balance
[redacted]				
09/04	Wire transfer deposit PLATINUM PARTNER S VALUE AR [redacted]	$200,000.00		$1,799,029.29
[redacted]				
09/09	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$2,000,000.00	$1,996,267.29
09/10	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$100,000.00	$1,896,267.29
09/10	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$300,000.00	$1,596,267.29
[redacted]				

ACCOUNT DETAIL CONTINUED FOR PERIOD SEPTEMBER 01, 2015 - SEPTEMBER 30, 2015

Date	Description	Deposits/Credits	Withdrawals/Debits	Resulting Balance
[redacted]	[redacted]		[redacted]	[redacted]
09/11	Wire transfer withdrawal Platinum Partner s Value Ar[redacted]		$200,000.00	$1,622,292.44
09/11	Wire transfer withdrawal Platinum Partner s Value Ar[redacted]		$380,000.00	$1,242,292.44
[redacted]	[redacted]		[redacted]	[redacted]

PLATINUM PARTNERS CR OPPORTUNITIES MASTE

ACCOUNT DETAIL CONTINUED FOR PERIOD SEPTEMBER 01, 2015 - SEPTEMBER 30, 2015

Date	Description	Deposits/Credits	Withdrawals/Debits	Resulting Balance
[redacted]				
09/17	Wire transfer withdrawal Platinum Partner s Value Ar[redacted]		$800,000.00	$138,221.03
[redacted]				

ACCOUNT DETAIL CONTINUED FOR PERIOD SEPTEMBER 01, 2015 - SEPTEMBER 30, 2015

Date	Description	Deposits/Credits	Withdrawals/Debits	Resulting Balance
[redacted]				

Effective Date	Fund	Feeder	Class	Investor	Contact Information	Capital Activity Type	Date Cash Moved	Amount Paid	Status	Date Added	Notes
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$7,116.53	Completed	7/31/2015	qrtly redemp: profits above 500k
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$2,261.41	Completed	7/31/2015	qrtly redemp: profits above 250k
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$200,000.00	Completed	7/31/2015	
6/30/2015	PPCO	PPCO	B	[redacted]		Partial Redemption	7/31/2015	$2,000,000.00	Completed	7/31/2015	
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$3,509.27	Completed	7/31/2015	qrtly redemp: profits above 150K
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$3,509.27	Completed	7/31/2015	qrtly redemp: profits above 150K
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$3,509.41	Completed	7/31/2015	qrtly redemp: profits above 150K
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$4,679.07	Completed	7/31/2015	qrtly redemp: profits above 200K
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$3,509.41	Completed	7/31/2015	qrtly redemp: profits above 150K
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$3,509.26	Completed	7/31/2015	qrtly redemp: profits above 150K
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$3,509.41	Completed	7/31/2015	qrtly redemp: profits above 150K
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$3,509.41	Completed	7/31/2015	qrtly redemp: profits above 150K
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$23,675.45	Completed	7/31/2015	qrtly redemp: profits above 1MM
6/30/2015	PPCO	PPCO	B	[redacted]		Partial Redemption	7/31/2015	$14,012.68	Completed	7/31/2015	
6/30/2015	PPCO	PPCOIL A	A	[redacted]		Partial Redemption	7/31/2015	$20,234.75	Completed	7/31/2015	qrtly redemp: profits above 1MM
6/30/2015	PPCO	PPCOIL	A	[redacted]		Partial Redemption	7/31/2015	$8,963.78	Completed	7/31/2015	qrtly redemp: profits
6/30/2015	PPCO	PPCOIL	B	[redacted]	cc	Partial Redemption	7/23/2015	$150,814.67	Completed	7/23/2015	Full redemption of Series 06-2015 Shares
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/9/2015	$11,697.62	Completed	7/13/2015	qrtly redemp: profits above 500K
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$1,637.62	Completed	7/31/2015	qrtly redemp: profits above 70K
6/30/2015	PPCO	PPCOIL A	B	[redacted]		Partial Redemption	7/2/2015	$300,000.00	Completed	7/13/2015	
6/30/2015	PPCO	PPCO	B	[redacted]		Partial Redemption	7/31/2015	$5,898.04	Completed	7/31/2015	qrtly redemp: profits above 250K
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$2,339.60	Completed	7/31/2015	qrtly redemp: profits above 100k
6/30/2015	PPCO	PPCOIL	A	[redacted]	om	Full Redemption	8/31/2015	$267,627.38	Completed - Pendi	8/31/2015	
6/30/2015	PPCO	PPCOIL	A	[redacted]	m	Partial Redemption	7/31/2015	$600,000.00	Completed	7/31/2015	
6/30/2015	PPCO	PPCO	B	[redacted]		Full Redemption	8/31/2015	$2,661,452.04	Completed - Pendi	8/31/2015	
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$23,258.60	Completed	7/31/2015	qrtly redemp: profits above 2MM
6/30/2015	PPCO	PPCO	A	[redacted]		Partial Redemption	7/31/2015	$120,000.00	Completed	7/31/2015	
6/30/2015	PPCO	PPCOIL A	A,B	[redacted]		Partial Redemption	7/28/2015	$500,000.00	Completed	7/28/2015	
6/30/2015	PPCO	PPCO	A	[redacted]		Full Redemption	8/31/2015	$740,350.54	Completed - Pendi	8/31/2015	Waiting for revised document from Samue
6/30/2015	PPCO	PPCO	A	[redacted]		Full Redemption	7/1/2015	$108,041.51	Completed	7/13/2015	Trasnferred from PPCO to PPVA
6/30/2015	PPCO	PPCO	A	[redacted]	.c n	Partial Redemption	7/31/2015	$47,870.62	Completed	7/31/2015	qrtly redemp: profits above 2.05MM

6/30/2015	PPCO	PPCO	B	[redacted].com	Partial Redemption	7/31/2015	$30,759.86	Completed	7/31/2015	qrtly redemp: profits above 850k
6/30/2015	PPCO	PPCO	A	[redacted].com	Partial Redemption	7/31/2015	$300,000.00	Completed	7/31/2015	qrtly redemp
6/30/2015	PPCO	PPCO	A	[redacted]	Partial Redemption	7/31/2015	$46,790.49	Completed	7/31/2015	qrtly redemp: profits above 2MM
6/30/2015	PPCO	PPCO	A	[redacted]	Full Redemption	8/31/2015	$65,882.25	Completed	8/31/2015	
6/30/2015	PPCO	PPCOIL	A	[redacted]	Partial Redemption	7/10/2015	$150,000.00	Completed	7/13/2015	
6/30/2015	PPCO	PPCO	A	[redacted]	Partial Redemption	7/31/2015	$5,263.92	Completed	7/31/2015	qrtly redemp: profits above 225k
6/30/2015	PPCO	PPCO	A	[redacted]or	Partial Redemption	7/31/2015	$10,000.00	Completed	7/31/2015	
6/30/2015	PPCO	PPCO	A	[redacted]	Partial Redemption	7/31/2015	$5,848.82	Completed	7/31/2015	qrtly redemp: profits above 250K
6/30/2015	PPCO	PPCO	B	[redacted]	Partial Redemption	7/31/2015	$70,984.34	Completed	7/31/2015	qrtly redemp: profits above 3.mm
6/30/2015	PPCO	PPCO	A	[redacted].cor	Partial Redemption	12/1/2015	$200,000.00	Completed	12/23/2015	
6/30/2015	PPCO	PPCO	A	[redacted]	Partial Redemption	7/31/2015	$23,367.67	Completed	7/31/2015	qrtly redemp: profits above 1MM
6/30/2015	PPCO	PPCO	B	[redacted]	Partial Redemption	7/31/2015	$9,464.59	Completed	7/31/2015	qrtly redemp: profits above 400k
6/30/2015	PPCO	PPCO TE	B	[redacted]	Partial Redemption	7/31/2015	$4,047.75	Completed	7/31/2015	

el Rieder for Full Redemption

Effective Date	Fund	Feeder	Class	Investor	Contact Inforn	Capital Activity Type	Date Cash Moved	Amount Paid	Status	Date Added	Notes
6/30/2015	PPVA	PPVA INTL	L	[redacted]	[redacted]	artial Redemption	8/26/2015	$ 24,170.98	Completed	8/26/2015	qrtly redemp: profits above 300K
6/30/2015	PPVA	PPVA INTL	L	[redacted]	[redacted]	Partial Redemption	8/21/2015	$ 30,515.71	Completed	8/21/2015	qrtly redemp: profits above 300K
6/30/2015	PPVA	PPVA INTL	J	[redacted]	[redacted]	Partial Redemption	9/1/2015	$ 20,188.73	Completed	9/1/2015	qrtly redemp: profits above 100K
6/30/2015	PPVA	PPVA USA	LR	[redacted]	[redacted]	Full Redemption			Pending	3/17/2015	
6/30/2015	PPVA	PPVA INTL	L	[redacted]	[redacted]	Partial Redemption	8/4/2015	$ 417,913.87	Completed	8/4/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	[redacted]	Partial Redemption			Pending	6/17/2015	
6/30/2015	PPVA	PPVA INTL	L	[redacted]	[redacted]	Partial Redemption	9/1/2015	$ 93,415.36	Completed	9/1/2015	April Profits
6/30/2015	PPVA	PPVA USA	I	[redacted]	[redacted]	Partial Redemption	9/1/2015	$ 300,000.00	Completed	9/1/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	[redacted]	Partial Redemption	8/21/2015	$ 14,317.74	Completed	8/21/2015	qrtly redemp: profits above 200K
6/30/2015	PPVA	PPVA USA	L	[redacted]	[redacted]	Partial Redemption	8/28/2015	$ 29,962.32	Completed	8/28/2015	qrtly redemp: profits above 300K
6/30/2015	PPVA	PPVA USA	A	[redacted]	[redacted]	Partial Redemption	9/1/2015	$ 200,000.00	Completed	9/1/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	[redacted]	Partial Redemption	8/31/2015	$ 125,000.00	Completed	8/31/2015	
6/30/2015	PPVA	PPVA USA	A	[redacted]	[redacted]	Partial Redemption			Pending	4/25/2015	qrtly redemp: profits above 200K
6/30/2015	PPVA	PPVA USA	A	[redacted]	[redacted]	Partial Redemption			Pending	4/25/2015	qrtly redemp: profits above 150K
6/30/2015	PPVA	PPVA USA	A	[redacted]	[redacted]	Partial Redemption			Pending	4/25/2015	qrtly redemp: profits above 150K
6/30/2015	PPVA	PPVA USA	A	[redacted]	[redacted]	Partial Redemption			Pending	4/25/2015	qrtly redemp: profits above 150K
6/30/2015	PPVA	PPVA USA	A	[redacted]	[redacted]	Partial Redemption			Pending	4/25/2015	qrtly redemp: profits above 150K
6/30/2015	PPVA	PPVA USA	A	[redacted]	[redacted]	Partial Redemption			Pending	4/25/2015	qrtly redemp: profits above 150K
6/30/2015	PPVA	PPVA USA	A	[redacted]	[redacted]	Partial Redemption			Pending	4/25/2015	qrtly redemp: profits above 150K
6/30/2015	PPVA	PPVA USA	A	[redacted]	[redacted]	Partial Redemption			Pending	4/25/2015	qrtly redemp: profits above 150K
6/30/2015	PPVA	PPVA INTL	L	[redacted]	[redacted]	Partial Redemption	9/1/2015	$ 109,010.17	Completed	9/1/2015	56.736 Shares
6/30/2015	PPVA	PPVA INTL	LE	[redacted]	[redacted]	Partial Redemption	10/9/2015	$ 220,000.00	Completed	10/9/2015	200,000 Euros
6/30/2015	PPVA	PPVA INTL	L	[redacted]	[redacted]	Partial Redemption	8/26/2015	$ 18,773.42	Completed	8/26/2015	qrtly redemp: profits above 250K
6/30/2015	PPVA	PPVA INTL	LR	[redacted]	[redacted]	Partial Redemption	9/1/2015	$ 56,074.49	Completed	9/1/2015	30.0000 Shares
6/30/2015	PPVA	PPVA USA	L	[redacted]	[redacted]	Partial Redemption	9/1/2015	$ 72,799.99	Completed	9/1/2015	qrtly redemp: profits above 1MM
6/30/2015	PPVA	PPVA INTL	I,J	[redacted]	[redacted]	Partial Redemption	7/28/2015	$ 500,000.00	Completed	7/28/2015	
6/30/2015	PPVA	PPVA INTL	L	[redacted]	[redacted]	Partial Redemption	8/21/2015	$ 98,543.80	Completed	8/21/2015	qrtly redemp: profits above 1.518MM
6/30/2015	PPVA	PPVA INTL	L	[redacted]	[redacted]	Full Redemption	8/4/2015	$ 191,255.35	Completed -	8/4/2015	
6/30/2015	PPVA	PPVA INTL	I	[redacted]	[redacted]	Partial Redemption			Pending	6/30/2015	Changed Amount of Redemption
6/30/2015	PPVA	PPVA USA	L	[redacted]	[redacted]	Full Redemption	8/31/2015	$ 907,107.80	Completed	9/16/2015	Using Proceeds to Invest in PPVA USA as of 9/1/2015

6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	8/31/2015	$	15,000.00	Completed	8/31/2015	Standing quarterly amount
6/30/2015	PPVA	PPVA USA	A	[redacted]	Partial Redemption				Pending	4/13/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption				Pending	7/2/2015	
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	9/16/2015	$	311,551.53	Completed	9/16/2015	April Profits
6/30/2015	PPVA	PPVA INTL	I	[redacted]	Partial Redemption	9/1/2015	$	200,000.00	Completed	9/1/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	9/1/2015	$	7,280.00	Completed	9/1/2015	qrtly redemp: profits above 100K
6/30/2015	PPVA	PPVA INTL	IR	[redacted]	Full Redemption	9/1/2015	$	392,100.73	Completed -	9/1/2015	134.0599
6/30/2015	PPVA	PPVA INTL	A,B, IR	[redacted]	Partial Redemption	9/1/2015	$	300,000.00	Completed	9/1/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	8/7/2015	$	500,000.00	Completed	4/29/2015	
6/30/2015	PPVA	PPVA INTL	K	[redacted]	Partial Redemption	10/9/2015-3/15/2016	$	13,727,521.15	Pending	10/9/2015	7000 Shares - Amount not paid in cash was moved to a Note
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	9/1/2015	$	28,505.14	Completed	9/1/2015	qrtly redemp: profits above 250K
6/30/2015	PPVA	PPVA USA	I	[redacted]	Partial Redemption	10/9/2015	$	573,770.40	Completed	7/1/2015	
6/30/2015	PPVA	PPVA INTL	IN	[redacted]	Partial Redemption	10/9/2015	$	200,000.00	Completed	3/18/2015	
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Full Redemption	7/1/2015	$	5,705,150.14	Completed -	10/8/2015	$1MM being transferred to PPCO
6/30/2015	PPVA	PPVA USA	IR,L	[redacted]	Partial Redemption	8/4/2015	$	500,000.00	Completed	8/4/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	8/7/2015	$	500,000.00	Completed	4/29/2015	
6/30/2015	PPVA	PPVA INTL	LR	[redacted]	Full Redemption	8/5/2015	$	663,204.82	Completed -	8/17/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	8/7/2015	$	500,000.00	Completed	4/29/2015	
6/30/2015	PPVA	PPVA USA	A,J	[redacted]	Partial Redemption	10/9/2015	$	500,000.00	Completed	10/9/2015	
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	8/26/2015	$	36,222.18	Completed	8/26/2015	qrtly redemp: profits above 500K
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	9/1/2015-7/24/2015	$	36,399.99	Completed	9/1/2015	qrtly redemp: profits above 500K
6/30/2015	PPVA	PPVA USA	L	[redacted]	Full Redemption	8/4/2015	$	970,335.14	Completed -	8/4/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	9/1/2015	$	109,199.96	Completed	9/1/2015	qrtly redemp: profits above 1.5MM
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	10/13/2015	$	750,000.00	Completed	10/13/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	9/1/2015	$	123,759.96	Completed	9/1/2015	qrtly redemp: profits above 1.7MM
6/30/2015	PPVA	PPVA INTL	J/L	[redacted]	Partial Redemption	9/1/2015	$	36,184.18	Completed	4/25/2015	qrtly redemp: profits above 500K
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Full Redemption	8/17/2015	$	131,801.90	Completed -	8/17/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	Full Redemption	8/5/2015	$	330,106.86	Completed -	8/5/2015	
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	9/1/2015	$	42,598.01	Completed	9/1/2015	qrtly redemp: profits above 475K
6/30/2015	PPVA	PPVA INTL	A,J,L	[redacted]	Partial Redemption	7/9/2015-7/17/2015-8	$	5,000,000.00	Completed	9/9/2015	
6/30/2015	PPVA	PPVA INTL	KNI	[redacted]	Partial Redemption	8/31/2015	$	9,445.13	Completed	8/31/2015	5.1053 Shares

6/30/2015	PPVA	PPVA INTL	L	[redacted]	Full Redemption	9/1/2015	$	115,782.24	Completed -	9/1/2015	
6/30/2015	PPVA	PPVA USA	A,L	[redacted]	Partial Redemption	7/28/2015	$	32,127.68	Completed	7/28/2015	qrtly redemp: profits above 450K
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Partial Redemption	9/1/2015	$	35,799.84	Completed	9/1/2015	qrtly redemp: profits above 425K
6/30/2015	PPVA	PPVA USA	I	[redacted]	Partial Redemption	9/1/2015	$	12,995.33	Completed	9/1/2015	$50,000 plus quarterly profits above 200K
6/30/2015	PPVA	PPVA USA	I,L	[redacted]	Partial Redemption	10/13/2015	$	400,000.00	Completed	10/13/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	Full Redemption	8/31/2015	$	255,914.47	Completed	9/17/2015	Using Proceeds to Invest in PPVA USA as of 9/1/2015
6/30/2015	PPVA	PPVA USA	A,J	[redacted]	Partial Redemption	8/31/2015	$	450,000.00	Completed	8/31/2015	Moved to 12% Note
6/30/2015	PPVA	PPVA USA	J,L	[redacted]	Partial Redemption	9/1/2015-7/24/2015	$	17,685.96	Completed	9/1/2015	qrtly redemp: profits above 250K
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	10/9/2015	$	363,999.83	Completed	10/9/2015	qrtly redemp: profits above 5MM
6/30/2015	PPVA	PPVA USA	L	[redacted]	Full Redemption	9/1/2015	$	146,907.39	Completed -	9/1/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	Full Redemption	8/17/2015	$	258,828.35	Completed -	8/17/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	Full Redemption	10/12/2015	$	345,436.28	Completed -	10/13/2015	
6/30/2015	PPVA	PPVA USA	A,I	[redacted]	Partial Redemption	8/4/2015	$	400,000.00	Completed	8/4/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	10/9/2015	$	300,000.00	Completed	10/9/2015	
6/30/2015	PPVA	PPVA INTL	L	[redacted]	Full Redemption	10/9/2015	$	1,167,205.06	Completed -	10/12/2015	
6/30/2015	PPVA	PPVA USA	I	[redacted]	Partial Redemption	9/1/2015	$	133,985.22	Completed	9/1/2015	qrtly redemp: profits above 2MM (500,000+ Profits)
6/30/2015	PPVA	PPVA USA	A	[redacted]	Full Redemption	9/1/2015	$	95,700.11	Completed -	9/1/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	8/31/2015	$	100,000.00	Completed	8/31/2015	
6/30/2015	PPVA	PPVA USA	L	[redacted]	Partial Redemption	10/13/2015	$	378,000.00	Completed	6/25/2015	

PLATINUM PARTNERS CENTURION CREDIT INTL
FUND SERVICES
250 W 55TH ST FL 14
NEW YORK NY 10019-3486

ACCOUNT SUMMARY FOR PERIOD SEPTEMBER 12, 2015 - OCTOBER 13, 2015

Business Money Market [redacted]

PLATINUM PARTNERS CENTURION CREDIT INTL

Previous Balance 09/11/15	$1,046.20	Number of Days in Cycle	32
4 Deposits/Credits	$8,500,000.00	Minimum Balance This Cycle	$1,046.20
Interest Paid	$22.55	Average Collected Balance	$257,305.36
2 Checks/Debits	($8,500,000.00)	Interest Earned During this Cycle	$22.56
Service Charges	$0.00	Interest Paid Year-To-Date	$32.46
Ending Balance 10/13/15	$1,068.75	Annual Percentage Yield (This Statement Period)	0.10%

ACCOUNT DETAIL FOR PERIOD SEPTEMBER 12, 2015 - OCTOBER 13, 2015

Business Money Market [redacted]

PLATINUM PARTNERS CENTURION CREDIT INTL

Date	*Description*	*Deposits/Credits*	*Withdrawals/Debits*	*Resulting Balance*
09/30	Wire transfer deposit SLB FOR SEF 2 - CAPITAL PR [redacted]	$6,500,000.00		$6,501,046.20
09/30	Wire transfer deposit SLB FOR SEF 2 - CAPITAL GR [redacted]	$1,200,000.00		$7,701,046.20
[redacted]				
Total		$8,500,022.55	$8,500,000.00	

Thank you for banking with us.

PLATINUM PARTNERS CREDIT OPPORTUNITIES(B
250 W 55TH ST 14 FL
NEW YORK NY 10019-3486

ACCOUNT SUMMARY FOR PERIOD OCTOBER 01, 2015 - OCTOBER 30, 2015

Business Analyzed Checking [redacted]		PLATINUM PARTNERS CREDIT OPPORTUNITIES(B	
Previous Balance 09/30/15	$10,558.89	Number of Days in Cycle	30
6 Deposits/Credits	$9,110,757.21	Minimum Balance This Cycle	$558.89
6 Checks/Debits	($9,110,757.21)	Average Collected Balance	$9,268.56
Service Charges	$0.00		
Ending Balance 10/30/15	$10,558.89		

ACCOUNT DETAIL FOR PERIOD OCTOBER 01, 2015 - OCTOBER 30, 2015

Business Analyzed Checking [redacted] — **PLATINUM PARTNERS CREDIT OPPORTUNITIES(B**

Date	*Description*	*Deposits/Credits*	*Withdrawals/Debits*	*Resulting Balance*
10/01	Wire transfer deposit PLATINUM PARTNER S CENTURIO[redacted]	$8,200,000.00		$8,210,558.89
[redacted]				
10/01	Book transfer debit TO [redacted]		$8,200,000.00	$61,316.10
[redacted]				

Thank you for banking with us.

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PLATINUM PARTNERS CR OPPORTUNITIES MASTE
250 WEST 55TH ST 14TH FL
NEW YORK NY 10019

ACCOUNT SUMMARY FOR PERIOD OCTOBER 01, 2015 - OCTOBER 30, 2015

Business Analyzed Checking [redacted]

PLATINUM PARTNERS CR OPPORTUNITIES MASTE

Previous Balance 09/30/15	$305,198.60
33 Deposits/Credits	$17,875,553.82
69 Checks/Debits	($17,890,070.33)
Service Charges	$0.00
Ending Balance 10/30/15	$290,682.09

Number of Days in Cycle	30
Minimum Balance This Cycle	($1,245.77)
Average Collected Balance	$360,068.95

ACCOUNT DETAIL FOR PERIOD OCTOBER 01, 2015 - OCTOBER 30, 2015

Business Analyzed Checking [redacted]

PLATINUM PARTNERS CR OPPORTUNITIES MASTE

Date	*Description*	*Deposits/Credits*	*Withdrawals/Debits*	*Resulting Balance*
10/01	Book transfer credit [redacted]	$8,200,000.00		$8,505,198.60
10/01	Wire transfer deposit PLATINUM PARTNER S CREDIT O [redacted]	$2,500,000.00		S11,005,198.60
10/01	Wire transfer deposit PLATINUM PARTNER S CREDIT O [redacted]	$1,000,000.00		S12,005,198.60

[redacted]

Thank you for banking with us.

PLATINUM PARTNERS CR OPPORTUNITIES MASTE

ACCOUNT DETAIL CONTINUED FOR PERIOD OCTOBER 01, 2015 - OCTOBER 30, 2015

Date	*Description*	*Deposits/Credits*	*Withdrawals/Debits*	*Resulting Balance*
10/01	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$690,000.00	$10,510,105.88
10/01	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$1,000,000.00	$9,510,105.88
10/01	Wire transfer withdrawal Platinum Partner s Value Ar [redacted]		$7,300,000.00	$2,210,105.88

[redacted]

STERLING NATIONAL BANK
400 Rella Blvd
Montebello, NY 10901

RETURN SERVICE REQUESTED

PLATINUM PARTNERS VALUE ARBITRAGE FUND L.P.
C/O PLATINUM PARTNERS
250 W 55TH ST FL 14
NEW YORK NY 10019-7599

October 2015

Reporting Activity 10/01 - 10/31 *Page 1 of 22*

Contact Us

Client Services	855-274-2800
Automated Telephone Banking	855-274-2802
Mailing Address	400 Rella Blvd Montebello, NY 10901
Online Access	https://www.snb.com

SUMMARY OF ACCOUNTS

ACCOUNT TYPE	ACCOUNT NUMBER	ENDING BALANCE
ANALYZED BUSINESS CHECKING	XXXXXX0148	$16,091.31

ANALYZED BUSINESS CHECKING - XXXXXX0148

Account Summary

Date	Description			
10/01/2015	**Beginning Balance**	**$48,859.65**	Average Ledger Balance	$899,819.87
	197 Debit(s) this period	$58,727,277.73	Average Available Balance	$886,805.17
	68 Credit(s) this period	$58,694,509.39		
10/31/2015	**Ending Balance**	**$16,091.31**		
	Service Charges	$0.00		

Transaction Activity

Transaction Date	Description	Debits	Credits	Balance
10/01/2015	Beginning Balance			$48,359.65
10/01/2015	INCOMING WIRE,PLATINUM PARTNER S CR OPPORTUNI,CAPITALONE LA,M [redacted]		$7,300,000.00	$7,348,359.65
[redacted]				
10/01/2015	OUTGOING WIRE,WHITE ROCK PROPE RTIES LLC,SIGNATURE BANK, [redacted]	$7,295,976.00		$102,198.72
[redacted]				

PROMISSORY NOTE

Maximum Principal Amount: US$7,200,000

New York, New York
As of June 17, 2015

FOR VALUE RECEIVED, the undersigned, PLATINUM PARTNERS VALUE ARBITRAGE FUND, L.P., a Cayman Islands limited partnership with its chief executive office located at 250 West 55th Street, 14th Floor, New York, New York 10019 (the "Borrower"), hereby unconditionally promises to pay to the order of WHITE ROCK PROPERTIES, LLC (the "Lender") on the Maturity Date (as defined below) to such accounts as the Lender may designate, the principal amount of SEVEN MILLION TWO HUNDRED THOUSAND UNITED STATES DOLLARS (US$7,200,000) or so much thereof as may be outstanding from time to time (the "Principal Amount"), together with all accrued and unpaid interest thereon.

The Borrower hereby agrees, for the benefit of the Lender, as follows:

1. Interest on the Principal Amount owed to the Lender shall be due and payable to the Lender on the first Business Day of each calendar month with respect to the interest accrued during the prior calendar month, commencing with July 1, 2015, and on the Maturity Date (as defined below) with respect to any unpaid interest as of such date, at a rate equal to one and three hundred thirty-three thousandths percent (1.333%) per month, provided the Principal Amount required to be repaid by the Borrower to the Lender under this Promissory Note (as amended, restated, modified and/or supplemented from time to time, this "Note"; the total amount owing to the Lender hereunder, the "Loan") shall be paid to the Lender in full by the Borrower on or before September 28, 2015 (the "Maturity Date"). Interest on the Principal Amount outstanding shall be calculated on the basis of the actual number of days elapsed in a given month and an assumed 360-day year.

2. As collateral security for all indebtedness, obligations and other liabilities of the Borrower to the Lender now or hereafter arising evidenced by this Note, the Borrower hereby transfers, grants and pledges a continuing perfected security interest in all of the Borrower's right, title and interest in and to all the assets held by the Borrower on the date hereof, all options and other rights, contractual or otherwise, in respect thereof and all distributions, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such assets, and all proceeds of any and all of the foregoing (collectively, the "Collateral"). Such security interest shall be subordinated to the first priority security interest provided by the Borrower pursuant to that certain Note dated June 12, 2015 in the amount of $50,000,00[illegible]e "Senior Note"), but shall not be subordinated to, and shall be senior to, any and all other security interests in the Collateral. The Borrower shall, immediately and from time to time, (i) take all actions as may be reasonably requested by the Lender to perfect the security interest of the Lender in the Collateral, including, without limitation, signing and filing of UCC-1 Financing Statements reflecting the Lender's security interest in the Collateral, as provided herein, and (ii) take all actions as may be reasonably requested from time to time by the Lender so that control of such Collateral is obtained and at all times held by the Lender, subject to the existing security interest. All of the foregoing shall be at the sole cost and expense of the Borrower.

3. If this Note or any payment hereunder becomes due on a day which is not a Business Day (as defined below), the due date of this Note or payment shall be extended to the next succeeding Business Day, and such extension of time shall be included in computing interest and fees in connection with such payment. As used herein, "Business Day" shall mean any day other than a Saturday, Sunday or day which

shall be in the State of New York a legal holiday or day on which banking institutions are required or authorized to close.

4. All payments shall be made by Borrower to the Lender at 250 West 55th Street, 14th Floor, New York, New York 10019 or such other place as the Lender may from time to time specify in writing in lawful currency of the United States of America in immediately available funds, without counterclaim or setoff and free and clear of, and without any deduction or withholding for, any taxes or other payments.

5. This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of the Borrower or the Lender, except by an agreement in writing signed by the Lender and the Borrower.

6. Whenever used, the singular number shall include the plural, the plural number shall include the singular, and the words "Lender" and "Borrower" shall include their respective permitted successors, assigns, heirs, executors and administrators.

7. Notwithstanding the above, from time to time, without affecting the obligation of Borrower or the successors or assigns of Borrower to pay the outstanding principal balance of this Note and observe the covenants of Borrower contained herein, without giving notice to or obtaining the consent of Borrower, the successors or assigns of Borrower or guarantors, and without liability on the part of the Lender, the Lender may, with respect to such Lender's Principal Amount, at such Lender's option, decrease the maximum amount of the Note, extend the time for payment of said outstanding principal balance or any part thereof, reduce the payments thereon, release anyone liable on any of said outstanding principal balance, accept a renewal of this Note, modify the terms and time of payment of said outstanding principal balance, join in any extension or subordination agreement, release any security given herefor, take or release other or additional security, and agree in writing with Borrower to modify the rate of interest or period of amortization of this Note or change the amount of the monthly installments payable hereunder.

8. Borrower and all others who may become liable for all or any part of this indebtedness hereunder do hereby severally waive presentment and demand for payment, notice of dishonor, protest, notice of protest, notice of nonpayment, notice of intent to accelerate the maturity hereof and of acceleration. No release of any security for the indebtedness hereunder or any person liable for payment of the indebtedness hereunder, no extension of time for payment of this note or any installment hereof, and no alteration, amendment or waiver of any provision hereof made by agreement between or among the Lender(s) and any other person or party shall release, modify, amend, waive, extend, change, discharge, terminate or affect the liability of Borrower for the payment of all or any part of the indebtedness hereunder. The Borrower agrees to pay all reasonable charges and expenses, including attorneys' fees and expenses, which may be incurred by the Lender in successfully enforcing this Note and/or collecting any amount due under this Note. Without limiting the foregoing, contemporaneously with the execution of this Note, the Borrower will deposit with counsel mutually acceptable to the parties the sum of $20,000 (the "Enforcement Deposit"). The Enforcement Deposit will be held by such counsel for use by the Lender in the event that the Lender is required to incur legal or other collection expenses in connection with the Borrower's non-payment of the Principal Amount on the Maturity Date and/or any interest thereon when due. Promptly following closing of the Note, the parties will enter into an appropriate and reasonable escrow and/or trust agreement with such counsel reflecting the intent of the parties with respect to the Enforcement Deposit, indemnifying counsel from any liability related to the Enforcement Deposit other than as a result of counsel's willful misconduct and otherwise reflecting terms and conditions typical of such relationships. In the event that the Enforcement Deposit is insufficient to reimburse the Lender for all costs and expenses incurred in connection with the Lender's enforcement of the Note, the Borrower shall promptly pay to the Lender such additional amounts as is necessary to fully reimburse the Lender for such costs and expenses.

9. Borrower represents that Borrower has full power, authority and legal right to execute, deliver and perform its obligations pursuant to this Note and that this Note constitutes a valid and binding obligation of Borrower.

10. This Note was negotiated in the State of New York, the Loan was made by the Lender and accepted by Borrower in the State of New York, and the proceeds of the Note delivered pursuant hereto were disbursed from the State of New York.

11. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED, ENFORCED, AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE OR GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTS OF LAW PRINCIPLES THEREOF.

12. THE BORROWER AND THE LENDER CONSENT AND AGREE THAT THE STATE OR FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES INVOLVING BORROWER OR THE LENDER PERTAINING TO THIS NOTE, PROVIDED, THAT BORROWER AND THE LENDER ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE COUNTY OF NEW YORK, STATE OF NEW YORK. BORROWER ASSENTS AND SUBMITS TO PERSONAL JURISDICTION OF ANY SUCH COURT IN ANY ACTION OR PROCEEDING INVOLVING BORROWER OR THE LENDER PERTAINING TO THIS NOTE. BORROWER HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT, AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO BORROWER AT THE ADDRESS SET FORTH ABOVE AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF BORROWER'S ACTUAL RECEIPT THEREOF OR THREE (3) DAYS AFTER DEPOSIT IN THE U.S. MAIL, PROPER POSTAGE PREPAID.

13. TO THE FULLEST EXTENT ALLOWED BY LAWS OF THE STATE OF NEW YORK, THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY, IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS NOTE AND FOR ANY COUNTERCLAIM THEREIN.

14. The remedies under this Note shall he cumulative to, and not exclusive of, any rights or remedies otherwise available. The Lender shall not, by any act, delay, omission or otherwise, be deemed to have waived any of its rights or remedies hereunder and no waiver by a Lender of its rights or remedies hereunder shall be valid against such Lender unless in writing, signed by such Lender, and then only to the extent therein set forth. The waiver by a Lender of any right or remedy hereunder upon any one occasion shall not be construed as a bar to any right or remedy which it would otherwise have had on any future occasion.

15. The liability of the undersigned shall be absolute and unconditional and without regard to the liability of any other party hereto.

16. Borrower and the Lender intend at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits a Lender to contract for, charge, take, reserve or receive a greater amount of interest than under state law). If the applicable law (state or federal) is ever judicially interpreted so as to render usurious any amount called for under this Note, then it is Borrower's and the Lender express intent that all excess amounts theretofore collected by a Lender shall be

credited against the unpaid principal balance of the Loan with respect to such Lender's Principal Amount (or, if the Loan has been or would thereby be paid in full, refunded to Borrower), and the provisions hereof immediately be deemed reformed and the amounts thereafter collectible thereunder reduced, without the necessity of the execution of any new document, so as to comply with applicable law, but so as to permit the recovery of the fullest amount otherwise called for thereunder. All sums paid or agreed to be paid to a Lender for the use, forbearance or detention of the Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the maximum lawful rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

17. The Lender shall have the right to assign, in whole or in part, its interest in this Note and all of its rights hereunder, and all of the provisions herein shall continue to apply to the Loan. The Lender shall have the right to participate its interest in the Loan with other parties. The Lender shall provide prompt notice to Borrower of any assignment, in whole or in part, of this Note with respect to its Principal Amount. The term "Holder" as used herein shall mean the Lender and shall also include any transferee of this Note whose name has been recorded by the Borrower in the Note Register (as defined below). Each transferee of this Note acknowledges that this Note has not been registered under the Securities Act of 1933, as amended, (the "Securities Act"), and may be transferred only pursuant to an effective registration under the Securities Act or pursuant to an applicable exemption from the registration requirements of the Securities Act. The Borrower shall maintain a register (the "Note Register") in its principal offices for the purpose of registering this Note and any transfer or partial transfer thereof, which register shall reflect and identify, at all times, the ownership of record of any interest in this Note. Upon the issuance of this Note, the Borrower shall record the name and address of the Lender in the Note Register as a Holder. Upon surrender for registration of transfer or exchange of this Note at the principal offices of the Borrower, the Borrower shall, at its expense, execute and deliver one or more new notes of like tenor and of a like aggregate Principal Amount with respect to a Lender, registered in the name of the Holder or a transferee or transferees. Every note surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by written instrument of transfer duly executed by the Holder of such note or such holder's attorney duly authorized in writing. It shall be a condition precedent to any transfer or partial transfer of the record ownership of an interest in this Note that the Borrower register such transfer or partial transfer in the Note Register and otherwise comply in all respects with the provisions of this Paragraph 17, and the Borrower's failure to do so shall render any such transfer or partial transfer void *ab initio*.

18. All understandings, representations and agreements heretofore had with respect to this Note are merged into this Note, which alone fully and completely expresses the agreement of Borrower and the Lender. The Lender or any other party have made any representation, warranty, or statement to Borrower in order to induce Borrower to execute this Note, and any and all claims for fraud in the inducement are expressly waived.

19. Borrower hereby waives the right to assert a claim or counterclaim against the Lender for injunctive relief arising out of or relating to this Note, including, without limitation, any claim or counterclaim against a Lender relating to the exercise of their rights and remedies arising out of or relating to this Note. Borrower hereby acknowledges that any claim or counterclaim against a Lender arising out of or relating to this Note can be adequately remedied by an action at law for money damages.

20. In the event that any provision of this Note is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Note.

21. Each party acknowledges that its legal counsel participated in the preparation of this Note and, therefore, stipulates that the rule of construction that ambiguities are to be resolved against the drafting party shall not be applied in the interpretation of this Note to favor any party against the other. The Borrower will fully reimburse the Lender for all legal fees and cost incurred by the Lender in connection with the negotiation, documentation and execution of this Note and all documents related to the Note. Upon presentation by the Lender to the Borrower of reasonable documentation reflecting such fees and costs, the Borrower will promptly pay such fees to the Lender's counsel, as directed by the Lender. In connection therewith, the Borrower will immediately pay to Ely D. Tendler Strategic & Legal Services, PPLC, counsel to the Lender, a $5,000 retainer for such firm's services in connection with this Note.

22. In the event that all amounts due to the Lender hereunder are not paid in full at the Maturity Date, the interest rate on the Note will increase to a rate of three percent (3%) per month (the "Default Interest Rate"), retroactive to the original issuance date of this Note set forth above. Such remedy is not exclusive and is cumulative with any and all other remedies available to the Lender under law and/or equity.

23. No general partner of the Borrower shall withdraw, borrow or otherwise receive any monies from the Borrower (a "GP Draw") prior to the repayment in full of this Note. In the event that a GP Draw occurs prior to the repayment of this Note, the Borrower will provide the Lender with a personal guarantee from Mark Nordlicht, Borrower's Chief Investment Officer, in form and substance reasonably acceptable to the Lender, guaranteeing to pay to the Lender the amount of the GP Draw in the event this Note, including all outstanding interest thereon, is not paid in full by the Maturity Date.

24. The Borrower shall provide the Lender with the following informational reports:

A. Mid-month and month-end good-faith profit and loss estimates for the Borrower.

B. Monthly balance sheets of the Borrower, along with a schedule indicating the total amount of redemptions and subscriptions for such month.

C. Within ten (10) following the end of each calendar quarter, the Borrower will provide the Lender a certificate from the Borrower's Chief Financial Officer setting forth the amount and other particulars of GP Draws, if any, that took place in the prior calendar quarter.

D. Promptly upon receipt of any demand for repayment by holders of other outstanding loans to the Borrower, including, without limitation, holders of the Senior Note, the Borrower shall inform the Lender of such demand, the amount of such demand and the amount of outstanding indebtedness of the Borrower that is subject to repayment on demand following such repayment by the Borrower.

25. Iska. Notwithstanding anything else set forth in this Note, the Borrower and the Lender acknowledge that the Principal Amount provided by the Lender to the Borrower pursuant to this Note is for investment in an Iska partnership, subject to the following terms:

A. In exchange for the Principal Amount, the Lender shall acquire a share (in the value of the Principal Amount provided hereunder) in any investment, real estate or business which the

Borrower owns. In the event that no such investments exist, the Lender will acquire partnership (in the value of the principal provided hereunder) in any future investment which the Borrower shall make. The Borrower hereby appoints the Lender as an agent to execute these investment(s), as the Borrower deems appropriate, on the Lender's behalf. These investment(s) shall be owned by the Lender.

B. Any profits realized or losses sustained shall be allocated to the Lender. However, five percent (5%) of the profits shall be retained by the Borrower for the Borrower's services during the term of this Iska.

C. Any claim of loss must be verified through the testimony of two qualified witnesses in, and under conditions acceptable to, an Orthodox Jewish court of law. Any claim regarding the amount of profit generated by the Investments shall be verified under solemn oath, before and under conditions acceptable to, an Orthodox Jewish court of law.

D. The parties agree that if the Borrower returns the Principal Amount to the Lender, together with an additional amount equal to $96,000 per month, as payment for the Lender's share of the profits which are generated from the Investments, then Borrower will not be required to make any further payment nor will the Borrower be required to make an oath. If payment is not made by the Maturity Date or any monthly due date for the payment of interest hereunder, the terms of this Iska shall continue.

E. In the event of any conflict between the terms of this Iska and the terms of any other agreement signed by the two parties in regard to the Principal Amount, the terms of this Iska shall prevail.

F. The terms of this Iska shall follow the guidelines of Heter Iska as explained in Sefer Bris Yehudah. The parties agree that any dispute which may arise in connection with this agreement shall be submitted before a Rabbinical Court acceptable to both parties. Judgment rendered by the aforesaid authority may be entered in any court having jurisdiction thereof.

[signature page follows]

IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered as of the day first above written.

Platinum Partners Value Arbitrage
Fund L.P., a Cayman Islands limited partnership

By: Mark Nordlicht, Chief Investment Officer

AGREED TO AND ACKNOWLEDGED AS TO SECTION 25:

White Rock Properties, LLC

Judah Langer, Managing Member

IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered as of the day first above written.

Platinum Partners Value Arbitrage
Fund L.P., a Cayman Islands limited partnership

By: Mark Nordlicht, Chief Investment Officer

AGREED TO AND ACKNOWLEDGED AS TO SECTION 25:

White Rock Properties, LLC

Judah Langer, Managing Member

Effective Date	Fund	Feeder	Class	Investor	Contact Information	Capital Activity Type	Capital Activity Amount	Amount Payable	Date Cash Moved	Status	Date Added
10/1/2015	PPCO	PPCOIL	B	[redacted]		Subscription	$ 1,200,000.00	$ 1,200,000.00	9/30/2015	Completed	9/29/2015
10/1/2015	PPCO	PPCOIL	B	[redacted]		Subscription	$ 6,500,000.00	$ 6,500,000.00	9/30/2015	Completed	9/24/2015

Note: The below were redemptions in the PPVA Funds as of 11-30-15 and transfers into the PPCO Funds as of 12-1-15. Instead of moving the cash PPVA added 3,266,731.33 To the loan payable to PPCO.

11/30/2015	PPVA	PPVA INTL	P	Clearstream Banking S.A. AFS 145325	Partial Redemption	($500,000.00)
11/30/2015	PPVA	PPVA USA	L	Teed Holdings LLC	Full Redemption	($1,004,801.79)
11/30/2015	PPVA	PPVA USA	L	Perl Equity Holdings LLC	Full Redemption	($439,202.91)
11/30/2015	PPVA	PPVA INTL	L	Perl Family Foundation	Full Redemption	($199,607.92)
11/30/2015	PPVA	PPVA USA	L	Lydia Capital, LLC	Full Redemption	($125,384.86)
11/30/2015	PPVA	PPVA INTL	L	Next Generation TS FBO Sheldon Perl IRA #2391	Full Redemption	($997,733.85)
						($3,266,731.33)

SS&C Technologies, Inc.
80 Lamberton Road
Windsor, CT

Dear Sirs:

I hereby authorize and direct SS&C Technologies, Inc. (the "Administrator") to redeem my membership interests in the Platinum Partners Value Arbitrage Fund (USA) LP effective November 30, 2015 and use the proceeds of the redemption to subscribe to the following Platinum-managed fund:
Fund Name: Platinum Partners Credit Opportunities Fund LLC
Subscription Amount: Full Account Balance in Platinum Partners Value Arbitrage Fund (USA) LP
Subscription Date: December 1, 2015

Please wire transfer the redemption proceeds to:

Capital One Bank
275 Broadhollow Road
Melville, New York 11747
ABA# [redacted]
Account # [redacted]
Account Name: Platinum Partners Credit Opportunities Fund LLC

Sincerely,

Teed Holdings LLC

The Attached Subscription Agreement Intentionally Removed

SS&C Technologies, Inc.
80 Lamberton Road
Windsor, CT

Dear Sirs:

I hereby authorize and direct SS&C Technologies, Inc. (the "Administrator") to redeem my membership interests in the Platinum Partners Value Arbitrage Fund (USA) LP effective November 30, 2015 and use the proceeds of the redemption to subscribe to the following Platinum-managed fund:
Fund Name: Platinum Partners Credit Opportunities Fund LLC
Subscription Amount: Full Account Balance in Platinum Partners Value Arbitrage Fund (USA) LP
Subscription Date: December 1, 2015

Please wire transfer the redemption proceeds to:

Capital One Bank
275 Broadhollow Road
Melville, New York 11747
ABA# [redacted]
Account # [redacted]
Account Name: Platinum Partners Credit Opportunities Fund LLC

Sincerely,

Lydia Capital, LLC

The Attached Subscription Agreement Intentionally Removed

SS&C Technologies, Inc.
80 Lamberton Road
Windsor, CT

Dear Sirs:

I hereby authorize and direct SS&C Technologies, Inc. (the "Administrator") to redeem my shares in the Platinum Partners Value Arbitrage Fund (International) Ltd effective November 30, 2015 and use the proceeds of the redemption to subscribe to the following Platinum-managed fund:

Fund Name: Platinum Partners Credit Opportunities Fund (TE) LLC
Subscription Amount: Full Account Balance from Platinum Partners Value Arbitrage Fund (International) Ltd
Subscription Date: December 1, 2015

Please wire transfer the redemption proceeds to:

Capital One Bank
ABA# [redacted]
Account Name: Platinum Partners Credit Opportunities Fund (TE) LLC
Account Number: [redacted]
For Further Credit To: [Please insert the subscriber's name here]

Sincerely,
Perl Family Foundation

By: Sheldon Perl

The Attached Subscription Agreement Intentionally Removed

SS&C Technologies, Inc.
80 Lamberton Road
Windsor, CT

Dear Sirs:

I hereby authorize and direct SS&C Technologies, Inc. (the "Administrator") to redeem my membership interests in the Platinum Partners Value Arbitrage Fund (USA) LP effective November 30, 2015 and use the proceeds of the redemption to subscribe to the following Platinum-managed fund:
Fund Name: Platinum Partners Credit Opportunities Fund LLC
Subscription Amount: Full Account Balance in Platinum Partners Value Arbitrage Fund (USA) LP
Subscription Date December 1, 2015

Please wire transfer the redemption proceeds to:

Capital One Bank
275 Broadhollow Road
Melville, New York 11747
ABA# [redacted]
Account # [redacted]
Account Name: Platinum Partners Credit Opportunities Fund LLC

Sincerely,

Perl Equity Holdings LLC

The Attached Subscription Agreement Intentionally Removed

SS+C FUND SERVICES
ATTN: INVESTOR RELATIONS 1
80 LAMBERTON ROAD
WINDSOR CT 06095
UNITED STATES OF AMERICA

REF : 174093-F1 PLATINUM PARTNERS VAL ARB FD INTERN LTD CL P SER 2015 09 UNR

clearstream | DEUTSCHE BÖRSE GROUP

Original Document
AMENDED ORDER
DO NOT DUPLICATE

SRCUSR

PAGES 1

Urgent.

DATE	22-Dec-2015
COMPANY	SS+C FUND SERVICES (11264)
LOCATION	WINDSOR, UNITED STATES OF AMERICA
ATTENTION	INVESTOR RELATIONS 1
FAX	0018603712503
FROM	CGSS Team G
OUR REF	[redacted]

Client Remarks: AMENDMENT: DO NOT DUPLICATE. Amending Trade Date from 31.03.16 to 30.11.15 and Settlement Date from 31.03.16 to 30.11.15 as per Clients Request.
Dear Sir or Madam,

We hereby kindly request you to execute the following SWITCH transaction.

We would like to Sell/Redeem:
For the countervalue of: USD 500,000.00 (Five hundred thousand US Dollar)
In: **PLATINUM PARTNERS VAL ARB FD INTERN LTD CL P SER 2015 09 UNR**
ISIN: [redacted]

This investment is registered in our account # [redacted] under: CLEARSTREAM BANKING S.A. AFS [redacted]

And then invest the redemption proceeds from the above transaction into the following:
In: **PLATINUM PARTNERS CREDIT OPPOR FND INTER LTD CLASS B USD UNR**
ISIN: [redacted]

This investment should be registered in our account # [redacted] in the name of: CLEARSTREAM BANKING S.A. AFS [redacted]

We expect a trade date of 30-Nov-2015 for this transaction. Please notify us immediately to FSIlbholdings@clearstream.com if this is not the next available trade date or if our order will not be accepted for this trade date.

Please confirm subscription details to +353 (0) 21 491 0335 (fax) or to FSIlbholdings@clearstream.com. Queries concerning trade placement or documentation requirements can be addressed to FSIlbholdings@clearstream.com. Please quote reference number [redacted].

Clearstream Banking S.A.

Jean Barry
Authorised Signatory

Louise O'Brien
Authorised Signatory

HSI

Clearstream Banking
42 Avenue JF Kennedy
L-1855 Luxembourg
Mailing Address
L-2967 Luxembourg

Phone: +353 (0) 21 432 4700
Fax: +353 (0) 21 491 0335
Internet: clearstream.com
E-mail: fstradeconfirm@clearstream.com

Clearstream Banking
société anonyme is organised
with limited liability in the
Grand Duchy of Luxembourg
RC Luxembourg B 9243
Registered address
42 Avenue JF Kennedy
L-1855 Luxembourg

Client Request: Amendment: DO NOT Duplicate
Amending Trade date from 31.03.2016 to 30.11.2015
+ Settlement date from 31.03.2016 to 30.11.2015.

For the Exclusive Use of: Clearstream Banking S.A. AFS 145325. No. 3415

PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND INTERNATIONAL, LTD.

ADDITIONAL SUBSCRIPTION REQUEST
(To Be Completed By Existing Shareholders Instead of Subscription Agreement)

Please fill in the following information: Ref: [redacted]

The undersigned hereby subscribes for the additional amount set forth below upon the terms and conditions described in the Memorandum. The undersigned hereby restates all of the representations, warranties and covenants made in the undersigned's original Subscription Agreement and its accompanying documents (the **"Original Subscription Documents"**) as if they were made on the date hereof and represents and warrants that all of the financial information set forth in the undersigned's Original Subscription Documents remains accurate and complete on the date hereof.

Name of Subscriber(s): Clearstream Banking S.A. AFS [redacted]

Additional Subscription Amount: US$ _____ or Euros (for Class C Shares only) _____

Class of Interests Subscribed For: ☐ Class A ☑ Class B ☐ Class C ☐ Class D

INDIVIDUAL SIGNATURES: Switch USD 500,000 from Value Arbitrage Fund Ltd Class P Series 295 09 Unrestricted to invest Proceeds into Credit Opp Fund International Class B USD Unrestricted.

_____ Dated: _____
(Signature of Co-Subscriber)

ENTITY SIGNATURES:

By: Jean Barry
(Signature of Authorized Signatory) Dated: 23/12/2015

Jean Barry
Authorised Signatory
(Print Name and Title of Signatory)

By: L O'Brien
(Signature of Required Authorized Co-Signatory) Dated: _____

Louise O'Brien
Authorised Signatory
(Print Name and Title of Co-Signatory)

Clearstream Banking S.A.
Cork Operations Centre
Tel: +353 21 432 4700
Fax: +353 21 491 0335

FOR USE BY THE COMPANY ONLY

Subscription has been: ☐ Accepted ☐ Accepted in Part ☐ Rejected ☐ Other

Additional Subscription Amount: US$ _____ or Euros (for Class C Shares only) _____

Number, series and sub-class of Shares Allotted: _____

Receipt Sent: ☐ YES ☐ NO

Dated: _____

DIVIDENDS - REINVEST

DOC ID - 21342715.2

clearstream | DEUTSCHE BÖRSE GROUP

DATE 21-Dec-2015 PAGES 1
COMPANY SS+C FUND SERVICES (11264)
LOCATION WINDSOR, UNITED STATES OF AMERICA
ATTENTION INVESTOR RELATIONS 1
FAX 0018603712503
FROM CGSS Team G
OUR REF [redacted]

Dear Sir or Madam,

We hereby kindly request you to execute the following SWITCH transaction.

We would like to Sell/Redeem:
For the countervalue of: USD 500,000.00 (Five hundred thousand US Dollar)
In: **PLATINUM PARTNERS VAL ARB FD INTERN LTD CL P SER 2015 09 UNR**
ISIN: [redacted]

This investment is registered in our account # [redacted] under: CLEARSTREAM BANKING S.A. AFS [redacted]

And then invest the redemption proceeds from the above transaction into the following:
In: **PLATINUM PARTNERS CREDIT OPPOR FND INTER LTD CLASS B USD UNR**
ISIN: [redacted]

This investment should be registered in our account # [redacted] in the name of: CLEARSTREAM BANKING S.A. AFS [redacted]

We expect a trade date of 31-Mar-2016 for this transaction. Please notify us immediately to FSIIbholdings@clearstream.com if this is not the next available trade date or if our order will not be accepted for this trade date.

Please confirm subscription details to –353 (0) 21 491 0335 (fax) or to FSIIbholdings@clearstream.com. Queries concerning trade placement or documentation requirements can be addressed to FSIIbholdings@clearstream.com. Please quote reference number [redacted]

Paula Breen

J. O'Mahony

Clearstream Banking S.A.

NB. The information contained in the fax is private and confidential and intended only for the addressee. If you have received this fax in error, or the information contained within is in any way unclear, please immediately notify us by telephone at 353 (0) 21 432 4243.

Clearstream Banking
42 Avenue JF Kennedy
L-1855 Luxembourg
Mailing Address
L-2967 Luxembourg

Phone: –353 (0) 21 432 4700
Fax: +353 (0) 21 491 0335
Internet: clearstream.com
E-mail: fstradeconfirm@clearstream.com

Clearstream Banking
société anonyme is organized
with limited liability in the
Grand Duchy of Luxembourg
RC Luxembourg B 9248
Registered address
42 Avenue JF Kennedy
L-1855 Luxembourg

SS&C Technologies, Inc.
80 Lamberton Road
Windsor, CT

Dear Sirs:

I hereby authorize and direct SS&C Technologies, Inc. (the "Administrator") to redeem my shares in the Platinum Partners Value Arbitrage Fund (International) Ltd effective November 30, 2015 and use the proceeds of the redemption to subscribe to the following Platinum-managed fund:

Fund Name: Platinum Partners Credit Opportunities Fund (TE) LLC
Subscription Amount: Full Account Balance from Platinum Partners Value Arbitrage Fund (International) Ltd
Subscription Date: December 1, 2015

Please wire transfer the redemption proceeds to:

Capital One Bank
ABA# [redacted]
Account Name: Platinum Partners Credit Opportunities Fund (TE) LLC
Account Number: [redacted]
For Further Credit To: [Please insert the subscriber's name here]

Sincerely,
Next Generation TS FBO Sheldon Perl IRA [redacted]

12/30

By: Next Generation Trust Services

Read & Approved by Sheldon Perl

s Agreement is signed by Next Generation TS, LLC ("NGTS") not individually but solely as ...ot for the Custodian under the Individual Retirement Account (IRA) Plan Agreement also ...own as Form 5305. Said Agreement is hereby made a part hereof & any claims against ...TS which may result here from, shall be payable only out of any IRA property which may ... held hereunder. Any & all personal liability of NGTS is hereby expressly waived by the ...ties hereto & their respective successors & assigns. All representations & undertakings are ... NGTS as agent for the Custodian as aforesaid & not individually & no liability is assumed ... or shall be asserted against NGTS personally as a result of the signing of this instrument. ... grantor, as account controller, has made all representations & warranties contained herein ... NGTS, as agent for the Custodian, is signing this document along with the grantor merely ... assist the grantor in this purchase as prescribed by the Internal Revenue procedures ...uiring the purchase to be made by an IRA Custodian on be half of the IRA. NGTS ...sly disclaims all fiduciary responsibility for the investment choice and its inherent risks. The ...neficial owner indemnifies & agrees to hold harmless NGTS in following these instructions.

The Attached Subscription Agreement Intentionally Removed

Partners

Platinum Partners Credit Opportunities Fund LLC
Individual Account Statement
(UNAUDITED)

Investor No: [redacted]

Account Name: TEED Holdings LLC

Investor Statement for the Month Ended: December 31, 2015

B	Month to Date	Year to Date
Beginning Net Asset Value	0.00	0.00
Additions	1,004,801.79	1,004,801.79
Withdrawals	0.00	0.00
Net Income/(Loss)	8,475.15	8,475.15
Ending Net Asset Value	**1,013,276.94**	**1,013,276.94**
Net Rate of Return	**0.84 %**	**0.84 %**

Partners

Platinum Partners Credit Opportunities Fund LLC
Individual Account Statement
(UNAUDITED)

Investor No: [redacted]

Account Name: Lydia Capital, LLC

Investor Statement for the Month Ended: **December 31, 2015**

B	Month to Date	Year to Date
Beginning Net Asset Value	0.00	0.00
Additions	125,384.86	125,384.86
Withdrawals	0.00	0.00
Net Income/(Loss)	1,057.58	1,057.58
Ending Net Asset Value	**126,442.44**	**126,442.44**
Net Rate of Return	**0.84 %**	**0.84 %**

Partners

Platinum Partners Credit Opportunities Fund LLC
Individual Account Statement
(UNAUDITED)

Investor No: [redacted]

Account Name: **Perl Equity Holdings LLC**

Investor Statement for the Month Ended: **December 31, 2015**

B	Month to Date	Year to Date
Beginning Net Asset Value	0.00	0.00
Additions	439,202.91	439,202.91
Withdrawals	0.00	0.00
Net Income/(Loss)	3,704.52	3,704.52
Ending Net Asset Value	**442,907.43**	**442,907.43**
Net Rate of Return	**0.84 %**	**0.84 %**

Partners

Platinum Partners Credit Opportunities Fund (TE) LLC
Individual Account Statement
(UNAUDITED)

Investor No: [redacted]

Account Name: Perl Family Foundation

Investor Statement for the Month Ended: December 31, 2015

B	Month to Date	Year to Date
Beginning Net Asset Value	0.00	0.00
Additions	199,607.92	199,607.92
Withdrawals	0.00	0.00
Net Income/(Loss)	1,455.25	1,455.25
Ending Net Asset Value	201,063.17	201,063.17
Net Rate of Return	0.73 %	0.73 %

Platinum Partners Credit Opportunities Fund International, Ltd

Individual Account Statement
(UNAUDITED)

Investor No: [redacted]

Account Name: **Clearstream Banking S.A. AFS** [redacted]

Investor Statement for the Month Ended: **December 31, 2015**

Class/Series		Shares	CCY	NAV Date	NAV	Value
B 2015-09	Opening Balance	614.1092	USD	11/30/2015	1,020.1856	626,505.36
	Closing Balance	614.1092	USD	12/31/2015	1,027.5905	631,052.79
				Period Increase/Decrease - USD:		**4,547.43**
B 2015-12	Opening Balance	0.0000	USD	11/30/2015	0.0000	0.00
	Additional Subscription	500.0000	USD	11/30/2015	1,000.0000	500,000.00
	Closing Balance	500.0000	USD	12/31/2015	1,007.2584	503,629.20
				Period Increase/Decrease - USD:		**3,629.20**

SS&C GlobeOp

For more information or inquiries, please contact
SS&C Fund Services - Investor Relations
80 Lamberton Road Windsor, CT 06095
Tel: (860) 298-4599 Email: sscinvestorservices@sscinc.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file no. 333-174226

BLACK ELK ENERGY OFFSHORE OPERATIONS, LLC
(Exact name of registrant as specified in its charter)

Texas	**38-3769404**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
11451 Katy Freeway, Suite 500 Houston, Texas	**77079**
(Address of principal executive offices)	**(Zip Code)**

(281) 598-8600
(Registrant's telephone number, including area code)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the

Act. ☒ Yes ☐ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

(Explanatory Note: The registrant is a voluntary filer and is not subject to the filing requirements of the Securities Exchange Act of 1934. However, during the preceding 12 months, the registrant has filed all reports that it would have been required to file by Section 13 or 15(d) of the Securities Exchange Act of 1934 if the registrant was subject to the filing requirements of the Securities Exchange Act of 1934.)

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

As of June 29, 2012, the registrant's membership interests are currently not listed on an exchange and, therefore, the aggregate market value of the registrant's membership interests held by non-affiliates on such date cannot be reasonably determined.

As of March 31, 2014, there were 1,361,300 Class A Units, 114,277,308.5 Class B Units, 12,031,250 Class C Units and 109,743,693 Class E Units issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Exhibits incorporated by reference are referred to under Part IV of this annual report.

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BLACK ELK ENERGY OFFSHORE OPERATIONS, LLC'S
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2013

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Form 10-K") contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. All statements, other than statements of historical fact included in this Form 10-K, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Form 10-K, the words "could," "believe," "anticipate," "intend," "estimate," "expect," "may," "continue," "predict," "potential," "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Forward-looking statements may include statements that relate to, among other things, our:

- Financial data, including production, costs, revenues and operating income;
- Future financial and operating performance and results;
- Business strategy and budgets;
- Market prices;
- Expected plugging and abandonment obligations and other expected asset retirement obligations;
- Technology;
- Financial strategy;
- Amount, nature and timing of capital expenditures;
- Drilling of wells and the anticipated results thereof;
- Oil and natural gas reserves;
- Timing and amount of future production of oil and natural gas;
- Competition and government regulations;
- Operating costs and other expenses;
- Cash flow and anticipated liquidity;
- Prospect development;
- Property acquisitions and sales; and
- Plans, forecasts, objectives, expectations and intentions.

These forward-looking statements are based on our current expectations and assumptions about future events and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our expectations for future revenues and operating results are based on our forecasts for our existing operations and do not include the potential impact of any future acquisitions. Our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. Known material factors that could cause our actual results to differ from those in the forward-looking statements are those described in "Item 1A. Risk Factors."

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Form 10-K. We undertake no responsibility to publicly release the results of any revisions of our forward-looking statements after the date they are made.

Should one or more of the risks or uncertainties described in this Form 10-K occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statement.

All forward-looking statements, expressed or implied, included in this Form 10-K are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as required by law, we undertake no obligations to update, revise or release any revisions to any forward-looking statements to reflect events or circumstances occurring after the date on which such statement is made or to

reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, we cannot assess the impact of each such factor on our business or the extent to which any factors, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement.

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PART I

Except as otherwise indicated or required by the context, references in this Form 10-K to: (1) "we," "us," "our," "Parent" or "Black Elk" refer to the combined business of Black Elk Energy Offshore Operations, LLC and our wholly-owned subsidiaries.

Item 1. Business

Overview

We are an oil and natural gas company headquartered in Houston, Texas with substantially all of our producing assets located offshore in U.S. federal and Louisiana and Texas state waters in the Gulf of Mexico. We were formed in November 2007 as a limited liability company to acquire, exploit and develop oil and natural gas properties in our area of focus from oil and gas companies that have determined that such assets are noncore for their purposes and desire to remove them from their producing property portfolio or deemphasize their offshore operations. In addition to our acquisition strategy, we continue to grow organically through the exploitation and development of our existing field inventory by the use of drilling, workover, recompletion and other lower-risk development projects to increase reserves and production.

As of December 31, 2013, our leasehold position encompassed approximately 457,065 gross ((223,852) net) acres, 935 gross (444 net) wells and 58 production platforms. As of December 31, 2013, we had estimated total proved oil, natural gas and NGL reserves of 26.0 MMBoe (45% oil) with a PV-10 value of $636 million based on the reserve report as of December 31, 2013 ("NSAI Report") of Netherland, Sewell & Associates, Inc., independent petroleum engineers ("NSAI"), using U.S. Securities and Exchange Commission ("SEC") pricing based on the average price as of the first day of each of the twelve months ended December 31, 2013. For 2013, our net daily production averaged approximately 11,388 Boepd.

Our Acquisition History

In 2008, we acquired our first field, the South Timbalier 8, located in Louisiana state waters in the Gulf of Mexico. This acquisition was followed by an additional field acquisition in U.S. federal waters in the Gulf of Mexico, the West Cameron 66.

On October 29, 2009, we purchased interests in approximately 35 fields and 350 wells primarily located in U.S. federal waters of the outer continental shelf of the Gulf of Mexico (the "Outer Continental Shelf" or "OCS") encompassing approximately 195,000 gross (71,000 net) acres (the "W&T Properties") from W&T Offshore, Inc. ("W&T"). The W&T Properties also included related leases, platforms, equipment and other associated assets. The purchase price was $30 million plus the assumption of approximately $73.3 million of undiscounted asset retirement obligations related to plugging and abandonment ("P&A") obligations associated with the W&T Properties, subject to customary effective-date adjustments and closing adjustments. The W&T Properties had a PV-10 value of $121.1 million and estimated proved reserves of 8.8 MMBoe, which accounted for approximately 19% of our total PV-10 value and approximately 34% of our total proved reserves at such time.

During the first quarter of 2010, we acquired six fields and added interests in an additional 40 wells spanning approximately 13,900 gross (6,400 net) acres, primarily located within Texas state waters in the Gulf of Mexico from Chroma Oil and Gas, LP. On September 30, 2010, we acquired interests in 27 properties across approximately 195,944 gross (103,130 net) acres (the "Nippon Properties") in the Gulf of Mexico from Nippon Oil Exploration U.S.A. ("Nippon"). The Nippon Properties included interests in 90 producing wells, 223 wellbores, 41 platforms and 19 producing fields. The purchase price was $5 million plus the assumption of approximately $95.6 million of undiscounted asset retirement obligations related to P&A obligations associated with the Nippon Properties, subject to customary effective-date adjustments and closing adjustments. As of December 31, 2013, the Nippon Properties had a PV-10 value of $31.1 million and estimated proved reserves of 4.9 MMBoe, which accounted for approximately 5% of our total PV-10 value and approximately 19% of our total proved reserves at such time.

In February 2011, we acquired additional properties (the "Maritech Properties") in the Gulf of Mexico, strategically located among our existing assets in federal waters, from Maritech Resources Incorporated ("Maritech"). The Maritech Properties consisted of eight fields and interests in 105 gross (43 net) wells and approximately 45,500 gross (22,200 net) acres.

On May 31, 2011, we acquired certain interests in various properties across approximately 250,126 gross (127,894 net)

acres (the "Merit Properties") in the Gulf of Mexico in Texas and federal waters from Merit Management Partners I, L.P., Merit Management Partners II, L.P., Merit Management Partners III, L.P., Merit Energy Partners III, L.P., MEP III GOM, LLC, Merit Energy Partners D-III, L.P., Merit Energy Partners E-III, L.P., and Merit Energy Partners F-III, L.P. (the "Merit Entities"). In

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connection with the acquired Merit Properties, we entered into a contribution agreement with Platinum Partners Value Arbitrage Fund L.P., and/or certain of its affiliates (collectively "Platinum"), whereby Platinum made a capital contribution of $10 million in cash and $20 million of financial instruments deemed by us to be a cash equivalent, collateralized by certain accounts receivables, in exchange for 30 million of our Class D Preferred Units (the "Class D Units"). As of December 31, 2013, the Merit Properties had a PV-10 value of $224.4 million and estimated proved reserves of 9.7 MMBoe, which accounted for approximately 35% of our total PV-10 value and approximately 37% of our total proved reserves at such time.

We have financed our acquisitions to date through a combination of cash flows provided by operating activities, borrowings under lines of credit and 13.75% Senior Secured Notes due 2015 (the "Notes"), and capital contributions from our members. Our use of capital for acquisitions, exploitation and development allows us to direct our capital resources to what we believe to be the most attractive opportunities as market conditions evolve. We have historically acquired properties that we believe will meet or exceed our rate of return criteria. For acquisitions of properties with additional development, exploitation and exploration potential, we have focused on acquiring properties that we expect to operate so that we can control the timing and implementation of capital spending. In some instances, we have acquired non-operating property interests at what we believe to be attractive rates of return either because they provided footholds in a new area of interest or complemented our existing operations. We intend to continue to acquire both operated and non-operated properties to the extent we believe they meet our return objectives. In addition, our willingness to acquire non-operated properties in new areas provides us with geophysical and geologic data that may lead to further acquisitions in the same area, whether on an operated or non-operated basis.

Our Business Strategies

Our goal is to increase unit holder value by increasing our reserves production and cash flow at an attractive return on invested capital. We seek to achieve this goal through the following strategies:

- ***Conduct all operations safely using industry best practices, be good stewards of the environment and strive towards being compliant with all regulations.*** We intend to continue to use experts to ensure all work and operations are continuously conducted in a compliant manner as dictated by our policies and procedures and all applicable regulations. Our safety and environmental management system ("SEMS") will have continuous learning at its core and seek to be highly effective in every aspect of our work.
- ***Continue to pursue strategic acquisitions***. We intend to continue to selectively acquire properties in areas that meet certain investment criteria without unintended environmental impact. Our strategy is to acquire and economically maximize properties that are currently producing or have the potential to produce with additional attention and capital resources. We believe that our strategy provides assets to develop and produce with minimal risk, cost or time of traditional exploration. We stringently assess technical information to protect against potential risks as part of our acquisition strategy. Our approach extends the economic life of fields and delivers a greater volume of reserves. We believe strategic opportunities will continue to be available and will generate attractive returns.
- ***Enhance returns by focusing on operational and cost efficiencies***. We focus our efforts on increasing oil and natural gas reserves and production while controlling costs at a level that is appropriate for long-term operations. We are engaged in a continual effort to monitor and reduce operating expenses by finding opportunities to safely increase efficiencies related to staffing, transportation and operational procedures. Moreover, our ability to accurately estimate and manage plugging and abandonment costs associated with potential acquisitions increases the likelihood of achieving our target returns on investment.
- ***Focus primarily on the Gulf of Mexico***. Our experience in the Gulf of Mexico has led us to focus our efforts in that particular region where we are familiar with the regulatory, geological and operational characteristics of this environment. This geographic focus enables us to minimize logistical costs and required staff.
- ***Expand geographic focus to create a balanced portfolio of onshore and offshore reserves***. Our management team has a wide experience base. We intend to leverage that experience and expertise to enhance our reserve and cash flow base. We are continuing to acquire under-capitalized Gulf of Mexico as assets.
- ***Manage our exposure to commodity price risk***. We intend to continue to manage our exposure to commodity price risk in the near term while remaining opportunistic over the long term. As part of our risk management program, we

hedge a portion of our anticipated oil and natural gas production to reduce our exposure to fluctuations in oil and natural gas prices. Reducing our exposure to price volatility helps ensure that we have adequate funds available for our capital programs and more price sensitive drilling programs. Our decisions on the quantity and price at which we choose to hedge our future production is based in part on our view of current and future market conditions.

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Our Competitive Strengths

We have a number of competitive strengths that we believe will help us to successfully execute our business strategies:

- ***Acquisition execution capabilities***. We have a proven track record of identifying, evaluating and executing the purchase of oil and natural gas assets. Since we began operations in 2008, we have completed seven acquisitions which have created significant value relative to the capital employed. We believe that our expertise related to the legal, financial and regulatory aspects of acquisitions allows us to quickly and successfully close transactions.
- ***Experienced management team***. Our management team has extensive engineering, geological, geophysical, technical and operational expertise in successfully developing and operating properties in both our current and planned areas of operations. We believe our management and technical team is one of our principal competitive strengths relative to our industry peers due to our team's proven track record in identification, acquisition and execution of resource conversion opportunities. In the past year, we have developed a drilling team that provides a significant competitive advantage through its experience and knowledge of the Gulf of Mexico.
- ***Efficient management of our Plugging and Abandonment activities***. We consider the evaluation and execution of plugging and abandonment ("P&A") activities to be one of our core competencies. We have an experienced internal team with a dedicated focus on managing our P&A activities and estimating P&A costs associated with acquisition opportunities. Our ongoing effort to manage our P&A liabilities by proactively removing inactive structures, wellbores and pipelines meaningfully reduces our operating expenses, maintenance expenses, insurance premiums and overall risk exposure. We also have an affiliation with a well service and P&A company, which provides us access to reliable equipment and workers on our decks.
- ***Large inventory of opportunities***. We have a large inventory of behind pipe, proved developed non-producing reserves as well as low-risk drilling locations classified as proved undeveloped ("PUD") reserves. Probable and possible reserve classes also hold the potential to increase our opportunity set once technically fully evaluated.
- ***Large acreage position***. We hold interest in 457,065 gross (223,852 net) acres in the Gulf of Mexico, which will allow us to pursue the deep and ultra-deep potential that exists under current producing horizons.

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Our Operations

Estimated Proved Reserves

The following table sets forth our estimated net proved reserves and the present value of such future cash flows as of December 31, 2013, 2012 and 2011. The Standardized Measure and PV-10 values shown in the table below are not intended to represent the current market value of the estimated oil and natural gas reserves we own.

	At December 31,		
	2013	2012	2011
Reserve Data (1):			
Estimated net proved reserves:			
Oil (MBbls)	11,674	19,268	18,089
Natural gas (MMcf)	77,790	113,093	150,393
NGL (MBbls)	1,373	2,222	2,034
Total estimated net proved reserves (MBoe)	26,012	40,339	45,189
Estimated net proved developed reserves:			
Oil (MBbls)	8,933	10,610	10,538
Natural gas (MMcf)	53,907	73,001	83,324
NGL (MBbls)	1,040	1,651	1,291
Total estimated net proved developed reserves (MBoe)	18,957	24,428	25,716
Percent developed	73%	61%	57%
Estimated net proved undeveloped reserves:			
Oil (MBbls)	2,741	8,658	7,551
Natural gas (MMcf)	23,883	40,092	67,069
NGL (MBbls)	334	571	743
Total estimated net proved undeveloped reserves (MBoe)	7,056	15,911	19,472
PV-10 (in thousands) (2)	$ 635,950	$ 1,057,793	$ 1,061,408
Standardized measure (in thousands) (2)	$ 635,950	$ 1,057,793	$ 1,061,408

(1) Our estimated net proved reserves, PV-10 and Standardized Measure were determined using index prices for oil and natural gas, without giving effect to derivative transactions, and were held constant throughout the life of the properties. The unweighted arithmetic average first-day-of-the-month prices for the prior 12 months were $93.42 per Bbl for oil volumes and $3.67 per Mcf for gas volumes for the year ended December 31, 2013, $91.21 per Bbl for oil volumes and $2.76 per Mcf for gas volumes for the year ended December 31, 2012 and $92.71 per Bbl for oil volumes and $4.12per Mcf for gas volumes for the year ended December 31, 2011 . For oil volumes, the average West Texas Intermediate price is adjusted by field for quality, transportation fees, and regional price differentials. For gas volumes, the average regional spot prices are adjusted by field for energy content, transportation fees and regional price differentials. All prices are held constant throughout the lives of the properties. The average adjusted product prices weighted by production over the remaining lives of the properties are $107.00 per Bbl of oil, $3.933per Mcf of gas and $40.69 per Bbl of NGL.

(2) PV-10 is a non-GAAP financial measure and generally differs from Standardized Measure, the most directly comparable GAAP financial measure, because it does not include the effects of income taxes on future revenues. However, our PV-10 and our Standardized Measure are equivalent because we are classified as a limited liability company not subject to entity level taxation. Accordingly, no provision for federal or state corporate income taxes has been provided because taxable income is passed through to our equity holders. Neither PV-10 nor Standardized Measure represents an estimate of the fair market value of our oil and natural gas properties. We and others in the industry use PV-10 as a measure to compare the relative size and value of proved reserves held by companies without regard to the specific tax characteristics of such entities.

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There can be no assurance that the proved reserves will be produced as estimated or that the prices and costs will remain constant. There are numerous uncertainties inherent in estimating reserves and related information and different reservoir engineers often arrive at different estimates for the same properties.

Extensions, discoveries and other additions. These are additions to proved reserves that result from exploratory drilling and the acquisition of new data, including production data, seismic data and well test data.

Qualifications of Technical Persons and Internal Controls Over Reserves Estimation Process. Netherland, Sewell & Associates, Inc., ("NSAI"), our independent petroleum engineers estimated, in accordance with the Standards Pertaining to the Estimating and Auditing of Oil and Natural Gas Reserves Information promulgated by the Society of Petroleum Engineers and definitions and guidelines established by the SEC, 100% of our proved reserve information as of December 31, 2013, 2012 and 2010 included in this Form 10-K. Our internal technical persons and those at NSAI primarily responsible for preparing the reserves estimates presented herein meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Natural Gas Reserves Information promulgated by the Society of Petroleum Engineers.

Proved reserves are those quantities of oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations. The term “reasonable certainty” implies a high degree of confidence that the quantities of oil and/or natural gas actually recovered will equal or exceed the estimate. To achieve reasonable certainty, NSAI employed technologies consistent with the standards established by the Society of Petroleum Engineers. The technologies and economic data used in the estimation of our proved reserves include, but are not limited to, well logs, geologic maps and available downhole and production data, seismic data and well test data.

Estimated Proved Undeveloped Reserves. Our proved undeveloped reserves at December 31, 2013 are 7.1 MMBoe, consisting of 3.1 MBbls of oil and NGLs and 23.9 Bcf of natural gas. At December 31, 2012, our proved undeveloped reserves were 15.9 MMBoe, consisting of 9.2 MBbls of oil and NGLs and 40.1 Bcf of natural gas. Decreases in proved undeveloped reserves in the past year were primarily due to the reclassification of PUD reserves to proved developed reserves as a result of our 2013 capital campaign. We also had select PUD reserves re-cataloged as unproven due to reaching the five year period. In 2013, we drilled & completed five operated wells and five non-operated wells.

Developed and Undeveloped Acreage

The following table presents the total gross and net developed and undeveloped acreage by region as of December 31, 2013:

	Developed Acres		Undeveloped Acres		Total	
	Gross	Net	Gross	Net	Gross	Net
Offshore (1)	457,065	223,852	720	360	457,785	224,212
Total	457,065	223,852	720	360	457,785	224,212

(1) Our core areas of production in U.S. federal waters in the Gulf of Mexico are the Ship Shoal 176, Vermilion 369/370/408, South Pass 89/86, and High Island A-571 fields.

The gross and net undeveloped acres as of December 31, 2013 will expire April 2016 unless production is established within the spacing units covering the acreage prior to the applicable lease expiration dates.

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Drilling Activity

During the three years ended December 31, 2013, 2012 and 2011, we drilled development and exploratory wells as set forth in the table below. Gross wells reflect the sum of all wells in which we own an interest. Net wells reflect the sum of our working interests in gross wells.

	2013		2012		2011	
	Gross	Net	Gross	Net	Gross	Net
Development wells:						
Productive oil	8	4.64	1	0.15	—	—
Productive natural gas	2	1.02	1	0.13	—	—
Dry	1	1	—	—	—	—
Total	11	6.24	2	0.28	—	—

	2013		2012		2011	
	Gross	Net	Gross	Net	Gross	Net
Exploratory wells:						
Productive oil	—	—	—	—	—	—
Productive natural gas	—	—	—	—	—	—
Dry	—	—	—	—	1	0.10
Total	—	—	—	—	1	0.10

Capital Expenditure Budget

We have a total capital expenditure budget of $33.8 million for 2014, excluding expenditures directly related to acquisitions, which is a 70% decrease over the approximately $113.7 million of capital expenditures invested during 2013. Our 2014 capital expenditure budget will be used for various projects including recompletions, development and drilling. To date, our 2014 capital budget has been funded from cash flow from operations. We are evaluating potential asset sales of core and non-core assets to optimize our portfolio, as well as continuing to review our escrow accounts to determine if there are opportunities to replace our letters of credit, which are 100% cash-backed, with surety bonds. We believe the cash flow from operations and potential divestitures should be sufficient to fund our 2014 capital expenditure budget.

Our capital budget may be adjusted as business conditions warrant and the ultimate amount of capital we will expend may fluctuate materially based on market conditions and the success of our drilling results as the year progresses. The amount, timing and allocation of capital expenditures are largely discretionary and within our control. If oil and natural gas prices decline or costs increase significantly, we could defer a significant portion of our budgeted capital expenditures until later periods to prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flows. We routinely monitor and adjust our capital expenditures in response to changes in prices, availability of financing, drilling and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs, success or lack of success in drilling activities, contractual obligations, internally generated cash flows and other factors both within and outside our control.

We expect that in the future our commodity derivative positions will help us stabilize a portion of our expected cash flows from operations despite potential declines in the price of oil and natural gas. Please see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Oil and Natural Gas Hedging” and “Item 7A. Quantitative and Qualitative Disclosures About Market Risk.”

We review acquisition opportunities on an ongoing basis. Our ability to make significant acquisitions for cash would require us to obtain additional equity or debt financing, which we may not be able to obtain on terms acceptable to us or at all.

Our Significant Oil and Natural Gas Properties

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We have a geographically diverse asset portfolio in the Gulf of Mexico. Our interests are located offshore in U.S. federal and Louisiana and Texas state waters, with depths ranging from less than ten feet up to 7,036 feet. As of December 31, 2013, our leasehold position encompassed approximately 457,065 gross (223,852 net) acres, 935 gross (444 net) wells and 58 production platforms. As of December 31, 2013, we operated approximately 50% of the fields and 47% of the wells in our asset portfolio.

The following describes our significant properties and interests as of December 31, 2013, which at such time accounted for approximately 52% of our total PV-10 value based on the NSAI Report, and approximately 45% of our total proved reserves, totaling 12.3 MMBoe.

- ***Ship Shoal 176.*** We acquired the Ship Shoal 176 field, which is located in approximately 100 feet of water in U.S. federal waters, in the Merit Acquisition. We have a 98% net average working interest in this field and serve as the operator. This field currently contains 12 producing wells and, as of December 31, 2013, had estimated total proved oil and natural gas reserves of 5.0 MMBoe.
- ***Vermilion 369/370/408.*** We acquired the Vermilion 408 field, which is located in approximately 400 feet of water in U.S. federal waters, in the Merit Acquisition. We have a 100% net average working interest in this field and serve as the operator. This field currently contains 2 producing wells and, as of December 31, 2013, had estimated total proved oil and natural gas reserves of 1.5 MMBoe.
- ***South Pass 89/86.*** We acquired the South Pass 89/86 field, which is located in approximately 388 feet of water in U.S. federal waters, in the W&T Acquisition. We have a 64% net average working interest in this field and are the operator of record. This field currently contains producing wells and, as of December 31, 2013, had estimated total proved oil and natural gas reserves of 0.7 MMBoe.
- ***High Island A-571.*** We acquired the High Island A-571 field, which is located in approximately 300 feet of water in U.S. federal waters, in the W&T Acquisition. We have a 81% net average working interest in this field and are the operator of record. This field currently contains 4 producing wells and, as of December 31, 2013, had estimated total proved oil and natural gas reserves of 5.1 MMBoe.

Production, Price and Cost History

Oil and natural gas are commodities. The price that we receive for the oil and natural gas we produce is largely a function of market supply and demand. Demand for oil and natural gas in the United States has increased dramatically during this decade. However, the current economic slowdown reduced this demand during the second half of 2010 and through 2012. Demand is impacted by general economic conditions, weather and other seasonal conditions, including hurricanes and tropical storms. Over or under supply of oil or natural gas can result in substantial price volatility. Historically, commodity prices have been volatile, and we expect that volatility to continue in the future. A substantial or extended decline in oil or natural gas prices or poor drilling results could have a material adverse effect on our financial position, results of operations, cash flows, quantities of oil and natural gas reserves that may be economically produced and our ability to access capital markets. See Item 1A. “Risk Factors—If oil and natural gas prices decline, we may be required to take write-downs of the carrying values of our oil and natural gas properties, potentially triggering earlier-than-anticipated repayments of any outstanding debt obligations and negatively impacting the trading value of our securities.”

Although we are not currently experiencing any significant voluntary curtailment of our oil and natural gas production, market, economic, transportation and regulatory factors may in the future materially affect our ability to market our oil or natural gas production. See Item 1A. “Risk Factors—Market conditions or transportation impediments may hinder our access to oil and natural gas markets or delay production.”

The following table sets forth information regarding oil and natural gas production, revenues and realized prices and production costs for the years ended December 31, 2013, 2012 and 2011. For additional information on price calculations, see Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—How We Evaluate Our Operations.”

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	Year Ended December 31,		
	2013	2012	2011
Net sales volumes:			
Oil (MBbl)	1,730	1,977	1,991
Natural gas (MMcf)	13,294	17,884	18,188
Plant products (MGal)	8,854	13,588	12,257
Oil equivalents (MBoe)	4,156	5,281	5,314
Average sales price per unit: (1)			
Oil (Bbl)	$ 102.17	$ 110.18	$ 105.17
Natural gas (Mcf)	$ 4.21	$ 3.73	$ 4.94
Oil equivalents (Boe)	$ 57.90	$ 56.50	$ 59.30
Costs and expenses per Boe:			
Lease operating expenses	$ 42.63	$ 34.22	$ 29.83
Depreciation, depletion, amortization, and impairment	$ 29.52	$ 14.84	$ 11.32
General and administrative expenses	$ 8.81	$ 5.02	$ 4.15

(1) Average prices presented give effect to our hedging. Please see Item 7. “Management’s Discussion and Analysis of Financial Conditions and Results of Operations”—Oil and Natural Gas Hedging” for a discussion of our hedging activities.

The following table sets forth information regarding our average net daily production for the years ended December 31, 2013 and 2012:

	Average Net Daily Production for the Year Ended December 31, 2013			Average Net Daily Production for the Year Ended December 31, 2012		
	Bbls	Mcf	Boe	Bbls	Mcf	Boe
Offshore (1)	5,318	36,421	11,388	6,286	48,864	14,429

(1) Our core areas of production in U.S. federal waters in the Gulf of Mexico are the Ship Shoal 176, Vermilion 408, South Pass 89/86, and High Island A-571.

Productive Wells

The following table presents the total gross and net productive wells by project area and by oil or gas completion as of December 31, 2013:

	Oil Wells		Natural Gas Wells		Total Wells	
	Gross	Net	Gross	Net	Gross	Net
Offshore (1)	115	52	119	64	234	116

(1) Our core areas of production in the U.S. federal waters in the Gulf of Mexico are the Ship Shoal 176, Vermilion 408, South Pass 89/86, and High Island A-571.

Gross wells are the number of wells in which a working interest is owned and net wells are the total of our fractional working interests owned in gross wells.

Marketing and Customers

We generally sell our natural gas and oil at the wellhead to marketing companies. All of our offshore and shallow water production is connected to a pipeline.

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We have been selling to our customers set forth below since our inception and believe that we receive market rates for our natural gas and oil production from such customers. We obtain letters of credit from our customers and discuss the credit worthiness of our customers' purchasers on an ongoing basis.

The following purchasers and operators accounted for 10% or more of our oil and natural gas sales:

	Year Ended December 31,		
	2013	2012	2011
Shell Trading (US) Company	62%	18%	51%
JP Morgan Ventures Energy Corporation	—%	41%	8%

Please read Item 1A. "Risk Factors—Risks Related to the Oil and Natural Gas Industry and Our Business—Sales to a small number of customers represent a substantial portion of our revenues. The loss of any of our major customers could significantly harm our financial condition."

Delivery Commitments

Substantially all of our production is sold pursuant to month-to-month marketing contracts that can be terminated by either party at any time and do not contain specific volume or pricing on other than a market basis.

Competition

The oil and gas industry is highly competitive. We encounter competition from other oil and natural gas companies in all areas of our operations, including the acquisition of producing properties and undeveloped acreage. Our competitors include major integrated oil and natural gas companies, numerous independent oil and natural gas companies and individuals. Many of these competitors are large, well-established companies and have financial and other resources substantially greater than ours. Our ability to acquire additional oil and natural gas properties and to discover reserves in the future will depend upon our ability to evaluate and select suitable properties and consummate transactions in a highly competitive environment. For a more thorough discussion of how competition could impact our ability to successfully complete our business strategy, please read Item 1A, Risk Factors—Competition for oil and natural gas properties and prospects is intense and some of our competitors have larger financial, technical and personnel resources that could give them an advantage in evaluating and obtaining properties and prospects."

Title to Properties

As is customary in the oil and natural gas industry, we initially conduct a preliminary review of the title to our properties on which we do not have proved reserves. Prior to the commencement of drilling operations on those properties, we conduct a thorough title examination and perform curative work with respect to significant defects. To the extent title opinions or other investigations reflect title defects on those properties, we are typically responsible for curing any title defects at our expense. We generally will not commence drilling operations on a property until we have cured any material title defects on such property. We have obtained title opinions on substantially all of our producing properties and believe that we have satisfactory title to our producing properties in accordance with standards generally accepted in the oil and natural gas industry. Prior to completing an acquisition of producing oil and natural gas leases, we perform title reviews on the most significant leases and, depending on the materiality of the properties, we may obtain a title opinion or review previously obtained title opinions. Our oil and natural gas properties are subject to customary royalty and other interests, liens to secure borrowings under our credit facility, liens to secure our P&A obligations, liens for current taxes and other burdens which we believe do not materially interfere with the use or affect our carrying value of the properties.

Seasonality

In the past, the demand for and price of natural gas increased during the winter months and decreased during the summer months. However, these seasonal fluctuations were somewhat reduced because during the summer, pipeline companies, utilities, local distribution companies and industrial users purchase and place into storage facilities a portion of their anticipated winter requirements of natural gas. With the development of the shale plays, seasonality is less a factor. Oil was

also impacted by generally higher prices during winter months but has more recently been affected by geopolitical events and the global recession. Seasonal weather changes have also affected our operations. Tropical storms and hurricanes occur in the Gulf of Mexico during the summer and fall, which may require us to evacuate personnel and shut-in production until these storms

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subside. Also, periodic storms during the winter often impede our ability to safely load, unload and transport personnel and equipment, which delays the installation of production facilities, thereby delaying sales of our oil and natural gas.

Insurance

We maintain insurance programs to provide coverage for a high percentage of our assets in the event of physical damage and well control events. While we may not obtain insurance for some risks if we believe the cost of available insurance is excessive relative to the risks presented, we intend to continue to pursue a strong risk mitigation program by maintaining comprehensive insurance coverage related to our exposure to operational and weather related risks.

On November 16, 2012, an explosion and fire occurred on our West Delta 32-E platform, located in the Gulf of Mexico approximately 17 miles southeast of Grand Isle, Louisiana (the "West Delta 32 Incident"). At the time of the explosion, production on the platform had been shut in while crews of independent contractors performed maintenance and construction on the platform. Three workers died as a result of the explosion and subsequent fire, and others sustained varying degrees of personal injuries. For additional information, please see "Risk Factors" under Item 1A of this Form 10-K and "Legal Proceedings" under Item 3 of this Form 10-K.

Regulation of the Oil and Natural Gas Industry

The oil and natural gas industry is extensively regulated by numerous federal, state and local authorities. In particular, oil and natural gas production and related operations are, or have been, subject to price controls, taxes and numerous other laws and regulations. All of the jurisdictions in which we own or operate properties for oil and natural gas production have statutory provisions regulating the exploration for and production of oil and natural gas, including provisions related to permits for the drilling of wells, bonding requirements to drill or operate wells, the location of wells, the method of drilling and casing wells, the surface use and restoration of properties upon which wells are drilled, sourcing and disposal of water used in the drilling and completion process, and the abandonment of wells. Our operations are also subject to various conservation laws and regulations. These include regulation of the size of drilling and spacing units or proration units, the number of wells which may be drilled in an area, and the unitization or pooling of oil and natural gas wells, as well as regulations that generally prohibit the venting or flaring of natural gas and impose certain requirements regarding the ratability or fair apportionment of production from fields and individual wells.

Failure to comply with applicable laws and regulations can result in substantial penalties. The regulatory burden on the industry increases the cost of doing business and affects profitability. Although we believe we are in substantial compliance with all applicable laws and regulations, and that continued substantial compliance with existing requirements will not have a material adverse effect on our financial position, cash flows or results of operations, such laws and regulations are frequently amended or reinterpreted. Therefore, we are unable to predict the future costs or impact of compliance. Additional proposals and proceedings that affect the oil and natural gas industry are regularly considered by Congress, the states, the Federal Energy Regulatory Commission ("FERC") and the courts. We cannot predict when or whether any such proposals may become effective.

Drilling and Production

Our operations are subject to various types of regulation at the federal, state and local levels. These types of regulation include requiring permits for the drilling of wells, drilling bonds and reports concerning operations. Most states and some counties and municipalities in which we operate also regulate one or more of the following:

- the location of wells;
- the method of drilling and casing wells;
- the surface use and restoration of properties upon which wells are drilled; and
- the plugging and abandoning of wells.

State laws regulate the size and shape of drilling and spacing units or proration units governing the pooling of oil and natural gas properties. Some states allow forced pooling or integration of tracts to facilitate exploitation while other states rely on voluntary pooling of lands and leases. In some instances, forced pooling or unitization may be implemented by third parties and may reduce our interest in the unitized properties. In addition, state conservation laws establish maximum rates of

production from oil and natural gas wells, generally prohibit the venting or flaring of natural gas and impose requirements regarding the ratability of production. These laws and regulations may limit the amount of oil and natural gas we can produce from our wells or limit the number of wells or the locations at which we can drill. Moreover, each state generally imposes a

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production or severance tax with respect to the production and sale of oil, natural gas and natural gas liquids within its jurisdiction.

We do not control the availability of transportation and processing facilities used in the marketing of our production. For example, we may have to shut-in a productive natural gas well because of a lack of available natural gas gathering or transportation facilities.

If we conduct operations on federal, state and natural gas leases, these operations must comply with numerous regulatory restrictions, including various nondiscrimination statutes, royalty and related valuation requirements, and certain of these operations must be conducted pursuant to certain onsite security regulations and other appropriate permits issued by the Bureau of Land Management (the "BLM") or other appropriate federal or state agencies.

Transportation and Sales of Oil

Sales of oil, condensate and natural gas liquids are not currently regulated and are made at negotiated prices. Nevertheless, Congress could reenact price controls in the future.

Our sales of oil are affected by the availability, terms and cost of transportation. The transportation of oil in common carrier pipelines is also subject to rate and access regulation. The FERC regulates interstate oil pipeline transportation rates under the Interstate Commerce Act ("ICA"). The ICA requires that pipelines maintain a tariff on file with FERC. The tariff sets forth the established rates as well as the rules and regulations governing the service. The ICA requires, among other things, that rates and terms and conditions of service on interstate common carrier pipelines be "just and reasonable." Such pipelines must also provide jurisdictional service in a manner that is not unduly discriminatory or unduly preferential. Shippers have the power to challenge new and existing rates and terms and conditions of service before FERC. Rates of interstate liquids pipelines are currently regulated by FERC primarily through an annual indexing methodology, under which pipelines increase or decrease their rates in accordance with an index adjustment specified by FERC. For the five-year period beginning in 2010, FERC established an annual index adjustment equal to the change in the producer price index for finished goods plus 2.65%. This adjustment is subject to review every five years. Under FERC's regulations, a liquids pipeline can request a rate increase that exceeds the rate obtained through application of the indexing methodology by using a cost-of-service approach, but only after the pipeline establishes that a substantial divergence exists between the actual costs experienced by the pipeline and the rates resulting from application of the indexing methodology. Increases in liquids transportation rates may result in lower revenue and cash flows for us.

Intrastate oil pipeline transportation rates are subject to regulation by state regulatory commissions. The basis for intrastate oil pipeline regulation, and the degree of regulatory oversight and scrutiny given to intrastate oil pipeline rates, varies from state to state. Insofar as effective interstate and intrastate rates are equally applicable to all comparable shippers, we believe that the regulation of oil transportation rates will not affect our operations in any way that is of material difference from those of our competitors who are similarly situated.

Further, interstate and intrastate common carrier oil pipelines must provide service on a nondiscriminatory basis. Under this open access standard, common carriers must offer service to all similarly situated shippers requesting service on the same terms and under the same rates. As a result, capacity must be prorated among shippers in an equitable manner in the event there are nominations in excess of capacity or for new shippers. Therefore, new shippers or increased volume by existing shippers may reduce the capacity available to us. Any prolonged interruption in the operation or curtailment of available capacity of the pipelines that we rely upon for liquids transportation could have a material adverse effect on our business, financial condition, results of operations and cash flows. Nonetheless, we believe that access to oil pipeline transportation services generally will be available to us to the same extent as to our similarly situated competitors.

Transportation and Sales of Natural Gas

The transportation and sale for resale of natural gas in interstate commerce is regulated by the FERC under the Natural Gas Act of 1938 (the "NGA"), the Natural Gas Policy Act of 1978 (the "NGPA"), and regulations issued under those statutes.

The FERC regulates interstate natural gas transportation rates, and terms and conditions of service, which affects the marketing of natural gas that we produce, as well as the revenues we receive for sales of our natural gas. Since 1985, the

FERC has endeavored to make natural gas transportation more accessible to natural gas buyers and sellers on an open and nondiscriminatory basis. Although the FERC's orders do not directly regulate natural gas producers, they are intended to foster increased competition within all phases of the natural gas industry.

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Gathering services, which occur upstream of jurisdictional transmission services, are regulated by the states onshore and in state waters. Although the FERC has set forth a general test for determining whether facilities perform a nonjurisdictional gathering function or a jurisdictional transmission function, the FERC's determinations as to the classification of facilities is done on a case-by-case basis. To the extent that the FERC issues an order which reclassifies transmission facilities as gathering facilities, and depending on the scope of that decision, our costs of getting gas to point of sale locations may increase. State regulation of natural gas gathering facilities generally includes various safety, environmental and, in some circumstances, nondiscriminatory take requirements. Although such regulation has not generally been affirmatively applied by state agencies, natural gas gathering may receive greater regulatory scrutiny in the future.

Intrastate natural gas transportation and facilities are also subject to regulation by state regulatory agencies, and certain transportation services provided by intrastate pipelines are also regulated by the FERC. The basis for intrastate regulation of natural gas transportation and the degree of regulatory oversight and scrutiny given to intrastate natural gas pipeline rates and services varies from state to state. Insofar as such regulation within a particular state will generally affect all intrastate natural gas shippers within the state on a comparable basis, we believe that the regulation of similarly situated intrastate natural gas transportation in any states in which we operate and ship natural gas on an intrastate basis will not affect our operations in any way that is of material difference from those of our competitors. Like the regulation of interstate transportation rates, the regulation of intrastate transportation rates affects the marketing of natural gas that we produce, as well as the revenues we receive for sales of our natural gas.

The price at which we sell natural gas is not currently subject to federal rate regulation and, for the most part, is not subject to state regulation. In the past, the federal government has regulated the prices at which natural gas could be sold. Deregulation of wellhead natural gas sales began with the enactment of the NGPA and culminated in adoption of the Natural Gas Wellhead Decontrol Act, which removed all price controls affecting wellhead sales of natural gas, effective January 1, 1993. While sales by producers of natural gas can currently be made at market prices, Congress could reenact price controls in the future.

With regard to our physical sales of energy commodities, we are required to observe anti-market manipulation laws and related regulations enforced by the FERC and/or the Commodity Futures Trading Commission (the "CFTC"). See the discussion below of "Other Federal Laws and Regulations Affecting Our Industry—Energy Policy Act of 2005." Should we violate the anti-market manipulation laws and regulations, we could also be subject to related third-party damage claims by, among others, sellers, royalty owners and taxing authorities. In addition, pursuant to Order No. 704, some of our operations may be required to annually report to FERC on May 1 of each year for the previous calendar year. Order No. 704 requires certain natural gas market participants to report information regarding physical natural gas transactions for each calendar year and to indicate whether they report prices. See below the discussion of "Other Federal Laws and Regulations Affecting Our Industry—FERC Market Transparency Rules."

The natural gas industry historically has been very heavily regulated. Therefore, we cannot provide any assurance that the less stringent regulatory approach recently established by the FERC will continue. However, we do not believe that any action taken will affect us in a way that materially differs from the way it affects other natural gas producers.

State Natural Gas Regulation

Various states regulate the drilling for, and the production, gathering and sale of, natural gas, including imposing severance taxes and requirements for obtaining drilling permits. Certain states also regulate the method of developing new fields, the spacing and operation of wells and the prevention of waste of natural gas resources. States may regulate rates of production and may establish maximum daily production allowable from natural gas wells based on market demand or resource conservation, or both. States do not regulate wellhead prices or engage in other similar direct economic regulation, but there can be no assurance that they will not do so in the future. The effect of these regulations may be to limit the amounts of natural gas that may be produced from our wells and to limit the number of wells or locations in which we can drill.

Other Federal Laws and Regulations Affecting Our Industry

Energy Policy Act of 2005. On August 8, 2005, President Bush signed into law the Energy Policy Act of 2005 (the "EPAct 2005"). EPAct 2005 is a comprehensive compilation of tax incentives, authorized appropriations for grants and guaranteed loans and significant changes to the statutory policy that affects all segments of the energy industry. Among other

matters, EPAct 2005 amends the NGA to add an anti-manipulation provision which makes it unlawful for any entity to engage in prohibited behavior to be prescribed by the FERC, and furthermore provides the FERC with additional civil penalty authority. EPAct 2005 provides the FERC with the power to assess civil penalties of up to $1.0 million per day for violations of the NGA and increases the FERC's civil penalty authority under the NGPA from $5,000 per violation per day to $1.0 million

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per violation per day. The civil penalty provisions are applicable to entities that engage in the sale of natural gas for resale in interstate commerce. On January 19, 2006, the FERC issued Order No. 670, a rule implementing the anti-manipulation provision of EPAct 2005, and subsequently denied rehearing. The rule makes it unlawful for any entity, directly or indirectly, in connection with the purchase or sale of natural gas subject to the jurisdiction of the FERC, or the purchase or sale of transportation services subject to the jurisdiction of the FERC, (1) to use or employ any device, scheme or artifice to defraud; (2) to make any untrue statement of material fact or omit to make any such statement necessary to make the statements made not misleading; or (3) to engage in any act, practice, or course of business that operates as a fraud or deceit upon any person. The anti-manipulation rules do not apply to activities that relate only to intrastate or other non-jurisdictional sales or gathering, but do apply to activities of gas pipelines and storage companies that provide interstate services, such as Section 311 service, as well as otherwise non-jurisdictional entities to the extent the activities are conducted "in connection with" gas sales, purchases or transportation subject to the FERC's jurisdiction, which now includes the annual reporting requirements under Order 704. The anti-manipulation rules and enhanced civil penalty authority reflect an expansion of the FERC's NGA enforcement authority. Should we fail to comply with all applicable FERC administered statutes, rules, regulations, and orders, we could be subject to substantial penalties and fines.

FERC Market Transparency Rules. On December 26, 2007, the FERC issued a final rule on the annual natural gas transaction reporting requirements, as amended by subsequent orders on rehearing ("Order No. 704"). Under Order No. 704, wholesale buyers and sellers of more than 2.2 MMBtu of physical natural gas in the previous calendar year, including interstate and intrastate natural gas pipelines, natural gas gatherers, natural gas processors, natural gas marketers and natural gas producers, are required to report, on May 1 of each year, aggregate volumes of natural gas purchased or sold at wholesale in the prior calendar year. It is the responsibility of the reporting entity to determine which individual transactions should be reported based on the guidance of Order No. 704. Order No. 704 also requires market participants to indicate whether they report prices to any index publishers and, if so, whether their reporting complies with FERC's policy statement on price reporting.

Additional proposals and proceedings that might affect the natural gas industry are pending before Congress, FERC and the courts. We cannot predict the ultimate impact of these or the above regulatory changes to our natural gas operations. We do not believe that we would be affected by any such action materially differently than similarly situated competitors.

Federal Trade Commission (FTC) and Commodity Futures Trading Commission (CFTC) Regulations. In November 2009, the FTC issued regulations pursuant to the Energy Independence and Security Act of 2007, intended to prohibit market manipulation in the petroleum industry. Violators of the regulations face civil penalties of up to $1 million per violation per day. In July 2010, Congress passed the Dodd-Frank Act, which incorporated an expansion of the authority of the CFTC to prohibit market manipulation in the markets regulated by the CFTC. This authority, with respect to liquids swaps and futures contracts, is similar to the anti-manipulation authority granted to the FTC with respect to liquids purchases and sales. In July 2011, the CFTC issued final rules to implement their new anti-manipulation authority. The rules subject violators to a civil penalty of up to the greater of $1 million or triple the monetary gain to the person for each violation.

Environmental and Occupational Health and Safety Regulation

Our exploitation, development and production operations in the U.S. Gulf of Mexico are subject to various federal, regional, state and local laws and regulations governing occupational health and safety, the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may, among other things, require us to acquire permits to conduct exploitation, drilling and production operations; restrict the amounts and types of substances that we may release into the environment or the manner in which we handle or dispose of our wastes in connection with oil and natural gas drilling and production; cause us to incur significant capital expenditures to install pollution control or safety-related equipment at our operating facilities; limit or prohibit our construction or drilling activities in sensitive areas such as wetlands, wilderness areas or areas inhabited by endangered or threatened species; impose on us specific health and safety criteria addressing worker protection; require investigatory and remedial actions to mitigate pollution conditions caused by our operations or attributable to former operations; impose obligations on us to reclaim and abandon well sites, and expose us to substantial liabilities for pollution resulting from our operations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal sanctions, including monetary penalties, the imposition of investigatory and remedial obligations and the issuance of orders enjoining some or all of our operations in affected areas.

These laws and regulations may also restrict the rate of oil and natural gas production below the rate that would

otherwise be possible. The regulatory burden on the oil and natural gas industry increases the cost of doing business in the industry and consequently affects profitability. Additionally, Congress and federal and state agencies frequently revise environmental, health and safety laws and regulations, and any changes that result in more stringent and costly operational requirements or waste handling, disposal, cleanup and remediation requirements for the oil and natural gas industry could have a significant impact on

our operations and financial position. We may be unable to pass on such increased compliance costs to our customers. While we believe that we are in substantial compliance with existing environmental laws and regulations and that continued compliance with current requirements would not have a material adverse effect on our financial condition or results of operations, we cannot provide any assurance that we will be able to remain in compliance in the future with respect to existing or new laws and regulations or the terms and conditions of required permits or that such future compliance will not have a material adverse effect on our business and operating results.

The following is a summary of the more significant existing environmental and occupational health and safety laws and regulations, amended from time to time, to which our business operations are subject to and for which compliance may have a material adverse impact on our capital expenditures, results of operations or financial position.

Releases of Oil

The primary federal law for oil spill liability is the Oil Pollution Act of 1990 ("OPA"), which amends and augments oil spill provisions of the Clean Water Act and imposes certain duties and liabilities on "responsible parties" related to the prevention of oil spills and damages resulting from such spills in or threatening U.S. waters, including the Outer Continental Shelf or adjoining shorelines. A liable "responsible party" includes the owner or operator of an onshore facility, vessel or pipeline that is a source of an oil discharge or that poses the substantial threat of discharge or, in the case of offshore facilities, the lessee or permittee of the area in which a discharging facility is located. OPA assigns joint and several strict liability, without regard to fault, to each liable party for all containment and oil removal costs and a variety of public and private damages including the costs of responding to a release of oil, natural resource damages, and economic damages suffered by persons adversely affected by an oil spill.

OPA also requires owners and operators of offshore oil production facilities to establish and maintain evidence of financial responsibility to cover costs that could be incurred in responding to an oil spill. OPA currently requires a minimum financial responsibility demonstration of $35 million for companies operating on the Outer Continental Shelf, although the Secretary of Interior may increase this amount up to $150 million in certain situations. The OPA also currently limits the liability of a responsible party for an offshore facility to economic damages, excluding all oil spill response costs, to $75 million, although this limit does not apply if a federal safety, construction or operating regulation was violated. Congress has, from time to time, considered adopting revisions to the OPA to make it more stringent. In the aftermath of the Deepwater Horizon incident in the U.S. Gulf of Mexico, Congress considered a variety of amendments to the OPA, including an increase in the minimum level of financial responsibility to $300 million, an elimination of all liability limitations on damages, and enhancements to safety and spill-response requirements. While the legislation failed to pass, it is possible that similar legislation could be introduced and adopted by Congress in the future. Additional state regulation in these areas is also possible.

If OPA was amended to increase the minimum level of financial responsibility to $300 million, we may experience difficulty in providing financial assurances sufficient to comply with this requirement. If we are unable to provide the level of financial assurance required by OPA, we may be forced to sell our properties or operations located on the Outer Continental Shelf or enter into partnerships with other companies that can meet the increased financial responsibility requirement, and any such developments could have an adverse effect on the value of our offshore assets and the results of our operations. Any adoption of more stringent financial responsibility, safety or spill response requirements or the elimination of liability limitations under OPA would likely increase the cost of operations for our offshore activities, including insurance costs, and expose us to increased liability, which could have an adverse effect on our results of operations. In any event, if an oil discharge or substantial threat of discharge were to occur, we may be held strictly liable for costs and damages, which could be material to our results of operations and financial position.

Water Discharges

The Federal Clean Water Pollution Control Act, also known as the Clean Water Act, and analogous state laws impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of produced water and other oil and natural gas wastes, into state waters and waters of the United States. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the U.S. Environmental Protection Agency ("EPA") or an analogous state agency. Spill prevention, control and countermeasure requirements under federal law require appropriate containment berms and similar structures to help prevent the contamination of navigable waters in the event of a

petroleum hydrocarbon tank spill, rupture or leak. In addition, the Clean Water Act and analogous state laws require individual permits or coverage under general permits for discharges of storm water runoff from certain types of facilities. The Clean Water Act also prohibits the discharge of dredge and fill material in regulated waters, including wetlands, unless authorized by a permit issued by the U.S. Army Corps of Engineers. Federal and state regulatory agencies can impose administrative, civil and criminal

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penalties, as well as require remedial or mitigation measures, for noncompliance with discharge permits or other requirements of the Clean Water Act and analogous state laws and regulations.

The federal Outer Continental Shelf Lands Act, as amended ("OCSLA"), authorizes regulations relating to safety and environmental protection applicable to lessees and permittees operating on the Outer Continental Shelf. Included among these regulations are requirements mandating the preparation of spill contingency plans and the establishment of air quality standards for certain pollutants, including particulate matter, volatile organic compounds, sulfur dioxide, carbon monoxide and nitrogen oxides. Specific design and operational standards may apply to Outer Continental Shelf vessels, rigs, platforms and structures. Violations of lease conditions or regulations related to the environment issued pursuant to OCSLA can result in substantial civil and criminal penalties, as well as potential court injunctions curtailing operations and canceling leases. Such enforcement liabilities can result from either governmental or citizen prosecution.

Hazardous Substances and Wastes

The federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as the "Superfund" law, and comparable state statutes impose joint and several liability for costs of investigation and remediation and for natural resource damages, without regard to fault or legality of the original conduct, on certain classes of persons with respect to the release into the environment of substances designated under CERCLA as "hazardous substances." These classes of persons, referred to as potentially responsible parties ("PRPs") include the current and past owners or operators of a site where the release occurred and anyone who transported or disposed or arranged for the transport or disposal of a hazardous substance found at the site. CERCLA also authorizes the EPA and, in some instances, third parties to take actions in response to threats to public health or the environment and to seek to recover from the PRPs the costs of such action. Although CERCLA generally exempts "petroleum" from the definition of hazardous substance, in the course of our operations, we generate wastes that may fall within CERCLA's definition of hazardous substance and may have disposed of these wastes at onshore disposal sites owned and operated by others.

The federal Resource Conservation and Recovery Act ("RCRA") and comparable state statutes regulate the generation, transportation, treatment, storage and disposal of solid and hazardous waste and can require cleanup of hazardous waste disposal sites. While there exists an exclusion under RCRA from the definition of hazardous wastes for certain materials generated in the exploration, development or production of oil and natural gas, these wastes may be regulated by the EPA and state environmental agencies as non-hazardous solid wastes. Other wastes handled at exploration, development and production sites may not fall within this regulatory exclusion. Moreover, stricter standards for waste handling and disposal may be imposed on the oil and natural gas industry in the future. From time to time, legislation is proposed in Congress that would revoke or alter the current exclusion of exploration, development and production wastes from the RCRA definition of "hazardous wastes," thereby potentially subjecting such wastes to more stringent handling, disposal and cleanup requirements. In September 2010, a non-governmental organization filed a petition with the EPA, requesting them to reconsider the RCRA exemption for exploration, production and development wastes. To date, the EPA has not taken any action on the petition. If legislation is enacted or regulatory changes adopted that remove this RCRA exemption, it could have a significant impact on our operating costs as well as the oil and natural gas industry in general. The impact of future revisions to environmental laws and regulations cannot be predicted.

National Environmental Policy Act

Oil and natural gas exploration and production activities on federal lands may be subject to the National Environmental Policy Act ("NEPA") which requires federal agencies, including the U.S. Department of Interior ("DOI"), to evaluate major agency actions having the potential to significantly impact the environment. In the course of such evaluations, an agency will prepare an Environmental Assessment that assesses the potential direct, indirect and cumulative impacts of a proposed project and, if necessary, will prepare a more detailed Environmental Impact Statement that may be made available for public review and comment. All of our current exploration and production activities, as well as proposed exploration and development plans, on federal lands require governmental permits or other approvals that are subject to the requirements of NEPA. This process has the potential to delay or impose additional conditions upon the development of oil and natural gas projects.

Air Emissions

The federal Clean Air Act and comparable state laws and regulations restrict the emission of air pollutants from many

sources and also impose various monitoring and reporting requirements. These laws and regulations may require us to obtain pre-approval for the construction or modification of certain projects or facilities expected to produce or significantly increase air emissions, obtain and strictly comply with stringent air permit requirements or utilize specific equipment or technologies to control emissions. Obtaining permits has the potential to delay the development of oil and natural gas projects. Over the next

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several years, we may be required to incur certain capital expenditures for air pollution control equipment or other air emissions-related issues.

Climate Change Legislation and Regulatory Initiatives

In response to certain scientific studies suggesting that emissions of certain gases, commonly referred to as "greenhouse gases" ("GHGs") and including carbon dioxide and methane, are contributing to the warming of the Earth's atmosphere and other climatic changes, the EPA published its finding in December 2009 that emissions of GHGs presented an endangerment to public health and the environment. Based on these findings, the EPA has adopted rules under existing provisions of the Clean Air Act requiring a reduction in emissions of GHGs from motor vehicles and requiring certain construction and operating permit reviews for GHG emissions from certain stationary sources. In addition, the EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified GHG emission sources in the United States including, among others, certain onshore and offshore oil and natural gas production facilities on an annual basis.

In addition, Congress has, from time to time, actively considered legislation and almost one-half of the states have begun taking actions to control and/or reduce emissions of GHGs, primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. Most of these cap and trade programs work by requiring either major sources of emissions or major producers of fuels to acquire and surrender emission allowances, with the number of allowances available for purchase reduced each year until the overall GHG emission reduction goal is achieved. These allowances would be expected to escalate significantly in cost over time. The adoption and implementation of any regulations imposing reporting obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur costs to reduce emissions of GHGs associated with our operations or could adversely affect demand for the oil and natural gas we produce.

Finally, it should be noted that some scientists have concluded that increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts and floods and other climatic events; if any such effects were to occur, they could have an adverse effect on our assets and operations.

Employee Health and Safety

Our operations are subject to the requirements of the federal Occupational Safety and Health Act ("OSHA") and comparable state statutes. These laws and the implementing regulations strictly govern the protection of the health and safety of employees. In addition, the OSHA hazard communication standard, the EPA community right–to–know regulations under the Title III of CERCLA and similar state statutes require that we organize and maintain information about hazardous materials used or produced in our operations and that this information be provided to employees, state and local government authorities and citizens. We believe that we are in substantial compliance with these applicable requirements.

We believe that we are in substantial compliance with all existing environmental laws and regulations applicable to our current operations and that our compliance with existing requirements has not had a material adverse impact on our financial condition and results of operations. We did not incur any material capital expenditures for remediation or pollution control activities for the years ended December 31, 2013, 2012 and 2011. Additionally, we are not aware of any environmental issues or claims that will require material capital expenditures during 2013 or that will otherwise have a material impact on our financial position or results of operations in the future. However, we cannot assure you that future compliance with existing environmental laws and regulation or that the passage of new, more stringent environmental laws and regulations in the future will not have a materially adverse effect on our business activities, financial condition or results of operations.

Employees

As of December 31, 2013, we had 152 full-time employees. We are not a party to any collective bargaining agreements and have not experienced any strikes or work stoppages. We believe our relationships with our employees are good.

Offices

We currently lease approximately 23,000 square feet of office space in Houston, Texas at 11451 Katy Freeway, Suite 500, where our principal offices are located. This lease expires on December 31, 2020. We believe that our facilities are adequate for our current operations and that additional lease space can be obtained if needed.

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Available Information

We are required to file annual, quarterly and current reports and other information with the SEC. You may read and copy any documents filed by us with the SEC at the SEC's Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our filings with the SEC are also available to the public from commercial document retrieval services and at the SEC's website at http://www.sec.gov.

We also make available on our website at www.blackelkenergy.com all of the documents that we file with the SEC, free of charge, as soon as reasonably practicable after we electronically file such material with the SEC. Information contained on our website, other than the documents listed below, is not incorporated by reference into this Form 10-K.

Item 1A. Risk Factors

Risks Related to the Oil and Natural Gas Industry and Our Business

We may be subject to claims and liability as a result of our ownership of the West Delta 32-E Platform, which suffered an explosion and fire in November 2012, resulting in loss of life and other injuries.

On November 16, 2012, an explosion and fire occurred on our West Delta 32-E platform, located in the Gulf of Mexico approximately 17 miles southeast of Grand Isle, Louisiana. At the time of the explosion, production on the platform had been shut in while crews of independent contractors performed maintenance and construction on the platform. Three workers died as a result of the explosion and subsequent fire, and others sustained varying degrees of personal injuries. An investigation by the BSEE, in coordination with the U.S. Coast Guard, is ongoing. As a result of the investigation, it is possible that BSEE could issue Incidents of Non-Compliance, assess penalties, enjoin Black Elk from operating part or all of West Delta 32, or take other enforcement action. The United States Chemical Safety and Hazard Investigation Board has also made inquiry regarding the incident, but has not yet formally opened an investigation. Additionally, civil lawsuits relating to the explosion have been filed and are pending in both state and federal courts.

On November 21, 2012, BSEE sent us a letter requiring us to take certain actions and to improve our performance. The letter made reference to, among other things, the November 16, 2012 incident. BSEE stated in the letter that if we did not improve our performance, we would be subject to additional enforcement action up to and including possible referral to the Bureau of Ocean Energy Management to revoke our status as an operator on all of our existing facilities. We have undertaken the actions BSEE required of us in the November 21 letter and have been regularly reporting to BSEE our progress on those required improvements.

As more facts become known, it is possible that we may be required to recognize a liability related to the West Delta 32 Incident, and that liability could be material to our financial position, results of operations or cash flows, including, without limitation, our ability to obtain debt, equity or other financing on acceptable terms, or at all. In addition, our credit agreement contains covenants limiting our ability to incur additional debt or pledge additional assets, subject to exceptions. These limitations could adversely affect our ability to obtain additional financing for any future liabilities that may arise in connection with the West 32 Platform Incident.

We have been named as a defendant in various litigation matters as a result of the West Delta 32 Incident. The outcome of existing and future claims could have a material adverse effect on our business, prospects, results of operations, financial condition and liquidity.

As of April 10, 2013, four civil lawsuits have been filed by certain investors and by or on behalf of certain injured or deceased workers against the Company, entities affiliated with PPVA Black Elk (Equity) LLC, the Company's majority unit holder, and Iron Island Technologies. The lawsuits assert, among other things, gross mismanagement of the Company, safety violations and personal injuries and wrongful death. Generally, the plaintiffs are seeking actual damages, punitive damages, declaratory judgment and/or injunctive relief. For each proceeding, we are currently evaluating the plaintiff's petitions and determining appropriate courses of response with the aid of legal counsel.

Additional proceedings related to the West Delta 32 Incident may be filed against us. These proceedings may involve

civil claims for damages or governmental investigative, regulatory or enforcement actions. The adverse resolution of any proceedings related to the West Delta 32 Incident could subject us to significant monetary damages, fines and other penalties, which could have a material adverse effect on our business, prospects, results of operations, financial condition and liquidity.

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The nature of our business involves numerous uncertainties and operating risks that can prevent us from realizing profits and can cause substantial losses.

We are engaged in exploration and development drilling activities, which by their nature carry a high degree of risk. These activities may be unsuccessful for many reasons. Our drilling efforts can be affected by adverse weather conditions (such as hurricanes and tropical storms in the U.S. Gulf of Mexico), cost overruns, equipment shortages and mechanical difficulties. Therefore, the successful drilling of an oil or gas well does not ensure we will realize a profit on our investment. A variety of factors, both geological and market-related, could cause a well to become uneconomic or only marginally economic. In addition to their costs, unsuccessful wells could impede our efforts to replace reserves.

Our business involves a variety of inherent operating risks, including:

- fires;
- explosions;
- blow-outs and surface cratering;
- uncontrollable flows of gas, oil and formation water;
- natural disasters, such as hurricanes and other adverse weather conditions;
- pipe, cement, subsea well or pipeline failures;
- casing collapses;
- mechanical difficulties, such as lost or stuck oil field drilling and service tools;
- abnormally pressured formations; and
- environmental hazards, such as natural gas leaks, oil spills, pipeline and tank ruptures and discharges of toxic gases or well fluids.

If we experience any of these problems, wellbores, platforms, gathering systems and processing facilities could be affected, which could adversely impact our ability to conduct operations. We could also incur substantial losses due to costs and/or liability incurred as a result of:

- injury or loss of life;
- severe damage to and destruction of property, natural resources and equipment;
- pollution and other environmental damage;
- clean-up responsibilities;
- regulatory investigations and penalties;
- suspension of our operations; and
- repairs to resume operations.

Our production, revenue and cash flow from operating activities are derived from assets that are concentrated in a single geographic area, making us vulnerable to risks associated with operating in one geographic area.

By conducting operations only along the Texas and Louisiana state waters in the U.S. Gulf of Mexico and adjacent waters on and beyond the Outer Continental Shelf, our lack of diversification may:

- subject us to numerous economic, competitive and regulatory developments, any or all of which may have a substantial adverse impact upon the particular industry in which we operate; and
- result in our dependency upon a single or limited number of hydrocarbon basins.

In addition, the geographic concentration of our properties means that some or all of our properties could be affected by the same event should the U.S. Gulf of Mexico experience:

- severe weather, including tropical storms and hurricanes;
- delays or decreases in production, the availability of equipment, facilities or services;
- delays or decreases in the availability of capacity to transport, gather or process production; or

- changes in the regulatory environment.

Because all our properties could experience the same condition at the same time, these conditions could have a relatively greater impact on our results of operations than they might have on other operators who have properties over a wider geographic area.

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Our estimates of future asset retirement obligations may vary significantly from period to period and are especially significant because our operations are almost exclusively in the U.S. Gulf of Mexico.

We are required to record a liability for the discounted present value of our asset retirement obligations to plug and abandon inactive, non-producing wells, to remove inactive or damaged platforms, facilities and equipment, and to restore the land or seabed at the end of oil and natural gas production operations. These costs are typically considerably more expensive for offshore operations as compared to most land-based operations due to increased regulatory scrutiny and the logistical issues associated with working in waters of various depths. As of December 31, 2013, our estimated total asset retirement obligations were $276.7 million.

Estimating future restoration and removal costs in the U.S. Gulf of Mexico is especially difficult because most of the removal obligations may be satisfied many years in the future, regulatory requirements are subject to change or more restrictive interpretation, and asset removal technologies are constantly evolving, which may result in increased costs. As a result, we may make significant increases or decreases to our estimated asset retirement obligations in future periods. For example, because we operate in the U.S. Gulf of Mexico, platforms, facilities and equipment are subject to damage or destruction as a result of hurricanes. The estimated cost to plug and abandon a well or dismantle a platform can change dramatically if the host platform from which the work was anticipated to be performed is damaged or toppled rather than structurally intact. Accordingly, our estimate of future asset retirement obligations could differ dramatically from what we may ultimately incur as a result of damage from severe weather.

In addition to the "Notices to Lessees and Operators" ("NTLs") discussed below, BOEMRE issued an NTL effective October 15, 2010 that established a more stringent regimen for the timely decommissioning of what is known as "idle iron"—wells, platforms and pipelines that are no longer producing or serving exploration or support functions related to an operator's lease—in the U.S. Gulf of Mexico. Historically, many oil and natural gas producers in the U.S. Gulf of Mexico delayed the plugging, abandoning or removal of such idle iron until they met the final decommissioning regulatory requirement, which had been established as being within one year after the lease expires or terminates, a time period that sometimes was years after use of the idle iron had been discontinued. The determination of productive lease termination dates was generally based on management's estimate as to when it would become likely that production, including from future development activities, would cease on the lease. The issued NTL, however, set forth more stringent standards for decommissioning timing requirements. Under the new standard, any well that has not been used during the past five years for exploration or production on active leases and is no longer capable of producing in paying quantities must be permanently plugged or temporarily abandoned within three years. Plugging or abandonment of wells may be delayed by two years if all of the well's hydrocarbon and sulphur zones are appropriately isolated. Similarly, platforms or other facilities that are no longer useful for operations must be removed within five years of the cessation of operations.

The development of any additional requirements imposing an accelerated schedule for the performance of plugging, abandoning and removal activities may materially increase our future plugging, abandonment and removal costs, which may translate into a need to increase our estimate of future asset retirement obligations required to meet such increased costs. In addition, the potential increase in decommissioning activity in the U.S. Gulf of Mexico over the next few years as a result of the NTL could result in increased demand for salvage contractors and equipment, resulting in increased estimates of plugging, abandonment and removal costs and increases in related asset retirement obligations. For additional information about our asset retirement obligations, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Asset Retirement Obligations."

Oil and natural gas prices are volatile and a decline in oil and natural gas prices would affect our financial results and impede growth.

Our future revenues, profitability and cash flow depend substantially upon the prices and demand for oil and natural gas. The markets for these commodities are volatile and even relatively modest drops in prices can affect our financial results and impede our growth. Prices for oil and natural gas fluctuate widely in response to relatively minor changes in the supply and demand for oil and natural gas, market uncertainty and a variety of additional factors beyond our control, such as:

- domestic and foreign supplies of oil and natural gas;
- price and quantity of foreign imports of oil and natural gas;

- actions of the Organization of Petroleum Exporting Countries and other state-controlled oil companies relating to oil and natural gas price and production controls;
- level of consumer product demand;
- level of global oil and natural gas exploration and production;

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- domestic and foreign governmental regulations;
- level of global oil and natural gas inventories;
- political conditions in or affecting other oil-producing and natural gas-producing countries, particularly those in the Middle East, South America, Africa and Russia;
- weather conditions;
- technological advances affecting oil and natural gas consumption;
- overall U.S. and global economic conditions; and
- price and availability of alternative fuels.

Any substantial or extended decline in oil and natural gas prices would render uneconomic a significant portion of our exploitation, development and exploitation projects. This may result in our having to make significant downward adjustments to our estimated proved reserves. As a result, a substantial or extended decline in oil or natural gas prices or demand for oil or natural gas may materially and adversely affect our future business, financial condition, results of operations, liquidity or ability to finance planned capital expenditures.

Further, oil prices and natural gas prices do not necessarily fluctuate in direct relationship to each other. Lower oil and natural gas prices may not only decrease our expected future revenues on a per unit basis but also may reduce the amount of oil and natural gas that we can produce economically. This may result in us having to make substantial downward adjustments to our estimated proved reserves and could have a material adverse effect on our financial condition and results of operations.

If oil and natural gas prices decline, we may be required to take write-downs of the carrying values of our oil and natural gas properties, potentially triggering earlier-than-anticipated repayments of any outstanding debt obligations and negatively impacting the trading value of our securities.

There is a risk that we will be required to write down the carrying value of our oil and gas properties, which would reduce our earnings. We account for our natural gas and oil exploitation and development activities using the successful efforts method of accounting. Under this method, costs of productive exploratory wells, developmental dry holes and productive wells and undeveloped leases are capitalized. Oil and gas lease acquisition costs are also capitalized. Exploitation and development costs, including personnel costs, certain geological and geophysical expenses and delay rentals for oil and gas leases are charged to expense as incurred. Exploratory drilling costs are initially capitalized, but charged to expense if and when the well is determined not to have found reserves in commercial quantities. The capitalized costs of our oil and gas properties may not exceed the estimated future net cash flows from our properties. If capitalized costs exceed future cash flows, we write down the costs of the properties to our estimate of fair market value. Any such charge will not affect our cash flow from operating activities, but will reduce our earnings.

Write downs could occur if oil and gas prices decline , if we have substantial downward adjustments to our estimated proved reserves, increases in our estimates of development costs , changes in estimate of asset retirement obligations or deterioration in our drilling results. Because our properties currently serve, and will likely continue to serve, as collateral for advances under our existing and future credit facilities, a write-down in the carrying values of our properties could require us to repay debt earlier than we would otherwise be required. It is likely that the cumulative effect of a write-down could also negatively impact the value of our securities.

The application of the successful efforts method of accounting requires managerial judgment to determine the proper classification of wells designated as developmental or exploratory, which will ultimately determine the proper accounting treatment of the costs incurred. The results from a drilling operation can take considerable time to analyze and the determination that commercial reserves have been discovered requires both judgment and industry experience. Wells may be completed that are assumed to be productive but may actually deliver oil and gas in quantities insufficient to be economic, which may result in the abandonment of the wells at a later date. Wells are drilled that have targeted geologic structures that are both developmental and exploratory in nature, and an allocation of costs is required to properly account for the results. The evaluation of oil and gas leasehold acquisition costs requires judgment to estimate the fair value of these costs with reference to drilling activity in a given area.

We review our oil and gas properties for impairment annually or whenever events and circumstances indicate a decline

in the recoverability of their carrying value. Once incurred, a write down of oil and gas properties is not reversible at a later date even if gas or oil prices increase. Given the complexities associated with oil and gas reserve estimates and the history of price volatility in the oil and gas markets, events may arise that require us to record an impairment of the book values associated with

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oil and gas properties. For the years ended December 31, 2013 and 2012, we recorded impairments of $79.1million and $31.0 million, respectively.

Our actual recovery of reserves may substantially differ from our proved reserve estimates.

This Form 10-K contains estimates of our oil and natural gas reserves. Estimating oil and natural gas reserves is complex and inherently imprecise and subjective. It requires interpretation of the available technical data and making many assumptions about future conditions, including price and other economic conditions. In preparing such estimates, projection of production rates, timing of development expenditures and available geological, geophysical, production and engineering data are analyzed. The extent, quality and reliability of this data can vary and the accuracy of any reserve estimates and related future production is a function of the quality and reliability of available data and engineering and geological interpretation and judgment. This process also requires economic assumptions about matters such as oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds, which are based on our subjective estimates at the time such assumptions are made. If our interpretations or assumptions used in arriving at our reserve estimates prove to be inaccurate, the amount of oil and natural gas that will ultimately be recovered may differ materially from the estimated quantities and net present value of reserves owned by us. Any inaccuracies or variances in these interpretations or assumptions could also materially affect the estimated quantities of reserves shown in the reserve reports summarized herein. For example, future production estimated from the development of proved undeveloped reserves is dependent upon an assumed level of development capital expenditures, which may be reduced in the event of declines in oil and gas prices, constraints in capital availability or changes in capital spending priorities. Accordingly, actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves most likely will vary, perhaps significantly, from estimates. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploitation and development, prevailing oil and natural gas prices and other factors, many of which are beyond our control. Consequently, the inclusion of these estimates in this Form 10-K should not be regarded as a representation by us, the placement agents or any other person that the estimates will actually be achieved. You are cautioned not to place undue reliance on the estimates.

As of December 31, 2013, approximately 27% of our total proved reserves were undeveloped and there can be no assurance that all of those reserves will ultimately be developed or produced.

Recovery of proved undeveloped reserves requires significant capital expenditures and successful drilling operations. At December 31, 2013, approximately 27% of our total estimated proved reserves were classified as proved undeveloped ("PUD"). The future development of these undeveloped reserves into proved developed reserves is highly dependent upon our ability to fund estimated total capital development costs. We cannot be sure that these estimated costs are accurate or that we will have the ability to fund the capital expenditures. The lack of access to capital may cause us to write off PUDs as a result of the five year rule. Further, our drilling efforts may be delayed or unsuccessful and actual reserves may prove to be less than current reserve estimates, which could have a material adverse effect on our financial condition, future cash flows and results of operations.

In addition, we have seven offshore federal leases located in the deep waters of the U.S. Gulf of Mexico. We are unsure what effect, if any, the BOEMRE's regulation of the drilling of wells using BOPs or surface BOPs on a floating facility will have on these leases and our estimated proved reserves. We are also unsure what effect, if any, future amendments to the OPA will have on these leases and our other offshore operations. However, it is possible that due to changes in regulation we will be unable to develop any or all of our proved undeveloped reserves. For additional information, see "—BP PLC's Deepwater Horizon explosion and ensuing oil spill could have broad adverse consequences affecting our operations in the U.S. Gulf of Mexico, some of which may be unforeseeable" below.

The present value of future net revenues from our proved reserves will not necessarily be the same as the current market value of our estimated oil and natural gas reserves.

You should not assume that the present value of future net revenues from our proved reserves (referred to elsewhere as the PV-10 value) is the current market value of our estimated oil and natural gas reserves. In accordance with SEC requirements, we currently base the estimated discounted future net revenues from our proved reserves on the twelve-month unweighted arithmetic average of the first-day-of-the-month price for the preceding twelve months. Actual future net revenues from our oil and natural gas properties will be affected by factors such as:

- the volume, pricing and duration of our oil and natural gas hedging contracts;
- supply of and demand for oil and natural gas;
- actual prices we receive for oil and natural gas;

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- our actual operating costs in producing oil and natural gas;
- the amount and timing of our capital expenditures and decommissioning costs;
- the amount and timing of actual production; and
- changes in governmental regulations or taxation.

The timing of both our production and our incurrence of expenses in connection with the development and production of oil and natural gas properties will affect the timing and amount of actual future net revenues from proved reserves, and thus their actual present value. In addition, the 10% discount factor we use when calculating discounted future net revenues may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the oil and natural gas industry in general. Actual future prices and costs may differ materially from those used in the present value estimate.

We may be limited in our ability to maintain or book additional proved undeveloped reserves under the SEC's rules.

We have included in this Form 10-K certain estimates of our proved reserves as of December 31, 2013 prepared in a manner consistent with our and our independent petroleum consultant's interpretation of the SEC rules relating to modernizing reserve estimation and disclosure requirements for oil and natural gas companies. Included within these SEC reserve rules is a general requirement that, subject to limited exceptions, proved undeveloped reserves may only be classified as such if a development plan has been adopted indicating that they are scheduled to be drilled within five years of the date of booking. This rule may limit our potential to book additional proved undeveloped reserves as we pursue our drilling program. Further, if we postpone drilling of proved undeveloped reserves beyond this five-year development horizon, we may have to write off reserves previously recognized as proved undeveloped reserves.

Unless we replace oil and natural gas reserves, our future reserves and production will decline.

Our future oil and natural gas production will depend on our success in finding or acquiring additional reserves. If we are unable to replace reserves through drilling or acquisitions, our level of production and cash flows will be adversely affected. In general, production from oil and natural gas properties declines as reserves are depleted, with the rate of decline depending on reservoir characteristics. Our total proved reserves decline as reserves are produced unless we conduct other successful exploitation an development activities or acquire properties containing proved reserves, or both. Our ability to make the necessary capital investment to maintain or expand our asset base of oil and natural gas reserves would be impaired to the extent cash flow from operations is reduced and external sources of capital become limited or unavailable. We may not be successful in exploring for, developing or acquiring additional reserves. We also may not be successful in raising funds to acquire additional reserves.

Relatively short production periods or reserve lives for U.S. Gulf of Mexico properties subject us to higher reserve replacement needs and may impair our ability to reduce production during periods of low oil and natural gas prices.

High production rates generally result in recovery of a relatively higher percentage of reserves from properties in the U.S. Gulf of Mexico during the initial few years when compared to other regions in the United States. Typically, 50% of the reserves of properties in the U.S. Gulf of Mexico are depleted within three to four years. Due to high initial production rates, production of reserves from reservoirs in the U.S. Gulf of Mexico generally decline more rapidly than from other producing reservoirs. Our existing operations are in the U.S. Gulf of Mexico. As a result, our reserve replacement needs from new prospects may be greater than those of other oil and gas companies with longer-life reserves in other producing areas. Also, our expected revenues and return on capital will depend on prices prevailing during these relatively short production periods. Our need to generate revenues to fund ongoing capital commitments or repay debt may limit our ability to slow or shut in production from producing wells during periods of low prices for oil and natural gas.

We may not be able to keep pace with technological developments in our industry.

The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As others use or develop new technologies, we may be placed at a competitive disadvantage or competitive pressures may force us to implement those new technologies at substantial costs. In addition, other oil and natural gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before we can. We may not

be able to respond to these competitive pressures and implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies we use now or in the future were to become obsolete or if we are unable to use the most advanced

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commercially available technology, our business, financial condition and results of operations could be materially adversely affected.

The unavailability or high cost of drilling rigs, equipment, supplies, personnel and oil field services could adversely affect our ability to execute development and exploitation plans on a timely basis and within budget, and consequently could adversely affect our anticipated cash flow.

We utilize third-party services to maximize the efficiency of our organization. The cost of oil field services typically fluctuates based on demand for those services. There is no assurance that we will be able to contract for such services on a timely basis or that the cost of such services will remain at a satisfactory or affordable level. Shortages or the high cost of drilling rigs, equipment, supplies or personnel could delay or adversely affect our development and exploitation operations, which could have a material adverse effect on our business, financial condition or results of operations.

Prospects that we decide to drill may not yield oil or natural gas in commercially viable quantities.

Prospects that we decide to drill that do not yield oil or natural gas in commercially viable quantities will adversely affect our results of operations and financial condition. There is no way to predict in advance of drilling and testing whether any particular prospect will yield oil or natural gas in sufficient quantities to recover drilling or completion costs or to be economically viable. The use of seismic data and other technologies and the study of producing fields in the same area will not enable us to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in commercial quantities. We cannot assure you that the analogies we draw from available data from other wells, more fully explored prospects or producing fields will be applicable to our drilling prospects.

Market conditions or transportation impediments may hinder access to oil and natural gas markets or delay production.

Market conditions, the unavailability of satisfactory oil and natural gas transportation or the remote location of our drilling operations may hinder our access to oil and natural gas markets or delay production. The availability of a ready market for oil and natural gas production depends on a number of factors, including the demand for and supply of oil and natural gas and the proximity of reserves to pipelines or trucking and terminal facilities. In offshore operations, the availability of a ready market depends on the proximity of and our ability to tie into existing production platforms that we own or operate or that are owned and operated by others and, where facilities are owned and operated by others, the ability to negotiate commercially satisfactory arrangements with the owners or operators. We may be required to shut-in wells or delay initial production for lack of a market or because of inadequacy or unavailability of pipeline or gathering system capacity. When that occurs, we will be unable to realize revenue from those wells until the production can be tied to a gathering system. This can result in considerable delays from the initial discovery of a reservoir to the actual production of the oil and natural gas and realization of revenues. Restrictions on our ability to sell our oil and natural gas may have several other adverse effects, including higher transportation costs, fewer potential purchasers (thereby potentially resulting in a lower selling price) or, in the event we were unable to market and sustain production from a particular lease for an extended time, possible loss of a lease due to lack of production. In the event that we encounter restrictions in our ability to tie our production to a gathering system, we may face considerable delays from the initial discovery of a reservoir to the actual production of the oil and gas and realization of revenues. In some cases, our wells may be tied back to platforms owned by parties with no economic interests in these wells. There can be no assurance that owners of such platforms will continue to operate the platforms. If the owners cease to operate the platforms or their processing equipment, we may be required to shut in the associated wells, which could adversely affect our results of operations.

We are not the operator on all our current properties and we will not be the operator on all of our future properties and therefore will not be in a position to control the timing of development efforts, the associated costs, or the rate of production of the reserves on certain of such properties.

As of December 31, 2013, we operated approximately 50% of the fields and 47% of the wells in our asset portfolio; however, as we carry out our planned drilling program, we will not serve as operator of all planned wells. We conduct and will conduct many of our operations through joint ventures in which we share control with other parties. We are not the well operator for several of our joint ventures. There is the risk that our partners may at any time have economic, business or legal interests or goals that are inconsistent with those of the project or us. As a result, we may have limited ability to exercise influence over the operations of some non-operated properties or their associated costs. Dependence on the operator and other

working interest owners for these projects, and limited ability to influence operations and associated costs could prevent the realization of targeted returns on capital in drilling or acquisition activities. The success and timing of development and exploitation activities on properties operated by others depend upon a number of factors that will be largely outside of our control, including:

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- the timing and amount of capital expenditures;
- the availability of suitable drilling rigs, drilling equipment, support vessels, production and transportation infrastructure and qualified operating personnel;
- the operator's expertise and financial resources;
- approval of other participants in drilling wells;
- selection of technology; and
- the rate of production of the reserves.

We are exposed to trade credit risk in the ordinary course of our business activities.

We are exposed to risks of loss in the event of nonperformance by our vendors, customers and by counterparties to our price risk management arrangements. Some of our vendors, customers and counterparties may be highly leveraged and subject to their own operating and regulatory risks. Many of our vendors, customers and counterparties finance their activities through cash flow from operations, the incurrence of debt or the issuance of equity. Over the past several years, there has been a significant decline in the credit markets and the availability of credit. Additionally, many of our vendors', customers' and counterparties' equity values have substantially declined. The combination of reduction of cash flow resulting from declines in commodity prices and the lack of availability of debt or equity financing may result in a significant reduction in our vendors, customers and counterparties liquidity and ability to make payments or perform on their obligations to us. Even if our credit review and analysis mechanisms work properly, we may experience financial losses in our dealings with other parties. Any increase in the nonpayment or nonperformance by our vendors, customers and/or counterparties could reduce our cash flows.

Our offshore operations involve special risks that could affect our operations adversely.

Offshore operations are subject to a variety of operating risks specific to the marine environment, such as capsizing, collisions and damage or loss from hurricanes or other adverse weather conditions. These conditions can cause substantial damage to facilities and interrupt production. As a result, we could incur substantial liabilities that could reduce or eliminate the funds available for exploration, development or leasehold acquisitions, or result in loss of equipment and properties. In particular, we are not intending to put in place business interruption insurance due to its high cost. We therefore may not be able to rely on insurance coverage in the event of such natural phenomena.

Our insurance may not protect us against all business and operating risks.

We do not maintain insurance for all of the potential risks and liabilities associated with our business. For some risks, we may not obtain insurance if we believe the cost of available insurance is excessive relative to the risks presented. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially and, in some instances, certain insurance policies are economically unavailable or available only for reduced amounts of coverage. Therefore, we will not be fully insured against all risks, including high-cost business interruption insurance and drilling and completion risks that are generally not recoverable from third parties or insurance. In addition, pollution and environmental risks generally are not fully insurable. Losses and liabilities from uninsured and underinsured events and delay in the payment of insurance proceeds could have a material adverse effect on our financial condition and results of operations.

As a result of a number of catastrophic events like the terrorist attacks on September 11, 2001 and Hurricanes Katrina, Rita, Gustav and Ike, insurance underwriters increased insurance premiums for many of the coverages historically maintained and issued general notices of cancellation and significant changes for a wide variety of insurance coverages. The oil and natural gas industry suffered extensive damage from Hurricanes Katrina, Rita, Gustav and Ike. As a result, insurance costs have increased significantly from the costs that similarly situated participants in this industry have historically incurred. Insurers are requiring higher retention levels and limit the amount of insurance proceeds that are available after a major wind storm in the event that damages are incurred. If storm activity in the future is as severe as it was in 2005, insurance underwriters may no longer insure U.S. Gulf of Mexico assets against weather-related damage. Our business interruption insurance may not be economically available in the future, which could adversely impact business prospects in the U.S. Gulf of Mexico and adversely impact our operations. If an accident or other event resulting in damage to our operations, including severe weather, terrorist acts, war, civil disturbances, pollution or environmental damage, occurs and is not fully covered by insurance or a recoverable indemnity from a customer, it could adversely affect our financial condition and results of operations. Moreover, we may not be able to maintain adequate insurance in the future at rates we consider reasonable or be

able to obtain insurance against certain risks.

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We may experience difficulty in achieving and managing future growth.

Future growth may place strains on our resources and cause us to rely more on project partners and independent contractors, possibly negatively affecting our financial condition and results of operations. Our ability to grow will depend on a number of factors, including:

- our ability to acquire seismic data;
- our ability to obtain leases or options on properties for which we have seismic data;
- our ability to identify and acquire new properties;
- our ability to develop existing prospects;
- our ability to continue to retain and attract skilled personnel;
- our ability to maintain or enter into new relationships with project partners and independent contractors;
- the results of our drilling program;
- hydrocarbon prices; and
- our access to capital.

We may not be successful in upgrading our technical, operations and administrative resources or in increasing our ability to internally provide certain of the services currently provided by outside sources, and we may not be able to maintain or enter into new relationships with project partners and independent contractors. Our inability to achieve or manage growth may adversely affect our financial condition and results of operations.

We are dependent on contractors and sub-contractors for our daily operational and service needs on individual fields and platforms. If these parties fail to satisfy their obligations to us or if we are unable to maintain these relationships, our revenue, profitability and growth prospects could be adversely affected.

We depend on a limited number of contractors and subcontractors in conducting our business. If one or more of these subcontractors experience financial or operational difficulties, we could experience an interruption in our operations. There is a risk that we may have disputes with our subcontractors arising from, among other things, the quality and timeliness of work performed by the subcontractors. Although we believe alternative subcontractors are available, our operating results could temporarily suffer until we engage one or more of those alternative subcontractors. Moreover, in engaging alternative subcontractors in exigent circumstances, our production costs could increase markedly.

Sales to a small number of customers represent a substantial portion of our revenues. The loss of any of our major customers could significantly harm our financial condition.

We derive a substantial portion of our revenues from a relatively small number of customers. For the year ended December 31, 2013, Shell Trading (US) Company was our largest purchaser of oil and natural gas, accounting for approximately 62% of our revenues, with United Energy Trading, LLC as the next largest purchaser, accounting for approximately 6% of our revenues. It is likely that a small number of customers will continue to account for a substantial portion of our revenues in the future. If we were to lose one of our major customers or experience a deterioration in our relationships with any of these customers, our financial condition could be significantly harmed. Additionally, if any of our top customers were to suffer financial difficulties, whether as a result of downturns in the markets, loss of market share in which they operate or otherwise, our financial condition could be significantly harmed.

Our success depends on dedicated and skillful management and staff, whose departure could disrupt our business operations.

Our success depends on our ability to retain and attract experienced engineers, geoscientists and other professional staff, including John Hoffman, our President and Chief Executive Officer. These individuals have extensive experience and expertise in evaluating and analyzing producing oil and natural gas properties and drilling prospects, maximizing production from oil and natural gas properties, marketing oil and natural gas production and developing and executing financing and hedging strategies. If a significant number of key personnel and members of our management team resign or become unable to continue in their present role and if they are not adequately replaced, our business operations could be adversely affected.

Risks Related to Our Indebtedness and Access to Capital and Financing

Our level of indebtedness and our negative working capital may limit our ability to borrow additional funds, fund our operations or capitalize on acquisition or other business opportunities.

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We had outstanding indebtedness under our Indenture of $149.5 million. We had a net working capital deficit of approximately $109.5 million at December 31, 2013. In March 2014 we paid all outstanding indebtedness under our revolving credit facility and terminated the facility. The combination of restricted credit availability, lower production since the fourth quarter of 2012, our drilling program, settlement of our plugging and abandonment ("P&A") liabilities and additional collateral requirements related to the surety bonds that secure our P&A obligations led to significant reductions in our working capital during 2013. To increase liquidity, we stretched accounts payable, aggressively pursued accounts receivable and sold assets. Liquidity is essential in our business, and our inability to pay trade creditors in a timely manner could impair our ability to develop and operate our properties.

Our substantial indebtedness and our negative working capital could have adverse consequences.

- For example, it could: impair our ability to obtain additional financing in the future for capital expenditures, potential acquisitions, general business activities or other purposes;
- increase our vulnerability to general adverse economic and industry conditions;
- result in higher interest expense in the event of increases in interest rates since some of our debt is at variable rates of interest;
- have a material adverse effect if we fail to comply with financial and restrictive covenants in any of our debt agreements, including an event of default if such event is not cured or waived;
- require us to dedicate a substantial portion of future cash flow to payments of our indebtedness, accounts payable and other financial obligations, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and industry; and place us at a competitive disadvantage to those who have proportionately less debt.

If we are unable to meet future debt service obligations and other financial obligations, we could be forced to restructure or refinance our indebtedness and other financial transactions, seek additional equity or sell assets. We may then be unable to obtain such financing or capital or sell assets on satisfactory terms, if at all.

The covenants in the Indenture governing the Notes and our credit facility could negatively impact our financial condition,results of operations and business prospects and prevent us from fulfilling our obligations under the notes.

The covenants contained in the Indenture governing the Notes and the agreement governing our credit facility could have important consequences for our operations, including:

- limiting our ability to use our cash flow from operations for capital expenditures;
- requiring us to dedicate a substantial portion of our cash flow from operations to required payments on indebtedness,
- thereby reducing the availability of cash flow for working capital, capital expenditures and other general business
- activities;
- limiting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions
- and general corporate and other activities;
- limiting management’s discretion in operating our business;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limiting our ability to hedge our production;
- detracting from our ability to withstand successfully a downturn in our business or the economy generally; and

- placing us at a competitive disadvantage against less leveraged competitors.

If we breach any covenants under our Indenture or credit facility, a default could occur. We obtained a limited waiver from our lenders relating to such covenants for the fiscal quarter ending December 31, 2013. The waiver will not apply to any future fiscal quarter.

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In the future, if we breach a covenant, or are otherwise in default under our Indenture or credit facility, and we are unable to obtain a waiver, certain of our debt holders would be entitled to declare all amounts borrowed under the breached agreement to become immediately due and payable, which could also cause the acceleration of obligations under certain other agreements and/or the termination of the agreement. In the event of acceleration of our outstanding indebtedness, we cannot assure that we would be able to repay our debt or obtain new financing to refinance our debt. Even if new financing is made available to us, it may not be on terms acceptable to us.

We may not be able to generate sufficient cash flow to meet our debt service obligations.

Our ability to make payments on our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. We cannot assure you that our business will generate sufficient cash flow from operations to service our outstanding indebtedness, or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other capital needs. If our business does not generate sufficient cash flow from operations to service our outstanding indebtedness, we may be required to:

- refinance all or a portion of our debt;
- obtain additional financing;
- sell some of our assets or operations;
- reduce or delay capital expenditures, research and development efforts and acquisitions; or
- revise or delay our strategic plans.

If we are required to take any of these actions, it could have a material adverse effect on our business, financial condition and results of operations. In addition, we cannot assure that we would be able to take any of these actions, that these actions would enable us to continue to satisfy our capital requirements or that these actions would be permitted under the terms of the our various debt instruments.

We have substantial P&A obligations and may be required to post additional collateral in order to satisfy the collateral requirements related to the surety bonds that secure our P&A obligations.

As of December 31, 2013, our estimated total asset retirement obligations were $276.7 million. Development of any legal requirements imposing an accelerated schedule for the performance of plugging, abandoning and removal activities, such as the BOEMRE NTL issued on September 15, 2010, may materially increase our future plugging, abandonment and removal costs, which may translate into a need to increase our estimate of future asset retirement obligations required to meet such increased costs. (For additional information, see "—Our estimates of future asset retirement obligations may vary significantly from period to period and are especially significant because our operations are almost exclusively in the U.S. Gulf of Mexico").

We are currently subject to the bonding or security requirements of BOEM for various obligations, including P&A obligations, for certain federal leases in the Gulf of Mexico. Failure to post the requisite bonds or otherwise satisfy BOEM's security requirements could have a severe adverse effect on our ability to operate in the Gulf of Mexico. Because we are not exempt from the BOEM's bonding requirements, we engage a number of surety companies to post the requisite bonds. Pursuant to the terms of our agreements with these surety companies, we are required to post collateral or post collateral on demand, the amount of which can be increased at the surety companies' discretion with 30 days' notice. If these surety companies increase the amount of required collateral, our available liquidity could be adversely affected. We cannot assure you that we will be able to satisfy any additional collateral requirements. If we fail to do so, we may be in default under our agreements with the surety companies, which in turn could cause a cross-default under our credit facility and Indenture. Additionally, should we default under any of our agreements with the surety companies, and should any surety company begin exercising its remedies under these agreements, our operations in the Gulf of Mexico could be severely adversely affected.

We also have various obligations to fund escrow accounts for future P&A costs that may be incurred on properties that we have acquired. Many of these escrow accounts have been fully funded or secured by the issuance of performance bonds to guaranty our performance of the related P&A obligations. With respect to our acquisition of properties from W&T Offshore,

Inc., as of December 31, 2013, we had funded $17.5 million into a non-operating escrow account, and are obligated to fund an additional $13.7 million in the escrow account through May 1, 2017.

We may not be able to obtain funding in the capital markets on terms we find acceptable

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The credit crisis and related turmoil in the global financial systems during 2008-09 had an impact on our business and our financial condition, and we may face additional challenges if economic and financial market conditions deteriorate in the future.
Historically, we have used contributions from our members, cash flow from operations and borrowings under our credit facility to fund our capital expenditures. We are currently unable to borrow any additional amounts under our credit facility. Our credit facility matures on January 1, 2015 and our Notes are payable in full on December 1, 2015.

Further, the credit crisis in 2008-09 made it more difficult to obtain funding in the public and private capital markets. In particular, the cost of raising money in the debt and equity capital markets increased substantially while the availability of funds from those markets generally diminished significantly. Also, as a result of concerns about the general stability of financial markets and the solvency of specific counterparties, the cost of obtaining money from the credit markets increased as many lenders and institutional investors have increased interest rates, imposed tighter lending standards, refused to refinance existing debt at maturity or on terms similar to existing debt or at all, or, in some cases, ceased to provide any new funding. A return of these conditions could materially and adversely affect our company.

We and our subsidiaries may be able to incur substantially more debt. This could further increase our leverage and attendant risks.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the Indenture governing our Notes and our credit facility do not fully prohibit us or our subsidiaries from doing so. At December 31, 2013, we and our subsidiaries collectively had approximately:

- $183.9 million of secured indebtedness, net of unamortized discounts; and
- $0.3 million of unsecured short-term indebtedness.

If new debt or liabilities are added to our current debt level, the related risks that we now face could increase.

An increase in interest rates may increase the cost of servicing our indebtedness and could reduce our profitability.

Indebtedness we may incur under our credit facility bears interest at variable rates. As a result, any increase in interest rates, whether because of an increase in market interest rates or an increase in our own cost of borrowing, would increase the cost of servicing our indebtedness and could materially reduce the availability of debt financing, which may result in increases in the interest rates and borrowing spreads at which lenders are willing to make future debt financing available to us. The impact of such an increase would be more significant than it would be for some other companies because of our substantial indebtedness.

Our exploitation, development and production projects require substantial capital expenditures. We may be unable to obtain necessary capital or financing on satisfactory terms, which could lead to a decline in our oil and natural gas reserves.

The oil and natural gas industry is capital intensive. We make and expect to continue to make substantial capital expenditures in our business for the exploitation, development, production and acquisition of oil and natural gas reserves. Improvement in commodity prices may result in an increase in our actual capital expenditures. Conversely, a significant decline in product prices could result in a decrease in our capital expenditures. We intend to finance our future capital expenditures primarily through cash flows from operations and contributions from our members. Our financing needs may require us to alter or increase our capitalization substantially. The issuance of additional debt may require that a portion of our cash flows from operations be used for the payment of interest and principal on our debt, thereby reducing our ability to use cash flows to fund working capital, capital expenditures and acquisitions. Our cash flows from operations and access to capital are subject to a number of variables, including:

- our proved reserves;
- the level of oil and natural gas we are able to produce from existing wells;
- the prices at which our oil and natural gas are sold;
- our ability to locate, acquire and produce new reserves;
- the willingness of the lenders under our credit facility to lend; and

- our access to capital and ability to obtain financing.

If our revenues decrease as a result of lower oil or natural gas prices, operating difficulties, declines in reserves or for any other reason, we may have limited ability to obtain the capital necessary to sustain our operations at current levels. If additional capital is needed, we may not be able to obtain debt or equity financing. If cash generated by operations is not sufficient to meet

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our capital requirements, the failure to obtain additional financing could result in a curtailment of our operations relating to development of our prospects, which in turn could lead to a decline in our oil and natural gas reserves and could adversely affect our business, financial condition and results of operations.

Risks Related to Our Risk Management Activities

Our hedging activities could result in financial losses or could reduce our net income.

To achieve more predictable cash flows and to reduce the impact of oil and natural gas price volatility on our operations, we have and may continue to enter into hedging arrangements for a significant portion of our oil and natural gas production.

Our actual future production may be significantly higher or lower than we estimate at the time we enter into derivative contracts for such period. If the actual amount of production is higher than we estimate, we will have greater commodity price exposure than we intended. If the actual amount of production is lower than the notional amount that is subject to our derivative financial instruments, we might be forced to satisfy all or a portion of our derivative transactions without the benefit of the cash flow from our sale of the underlying physical commodity, resulting in a substantial diminution of our liquidity. As a result of these factors, our hedging activities may not be as effective as we intend in reducing the volatility of our cash flows, and in certain circumstances may actually increase the volatility of our cash flows. In addition, our price risk management activities are subject to the following risks:

- a counterparty may not perform its obligation under the applicable derivative instrument;
- production is less than expected;
- there may be a change in the expected differential between the underlying commodity price in the derivative instrument and the actual price received; and
- the steps we take to monitor our derivative financial instruments may not detect and prevent violations of our risk management policies and procedures.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Oil and Natural Gas Hedging” for additional information on our oil and natural gas hedges.

Our hedging transactions expose us to counterparty credit risk.

Our hedging transactions expose us to risk of financial loss if a counterparty fails to perform under a derivative contract. Disruptions in the financial markets could lead to sudden changes in a counterparty’s liquidity, which could impair its ability to perform under the terms of the derivative contract. We are unable to predict sudden changes in counterparty’s creditworthiness or ability to perform. Even if we do accurately predict sudden changes, our ability to negate the risk may be limited depending upon market conditions.

During periods of falling commodity prices, such as in late 2008, our hedge receivable positions increase, which increases our exposure. If the creditworthiness of our counterparties deteriorates and results in their nonperformance, we could incur a significant loss.

If we are unable to effectively manage the commodity price risk of our production if energy prices fall, our anticipated cash flows will be negatively impacted.

Compared to some other participants in the oil and gas industry, we are a relatively small company with modest resources. Therefore, there is the possibility that we may be unable to find counterparties willing to enter into derivative arrangements with us or be required to either purchase relatively expensive put options, or commit to deliver future production, to manage the commodity price risk of our future production. To the extent that we commit to deliver future production, we may be forced to make cash deposits available to counterparties as they mark to market these financial hedges. Proposed changes in regulations affecting derivatives may further limit or raise the cost, or increase the credit support required to hedge. This funding requirement may limit the level of commodity price risk management that we are prudently able to complete. In addition, we are unlikely to hedge undeveloped reserves to the same extent that we hedge the anticipated production from proved developed reserves. If we fail to manage the commodity price risk of our production and energy prices fall, we may not be able to realize the cash flows from our assets that are currently anticipated even if we are successful in increasing the production and ultimate recovery of reserves.

Risks Related to Our Acquisition Strategy

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We plan to pursue acquisitions as part of our growth strategy and there are inherent risks in connection with the acquisition of oil and natural gas properties, including that the acquisition may prove to be worth less than we paid because of uncertainties in evaluating recoverable reserves and potential liabilities.

Our growth has been attributable in large part to acquisitions of producing properties and undeveloped leasehold interests. We expect to continue to evaluate and, where appropriate, pursue acquisition opportunities on terms we consider favorable. However, we cannot assure you that suitable acquisition candidates will be identified in the future, or that we will be able to finance such acquisitions on favorable terms. The terms of the Indenture governing the Notes and our credit facility contain restrictive covenants that limit our ability to finance acquisitions and other investments and to engage in other activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debts. In addition, we compete against other companies for acquisitions, and we cannot assure you that we will successfully acquire any material property interests. Further, we cannot assure you that future acquisitions by us will be integrated successfully into our operations or will increase our profits.

Successful acquisitions of oil and natural gas properties require an assessment of numerous factors that are inherently inexact and may be inaccurate, including, without limitation, those relating to:

- acceptable prices for available properties;
- amounts of recoverable reserves;
- estimates of future oil and natural gas prices;
- estimates of future exploratory, development and operating costs;
- estimates of the costs and timing of plugging and abandonment; and
- estimates of potential environmental and other liabilities.

In connection with such a potential acquisition, we perform a review of the subject properties that we believe is generally consistent with industry practices. However, such assessments are inexact and their accuracy is inherently uncertain and such a review may not reveal all existing or potential problems. In addition, our review may not permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. Inspections may not always be performed on every well, and structural and environmental problems are not necessarily observable even when an inspection is made. We are generally not able to obtain contractual indemnification for pre-closing liabilities, including environmental liabilities, and we normally acquire interests in properties on an "as is" basis with limited remedies for breaches of representations and warranties. As a result of these factors, we may not be able to acquire oil and natural gas properties that contain economically recoverable reserves or be able to complete such acquisitions on acceptable terms. Additionally, significant acquisitions can change the nature of our operations and business depending upon the character of the acquired properties, which may be substantially different in operating and geologic characteristics or geographic location than our existing properties. While our current operations are primarily located in the U.S. Gulf of Mexico, we may pursue acquisitions or properties located in other geographic areas.

Our acquisition strategy may be stretching our existing resources.

Since our inception, we have made three major acquisitions, the W&T Acquisition, the Nippon Acquisition, and the Merit Acquisition, among other smaller acquisitions. Future transactions may prove to stretch our internal resources and infrastructure. As a result, we may need to invest in additional resources, which will increase our costs. Any further acquisitions we make over the short term would likely exacerbate these risks.

Competition for oil and natural gas properties and prospects is intense and some of our competitors have larger financial, technical and personnel resources that could give them an advantage in evaluating and obtaining properties and prospects.

We operate in a highly competitive environment for reviewing prospects, acquiring properties, marketing oil and natural gas and securing trained personnel. Many of our competitors are major or independent oil and natural gas companies that possess and employ financial resources that allow them to obtain substantially greater technical and personnel resources than us. We actively compete with other companies when acquiring new leases or oil and natural gas properties. For example, new offshore leases may be acquired through a "sealed bid" process and are generally awarded to the highest bidder. These

additional resources can be particularly important in reviewing prospects and purchasing properties. Competitors may be able to evaluate, bid for and purchase a greater number of properties and prospects than our financial or personnel resources permit. Competitors may also be able to pay more for productive oil and natural gas properties and exploratory prospects than we are able or willing to pay. If we are unable to compete successfully for acquisitions, our future revenues and growth may be diminished or restricted.

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Risks Related to Environmental and Other Regulations

Our operations may incur substantial costs and expenses to comply with environmental and other government laws and regulations.

Oil and natural gas exploration, development and production operations in the United States and the U.S. Gulf of Mexico are subject to extensive federal, regional, state and local laws and regulations. Companies operating in the U.S. Gulf of Mexico are subject to laws and regulations that (1) address, among other items, land use and lease permit restrictions, bonding and other financial assurance mechanisms related to drilling and production activities, spacing of wells, unitization and pooling of properties, plugging and abandonment of wells and removal of associated infrastructure after production has ceased, operational reporting and taxation, and environmental and occupational health and safety matters; and (2) impose liability for, and require investigation and remediation of, releases of oil and hazardous or other regulated substances, including at third-party owned off-site disposal facilities where we may have disposed of wastes, and could expose us to significant incurred expenses and damages, including natural resource damages, and fines and penalties for any violation or noncompliance with any of the applicable laws or regulations.

We may incur significant capital and operating expenditures or perform other corrective actions at our wells and facilities to comply with the requirements of these environmental and occupational health and safety laws and regulations or the terms or conditions of permits issued pursuant to such requirements. Our compliance with future laws or regulations, or with any adverse change in the interpretation or enforcement of existing laws and regulations, could increase such compliance costs. Regulatory limitations and restrictions could also delay or curtail our operations and could have a significant impact on our financial condition or results of operations.

Additionally, our oil and natural gas exploitation, development and production operations are subject to stringent laws and regulations governing the release or disposal of materials into the environment or otherwise relating to environmental protection. These laws and regulations may, among other things:

- require the acquisition of a permit before drilling or other regulated activities commence;
- restrict the types, quantities and concentration of materials that can be released into the environment in connection with drilling and production activities;
- limit or prohibit exploration or drilling activities on certain environmentally sensitive protected areas that may affect certain species, including marine mammals;
- impose substantial liabilities for pollution resulting from our operations; and
- apply specific health and safety criteria addressing worker protection.

Costs and liabilities could arise under a wide range of federal, regional, state and local environmental laws and regulations that are amended from time to time, including, for example:

- the OPA and comparable state laws that impose a variety of requirements and liabilities related to the prevention of and response to oil spills into waters of the United States, including the Outer Continental Shelf, on lessees and operators of offshore leases and owners and operators of oil handling facilities, including requiring owners and operators of offshore oil production facilities to establish and maintain evidence of financial responsibility to cover costs that could be incurred in responding to an oil spill;
- the DOI, Bureau of Ocean Energy Management (“BOEM”) or BSEE NTLs and other standards issued thereunder, that relate to offshore oil and natural gas operations in U.S. waters and impose liability for the cost of pollution cleanup resulting from operations, as well as potential liability for pollution damages;
- the Clean Air Act and comparable state laws and regulations that restricts the emission of air pollutants from many sources and impose various pre-construction, monitoring and reporting requirements;
- the Clean Water Act and comparable state laws and regulations that impose obligations related to discharges of pollutants into regulated bodies of water;
- the RCRA and comparable state laws that impose requirements for the generation, storage, treatment and disposal of solid waste, including hazardous waste, from our facilities;

- the CERCLA and comparable state laws that regulate the cleanup of hazardous substances that may have been released at properties currently or previously owned or operated by us or at locations to which we have sent wastes for disposal;

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- the Federal Safe Drinking Water Act ("SWDA"), which ensures the quality of the nation's public drinking water through adoption of drinking water standards and controlling the injection of waste fluids into below ground formations that may adversely affect drinking water sources;
- the EPA community right to know regulations under Title III of CERCLA and similar state statutes that require us to organize and/or disclose information about hazardous materials used or produced in our operations;
- the OSHA and comparable state laws, which establishes workplace standards for the protection of the health and safety of employees, including the implementation of hazard communications programs designed to inform employees about hazardous substances in the workplace, potential harmful effects of these substances and appropriate control measures; and
- the Marine Mammal Protection Act, which ensures the protection of marine mammals through the prohibition, with certain exceptions, of the taking of marine mammals in U.S. waters and by U.S. citizens on the high seas and that may require the implementation of operating restrictions or a temporary, seasonal or permanent ban in the affected areas.

We may be required to make significant capital and operating expenditures at our wells and platforms to comply with the requirements of these environmental laws and regulations. Failure to comply with these laws and regulations or the terms or conditions of required environmental permits may result in the assessment of administrative, civil and/or criminal penalties; the imposition of investigatory or remedial obligations as well as corrective actions; and the issuance of injunctions limiting or prohibiting some or all of our operations.

Changes in environmental or occupational health or safety laws, regulations or enforcement policies occur frequently, and any changes that result in more stringent or costly well construction, drilling or completion activities, or waste handling, storage, transport, disposal or cleanup requirements or other unforeseen liabilities could require us to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on our industry in general and on our own results of operations, competitive position or financial condition. The costs of complying with applicable environmental laws and regulations are likely to increase over time and we cannot provide any assurance that we will be able to remain in compliance with respect to existing or new laws and regulations or that such compliance will not have a material adverse effect on our business, financial condition and results of operations.

There is inherent risk of incurring significant environmental costs and liabilities in the performance of our operations due to our handling of petroleum hydrocarbon and wastes, because of air emissions and wastewater discharges related to our operations, and as a result of historical operations and waste disposal practices. Under certain environmental laws and regulations that impose strict, joint and several liability, we may be required to remediate spill incidents or contamination regardless of whether such spills or contamination resulted from the conduct of others or from consequences of our own actions that were or were not in compliance with all applicable laws and regulations at the time those actions were taken. In addition, claims for damages to persons, property or natural resources may result from spill incidents or other environmental impacts of our operations. Future spills or releases of regulated substances or accidents or the discovery of currently unknown contamination could expose us to material losses, expenditures and environmental or occupational health and safety liabilities, including liabilities resulting from lawsuits brought by private litigants for personal injury or property damage related to our operations or the area upon which our operations are conducted. We may not be able to recover some or any of these costs from insurance. See "Business—Environmental Matters and Regulation."

The enactment of derivatives legislation could have an adverse effect on our ability to use derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with our business.

The Dodd-Frank Act requires the Commodities Futures Trading Commission ("CFTC") and the SEC to promulgate rules and regulations establishing federal oversight and regulation of the over-the-counter-derivatives market and entities, that participate in that market, including swap clearing and trade execution requirements. Our derivative transactions are not currently subject to such swap clearing and trade execution requirements; however, in the event our derivative transactions potentially become subject to such requirements, we believe that our derivative transactions would qualify for the "end-user" exception. New or modified rules, regulations or requirements may increase the cost and availability to our counterparties of their hedging and swap positions that they can make available to us, and may further require the counterparties to our derivative instruments to spin off some of their derivative activities to a separate entity, that may not be as creditworthy as the

current counterparties. In addition, for uncleared swaps, the CFTC or federal banking regulators may require end-users to enter into credit support documentation or post margin collateral. Any changes in the regulations of swaps may result in certain market participants deciding to curtail or cease their derivative activities.

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While many rules and regulations have been promulgated and are already in effect, other rules and regulations, including the proposed margin rules, remain to be finalized or effectuated; therefore, the impact of those rules and regulations on us is uncertain at this time. The Dodd-Frank Act, and the rules promulgated thereunder, could (1) significantly increase the cost of derivative contracts (including from swap recordkeeping and reporting,or decrease the liquidity, of energy-related derivatives we use to hedge against commodity price fluctuations (including through requirements to post collateral, which could adversely affect our available liquidity), (2) materially alter the terms of derivative contracts, (3) reduce the availability of derivatives to protect against risks we encounter, and (4) increase our exposure to less creditworthy counterparties. If we reduce our use of derivatives as a result of the Dodd-Frank Act and applicable rules and regulations, our cash flow may become more volatile and less predictable, which could adversely affect our ability to plan for and fund capital expenditures.

Finally, the Dodd-Frank Act was intended, in part, to reduce the volatility of oil, natural gas liquids and natural gas prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to oil, natural gas liquids and natural gas. Our revenues could therefore be adversely affected if a consequence of the Dodd-Frank Act and regulations is to lower commodity prices. Any of these consequences could have a material adverse effect on us, our financial condition and our results of operations.

Climate change legislation or regulations restricting emissions of GHGs could result in increased operating costs and reduced demand for the oil and natural gas that we produce.

In December 2009, the EPA published its findings that emissions of carbon dioxide, methane and other GHGs present an endangerment to public health and the environment because emissions of such gases are, according to EPA, contributing to warming of the earth's atmosphere and other climatic changes. These findings by the EPA allow the agency to proceed with the adoption and implementation of regulations that would restrict emissions of GHGs under existing provisions of the Clean Air Act. Accordingly, the EPA has adopted rules under the Clean Air Act requiring a reduction in emissions of GHGs from motor vehicles and requiring certain construction and operating permit reviews for GHGs from certain stationary sources. In addition, the EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified GHG emission sources in the United States including, among others, certain onshore and offshore oil and natural gas production facilities on an annual basis.

In addition, from time to time, Congress has considered legislation and almost one-half of the states have already taken legal measures to reduce emissions of GHGs, primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. The adoption of legislation or regulatory programs to reduce emissions of GHGs could require us to incur increased operating costs, such as costs to purchase and operate emissions control systems, to acquire emissions allowances or comply with new regulatory or reporting requirements. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for, the oil and natural gas we produced. Consequently, legislation and regulatory programs to reduce emissions of GHGs could have an adverse effect on our business, financial condition and results of operations. Finally, it should be noted that some scientists have concluded that increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other climatic events. If any such effects were to occur, they could have an adverse effect on our financial condition and results of operations.

Risks Related to Our Relationship with Platinum

Platinum owns approximately 85% of our outstanding voting membership interests, giving it influence and control in corporate transactions and other matters, which may conflict with noteholders' interests.

As of December 31,2013, Platinum beneficially owned approximately 85% of our outstanding voting membership interests and approximately 66% of our total outstanding membership interests. As a result, and for as long as Platinum holds a membership interest in us, Platinum has the ability to remove and appoint key personnel, including all of our managers, and to determine and control our company and management policies, our financing arrangements, the payment of dividends or other distributions, and the outcome of certain company transactions or other matters submitted to our members for approval, including potential mergers or acquisitions, asset sales and other significant corporate transactions. As a controlling member, Platinum could make decisions that may conflict with noteholders' interests.

Pursuant to our Second Amended and Restated Limited Liability Company Operating Agreement (as amended and in effect as of the date hereof), if we propose to obtain additional financing through the issuance of equity or certain debt

securities, Platinum is entitled to a right of first offer to provide such financing. Platinum and the other members also have, pursuant to that agreement, the right of first refusal with respect to any proposed transfer of our equity interests.

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Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The information required by this Item 2. is contained in "Item 1. Business" and is incorporated herein by reference.

Item 3. Legal Proceedings

West Delta 32 Block Platform Incident. On November 16, 2012, an explosion and fire occurred on our West Delta 32-E platform, located in the Gulf of Mexico approximately 17 miles southeast of Grand Isle, Louisiana ("West Delta 32 Incident"). At the time of the explosion, production on the platform had been shut in while crews of independent contractors performed maintenance and construction on the platform.

Regulatory Investigation and Audit. On November 4, 2013, BSEE issued its investigative report (the "BSEE Panel Report 2013-002") on the West Delta 32 Incident. The report mentioned that contractors Wood Group Production Service Network, Grand Isle Shipyard, and Compass Engineering Consultants, as well as Black Elk Energy be issued the following types of Incidents of Non-Compliance: G-110, G-112, G-116, G-303, G-310, G-311, G-312, and E-100. The report also stipulates that contractor Wood Group Production Service Network and Black Elk Energy be issued the additional following types of Incidents of Non-Compliance (INCs): G-309 and G-317. The report states that BSEE will issue Incidents of Non-Compliance based upon evidence contained in the report and/or other relevant evidence. Although the report states that BSEE will issue INCs based upon evidence contained in the report and/or other relevant evidence, no incidents of Non-Compliance have been issued yet, and Black Elk Energy has and will continue to fully cooperate with BSEE. Black Elk Energy has and continues to carefully review the BSEE Panel Report 2013-002.

The United States Chemical Safety and Hazard investigation board has also made an inquiry of upon Black Elk Energy regarding the incident but indicated that they will not open an investigation.

On October 15, 2013, the Department of Justice, U.S. Attorney's Office issued a subpoena pertaining to all physical evidence collected and maintained by Black Elk Energy and ABS Consulting as part the investigation of the WD-32 platform incident. Further, on March 25, 2014, a second subpoena was issued by the U.S. Attorney's Office requesting records and documents for specific time periods still part of their investigation of the WD-32 incident. We are fully cooperating with all government agencies.

On November 21, 2012, BSEE sent us a letter requiring us to take certain actions and to improve our performance. The letter made reference to, among other things, the explosion and fire that occurred on our West Delta 32-E platform on November 16, 2012. BSEE stated in the letter that if we did not improve our performance, we would be subject to additional enforcement action up to and including possible referral to the Bureau of Ocean Energy Management to revoke our status as an operator on all of our existing facilities. We have undertaken the actions BSEE required of us in the November 21 letter and have been regularly reporting our progress on those required improvements to BSEE. We have submitted a PIP to BSEE that identifies corrective action items to improve safety performance in offshore operations. The primary components of the PIP address:

- Independent Third-Party SEMS Audit
- Enhanced oversight of work on our operated platforms
- Hazard Recognition
- Compliance
- Reduction of Incidents of Non-Conformance (INCs)
- Stop Work Authority

In a meeting held at the BSEE Regional Office on October 30, 2013, BEEOO shared with BSEE representatives that implementation of corrective actions (18 elements and 58 tasks) associated with the Performance Improvement Plan ("PIP")

has been 100% completed. Other essential work control processes such as our Project Execution Plans and Contractor Bridging Agreements have been improved to provide better guidelines and procedures for hazard assessment and work controls. Training in Hazard Recognition, National Pollutant Discharge Elimination System ("NPDES"), Job Safety Analysis ("JSA") and Stop Work Authority ("SWA") will be ongoing and has been incorporated into our training matrix.

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Based on the receipt of requested work and operation permits along with our interactions with BSEE and our corrective actions discussed above, we believe that we have improved our safety and compliance performance.

Civil Litigation. As of December 31, 2013, several civil lawsuits have been filed as a result of the West Delta 32 Incident- involving personal injury and three fatalities. The courts held a status conference ordering procedural matters to be filed on the court's docket. All civil cases filed both in Texas and Louisiana as a result of the West Delta 32 Incident are being defended by insurance defense counsel. The plaintiffs are seeking an unspecified amount of actual and punitive damages. We believe we have strong defenses and cross-claims and intend to defend ourselves vigorously.

On January 31, 2013, the family of decedent Jerome Malagapo sued BEEOO in the United States District Court for the Eastern District of Louisiana. The lawsuit was filed by Mr. Malagapo's wife individually and on behalf of his estate and Mr. Malagapo's children. The plaintiffs allege that Mr. Malagapo was employed by Grand Isle Shipyard, Inc. and was working on the West Delta 32 Block Platform and as a result of the incident died. The plaintiffs are seeking an unspecified amount of actual and punitive damages.

February 27, 2013, the family of decedent Avelino Tajonera sued BEEOO in the United States District Court for the Eastern District of Louisiana. The lawsuit was filed by Mr. Tajonera's wife individually and on behalf of his estate and Mr. Tajonera's three children. The plaintiffs allege that Mr. Tajonera was employed by Grand Isle Shipyard, Inc. and was working on the West Delta 32 Block Platform at the time of the West Delta 32 Incident. They allege that Mr. Tajonera died several days after the West Delta 32 Incident from injuries he sustained therein. The plaintiffs are seeking an unspecified amount of actual and punitive damages.

On March 25, 2013, the family of decedent Ellroy Corporal sued our company in the United States District Court for the Eastern District of Louisiana. The lawsuit was filed by Mr. Corporal's wife individually and on behalf of his estate and Mr. Corporal's two children. The plaintiffs allege that Mr. Corporal was working on the West Delta 32 Block Platform at the time of the West Delta 32 Incident. They allege that Mr. Corporal died from complications due to the West Delta 32 Incident. The plaintiffs are seeking an unspecified amount of actual and punitive damages.

As previously reported, on March 22, 2013, six investors in Black Elk Energy, LLC ("BEE") filed a purported derivative complaint on behalf of BEE in the Supreme Court of the State of New York, County of New York, against the Company, John Hoffman, Iron Island Technologies Inc., and various entities and individuals associated with the Company's majority unit owner (the "Platinum Defendants"). The lawsuit seeks unspecified damages allegedly arising from (1) the dilution of BEE's ownership interest in the Company through various financing transactions with the Platinum Defendants and the issuance of membership units under management and employee incentive programs; and (2) the alleged mismanagement of the Company in connection with certain alleged safety violations and the West Delta 32 Incident. We believe there are strong defenses to the claims asserted in the lawsuit, and the Company intends to defend the case vigorously. On or about September 24, 2013, Plaintiffs filed a motion for a preliminary injunction to restrain a portion of the proceeds of the Company's proposed sale of certain oil fields in the Gulf of Mexico. The Court denied the motion on November 15, 2013. On or about November 20, 2013, we filed a motion to dismiss the complaint in its entirety, inter alia, on the grounds that (i) the claims fail to state a cause of action; (ii) the claims are refuted by documentary evidence; (iii) plaintiffs, who are not members of the Company, lack standing to assert a claim for mismanagement of the Company; and (iv) certain claims are barred by the statute of limitations. The motion is now fully briefed. Discovery is at an early stage, with the parties beginning to make rolling document productions.

On April 29, 2013, Grand Isle Shipyards, Inc. ("GIS") sued BEEOO, Enviro Tech Systems, LLC, Wood Group USA, Inc., and Compass Engineering & Consultants, LLC in the United States District Court for the Eastern District of Louisiana for damages it alleged incurred in connection with the West Delta 32 Incident. GIS specifically sought damages for loss of property and equipment, expenses in the form of indemnity and medical benefits paid to or on behalf of its employees, and for unpaid invoices in connection with the work it performed at West Delta 32. Upon motion by BEEOO, however, the court dismissed GIS' lawsuit and ordered GIS and BEEOO to first attempt to resolve their claims through mediation which took place on November 12, 2013. Since the mediation was unsuccessful, the Parties have now agreed to enter into binding Arbitration pursuant to and in accordance with the MSA. Black Elk Energy has named Compass Consultants LLC as party to the AAA

Arbitration in addition to GIS. Compass filed a lawsuit against Black Elk Energy (W.Dist. Of La.) seeking to enjoin the proceedings in the referred Arbitration case. The Arbitration proceedings are underway.

For each proceeding, we are currently evaluating the plaintiff's petitions and determining appropriate courses of response with the aid of legal counsel. These proceedings are at a preliminary stage; accordingly, we currently cannot assess the probability of

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losses, or reasonably estimate a range of any potential losses related to the proceedings. We intend to vigorously defend the Company in these proceedings.

Other Regulatory Items. As of December 31, 2013, we received a Notice of Proposed Civil Penalty Assessment from BSEE that administrative civil penalty proceedings had been initiated for two civil violations. As part of the civil penalty(s), we requested an informal meeting to present factual information to the reviewing officer that should serve to mitigate the proposed civil penalty of $71,250 and $100,000 respectively.

We are also subject to certain other environmental matters and regulations. For a discussion of these items, see Item 1.“Business—Environmental Matters and Regulation.”

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

We are a privately held company and there is no established public trading market for our membership interests.

Item 6. Selected Financial Data

Set forth below is our summary historical consolidated financial data for the years ended December 31, 2013, 2012, 2011, 2010 and 2009, and balance sheet data at December 31, 2013, 2012, 2011, 2010 and 2009. This information may not be indicative of our future results of operations, financial position and cash flows and should be read in conjunction with the consolidated financial statements and notes thereto and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" presented elsewhere in this Form 10-K. We believe that the assumptions underlying the preparation of our historical consolidated financial statements are reasonable.

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	Year Ended December 31,				
	2013	2012	2011	2010	2009
STATEMENTS OF OPERATIONS DATA (in thousands):					
Crude oil, natural gas and plant product sales	$ 265,336	$ 285,897	$ 314,289	$ 112,566	$ 20,788
Realized (loss) gain on derivative financial instruments	(1,522)	23,364	8,099	9,271	801
Unrealized (loss) gain on derivative financial instruments	(5,806)	(4,783)	17,556	(12,700)	(1,955)
Total revenue	258,008	304,478	339,944	109,137	18,833
Operating Expenses:					
Lease operating costs, workovers and production taxes	186,062	199,422	182,789	59,555	10,043
Exploration	200	1,682	1,004	14	47
Depreciation, depletion and amortization	43,606	47,314	47,214	29,795	15,419
Impairment	79,090	31,033	12,967	6,407	446
General and administrative	36,601	26,486	22,029	14,588	7,164
Gain due to involuntary conversion of asset	(17,827)	(3,100)	—	—	(18,718)
Accretion	23,454	36,421	27,410	9,175	388
Gain on sale of asset	(105,771)	38	(142)	—	—
Other Operating Expense	8,061	—	—	—	—
Total operating expenses	253,476	339,296	293,271	119,534	14,789
Income (loss) from operations	$ 4,532	$ (34,818)	$ 46,673	$ (10,397)	$ 4,044
Operating Data:					
Oil (MBbl) (1)	1,730	1,977	1,991	857	140
Natural gas (MMcf) (1)	13,294	17,884	18,188	7,997	2,444
Plant products (MGal) (1)	8,854	13,588	12,257	5,403	320
Oil:					
Average price before effects of hedges ($/Bbl)	$ 105.60	$ 106.60	$ 108.09	$ 80.09	$ 70.43
Average price after effects of hedges ($/Bbl)	102.17	110.18	105.17	80.97	71.59
Average price differentials	7.59	12.50	13.04	0.59	8.44
Natural Gas:					
Average price before effects of hedges ($/Mcf)	$ 3.88	$ 2.82	$ 4.18	$ 4.38	$ 4.29
Average price after effects of hedges ($/Mcf)	4.21	3.73	4.94	5.44	4.55
Average price differentials	0.15	0.07	0.18	—	0.34

(1) Total production for each of the periods presented.

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	As of December 31,				
	2013	2012	2011	2010	2009
BALANCE SHEET DATA (in thousands):					
Cash and cash equivalents	6,227	1,383	17,260	18,879	6,236
Oil and natural gas properties, net	196,136	260,012	238,702	123,783	88,600
Total assets	565,614	590,464	546,006	306,504	114,009
Total debt, including current portion	184,186	204,670	177,041	150,753	40,133
Asset retirement obligations (net of escrow)	(1,065)	109,894 (1)	96,185 (1)	8,074	45,431
Members' equity (deficit)	(172,675)	(118,467)	(29,708)	(20,610)	5,723

	Year Ended December 31,				
	2013	**2012**	**2011**	**2010**	**2009**
OTHER FINANCIAL DATA (in thousands):					
Net cash provided by (used in) operating activities	$ (21,688)	$ 66,054	$ 73,647	$ 28,345	$ (528)
Net cash used in investing activities	(133)	(89,723)	(108,641)	(114,815)	(27,415)
Net cash provided by (used in) financing activities	26,665	7,792	33,375	99,113	32,532
Adjusted EBITDA (2)	45,068	78,995	110,686	47,052	4,617

(1) Amount also net of asset retirement obligation escrow receivable as it relates to P&A obligations.

(2) Adjusted EBITDA is a non-GAAP financial measure. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to our net income (loss), see "—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" below.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Form 10-K. The following discussion and analysis contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the volatility of oil and natural gas prices, production timing and volumes, estimates of proved reserves, operating costs and capital expenditures, economic and competitive conditions, regulatory changes and other uncertainties, as well as those factors discussed, particularly in "Item 1A. Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements," all of which are difficult to predict. As a result of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur.

Overview

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We are an oil and gas company engaged in the acquisition, exploitation, development and production of oil and natural gas properties. We seek to acquire and exploit properties with proved developed reserves, proved developed non-producing reserves and proved undeveloped reserves. Our strategy is to acquire and economically maximize properties that are currently producing or have the potential to produce given additional attention and capital resources. We are engaged in a continual effort to monitor and reduce operating expenses by finding opportunities to safely increase efficiencies related to staffing, transportation and operational procedures. Moreover, our ability to accurately estimate and manage plugging and abandonment costs associated with potential acquisitions increases the likelihood of achieving our target returns on investment. Our management team has extensive engineering, geological, geophysical, technical and operational expertise in successfully developing and operating properties in both our current and planned areas of operation. As of December 31, 2013, we held an aggregate net interest in approximately 457,065 gross (223,852net) acres under lease and had an interest in 113 gross wells, 93 of which are producing.

We have financed our acquisitions to date through a combination of cash flows provided by operating activities, borrowings under lines of credit and the Notes, and capital contributions from our members. Our use of capital for acquisitions, exploitation and development allows us to direct our capital resources to what we believe to be the most attractive opportunities as market conditions evolve. We have historically acquired properties that we believe will meet or exceed our rate of return criteria. For acquisitions of properties with additional development, exploitation and exploration potential, we have focused on acquiring properties that we expect to operate so that we can control the timing and implementation of capital spending. In some instances, we have acquired non-operated property interests at what we believe to be attractive rates of return either because they provided a foothold in a new area of interest or complemented our existing operations. We intend to continue to acquire both operated and non-operated properties to the extent we believe they meet our return objectives. In addition, our willingness to acquire non-operated properties in new areas provides us with geophysical and geologic data that may lead to further acquisitions in the same area, whether on an operated or non-operated basis.

Black Elk Energy Offshore Operations, LLC and Black Elk Energy Land Operations, LLC were formed on November 20, 2007 as operating subsidiaries of Black Elk Energy, LLC. Black Elk Energy, LLC subsequently assigned its interests in Black Elk Energy Land Operations, LLC to Black Elk Energy Offshore Operations, LLC. Black Elk Energy Offshore Operations, LLC currently has three wholly owned domestic subsidiaries: (i) Black Elk Energy Land Operations, LLC, which is a guarantor under our Indenture, (ii) Black Elk Energy Finance Corp., which is the co-issuer of the Notes and (iii) Freedom Well Services, LLC. Neither Black Elk Energy Land Operations, LLC nor Black Elk Energy Finance Corp has any material assets or operations. Black Elk Energy, LLC owns a minority interest in Black Elk Energy Offshore Operations, LLC.

We seek to acquire assets in our areas of focus from oil and gas companies that have determined that such assets are noncore and desire to remove them from their producing property portfolio or have made strategic decisions to deemphasize their offshore operations. Prior to an acquisition, we perform stringent structural engineering tests to determine whether the reservoirs possess potential upside. Each opportunity is presented, catalogued and graded by our management and risked appropriately for the overall impact to our Company.

We have historically grown our business through third-party acquisitions, including the acquisition of our first field, South Timbalier 8, in 2008, which was followed by an additional field acquisition, West Cameron 66, the W&T Acquisition in 2009, the Chroma and Nippon Acquisitions in 2010 and the Maritech and Merit Acquisitions in 2011.

Our revenue, profitability and future growth rate depend significantly on factors beyond our control, such as economic, political and regulatory developments, and environmental hazards, as well as competition from other sources of energy. Oil and natural gas prices historically have been volatile and may fluctuate widely in the future. Sustained periods of low prices for oil or natural gas could materially and adversely affect our financial position, our results of operations, the quantities of oil and natural gas reserves that we can economically produce and our access to capital. Prices for oil and natural gas can fluctuate widely in response to relatively minor changes in the global and regional supply of and demand for oil and natural gas, market uncertainty, economic conditions and a variety of additional factors. Since our inception, commodity prices have experienced significant fluctuations.

From time to time, we use derivative financial instruments to economically hedge a portion of our commodity price risk to mitigate the impact of price volatility on our business. Our average prices that reflect both the before and after effects of our realized commodity hedging transactions for the three years ended as of December 31, 2013, 2012 and 2011 are shown in the

table below.

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	Year Ended December 31,		
	2013	2012	2011
Oil:			
Average price before effects of hedges ($/Bbl) (1)	$ 105.60	$ 106.60	$ 108.09
Average price after effects of hedges ($/Bbl)	102.17	110.18	105.17
Average price differentials (2)	7.59	12.50	13.04
Gas:			
Average price before effects of hedges ($/Mcf) (1)	$ 3.88	$ 2.82	$ 4.18
Average price after effects of hedges ($/Mcf)	4.21	3.73	4.94
Average price differentials (2)	0.15	0.07	0.18

(1) Realized oil and natural gas prices do not include the effect of cash received or paid upon derivative contract settlements.

(2) Price differential compares realized oil and natural gas prices, without giving effect to cash received or paid upon derivative contract settlements, to West Texas Intermediate crude index prices and Henry Hub natural gas prices, respectively.

Oil and natural gas prices remain unstable and we expect them to remain volatile in the future. Factors affecting the price of oil include worldwide economic conditions, geopolitical activities, worldwide supply disruptions, weather conditions, actions taken by the Organization of Petroleum Exporting Countries and the value of the U.S. dollar in international currency markets. Factors affecting the price of natural gas include North American weather conditions, industrial and consumer demand for natural gas, storage levels of natural gas and the availability and accessibility of natural gas deposits in North America.

In order to mitigate the impact of changes in oil and natural gas prices on our cash flows, we are a party to hedging and other price protection contracts, and we intend to continue entering into such transactions in the future to reduce the effect of oil and natural gas price volatility on our cash flows. Currently, our risk management program is designed to hedge a significant portion of our production to assure adequate cash flow to meet our obligations. If the global economic instability continues, commodity prices may be depressed for an extended period of time, which could alter our development plans and adversely affect our growth strategy and our ability to access additional funding in the capital markets. See “Item 1A. Risk Factors—If oil and natural gas prices decline, we may be required to take write-downs of the carrying values of our oil and natural gas properties, potentially triggering earlier-than-anticipated repayments of our outstanding debt obligations and negatively impacting the trading value of our securities.”

The primary factors affecting our production levels are capital availability, the success of our drilling program and our portfolio of well work projects. In addition, we face the challenge of natural production declines. As initial reservoir pressures are depleted, production from a given well decreases. We attempt to overcome this natural decline primarily through drilling our existing undeveloped reserves and enhancing our current asset base. Our future growth will depend on our ability to continue to add reserves in excess of production and to bring back to production or increase production on wellbores that are currently not productive or not being optimized. Our ability to add reserves through drilling and well work projects is dependent on our capital resources and can be limited by many factors, including our ability to timely obtain drilling permits and regulatory approvals. Any delays in drilling, completing or connecting our new wells to gathering lines will negatively affect our production, which will have an adverse effect on our revenues and, as a result, cash flow from operations.

We focus our efforts on increasing oil and natural gas reserves and production while controlling costs at a level that is appropriate for long-term operations. Our future cash flows from operations are dependent upon our ability to manage our overall cost structure.

Recent Events

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Safety and Environmental Management Systems ("SEMS") Audit

On January 17, 2013, we commenced a Bureau of Safety and Environmental Enforcement ("BSEE") directed Independent Third Party SEMS Audit. The audit was conducted by M&H Energy Services ("M&H") in three phases: documentation, implementation and offshore facilities. During the offshore phase, 19 platforms were audited for SEMS compliance. BSEE participated as observers in portions of each phase.

Phase I started with a request from M&H to provide SEMS Program Manual and all documents incorporated by reference. These documents were reviewed for compliance with the requirements of 30 CFR Part 250 Subpart S and API RP 75 (incorporated by reference). Phase 2 kicked off on February 13, 2013 with a review of preliminary findings from Phase 1 and an analysis of SEMS records and documentation to determine how effectively the SEMS was implemented. The Phase 3 Offshore Audit started on March 4, 2013 and covered 19 platforms across our Gulf of Mexico asset areas (East, Central, and West). The final audit phase was completed on March 13, 2013. The Audit Closeout Meeting occurred on March 25, 2013 on schedule with the plan submitted to BSEE. We submitted the Final Audit Report to BSEE on April 10, 2013. The Corrective Action Plan ("CAP") was submitted to BSEE on April 11, 2013. We received a letter from BSEE on April 24, 2013 stating that the review was complete and that our SEMS meets the intent of the regulations and policies provided that the CAP is implemented in accordance with the SEMS Audit Report. On September 27, 2013 Black Elk advised BSEE that our SEMS CAP was complete.

Performance Improvement Plan ("PIP")

On November 21, 2012, BSEE sent us a letter requiring us to take certain actions and to improve our performance. The letter made reference to, among other things, the explosion and fire that occurred on our West Delta 32-E platform on November 16, 2012, (the "November 16, 2012 Incident"). BSEE stated in the letter that if we did not improve our performance, we would be subject to additional enforcement action up to and including possible referral to the Bureau of Ocean Energy Management ("BOEM") to revoke our status as an operator on all of our existing facilities. We have undertaken the actions BSEE required of us in the November 21 letter and have been regularly reporting our progress on those required improvements to BSEE. We have submitted a PIP to BSEE that identifies corrective action items to improve safety performance in offshore operations. The primary components of the PIP address:

- Independent Third-Party SEMS Audit
- Enhanced oversight of work on our operated platforms
- Hazard Recognition
- Compliance
- Reduction of Incidents of Non-Conformance (INCs)
- Stop Work Authority

In a meeting held at the BSEE Regional Office on October 30, 2013, BEEOO shared with BSEE representatives that implementation of corrective actions (18 elements and 58 tasks) associated with the PIP has been 100% completed. Other essential work control processes such as our Project Execution Plans and Contractor Bridging Agreements have been improved to provide better guidelines and procedures for hazard assessment and work controls. Training in Hazard Recognition, National Pollutant Discharge Elimination System ("NPDES"), Job Safety Analysis ("JSA") and Stop Work Authority ("SWA") will be ongoing and has been incorporated into our training matrix.

Based on the receipt of requested work and operation permits along with our interactions with BSEE and our corrective actions discussed above, we believe that we have improved our safety and compliance performance.

High Island 443 A-2

On September 27, 2012, an incident occurred on our High Island 443 A-2 ST well which required the closing of the blind/shear rams to properly shut in and maintain control of the well due to several days of unsuccessful attempts to repair a small hydrocarbon leak on a conductor riser. Additional surface diagnostics found the inner casing strings to be most likely compromised. On October 12, 2012, the BSEE advised us to plug and abandon the well. We have well control insurance and

pursued reimbursement for this incident and the claim was approved. Additionally, once the High Island 443 A-2 ST well was plugged, we started operations to sidetrack the High Island 443 A-5 well on the same platform. The costs associated with the High Island 443 A-5 drill are also insurance recoverable. The claim has been finalized. We received a total of approximately $24.1 million, net of the deductible, in cash for the claim.

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Capital Contributions

In the first quarter of 2013, we entered into contribution agreements with PPVA (Equity) and Platinum Partners Black Elk Opportunities Fund LLC ("PPBE") or entities designated by PPBE (together, the "Platinum Group") pursuant to which we have issued 50 million additional Class E Units and 3.8 million additional Class B Units to the Platinum Group for an aggregate offering price of $50.0 million. In addition, we also agreed to issue an additional 43 million Class E Units in exchange for $30.0 million of outstanding Class D Preferred Units and $13.0 million of paid-in-kind dividends. The Class E Units will receive a preferred return of 20% per annum, which has increased to 36% on March 25, 2014 to 36% per annum (such date as determined by our Fifth Amendment to Second Amended and Restated Limited Liability Operating Agreement). For the year ended December 31, 2013, we issued an additional amount of Class E Units of approximately 16.7 million as paid-in-kind dividends to the holders of Class E Units.

Operating Agreement Amendment

On April 9, 2013, we entered into the Fifth Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC (the "Fifth Amendment") to (1) revise and confirm the order and manner of distributions to our members and (2) permit the issuance of Class E Units in an aggregate amount not to exceed $95.0 million and the issuance of Class B Units in connection with such Class E Units in an aggregate amount not to exceed 3,800,000 units before giving effect to any capitalized Class E preferred return, for cash or property capital contributions.

On May 3, 2013, we entered into the Sixth Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC (the "Sixth Amendment") to (1) establish the payment of the Class E Preferred Return to be paid in kind at the end of each calendar quarter to holders of record on that date unless we, with the consent of the Platinum Manager, elect to pay the Class E Preferred Return in cash and (2) establish New Mountain Finance Holdings, LLC as a Class E Member and, in the event that we do not file required reports with the U.S. Securities and Exchange Commission, provide them with rights as an Observer to the Board (as such term is defined by the Sixth Amendment). Additionally, pursuant to the Sixth Amendment, for so long as any Class E Preferred Units are outstanding, we cannot, without the written consent of the Class E Members, issue any equity instruments, including any additional classes of preferred units, that have rights, privileges or priorities that are equal or superior to the rights, privileges, or priorities of the existing Class E Preferred Units.

Letter of Credit Facility Waivers And Amendment

On August 15, 2013, we entered into a Limited Waiver, Ninth Amendment to Letter of Credit Facility Agreement to (1) obtain waivers related to certain covenants in the Letter of Credit Facility for the fiscal quarter ended June 30, 2013, (2) reduce the commitments and cap the outstanding principal balance under the Letter of Credit Facility at approximately $105.7 million and (3) reduce the maximum principal amount available under the Third Amended and Restated Note dated November 8, 2012 from $200.0 million to approximately $105.7 million.

On November 14, 2013, we entered into the Waiver and Tenth Amendment to our Letter of Credit Facility to (1) obtain waivers related to our financial covenants for the third quarter of 2013, (2) cap the outstanding principal balance under the Letter of Credit Facility at approximately $66.6 million, (3) no longer issue or renew existing Letters of Credit and (4) remove the financial covenant requirements and the restriction of asset sales.

Revolving Credit Facility Waivers and Amendments

On August 30, 2013, we consented to the assignment by Capital One Bank, N.A. and the other lenders of all of their rights and obligations under our Credit Facility to White Elk LLC, as Administrative Agent and Lender, and Resource Value Group LLC, as Lender. Resource Value Group LLC is affiliated with Platinum.

On August 30, 2013, we entered into a Limited Waiver and Eleventh Amendment to our Credit Facility to (1) obtain waivers related to our financial covenants for the third and fourth quarters of 2013, (2) extend the maturity date under the Credit Facility to January 1, 2015, (3) increase the Applicable Margin under the Credit Facility by one percent (for a total increase of two percent when combined with the one percent increase pursuant to the Eighth Amendment), (4) maintain the borrowing base at $25 million, subject to the right of Resource Value Group LLC to require the Administrative Agent to increase the borrowing base up to a maximum of $50 million, and (5) waive our right and the right of the Lenders to request or

obtain a borrowing base redetermination prior to the first scheduled redetermination date in 2014. The borrowing base under the Credit Facility was increased to $35 million on September 30, 2013 and as of that date we had $34.5 million outstanding. Subsequently, the borrowing base was increased to $47 million on October 15, 2013. As of December 31, 2013, we had $34.5 million drawn on the Credit Facility.

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Drilling Update

We successfully completed eight wells and had one drilling rig on a non-operated property as of December 31, 2013. All of the completed wells encountered pay equal to or above our expectations.

Liquidity Risks and Uncertainties

While cash flows were lower than previously projected primarily due to lower production and sales of assets in the 3rd and 4th quarters, we continued our development operations by supplementing our cash flows from operating activities with funds raised through borrowings in 2013 and capital contributions from our members. We retained financial and technical advisors to provide recommendations on achieving improvements in production, operating expense, cash flows from operations, work over, capital expenditures and business planning. We have significantly reduced our workforce and associated general and administrative expenses to match out lower production.

As shown in the accompanying consolidated financial statements, we had a net working capital deficit of approximately $(109.5) million at December 31, 2013 and we incurred net losses of $32.9 million during the year ended December 31, 2013. The combination of restricted credit availability, lower production since the fourth quarter of 2012, our drilling program, settlement of our plugging and abandonment ("P&A") liabilities and additional collateral requirements related to our surety bonds that secure our P&A obligations led to significant cash reductions in the year 2013. To increase liquidity, we stretched accounts payable, aggressively pursued accounts receivable and sold non-core assets. We have worked closely with our vendors during this time and are working to normalize the age of accounts payables.

In 2013 we realized approximately $131.8 million in sales proceeds (subject to customary closing adjustments) which we used to reduce our credit facility and fund our 2013 capital expenditures. On March 17, 2014 our credit facility was paid off.

Our primary use of capital has been for the acquisition, development and exploitation of oil and natural gas properties as well as providing collateral to secure our plugging and abandonment (“P&A”) obligations. As we plug and abandon certain fields and meet the various criteria related to the corresponding escrow accounts, we expect to release funds from the escrow accounts. Also, our letters of credit with Capital One are backed entirely by cash. We use letters of credit to back our surety bonds for P&A obligations. We are currently in discussions with surety agencies to replace the 100% cash-backed letters of credit. There can be no assurance as to the availability or terms upon which such equity or debt funding might be available.

Our capital budget may be adjusted in the future as business conditions warrant and the ultimate amount of capital we expend may fluctuate materially based on market conditions.

The amount, timing and allocation of capital expenditures are largely discretionary and within our control. If oil and natural gas prices decline or costs increase significantly, we could defer a significant portion of our budgeted capital expenditures until later periods to prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flows. We routinely monitor and adjust our capital expenditures in response to changes in prices, availability of financing, drilling and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs, success or lack of success in drilling activities, contractual obligations, internally generated cash flows and other factors both within and outside our control.

We consider the control and flexibility afforded by operating our properties under development to be instrumental to our business plan and strategy. To manage our liquidity, we have the ability to delay certain capital commitments, and within certain constraints, we can continue to conserve capital by further delaying or eliminating future capital commitments. While postponing or eliminating capital projects will delay or reduce future cash flows from scheduled new production, this control and flexibility is one method by which we can match, on a temporary basis, our capital commitments to our available capital resources.

Virtually all of our current production is concentrated in the Gulf of Mexico, which is characterized by production declines more rapid than those of conventional onshore properties. As a result, we are particularly vulnerable to a near-term severe impact resulting from unanticipated complications in the development of, or production from, any single material well or infrastructure installation, including lack of sufficient capital, delays in receiving necessary drilling and operating permits,

increased regulation, reduced access to equipment and services, mechanical or operational failures, and severe weather. Any unanticipated significant disruption to, or decline in, our current production levels or prolonged negative changes in commodity prices or operating cost levels could have a material adverse effect on our financial position, results of operations, cash flows, the quantity of proved reserves that we report, and our ability to meet our commitments as they come due.

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As an oil and gas company, our revenue, profitability, cash flows, proved reserves and future rate of growth are substantially dependent on prevailing prices for oil and natural gas. Historically, the energy markets have been very volatile, and we expect such price volatility to continue. Any extended decline in oil or gas prices could have a material adverse effect on our financial position, results of operations, cash flows, the quantities of oil and gas reserves that we can economically produce, and may restrict our ability to obtain additional financing or to meet the contractual requirements of our debt and other obligations.

Health, Safety, and Environmental Program Update

Our Health, Safety and Environmental ("HS&E") Program is managed by a team of experienced professionals with specialized skills in the areas of health, safety, environmental, compliance and facility security. In certain circumstances, we employ third party consultants to supplement our resource needs.

For our U.S. Gulf of Mexico operations, we have developed and implemented a Regional Oil Spill Response Plan. Our response team implementing this Regional Oil Spill Response Plan is a trained work force that receives training updates annually and performs annual spill drills as required by the BSEE. In addition, we have Environmental Safety & Health Consulting Services, Inc. ("ES&H"), our designated Oil Pollution Act spill response contractor on contractual retainer. ES&H maintains 24 hour, seven day a week manned incident command centers located in Houston, Texas and Houma, Louisiana. ES&H commences spill response activities on our behalf upon our notification of an emergency. While we focus on source control of the spill, ES&H handles all communication with state and federal agencies as well as U.S. Coast Guard and BSEE notifications. ES&H maintains a staff and equipment inventory that is available upon notice to respond to an emergency.

We are also a member of Clean Gulf Associates ("CGA"). CGA was formed in 1972 and currently has 140 member companies, making the association the largest oil spill response cooperative in terms of membership in North America. CGA specializes in onsite control and cleanup and is on 24 hour, seven days a week alert with equipment currently stored at six bases situated along the U.S. Gulf of Mexico coast (Ingleside, Texas, Galveston, Texas, Lake Charles, Louisiana, Houma, Louisiana, Venice, Louisiana and Pascagoula, Mississippi), and is opening new sites in Leeville, Louisiana, Morgan City, Louisiana and Harvey, Louisiana. The CGA equipment inventory is available to serve member oil spill response needs including blowouts; open seas, near shore and shallow water skimming; open seas and shoreline booming; communications; dispersants; boat spray systems to apply dispersants; wildlife rehabilitation; and a forward command center. CGA has contractual retainers with an aerial dispersant company and a company that provides mechanical recovery equipment for spill responses. CGA equipment includes:

- HOSS Barge—the largest purpose-built skimming barge in the United States with 4,000 barrels of storage capacity;
- Fast Response System—a self-contained skimming system for use on vessels of opportunity. CGA has nine of these units; and
- Fast Response Vessels ("FRV")—four 46-foot FRVs with cruise speeds of 20-25 knots that have built-in skimming troughs and cargo tanks, outrigger skimming arms, navigation and communication equipment.

In addition, source control support is provided, as necessary, by Boots & Coots, Inc., a provider of firefighting, well control, engineering, and training services.

On September 30, 2010, the BOEMRE announced a final SEMS rule that became effective November 15, 2010. The final SEMS rule required implementation of the following 13 elements of the American Petroleum Institute's Recommended Practice 75 by no later than November 2011:

- Management commitment program principles,
- Safety and environmental information,
- Hazards analyses,
- Management of change,
- Operating procedures,
- Safe work practices and contractor selection,

- Training,
- Mechanical integrity,
- Pre-Startup review,
- Emergency response and control,

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- Investigation of accidents,
- Audits, and
- Records and documentation.

On November 3, 2011, we participated in an audit exercise with BOEMRE in their Herndon, VA office. There were no significant issues or deficiencies noted during this exercise. We believe we are currently in material compliance with the SEMS requirements.

How We Evaluate Our Operations

We use a variety of financial and operational measures to assess our overall performance. Among these measures are (1) volumes of oil and natural gas produced, (2) oil and natural gas prices realized, (3) per unit operating and administrative costs and (4) Adjusted EBITDA (as defined in the following table).

The following table contains certain financial and operational data for each of the years ended December 31, 2013, 2012 and 2011:

	Year Ended December 31,		
	2013	2012	2011
Average daily sales:			
Oil (Boepd)	4,741	5,401	5,455
Natural gas (Mcfpd)	36,421	48,865	49,829
Plant products (Galpd)	24,256	37,125	33,580
Oil equivalents (Boepd)	11,388	14,429	14,559
Average realized prices (1):			
Oil ($/Bbl)	$ 102.17	$ 110.18	$ 105.17
Natural gas ($/Mcf)	4.21	3.73	4.94
Plant products ($/Gallon)	0.90	1.02	1.29
Oil equivalents ($/Boe)	57.90	56.50	59.30
Costs and Expenses:			
Lease operating expense ($/Boe)	42.63	34.22	29.83
Production tax expense ($/Boe)	0.15	0.14	0.16
General and administrative expense ($/Boe)	8.81	5.02	4.15
Net (loss) income (in thousands)	(32,917)	(63,968)	15,041
Adjusted EBITDA (2) (in thousands)	45,068	78,995	110,686

(1) Average realized prices presented give effect to the cash paid or received upon commodity derivative settlements.

(2) Adjusted EBITDA is defined as net (loss) income before interest expense, net; surety and letter of credit fees; West Delta 32 costs; net gain (loss) on derivative instruments; cash paid or received upon commodity derivative settlements; accretion of asset retirement obligations; depreciation, depletion, and amortization; impairment of oil and gas properties; gain on involuntary conversion of assets; provision for doubtful accounts and loss/gain on sale of assets. Adjusted EBITDA is not a measure of net (loss) income or cash flows as determined by GAAP, and should not be considered as an alternative to net (loss) income, operating (loss) income or any other performance measures derived in accordance with GAAP or as an alternative to cash flows from operating activities as a measure of our liquidity. We present Adjusted EBITDA because it is frequently used by securities analysts, investors and other interested parties in the evaluation of high-yield issuers, many of whom present Adjusted EBITDA when reporting their results. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our operating results or cash flows as reported under GAAP. Because of these limitations, Adjusted EBITDA should not be considered as measures of discretionary cash available to us to invest in the growth of our business. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by

unusual or nonrecurring items. A reconciliation table is provided below to illustrate how we derive Adjusted EBITDA.

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	Year Ended December 31,		
	2013	2012	2011
Net (loss) income	$ (32,917)	$ (63,968)	$ 15,041
Adjusted EBITDA	$ 45,068	$ 78,995	$ 110,686
Reconciliation of Net income (loss) to Adjusted EBITDA:			
Net (loss) income	$ (32,917)	$ (63,968)	$ 15,041
Interest expense	26,478	25,965	25,752
Surety and letter of credit fees	8,828	—	—
West Delta 32 costs	13,147	—	—
Unrealized loss (gain) on derivative instruments	5,806	4,783	(17,556)
Accretion of asset retirement obligations	23,454	36,421	27,410
Depreciation, depletion, amortization and impairment	122,696	78,347	60,181
Gain on involuntary conversion of assets	(17,827)	(3,100)	—
Provision for doubtful accounts	1,174	509	—
Loss (gain) on sale of asset	(105,771)	38	(142)
Adjusted EBITDA	$ 45,068	$ 78,995	$ 110,686

Set forth below is an explanation of certain of the expenses and other financial items that we disclose in our financial statements. We utilize the successful efforts method of accounting for our oil and natural gas properties.

Derivative (losses) gains. We utilize certain commodity-derivative contracts to manage our exposure to oil and gas price volatility. The oil and gas reference prices of these commodity-derivatives contracts were based upon futures that have a high degree of correlation with actual prices we receive. Under this method, cash settlements from our price risk management activities were recognized in operating revenue when the associated production occurred and the resulting cash flows were reported as cash flows from operations.

Lease operating costs. Lease operating costs consists of costs and expenses incurred to manage our production facilities and development operations, overhead, well control expenses and repairs and maintenance charges.

Workover costs. Workover costs are expenses incurred during the operations of a producing well to restore or increase production.

Depreciation, depletion, amortization and impairment. All capitalized costs of proved oil and natural gas properties are depleted through depreciation, depletion and amortization ("DD&A") using the successful efforts method of accounting for oil and gas properties, whereby costs of productive wells, developmental wells and productive leases are capitalized into the appropriate groups based on geographical and geophysical similarities. These capitalized costs are depleted using the units-of-production method based on estimated proved reserves. Proceeds from sales of properties are credited to property costs, and a gain or loss is recognized when a significant portion of depletion base is sold or abandoned.

We follow the provisions of authoritative guidance for impairment or disposal of long-lived assets. This guidance requires that long lived assets, including oil and gas properties, be assessed for potential impairment in their carrying values whenever events or changes in circumstances indicate such impairment may have occurred. Impairment is determined to have occurred when the estimated undiscounted cash flows of the asset are less than its carrying value. Any such impairment is recognized and recorded based on the differences in carrying value and estimated fair value of the impaired asset.

Unevaluated properties with individually significant acquisition costs are periodically assessed, and any impairment in value is charged to accumulated amortization.

General and administrative expenses. General and administrative expenses ("G&A expense") include payroll and benefits for our corporate staff, costs of maintaining our headquarters, certain data processing charges, property taxes, audit and other professional fees and legal compliance.

Accretion expense. Accretion expense is associated with our asset retirement obligation liability and is recognized each period using the interest method of allocation. The capitalized cost is depleted using the units of production method. Should either the estimated life or the estimated abandonment costs of a property change materially upon our interim review, a new

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calculation is performed using the same methodology of taking the abandonment cost and inflating it forward to its abandonment date and then discounting it back to the present using our credit-adjusted-risk-free rate.

Interest expense. Interest expense reflects interest incurred on our outstanding debt instruments.

Income tax provision. As of December 31, 2013, we were a limited liability company not subject to entity level income tax. Our taxable income or loss is therefore passed through to our members and reported on their respective tax returns. Accordingly, no provision for federal income taxes has been recorded in our historical financial statements. We are subject to the Texas Gross Margin Tax. The Texas Gross Margin Tax generally is calculated as 1% of gross margin.

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Results of Operations

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

The following table sets forth certain information with respect to oil and gas operations for the years ended December 31, 2013 and 2012.

	Year Ended December 31,			
	2013	2012	Change	% Change
PRODUCTION:				
Oil (MBbl)	1,730	1,977	(247)	(12)%
Natural gas (MMcf)	13,294	17,884	(4,590)	(26)%
Plant products (MGal)	8,854	13,588	(4,734)	(35)%
Total (MBoe)	4,157	5,281	(1,124)	(21)%
REVENUES				
Oil sales	$ 182,731	$ 210,720	$ (27,989)	(13)%
Natural gas sales	51,520	50,470	1,050	2 %
Plant product sales and other income	31,085	24,707	6,378	26 %
Net gain (loss) on derivative financial instruments	(7,328)	18,581	(25,909)	(139)%
	258,008	304,478	46,430	15 %
OPERATING EXPENSES				
Lease operating	177,210	180,691	(3,481)	(2)%
Production taxes	627	745	(118)	(16)%
Workover	8,224	17,986	(9,762)	(54)%
Exploration	200	1,682	(1,482)	(88)%
Depreciation, depletion and amortization	43,606	47,314	(3,708)	(8)%
Impairment	79,090	31,033	48,057	155 %
General and administrative	36,601	26,486	10,115	38 %
Gain due to involuntary conversion of asset	(17,827)	(3,100)	(14,727)	475 %
Accretion	23,454	36,421	(12,967)	(36)%
Gain on sale of asset	(105,771)	38	(105,809)	(278,445)%
Other operating expenses	8,061	—	8,061	100%
TOTAL OPERATING EXPENSES	253,475	339,296	(85,821)	(25)%
(LOSS) INCOME FROM OPERATIONS	4,533	(34,818)	39,351	(113)%
OTHER INCOME (EXPENSE)				
Interest income	110	319	(209)	(66)%
Miscellaneous (expense) income	(10,771)	(3,504)	(7,267)	207 %
Interest expense	(26,789)	(25,965)	(824)	3 %
TOTAL OTHER INCOME (EXPENSE)	(37,450)	(29,150)	(8,300)	28 %
NET (LOSS) INCOME	$ (32,917)	$ (63,968)	$ 31,051	(49)%

Production

Oil and natural gas production. Total oil, natural gas and plant product production of 4,157 MBoe decreased 1,124 MBoe, or 21%, during the year ended December 31, 2013, compared to the same period in 2012. The decrease in production during 2013 was a result of downtime in the fields requiring hot work, which was delayed due to the BSEE requirements for approval after the West Delta 32 incident, pipeline repairs, and the asset field sales to Renaissance on March 26, 2013 and July 31, 2013. The year-to-date variance was also a result of a longer winter weather season.

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Revenues

Total revenues. Total revenues for the year ended December 31, 2013 of $258.0 million decreased $46.4 million, or 15%, over the comparable period in 2012. The decrease in revenues during 2013 was a result of lower oil, gas and plant production due to the sale of assets and lower oil and plant product prices, partially offset by higher gas prices and the consolidation of Freedom Well Services, LLC. Total revenues were also lower due to a $7.3 million net (loss) on derivative financial instruments for the year ended December 31, 2013 compared to a $18.6 million net gain on derivative financial instruments for the prior year.

We entered into certain oil and natural gas commodity derivative contracts in 2013 and 2012. We received/(paid) cash upon the settlement of these derivative contracts in the amounts of $(1.5) million and $23.4 million for the years ended December 31, 2013 and 2012, respectively, which is included in the Net gain (loss) on derivative financial instruments in our statements of operations.

Excluding hedges, we realized average oil prices of $105.60 per barrel and gas prices of $3.88 per Mcf for the year ended December 31, 2013. Excluding hedges, for the year ended December 31, 2012, we realized average oil prices of $106.60 per barrel and gas prices of $2.82 per Mcf. Although average prices realized from the sale of oil reflected the economic turnaround that began during 2011, economic conditions continue to remain uncertain. Oil and natural gas prices will remain unstable and we expect them to be volatile in the future.

Operating Expenses

Lease operating costs. Our lease operating costs for the year ended December 31, 2013 decreased to $177.2 million million, or $42.63 per Boe, compared to $180.7 million, or $34.22 per Boe, for the same period of 2012. The decrease in lease operating costs during 2013 was primarily due to the asset sales during 2013 partially offset by expenses incurred related to the West Delta 32 Incident. The increase in cost per Boe during 2013 was primarily due to an increase in non recurring lease operating cost related to West Delta 32 Incident.

Workover costs. Our workover costs decreased $9.8 million to $8.2 million for the year ended December 31, 2013 compared to $18.0 million for the same period in 2012. For the year ended December 31, 2013, Ship Shoal 198, South Timbalier 203, South Marsh 23 and Vermilion 119 were the primary workover expense projects.

Exploration. Exploration expense was $0.2 million and $1.7 million for the years ended December 31, 2013 and 2012, respectively. We elected to participate in the drilling of the South Pelto Block 13 No. STK BP2 with a 10.33% working interest. The well was designed to test the CP 12B sand. The operator encountered mechanical problems and commenced bypass operations which were unsuccessful. The operator opted to abandon the drilling and the well was deemed non-commercial.

Depreciation, depletion, amortization and impairment. DD&A expense was $43.6 million, or $10.49 per Boe, and $47.3 million, or $8.96 per Boe, for the years ended December 31, 2013 and 2012, respectively. The decrease in DD&A was a result of lower production and reduced asset basis as a result of the impairments recorded in 2013 and 2012. Depletion is recorded based on units of production and DD&A expense includes depletion of future asset retirement obligations. We recorded a $79.1 million impairment during 2013 and a $31.0 million impairment during 2012. The 2013 impairments related to (1) South Padre 833 field as the operator will plug and abandon the field and (2) additional costs for High Island 443 in which a significant portion of the costs associated with the drilling of this well are recoverable under our insurance policies and the impairment will be partially offset by the "Gain on Involuntary Conversion of Assets" discussed below.

General and administrative expenses. G&A expense was $36.6 million, or $8.81 per Boe, and $26.5 million, or $5.02 per Boe, for the years ended December 31, 2013 and 2012, respectively. The increase in G&A expense was due to an increase in staff, primarily in our drilling and safety groups, and related administrative costs, in addition to higher legal fees relating to the West Delta 32 incident of $0.7 million, severance costs, consultant expenses and costs related to our consolidation of Freedom Well Services, LLC. Additionally, the increases in G&A expense were partially offset by a decrease in bonus expense and by reclassifying the 2013 surety fees to miscellaneous expense.

Gain due to involuntary conversion of asset. On September 27, 2012, an incident occurred on our High Island 443 A-2

ST well which required the closing of the blind/shear rams to properly shut in and maintain control of the well due to several days of unsuccessful attempts to repair a small hydrocarbon leak on a conductor riser. Additional surface diagnostics found the inner casing strings to be most likely compromised. On October 12, 2012, the BSEE advised us to plug and abandon the well. We have well control insurance and pursued reimbursement for this incident and the claim was approved. Additionally, once the High Island 443 A-2 ST well was plugged, we started operations to sidetrack the High Island 443 A-5 well on the same

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platform. The costs associated with the High Island 443 A-5 drill were also insurance recoverable. We recorded a gain of $17.8 million and $3.1 million for the years ended December 31, 2013 and 2012, respectively, The claim has been finalized. We received a total of approximately $24.1 million, net of the deductible, in cash for the claim during 2013.

Accretion expense. We recognized accretion expense of $23.5 million and $36.4 million for the years ended December 31, 2013 and 2012, respectively. The decrease in accretion expense in 2013 was primarily attributable to P&A activity that was performed in 2012 and 2013 and the extended life of the remaining assets, partially offset by increased liability, in the fourth quarter of 2012.

Loss (gain) on sale of assets. We recognized a gain on the sale of assets of $105.8 million during the year ended December 31, 2013. This compares to a loss of $38.0 thousand for the prior year. The gain in 2013 was primarily related to the sale of four fields to Renaissance for approximately $52.5 million prior to normal purchase price adjustments on March 26, 2013, the sale of an additional interest in one field to Renaissance on July 31, 2013 for $10.5 million, and the sale of two additional fields to Renaissance on November 15, 2013 for approximately $60M, and one property to Energy XXI in December 2013 for $10 million.

Other operating expenses. Other operating expenses of $8.1 million for the year ended December 31, 2013 were related to our consolidation of Freedom Well Services, LLC. There were no other operating expenses for the same period in 2012.

Miscellaneous expense. Miscellaneous expense increased $7.3 million to $10.8 million for the year ended December 31, 2013 compared to $3.5 million for the same period in 2012. The higher expense in 2013 was a result of the consent solicitation fee paid under the First Supplemental Indenture.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

The following table sets forth certain information with respect to oil and gas operations for the years ended December 31, 2012 and 2011.

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	Year Ended December 31,			
	2012	2011	Change	% Change
PRODUCTION:				
Oil (MBbl)	1,977	1,991	(14)	(1)%
Natural gas (MMcf)	17,884	18,188	(304)	(2)%
Plant products (MGal)	13,588	12,257	1,331	11 %
Total (MBoe)	5,281	5,314	(33)	(1)%
REVENUES				
Oil sales	$ 210,720	$ 215,204	$ (4,484)	(2)%
Natural gas sales	50,470	75,994	(25,524)	(34)%
Plant product sales and other income	24,707	23,091	1,616	7 %
Net gain (loss) on derivative financial instruments	18,581	25,655	15,265	60 %
	304,478	339,944	(35,466)	(10)%
OPERATING EXPENSES				
Lease operating	180,691	158,545	22,146	14 %
Production taxes	745	859	(114)	(13)%
Workover	17,986	23,385	(5,399)	(23)%
Exploration	1,682	1,004	678	68 %
Depreciation, depletion and amortization	47,314	47,214	100	— %
Impairment	31,033	12,967	18,066	139 %
General and administrative	26,486	22,029	4,457	20 %
Gain due to involuntary conversion of asset	(3,100)	—	(3,100)	100 %
Accretion	36,421	27,410	9,011	33 %
Gain on sale of asset	38	(142)	180	(127)%
TOTAL OPERATING EXPENSES	339,296	293,271	46,025	16 %
(LOSS) INCOME FROM OPERATIONS	(34,818)	46,673	(81,491)	(175)%
OTHER INCOME (EXPENSE)				
Interest income	319	373	(54)	(14)%
Miscellaneous (expense) income	(3,504)	(6,253)	2,749	(44)%
Interest expense	(25,965)	(25,752)	(213)	1 %
TOTAL OTHER INCOME (EXPENSE)	(29,150)	(31,632)	2,482	(8)%
NET (LOSS) INCOME	$ (63,968)	$ 15,041	$ (79,009)	(525)%

Production

Oil and natural gas production. Total oil, natural gas and plant product production of 5,281 MBoe decreased 33 MBoe, or 1%, during the year ended December 31, 2012, compared to the same period in 2011. The decrease in production during 2012 was due to lower production in the third quarter of 2012 (196 MBoe), primarily as a result of downtime for Hurricane Isaac, and lower production in the fourth quarter of 2012 (414 MBoe) as a result of downtime in fields requiring hot work, which was delayed due to the BSEE requirement for approval after the West Delta 32 Incident, partially offset by a full year of production of the properties acquired in the Merit Acquisition (872 MBoe).

Revenues

Total revenues. Total revenues for the year ended December 31, 2012 of $304.5 million decreased $35.5 million, or 10%, over the comparable period in 2011. The decrease in revenues during 2012 was a result of lower oil, natural gas and plant product prices. Total revenues were also lower due to a $18.6 million net gain (loss) on derivative financial instruments

for the year ended December 31, 2012 compared to a $25.7 million for the prior year.

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We entered into certain oil and natural gas commodity derivative contracts in 2012 and 2011. We realized gains on these derivative contracts in the amounts of $23.4 million and $8.1 million for the years ended December 31, 2012 and 2011,

Excluding hedges, we realized average oil prices of $106.60 per barrel and gas prices of $2.82 per Mcf for the year ended December 31, 2012. Excluding hedges, for the year ended December 31, 2011, we realized average oil prices of $108.09 per barrel and gas prices of $4.18 per Mcf. Although average prices realized from the sale of oil reflected the economic turnaround that began during 2011, economic conditions continue to remain uncertain. Oil and natural gas prices will remain unstable and we expect them to be volatile in the future.

Operating Expenses

Lease operating costs. Our lease operating costs for the year ended December 31, 2012 increased on a nominal basis $22.1 million ($158.6 million in 2011 and $180.7 million in 2012) compared to the same period ending December 31, 2011. The increase in lease operation costs during 2012 was directly related to the additional properties acquired in the Maritech Acquisition, including non-recurring safety and regulatory costs on these acquired properties, as well as expenses incurred related to the West Delta 32 Incident. This increase in costs per Boe during 2012 was also primarily attributable to a mix of increased properties and lower production due to Hurricane Isaac and downtime in the fields requiring hot work which was delayed due to the BSEE requirement for approval after the West Delta 32 Incident.

Workover costs. Our workover costs decreased $5.4 million to $18.0 million for the year ended December 31, 2012 compared to $23.4 million for the same period in 2011. For the year ended December 31, 2012, West Cameron 20/45, Eugene Island 156/South Marsh 22, South Pass 86/87/89, West Delta 31/32, Vermilion 119/120/124 and Eugene Island 331 were the primary workover expense projects.

Exploration. Exploration expense was $1.7 million and $1.0 million for the years ended December 31, 2012 and 2011, respectively. We elected to participate in the drilling of the South Pelto Block 13 No. STK BP2 with a 10.33% working interest. The well was designed to test the CP 12B sand. The operator encountered mechanical problems and commenced bypass operations which were unsuccessful. The operator opted to abandon the drilling and the well was deemed non-commercial.

Depreciation, depletion, amortization and impairment. DD&A expense was $47.3 million, or $8.96 per Boe, and $47.2 million, or $8.88 per Boe, for the years ended December 31, 2012 and 2011, respectively. In 2012, the DD&A expense was relatively flat compared to 2011 as a result of an increase in the DD&A rate partially offset by lower production due to uneconomic leases and several fields being shut-in. Depletion is recorded based on units of production and DD&A expense includes depletion of future asset retirement obligations. We recorded $31.0 million and $13.0 million in impairments for the years ended December 31, 2012 and 2011, respectively, as the estimated undiscounted cash flows of oil and gas properties were less than its carrying value on certain properties.

General and administrative expenses. G&A expense was $26.5 million, or $5.02 per Boe, and $22.0 million, or $4.15 per Boe, for the years ended December 31, 2012 and 2011, respectively. The increase in G&A expense was primarily due to higher costs for additional staff and bonding insurance attributable to our 2011 acquisitions. Additional increase in G&A expense was partially due to an offset by reclassifying the 2013 surety fees in the amounts of $4.1 million and $5.7 million to "Miscellaneous Expense" for the three and six months ended June 30, 2013, respectively. Legal fees were also higher in 2012 as a result of the West Delta 32 Incident, recapitalization efforts and litigation expense.

Gain due to involuntary conversion of asset. On September 27, 2012, an incident occurred on our High Island 443 A-2 ST well which required the closing of the blind/shear rams to properly shut in and maintain control of the well due to several days of unsuccessful attempts to repair a small hydrocarbon leak on a conductor riser. Additional surface diagnostics found the inner casing strings to be most likely compromised. On October 12, 2012, the BSEE advised us to plug and abandon the well. We filed an insurance claim and costs were reimbursed by our insurance company. We recorded a gain of $3.1 million, after a deductible of $0.5 million.

Accretion expense. We recognized accretion expense of $36.4 million and $27.4million for the years ended December 31, 2012 and 2011, respectively. The increase in accretion expense in 2012 was attributable to assumed asset retirement obligations related to our acquisitions in 2011.

Miscellaneous expense. Miscellaneous expense decreased $2.7 million to $3.5 million for the year ended December 31, 2012 compared to $6.3 million for the same period in 2011. The higher expense in 2011 was a result of the consent solicitation fee paid under the First Supplemental Indenture.

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Liquidity and Capital Resources

Our primary sources of liquidity to date have been capital contributions from our members, proceeds from the offering of our Senior Notes, borrowings under our lines of credit, cash flows from operations and asset sales. In 2013 we also received $24.1 million insurance proceeds related to the HI 443 A-5 well and $131.8 million (subject to customary closing adjustments) in proceeds from asset sales which funded our net working capital deficit of $(109.6) million and our incurred net loss of $(32.9) million.

The combination of restricted credit availability, declining production since the fourth quarter of 2012, settlement of our plugging and abandonment (P&A) liabilities and additional collateral requirements related to our surety bonds that secure our P&A obligations led to significant reductions in cash beginning in the fourth quarter of 2012 and continuing throughout the year 2013. To increase liquidity we continue to stretch accounts payable, aggressively pursued accounts receivable and sold non-core assets. In 2014 we expect to continue to sell non-core assets in an effort to improve our liquidity position.

Our primary use of capital has been for acquisition, development and exploitation of oil and natural gas properties as well as providing collateral to secure our P&A obligations. As we abandon certain fields and meet the various criteria related to the corresponding escrow accounts, we expect to release funds from the escrow accounts. We use letters of credit to back our surety bonds for P&A obligations. Certain of our surety bonds are secured entirely by 100% cash backed letters of credit. We are currently in discussions with our surety providers to replace the 100% cash backed surety bonds with collateral percentages far less than 100%

The amount, timing and allocation of capital expenditures are largely discretionary and within our control. In 2014 we have decided to defer a significant portion of our identified capital expenditures until later periods to prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flows. We will monitor and adjust our future capital expenditures to respond to changes in prices, availability of financing, industry conditions, contractual obligations, internally generated cash flows and other factors both within and outside our control.

Senior Secured Revolving Credit Facility

On December 24, 2010, we entered into a Credit Facility comprised of a senior secured revolving credit facility of up to $35 million and a $75 million secured letter of credit facility to be used exclusively for the issuance of letters of credit in support of our future P&A liabilities relating to our oil and natural gas properties (the “Letter of Credit Facility”). The Credit Facility bears interest based on the borrowing base usage, at the applicable London Interbank Offered Rate, plus applicable margins ranging from 4.75% to 5.5%, or an alternate base rate based on the federal funds effective rate plus applicable margins ranging from 3.25% to 4.00%. The applicable margin is computed based on the borrowing based utilization percentage in effect from time to time. The borrowing base under our Credit Facility is subject to redetermination on a semi-annual basis, effective April 1 and October 1, and up to one additional time during any six month period, as may be requested by either us or the administrative agent, acting at the direction of the majority of the lenders. The borrowing base will be determined by the administrative agent in its sole discretion and consistent with its normal oil and gas lending criteria in existence at that particular time. Our obligations under the Credit Facility are guaranteed by our existing subsidiaries and are secured on a first-priority basis by all of our and our subsidiaries’ assets, in the case of the Credit Facility, and by cash collateral, in the case of the Letter of Credit Facility. The Credit Facility matures on January 1, 2015 and June 22, 2014 on the Letter of Credit Facility. The Credit Facility is subject to certain customary fees and expenses of the lenders and administrative agent thereunder.

On August 30, 2013, we consented to the assignment by Capital One Bank, N.A. and the other lenders of all of their rights and obligations under the Credit Facility to White Elk LLC, as Administrative Agent and Lender, and Resource Value Group LLC, as Lender. Resource Value Group LLC is affiliated with our majority owner, Platinum Partners Value Arbitrage Fund L.P.

We have entered into various amendments to the Credit Facility and the Letter of Credit Facility. These amendments

have, among other things, (1) changed our amount available for borrowing under the Credit Facility from $35 million to a current borrowing base of $47 million, (2) adjusted the commitments under the Letter of Credit Facility to a current level of approximately $66.6 million, (3) increased the applicable margin with respect to each ABR loan or Eurodollar loan outstanding by a total of 2%, (4) amended certain provisions governing our swap agreements, (5) updated the fees on the letters of credit to 2% on a go-forward basis, (6) updated the “change in control” definition, (7) amended the definition of debt included in the

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calculation of the covenants, (8) changed the maturity date from December 24, 2013 to January 1, 2015 on the Credit Facility and to June 22, 2014 on the Letter of Credit Facility, (9) added affirmative covenants to be furnished on a weekly basis including updated cash flow projections, updated accounts payable and accounts receivable schedules, and daily production reports for the week, (10) added an affirmative covenant that we would receive certain specified capital contributions from Platinum Partners Black Elk Opportunities Fund LLC ("PPBE") or entities designated by PPBE during the first quarter of 2013, (11) revised the definition of "Event of Default" to include non-compliance with new affirmative covenants and (12) restricted returns of capital to our unit holders or distributions of our property to our equity interest holders.

On August 30, 2013, we entered into a Limited Waiver and Eleventh Amendment to our Credit Facility to (1) obtain waivers related to our financial covenants for the third and fourth quarters of 2013, (2) extend the maturity date under the credit facility to January 1, 2015, (3) increase the Applicable Margin under the Credit Facility by one percent (for a total increase of two percent when combined with the one percent increase pursuant to the Eighth Amendment), (4) maintain the borrowing base at $25 million, subject to the right of Resource Value Group LLC to require the Administrative Agent to increase the borrowing base up to a maximum of $50 million, and (5) waive our right and the right of the Lenders to request or obtain a borrowing base redetermination prior to the first scheduled redetermination date in 2014. The borrowing base under the Credit Facility was increased to $35 million on October 15, 2013 and as of December 31, 2013 we had $35 million outstanding. As of March 17, 2014, the outstanding balance of the Credit Facility was zero.

As of December 31, 2013, letters of credit in the aggregate amount of $66.6 million were outstanding under the Letter of Credit Facility. We had $34.5 million in borrowings under the Credit Facility.

A commitment fee of 0.5% per annum is computed based on the unused borrowing base and paid quarterly. For the twelve months ended December 31, 2013, we recognized $4,125 in commitment fees, which have been included in "Interest expense" on the consolidated statements of operations. A letter of credit fee is computed based on the same applicable margin used to determine the interest rate to Eurodollar loans times the stated face amount of each letter of credit.

The Credit Facility is secured by mortgages on at least 80% of the total value of our proved oil and gas reserves. The borrowing base is re-determined semi-annually on or around April 1st and October 1st of each year.

The Credit Facility requires us and our subsidiaries to maintain certain financial covenants. Specifically, we may not permit, in each case as calculated as of the end of each fiscal quarter, our total leverage ratio to be more than 2.5 to 1.0, our interest coverage ratio to be less than 3.0 to 1.0, or our payables restriction covenant, which does not allow accounts payable greater than 90 days old to exceed $6.0 million in the aggregate, excluding certain vendors (in each case as defined in our revolving Credit Facility). In addition, we and our subsidiaries are subject to various covenants, including, but not limited to, restrictions on our and our subsidiaries' ability to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets subject to their security interests, pay dividends, make acquisitions, loans, advances of investments, sell or otherwise transfer assets, enter into transactions with affiliates or change our line of business. As of December 31, 2013, we were not in compliance with the total leverage ratio covenant, the hedging requirement and the interest coverage ratio covenant. Our total leverage ratio was calculated to be 5.1 to 1.0, which was higher than the required maximum of 2.5 to 1.0. Our hedging requirement of our notional volumes exceeded 60% for the months of October and November 2013 by 21% and 13%, respectively, of the reasonably anticipated total volume of projected production from proved, developed, and producing oil and gas properties. Our interest coverage ratio covenant was calculated to be 1.4 to 1.0, which was lower than the minimum 3.0 to 1.0. Our payables restriction covenant was calculated at $46.9 million which was higher than the maximum of $6.0 million. We received a limited waiver relating to such covenants in the Eleventh Amendment for the fiscal quarters ended September 30, 2013 and December 31, 2013. The Letter of Credit Facility covenants were removed due to the Tenth Amendment.

The Credit Facility provides that, upon the occurrence of certain events of default, our obligations thereunder may be accelerated and the lending commitments terminated. Such events of default include payment defaults to the lenders, material inaccuracies of representations and warranties, covenant defaults, cross defaults to other material indebtedness, including the notes, voluntary and involuntary bankruptcy proceedings, material money judgments, certain change of control events and other customary events of default.

For a further discussion of our Credit Facility, please see "Notes to Consolidated Financial Statements—Note 7—Debt and Notes Payable" in this Form 10-K.

13.75 % Senior Secured Notes

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On November 23, 2010, we issued $150 million in aggregate principal amount of the Notes discounted at 99.109%. The net proceeds were used to repay all of the outstanding indebtedness under our lines of credit, to fund BOEMRE collateral requirements and to prefund our P&A escrow accounts. We pay interest on the Notes semi-annually, on June 1st and December 1st of each year, in arrears, commencing June 1, 2011. The Notes mature on December 1, 2015.

The Notes are secured by a security interest in the issuers' and the guarantors' assets (excluding the escrow accounts set up for the future P&A obligations of the properties acquired in the W&T Acquisition). The liens securing the Notes are subordinated and junior to any first lien indebtedness, including our derivative contracts obligation and Credit Facility.

We have the right or the obligation to redeem the Notes under various conditions. If we experience a change of control, the holders of the Notes may require us to repurchase the Notes at 101% of the principal amount thereof, plus accrued unpaid interest. We also have an optional redemption in which we may redeem up to 35% of the aggregate principal amount of the Notes at a price equal to 110.0% of the principal amount, plus accrued and unpaid interest to the date of redemption, with the net cash proceeds of certain equity offerings until December 1, 2013. From December 1, 2013 until December 1, 2014, we may redeem some or all of the Notes at an initial redemption price equal to par value plus one-half the coupon which equals 106.875% plus accrued and unpaid interest to the date of the redemption. On or after December 1, 2014, we may redeem some or all of the Notes at a redemption price equal to par plus accrued and unpaid interest to the date of redemption.

On May 31, 2011, we amended the Indenture, among other things, to: (1) increase the amount of capital expenditures permitted to be made by us on an annual basis, (2) enable us to obtain financial support from our majority equity holder by way of a $30 million investment in Class D Units that can be repaid over time and (3) obligate us to make an offer to repurchase the Notes semiannually at an offer price equal to 103% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest to the extent it meets certain defined financial tests and as permitted by our credit facilities.

As of December 31, 2013, we were in compliance with our covenants under the Indenture. As of December 31, 2013, the recorded value of the Notes was $149.1 million, which includes the unamortized discount of $0.9 million.

Member Contributions

In the first quarter of 2013, we entered into contribution agreements with PPVA (Equity) and Platinum Partners Black Elk Opportunities Fund LLC ("PPBE") or entities designated by PPBE (together, the "Platinum Group") pursuant to which we have issued 50 million additional Class E Units and 3.8 million additional Class B Units to the Platinum Group for an aggregate offering price of $50.0 million. In addition, we also agreed to issue an additional 43 million Class E Units in exchange for $30.0 million of outstanding Class D Preferred Units and $13.0 million of paid-in-kind dividends. The Class E Units will receive a preferred return of 20% per annum, which has increased to 36% per annum as of March 25, 2014 (such date as determined by our Fifth Amendment to Second Amended and Restated Limited Liability Operating Agreement). For the year ended December 31, 2013, we issued an additional amount of Class E Units of approximately $16.7 million as paid-in-kind dividends to the holders of Class E Units.

On February 12, 2013, we entered into an agreement with Platinum under which we agreed to issue Class B Units to Platinum in exchange for financial consulting services, including (1) analysis and assessment of our business and financial condition and compliance with financial covenants in our credit facility, (2) discussion with us and senior bank lenders regarding capital contributions and divestitures of non-core assets, and (3) coordination with our attorneys, accountants, and other professionals. On February 12, 2013, we issued 1,131,458.5 Class B Units to PPVA Black Elk (Equity) LLC, an affiliate of Platinum, pursuant to such agreement.

Stock Split. On February 12, 2013, we entered into the Fourth Amendment to the Second Amended and Restated Limited Liability Operating Agreement of the Company (the "Fourth Amendment"). The Fourth Amendment amended the Company's operating agreement to effectuate a 10,000 to 1 unit split for each of the Class A Units, Class B Units and Class C Units.

Operating Agreement Amendment. In April 2013, we entered into the Fifth Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC (the "Fifth Amendment") to (1) revise and confirm the order and manner of distributions to our members and (2) permit the issuance of Class E Units in an aggregate

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amount not to exceed $95.0 million and the issuance of Class B Units in connection with such Class E Units in an aggregate amount not to exceed 3,800,000 units before giving effect to any capitalized Class E preferred return, for cash or property capital contributions.

We expect that our commodity derivative positions will help us stabilize a portion of our expected cash flows from operations despite potential declines in the price of oil and natural gas. Please see "—Oil and Natural Gas Hedging" and "—Quantitative and Qualitative Disclosures About Market Risk."

We actively review acquisition opportunities on an ongoing basis. Our ability to make significant additional acquisitions for cash would require us to obtain additional equity or debt financing, which we may not be able to obtain on terms acceptable to us or at all.

Cash Flows

The table below discloses the net cash provided by (used in) operating activities, investing activities, and financing activities for the years ended December 31, 2013, 2012 and 2011 (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Net cash provided by (used in) operating activities	$ (21,688)	$ 66,054	$ 73,647
Net cash used in investing activities	(133)	(89,723)	(108,641)
Net cash provided by financing activities	26,665	7,792	33,375
Net (decrease) increase in cash and equivalents	$ 4,844	$ (15,877)	$ (1,619)

Cash flows provided by operating activities. Cash provided by operating activities totaling $21.7 million in 2013 compared to $66.1 million in 2012. Significant components of net cash provided by operating activities during the year ended December 31, 2013 included $8.2 million of non-cash items, primarily DD&A expense, impairment of oil and gas properties and accretion of asset retirement obligations as well as $24.5 million of changes in operating assets and liabilities, partially offset by a net loss of $32.9 million as a result of lower oil and gas production and prices and higher lease operating costs. The cash provided by operating activities in 2012 of $66.0 million, an decrease of $7.6 million from the same period in 2011, was primarily attributed to higher net income as a result of the 2011 and 2012 acquisitions.

Our operating cash flows are sensitive to a number of variables, the most significant of which is the volatility of oil and natural gas prices. Regional and worldwide economic activity, weather, infrastructure capacity to reach markets and other variable factors significantly impact the prices of these commodities. These factors are beyond our control and are difficult to predict. For additional information on the impact of changing prices on our financial position, see "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" below.

Cash flows used in investing activities. Cash used in investing activities totaling $0.1 million in 2013 was primarily attributable to additions to the oil and gas properties and the funding of the future P&A obligations through escrow. The cash used in investing activities in 2012 is primarily attributable to the assets purchased in the Maritech Acquisition and Merit Acquisition and the funding of the future P&A obligations through escrow. Cash used in investing activities in 2011 is attributable to the assets purchased in the Nippon Acquisition and the funding of the collateral requirements securing our P&A obligations with respect to the acquired properties and the W&T Escrow Accounts. The Nippon assets were purchased on September 30, 2011.

Cash flows provided by financing activities. Cash flows provided by financing activities of $26.6 million in 2013 were attributable to borrowings under the Credit Facility and short-term notes partially offset by payments on the Credit Facility and short-term notes, tax distributions to members, and debt issue costs. Cash flows provided by financing activities of $7.8 million in 2012 were attributable to borrowing on the Credit Facility and short term notes as well as a $30 million contribution from Platinum, which were partially offset by payments on the Credit Facility, debt issuance costs of the Notes, and tax

distributions to members.

W&T Escrow Accounts

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On September 14, 2009, we completed the W&T Acquisition, pursuant to which we acquired certain oil, natural gas and mineral interests and leases, along with related wells, infrastructure, equipment, information and other rights and assets. In connection with the W&T Acquisition, the parties identified certain of the acquired properties as "Operated Properties" and the remaining properties as "Non-Operated Properties."

As a condition to W&T's willingness to sell the W&T Properties to us, we were required to provide adequate financial assurance of our ability to pay for the costs of plugging and abandoning and/or removing wells, platforms, facilities, pipelines and other equipment related to the W&T Properties. Accordingly, we were required to, among other things, (i) establish separate escrow accounts with respect to the Operated Properties and the Non-Operated Properties, (ii) make monthly contributions to each escrow account according to stipulated payments schedules until such accounts are fully funded to a maximum aggregate principal amount of $63.8 million, (iii) grant a second priority security interest to W&T on the W&T Properties and (iv) deliver, or cause to be delivered, a performance and payment guarantee from Platinum to W&T with respect to future P&A obligations associated with the Operated Properties and our obligation to fund the Operated Properties Escrow Account.

We used $20 million of the net proceeds of the Senior Notes Offering to prefund the W&T Escrow Accounts. As a result of this prefunding payment, the Operated Properties Escrow Account is now fully funded and we therefore have no further obligation to fund the Operated Properties Escrow Account. Platinum's guarantee of our funding obligations under the Operated Properties Escrow Account terminated upon the full funding of the Operated Properties Escrow Account. The Non-Operated Properties Escrow Account has not been fully funded but in exchange for our prefunding, our obligation to make further payments to this account has been suspended for one year. Our funding obligations re-commenced on December 1, 2011, on which date we were required to make an initial payment of $0.2 million to the Non-Operated Properties Escrow Account, to be followed by payments of $0.3 million per month. Pursuant to this stipulated payment schedule, the Non-Operated Properties Escrow Account will be fully funded by the end of 2017.

In exchange for our agreement to prefund the W&T Escrow Accounts, W&T agreed to amend the documents relating to the acquisition of the W&T Properties to fully release, with respect to the Operated Properties, or subordinate, with respect to the Non-Operated Properties, its existing security interests and mortgages on such properties and allow us to grant new, second liens on those assets to the benefit of the holders of the notes (the "W&T Amendments"). Accordingly, the collateral for the notes includes all of the Operated Properties and Non-Operated Properties acquired in the W&T Acquisition, except for certain properties that were previously released or relinquished. W&T retained a third lien on the Non-Operated Properties.

Until the Non-Operated Properties Escrow Account has been fully funded (and therefore both W&T Escrow Accounts are fully funded), we are not permitted to withdraw cash to fund, or as reimbursement for, our P&A obligations with respect to the W&T Properties (i) from the Operated Properties Escrow Account without the consent of W&T or (ii) from the Non-Operated Properties Escrow Account.

W&T has a first priority lien on the Escrow Accounts, with the administrative agent under our credit facility holding a second lien for the benefit of the lenders under such facility and our derivatives counterparty. Our agreement with W&T prohibits the creation of any additional liens on the W&T Escrow Accounts, other than the liens described above.

On December 19, 2012, we entered into a Third Amendment with W&T. Pursuant to the Third Amendment, we caused the ARGO Bonds in an aggregate amount of $32.6 million to be issued by Argonaut Insurance Company to W&T to guaranty our performance of certain plugging and abandonment obligations. Upon receipt of the ARGO Bonds, W&T (i) released its rights to any money held in an escrow account established to secure our performance of certain plugging and abandonment obligations with respect to the Operated Properties Escrow Account, (ii) released the security interest and deposit account control agreement formerly securing its rights in the Operated Properties Escrow Account and (iii) authorized the escrow agent to release such funds from the Operated Properties Escrow Account to or at our direction. In addition, we and W&T agreed that until the funding of an escrow account established to our performance of certain plugging and abandonment obligations with respect to certain non-operated properties is complete, we may not obtain reductions of the ARGO Bonds under any circumstances without W&T's consent.

Nippon Surety Bonds

On September 30, 2010, we completed the Nippon Acquisition in which we assumed $57.4 million in asset retirement

obligations related to P&A obligations associated with the Nippon Properties. We fully funded the P&A obligations through surety bonds. The cancelation of the bonds will only be allowed once all P&A obligations relating to the properties have been fully performed and Nippon has given its consent.

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As of 2012 we were required by the Nippon PSA to revisit the amount of the asset retirement obligations. As of the date of this filing, we are still in negotiations with Nippon over the changes, if any, that will require additional surety bonds.

Maritech Escrow Account

Pursuant to the purchase agreement for the Maritech Acquisition, we are required to fund an escrow account (the "Maritech Escrow Account"), relating to the Maritech Properties, the principal amount of $13.1 million for future P&A costs that may be incurred on such properties. As of December 31, 2013, we have funded $12.4 million, leaving $0.7 million to be funded through February 2014. The account was fully funded at the time of this annual report. Maritech will allow us to withdraw funds from the escrow account if all P&A obligations have been satisfied for any particular well or related asset on a lease.

Merit Escrow Account

In regards to the Merit Acquisition, we are required to establish an escrow account to secure the performance of our P&A obligations and other indemnity obligations with respect to P&A and/or decommissioning of the acquired wells and facilities. We paid $33 million in surety bonds at closing and are required to, over time, deposit in the escrow account an aggregate principal amount equal to $60 million, which is to be paid in 30 equal monthly installments payable on the first day of each month commencing on the first day of the first month following closing. As of December 31, 2013, we have fully funded the escrow account. We will be allowed to withdraw amounts from the escrow account for reimbursement of our P&A obligations relating to any particular well or asset on a lease once we obtain a consent from Merit.

Asset Retirement Obligations

Periodically, we review and revise our asset retirement obligation estimates. In 2013, our asset retirement obligation decreased by $68.8 million due to a sale of properties and P&A activity incurred. In 2013, we also recognized $23.5 million in accretion expense.

At December 31, 2013 and 2012, we recorded total asset retirement obligations of $276.7 million and $345.5 million, respectively, and have funded approximately $235.4 million and $215.3 million, respectively, in collateral to secure our P&A obligations, inclusive of performance bonds. As of December 31, 2013 and 2012, we also have a guaranteed escrow amount of $20.3 million for certain fields which will be refunded to us once we have completed our P&A obligations on the entire field. The escrow is guaranteed by TETRA Technologies, Inc.

Contractual Obligations

We have various contractual obligations in the normal course of our operations and financing activities. The following schedule summarizes our contractual obligations and other contractual commitments at December 31, 2013.

	Payments Due by Period				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	After 5 Years
			(in thousands)		
Contractual Obligations					
Total debt and notes payable	$ 184,803	$ 34,757	$ 150,046	$ —	$ —
Interest on debt and notes payable	39,977	21,070	18,907	—	—
Operating leases (1)	17,722	7,274	4,124	3,231	3,093
Total contractual obligations	242,502	63,101	173,077	3,231	3,093
Other Obligations					
Asset retirement obligations (2)	276,732	43,109	75,903	79,890	77,830
Total obligations (3)	$ 519,234	$ 106,210	$ 248,980	$ 83,121	$ 80,923

(1) Consists of office space leases for our Houston, Texas offices and services provided in the office.
(2) Asset retirement obligations will be partially funded via the escrow.

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(3) Does not include Class D Cumulative Convertible Participating Preferred Units as they are redeemable at the holders' option.

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements.

Oil and Gas Hedging

As part of our risk management program, we hedge a portion of our anticipated oil and natural gas production to reduce our exposure to fluctuations in oil and natural gas prices. Reducing our exposure to price volatility helps ensure that we have adequate funds available for our capital programs and more price sensitive drilling programs. Our decision on the quantity and price at which we choose to hedge our future production is based in part on our view of current and future market conditions.

While the use of these hedging arrangements limits the downside risk of adverse price movements, their use also may limit future revenues from favorable price movements. In addition, the use of hedging transactions may involve basis risk. The use of hedging transactions also involves the risk that the counterparties will be unable to meet the financial terms of such transactions

At December 31, 2013, commodity derivative instruments were in place covering approximately 75% of our projected oil sales volumes and 22% of our projected natural gas volumes through 2014.

Please see "Notes to Consolidated Financial Statements—Note 8—Derivative Instruments" for additional discussion regarding the accounting applicable to our hedging program.

Critical Accounting Policies

"Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" is based upon our consolidated financial statements, which have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP"). The preparation of these statements requires that we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. We base these estimates on historical experience and on assumptions that we consider reasonable under the circumstances; however, reported results could differ from the current estimates under different assumptions and/or conditions. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience, current market factors and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our consolidated financial statements. We provide expanded discussion of our more significant accounting policies, estimates and judgments below. We believe these accounting policies reflect our more significant estimates and assumptions used in preparation of our consolidated financial statements.

Oil and Natural Gas Properties

We account for oil and natural gas properties using the successful efforts method of accounting. Under this method of accounting, costs relating to the acquisition and development of proved areas are capitalized when incurred. The costs of development wells are capitalized whether productive or non-productive. Leasehold acquisition costs are capitalized when incurred. If proved reserves are found on an unproved property, leasehold cost is transferred to proved properties. Exploration dry holes are charged to expense when it is determined that no commercial reserves exist. Other exploration costs, including personnel costs, geological and geophysical expenses and delay rentals for oil and natural gas leases, are charged to expense when incurred. The costs of acquiring or constructing support equipment and facilities used in oil and gas producing activities are capitalized. Production costs are those costs incurred to operate and maintain our wells and related equipment and facilities and are expensed as incurred.

Depreciation and depletion of producing oil and natural gas properties is recorded based on units of production. Acquisition costs of proved properties are amortized on the basis of all proved reserves, developed and undeveloped, and

capitalized development costs (wells and related equipment and facilities) are amortized on the basis of proved developed reserves. As more fully described below, proved reserves are estimated at least bi-annually by our independent petroleum engineer, and are subject to future revisions based on availability of additional information. Depletion is calculated each quarter

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based upon the latest estimated reserves data available. Asset retirement obligations are recognized when the asset is placed in service, and are amortized over proved reserves using the units of production method. Asset retirement obligations are estimated by our engineers using existing regulatory requirements and anticipated future inflation rates.

Upon sale or retirement of complete fields of depreciable or depletable property, the book value thereof, less proceeds from sale or salvage value, is charged to income. On sale or retirement of an individual well, the proceeds are credited to accumulated depletion and depreciation.

Oil and natural gas properties are reviewed for impairment when facts and circumstances indicate that their carrying value may not be recoverable. We compare net capitalized costs of proved oil and natural gas properties to estimated undiscounted future net cash flows using management's expectations of future oil and natural gas prices. These future price scenarios reflect our estimation of future price volatility. If net capitalized costs exceed estimated undiscounted future net cash flows, the measurement of impairment is based on estimated fair value, using estimated discounted future net cash flows based on management's expectations of future oil and natural gas prices. Unproven properties that are individually significant are assessed for impairment and if considered impaired are charged to expense when such impairment is deemed to have occurred.

Oil and Natural Gas Reserve Quantities: Our estimate of proved reserves is based on the quantities of oil and natural gas that engineering and geological analyses demonstrate, with reasonable certainty, to be recoverable from established reservoirs in the future under current operating and economic parameters. Our independent engineering firm prepares a reserve and economic evaluation of all our properties on a well-by-well basis utilizing information provided to it by us and information available from state agencies that collect information reported to it by the operators of our properties. The estimate of our proved reserves as of December 31, 2013, 2012 and 2011 has been prepared and presented in accordance with SEC rules and accounting standards which use pricing based on 12-month unweighted first-day-of-the-month average pricing.

Reserves and their relation to estimated future net cash flows impact our depletion and impairment calculations. As a result, adjustments to depletion and impairment are made concurrently with changes to reserve estimates. We prepare our reserve estimates, and the projected cash flows derived from these reserve estimates, in accordance with SEC guidelines. The independent engineering firm described above adheres to the same guidelines when preparing their reserve report. The accuracy of our reserve estimates is a function of many factors including the quality and quantity of available data, the interpretation of that data, the accuracy of various mandated economic assumptions, and the judgments of the individuals preparing the estimates.

Our proved reserve estimates are a function of many assumptions, all of which could deviate significantly from actual results. As such, reserve estimates may materially vary from the ultimate quantities of oil, natural gas, and natural gas liquids eventually recovered.

Derivative Financial Instruments: We utilize certain derivative contracts to reduce our exposure to fluctuating oil and natural gas prices. The oil and natural gas reference prices of these derivative contracts are based upon futures which have a high degree of correlation with actual prices received by us. We did not designate any of our derivative contracts as qualifying cash flow hedges. Accordingly, all gains and losses from our price risk management activities are currently included in earnings. Open positions are marked-to-market and recorded as net gain (loss) on derivative financial instruments. When settled, the resulting cash flows are reported as cash flows from operating activities.

Asset Retirement Obligations: Authoritative guidance for asset retirement obligations uses a cumulative effect approach to recognize transition amounts for asset retirement obligations and accumulated depreciation. The accounting guidance requires companies to recognize a liability for the present value of all legal obligations associated with the retirement of tangible long-lived assets and to capitalize an equal amount as part of the cost of the related oil and natural gas properties. We recognize the legal obligation of the dismantlement, restoration and abandonment costs associated with our oil and natural gas properties with our asset retirement obligation. These costs are impacted by our estimated remaining life as well as current market conditions associated with these costs.

Liabilities for expenditures of a noncapital nature are recorded when environmental assessment or remediation is probable, and the costs can be reasonably estimated. Such liabilities are generally undiscounted unless the timing of cash payments for the liability or component is fixed or reliably determinable.

Recent Accounting Pronouncements: Management does not believe that any recently issued accounting pronouncements would have a material effect on the accompanying consolidated financial statements.

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Inflation and Changes in Prices

Our revenues, the value of our assets, and our ability to obtain bank financing or additional capital on attractive terms have been and will continue to be affected by changes in commodity prices and the costs to produce our reserves. Commodity prices are subject to significant fluctuations that are beyond our ability to control or predict. For the years ended December 31, 2013, 2012 and 2011, we received an average of $105.60, $106.60 and $108.09 per barrel of oil, respectively, and $3.88, $2.82 and $4.18 per Mcf of natural gas, respectively, before consideration of commodity derivative contracts. Although certain of our costs are affected by general inflation, inflation does not normally have a significant effect on our business. In a trend that began in 2004 and continued through the first six months of 2008, commodity prices for oil and natural gas increased significantly. The higher prices led to increased activity in the industry and, consequently, rising costs. These cost trends have put pressure not only on our operating costs but also on capital costs.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a variety of market risks including commodity price risk, credit risk and interest rate risk. We address these risks through a program of risk management, which may include the use of derivative instruments.

The following quantitative and qualitative information is provided about financial instruments to which we are a party, and from which we may incur future gains or losses from changes in market interest rates or commodity prices and losses from extension of credit.

Hypothetical changes in interest rates and commodity prices chosen for the following estimated sensitivity analysis are considered to be reasonably possible near-term changes generally based on consideration of past fluctuations for each risk category. However, since it is not possible to accurately predict future changes in interest rates and commodity prices, these hypothetical changes may not necessarily be an indicator of probable future fluctuations.

Commodity Price Risk

Our primary market risk exposure is in the pricing applicable to our oil and natural gas production. Realized pricing is primarily driven by the prevailing worldwide price for oil and spot market prices applicable to our U.S. natural gas production. Pricing for oil and natural gas production has been volatile and unpredictable for several years, and we expect this volatility to continue in the future. The prices we receive for production depend on many factors outside of our control including volatility in the differences between product prices at sales points and the applicable index price. Based on our total annual production for the year ended December 31, 2013, our annual revenue would increase or decrease by approximately $17.3 million for each $10.00 per barrel change in oil prices and $13.3 million for each $1.00 per MMBtu change in natural gas prices without giving effect to any hedging. Based on our total annual production for the year ended December 31, 2012, our revenues would have increased or decreased by approximately $19.8 million for each $10.00 per barrel change in oil prices and $17.9 million for each $1.00 per MMBtu change in natural gas prices without giving effect to any hedging.

To partially reduce price risk caused by these market fluctuations, we hedge a significant portion of our anticipated oil and natural gas production as part of our risk management program. Reducing our exposure to price volatility helps ensure that we have adequate funds available for our capital programs and more price sensitive drilling programs. Our decision on the quantity and price at which we choose to hedge our production is based in part on our view of current and future market conditions. While hedging limits the downside risk of adverse price movements, it also may limit future revenues from favorable price movements. The use of hedging transactions also involves the risk that counterparties, which generally are financial institutions, will be unable to meet the financial terms of such transactions.

At December 31, 2013, the fair value of our commodity derivatives were included in our consolidated balance sheets for approximately $8.5 million as current assets and $0.3 thousand as long-term liabilities. At December 31, 2012, the fair value of our commodity derivatives in our consolidated balance sheet for approximately $2.4 million as current asset and $5.1 million as long-term liabilities. For the years ended December 31, 2013, 2012 and 2011, we received (paid) cash upon the settlement of commodity derivatives approximately $(1.5) million, $23.4 million and $8.1 million, respectively.

Credit Risk

We monitor our risk of loss associated with non-performance by counterparties of their contractual obligations. Our principal exposure to credit risk is through joint interest receivables which totaled $17.0 million at December 31, 2013 and

$17.8 million at December 31, 2012. Joint interest receivables arise from billing entities who own partial interests in the wells we operate. These entities participate in our wells primarily based on their ownership in leases on which we have an interest.

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We also have exposure to credit risk from the sale of our oil and natural gas production that we market to energy marketing companies and refineries; the receivables totaled $35.2 million at December 31, 2013 and $27.2 million at December 31, 2012.

In order to minimize our exposure to credit risk, we request prepayment of costs where it is allowed by contract or state law. For such prepayments, a liability is recorded and subsequently reduced as the associated work is performed. We also have the right to place a lien on our co-owners interest in the well to redirect production proceeds in order to secure payment or, if necessary, foreclose on the interest. In addition, we monitor our exposure to counterparties on oil and natural gas sales primarily by reviewing credit ratings, financial statements and payment history. We extend credit terms based on our evaluation of each counterparty's credit worthiness. We historically have not required our counterparties to provide collateral to support oil and natural gas sales receivables owed to us.

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Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Members of
Black Elk Energy Offshore Operations, LLC:

We have audited the accompanying consolidated balance sheets of Black Elk Energy Offshore Operations, LLC and Subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of operations, members' deficit and cash flows for each of the three years in the period ended December 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Black Elk Energy Offshore Operations, LLC and Subsidiaries as of December 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

/s/ UHY LLP

Houston, Texas

March 31, 2014

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BLACK ELK ENERGY OFFSHORE OPERATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)

	December 31, 2013	December 31, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,227	$ 1,383
Restricted cash	775	—
Accounts receivable, net of allowance for doubtful accounts of $811 and $509 at December 31, 2013 and 2012, respectively	61,747	46,553
Accounts receivable - insurance recovery	—	3,100
Due from affiliates	273	347
Prepaid expenses and other	7,109	27,972
Current portion of escrow for abandonment costs	21,976	—
Derivative assets	1,370	2,408
TOTAL CURRENT ASSETS	99,477	81,763
OIL AND GAS PROPERTIES, successful efforts method of accounting, net of accumulated depreciation, depletion, amortization and impairment of $293,973 and $191,326 at December 31, 2013 and 2012, respectively	196,136	260,012
OTHER PROPERTY AND EQUIPMENT, net of accumulated depreciation of $5,350 and $1,717 at December 31, 2013 and 2012, respectively	4,862	1,968
OTHER ASSETS		
Debt issue costs, net	1,488	3,230
Asset retirement obligation escrow receivable	20,348	20,348
Escrow for abandonment costs	235,473	215,263
Other assets	7,830	7,880
TOTAL OTHER ASSETS	265,139	246,721
TOTAL ASSETS	$ 565,614	$ 590,464
LIABILITIES AND MEMBERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	155,880	108,736
Derivative liabilities	9,828	—
Asset retirement obligations	43,109	41,572
Current portion of debt and notes payable	257	3,552
TOTAL CURRENT LIABILITIES	209,074	153,860
LONG-TERM LIABILITIES		
Gas imbalance payable	1,888	2,521
Dividends payable	—	12,408
Derivative liabilities	31	5,091
Asset retirement obligations, net of current portion	233,623	303,933
Debt, net of current portion, net of unamortized discount of $617 and $882 at December 31, 2013 and 2012, respectively	183,929	201,118
TOTAL LONG-TERM LIABILITIES	419,471	525,071
TOTAL LIABILITIES	628,545	678,931

CLASS E and CLASS D PREFERRED UNITS	109,744	30,000
COMMITMENTS AND CONTINGENCIES		
MEMBERS' DEFICIT	(172,675)	(118,467)
TOTAL LIABILITIES AND MEMBERS' DEFICIT	$ 565,614	$ 590,464

The accompanying notes are an integral part of these consolidated financial statements.

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BLACK ELK ENERGY OFFSHORE OPERATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands)

	Year Ended December 31,		
	2013	2012	2011
REVENUES:			
Oil sales	$ 182,731	$ 210,720	$ 215,204
Natural gas sales	51,520	50,470	75,994
Plant product sales and other revenue	31,085	24,707	23,091
Realized (loss) gain on derivative financial instruments	(1,522)	23,364	8,099
Unrealized (loss) gain on derivative financial instruments	(5,806)	(4,783)	17,556
TOTAL REVENUES	258,008	304,478	339,944
OPERATING EXPENSES:			
Lease operating	177,210	180,691	158,545
Production taxes	627	745	859
Workover	8,224	17,986	23,385
Exploration	200	1,682	1,004
Depreciation, depletion and amortization	43,606	47,314	47,214
Impairment	79,090	31,033	12,967
General and administrative	36,601	26,486	22,029
Gain due to involuntary conversion of asset	(17,827)	(3,100)	—
Accretion	23,454	36,421	27,410
Loss (gain) on sale of asset	(105,771)	38	(142)
Other operating expenses	8,061	—	—
TOTAL OPERATING EXPENSES	253,475	339,296	293,271
INCOME (LOSS) FROM OPERATIONS	4,533	(34,818)	46,673
OTHER INCOME (EXPENSE):			
Interest income	110	319	373
Miscellaneous expense	(10,771)	(3,504)	(6,253)
Interest expense	(26,789)	(25,965)	(25,752)
TOTAL OTHER EXPENSE	(37,450)	(29,150)	(31,632)
NET (LOSS) INCOME	(32,917)	(63,968)	15,041
PREFERRED UNIT DIVIDENDS	17,336	8,208	4,200
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON UNIT HOLDERS	$ (50,253)	$ (72,176)	$ 10,841

The accompanying notes are an integral part of these consolidated financial statements.

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BLACK ELK ENERGY OFFSHORE OPERATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBERS' DEFICIT

(in thousands)

	Members' Capital	Accumulated Deficit	Total Members' Deficit
Balance at December 31, 2010	$ (1,609)	$ (19,001)	$ (20,610)
Distribution	(19,939)	—	(19,939)
Dividends	—	(4,200)	(4,200)
Net income	—	15,041	15,041
Balance at December 31, 2011	(21,548)	(8,160)	(29,708)
Contribution	110	—	110
Distribution	(16,693)	—	(16,693)
Dividends	—	(8,208)	(8,208)
Net loss	—	(63,968)	(63,968)
Balance at December 31, 2012	(38,131)	(80,336)	(118,467)
Cumulative adjustment- FWS 2012 Con. Retained Deficit	—	(3,955)	(3,955)
Dividends	—	(17,336)	(17,336)
Net loss	—	(32,917)	(32,917)
Balance at December 31, 2013	$ (38,131)	$ (134,544)	$ (172,675)

The accompanying notes are an integral part of these consolidated financial statements.

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BLACK ELK ENERGY OFFSHORE OPERATIONS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income	$ (32,917)	$ (63,968)	$ 15,041
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:			
Depreciation, depletion, and amortization	43,606	47,314	47,214
Impairment of oil and gas properties	79,090	31,033	12,967
Accretion of asset retirement obligations	23,454	36,421	27,410
Amortization of debt issue cost	4,611	4,777	2,915
Accretion of debt discount	265	232	203
Unrealized loss (gain) on derivative financial instruments	5,806	4,783	(17,556)
(Gain) loss on sale of assets	(105,771)	38	(142)
Provision on doubtful accounts	1,174	509	—
Gain on involuntary conversion of assets	(17,827)	(3,100)	—
Changes in operating assets and liabilities:			
Accounts receivable	(12,233)	5,238	(26,348)
Escrow Receivable, short term	(21,976)	—	—
Due to/from affiliates, net	74	(185)	413
Prepaid expenses and other assets	20,921	(1,744)	(13,513)
Other assets	253	—	—
Accounts payable and accrued expenses	36,732	36,427	38,199
Gas imbalance	(835)	999	(4,748)
Settlement of asset retirement obligations	(46,114)	(32,720)	(8,408)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(21,688)	66,054	73,647
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to oil and gas properties	(128,696)	(42,238)	(21,169)
Acquisitions of oil and gas properties	(3,250)	(3,455)	(27,398)
Sale of oil and gas properties	128,712	(38)	150
Additions to property and equipment	(477)	(570)	(1,699)
Cash assumed in consolidation of Freedom Well Services, LLC	473	—	—
Proceeds received from insurance recovery	24,090	—	—
Deposits	—	(312)	(540)
Restricted cash	(775)	—	—
Escrow payments, net	(20,210)	(43,110)	(57,985)
NET CASH USED IN INVESTING ACTIVITIES	(133)	(89,723)	(108,641)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds on short term notes	1,081	17,644	18,979
Payments on short term notes	(4,554)	(18,247)	(16,895)
Borrowings on bank debt	54,000	171,500	158,457
Payments on bank debt	(71,500)	(143,500)	(134,457)
Debt issuance costs	(2,362)	(3,022)	(2,770)
Contributions from preferred members	50,000	110	30,000
Distributions to members	—	(16,693)	(19,939)
NET CASH PROVIDED BY FINANCING ACTIVITIES	26,665	7,792	33,375
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,844	(15,877)	(1,619)
CASH AND CASH EQUIVALENTS—BEGINING OF PERIOD	1,383	17,260	18,879
CASH AND CASH EQUIVALENTS—END OF PERIOD	$ 6,227	$ 1,383	$ 17,260
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest	$ 23,603	$ 23,603	$ 22,050
NON-CASH INVESTING AND FINANCING ACTIVITIES:			

Increase in asset retirement obligations	$ 2,341	$ 53,118	$ 147,442
Asset retirement obligations relieved due to sale of properties	$ (48,454)		
Assumption of gas imbalances	$ —	$ —	$ (1,159)
Increase in asset retirement obligation escrow receivable	$ —	$ —	$ 20,348
Paid-in-kind dividends on preferred equity and accrued distributions to members	$ 17,336	$ 8,208	$ 4,200
Class D preferred units transferred to Class E preferred units	$ 12,408	$ —	$ —

The accompanying notes are an integral part of these consolidated financial statements.

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BLACK ELK ENERGY OFFSHORE OPERATIONS, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

NOTE 1—ORGANIZATION AND BUSINESS

Black Elk Energy Offshore Operations, LLC and our wholly-owned subsidiaries (collectively, “Black Elk”, “we”, “our” or “us”) is a Houston-based oil and natural gas company engaged in the exploration, development, production and exploitation of oil and natural gas properties. We were formed on January 29, 2008 for the purpose of acquiring oil and natural gas producing properties within the Outer Continental Shelf of the United States in the Gulf of Mexico.

Effective January 1, 2013, our consolidated financial statements include the accounts of BEEOO, our wholly-owned subsidiaries Black Elk Energy Land Operations, LLC and Black Elk Energy Finance Corporation, and our variable interest entity Freedom Well Services, LLC ("FWS"), as we determined that we are the primary beneficiary of FWS and we have the power to direct the activities of FWS.

NOTE 2— LIQUIDITY, RISKS, AND UNCERTAINTIES

While cash flows were lower than previously projected primarily due to lower production and sales of assets in the 3rd and 4th quarters, we continued our development operations by supplementing our cash flows from operating activities with funds raised through borrowings in 2013 and capital contributions from our members. We retained financial and technical advisors to provide recommendations on achieving improvements in production, operating expense, cash flows from operations, work over, capital expenditures and business planning.

As shown in the accompanying consolidated financial statements, we had a net working capital deficit of approximately $(109.6) million at December 31, 2013 and we incurred net losses of $(32.9) million during the year ended December 31, 2013. The combination of restricted credit availability, lower production since the fourth quarter of 2012, our drilling program, settlement of our plugging and abandonment ("P&A") liabilities and additional collateral requirements related to our surety bonds that secure our P&A obligations led to significant cash reductions in the fourth quarter of 2012 and the year 2013. To increase liquidity, we stretched accounts payable, aggressively pursued accounts receivable and sold non-core assets.

In 2013 we realized approximately $131.8 million in sales proceeds (subject to customary closing adjustments) which we used to reduce our credit facility and fund our 2013 capital expenditures. On March 17, 2014, our credit facility was paid off.

Our primary use of capital has been for the acquisition, development and exploitation of oil and natural gas properties as well as providing collateral to secure our plugging and abandonment (“P&A”) obligations. As we plug and abandon certain fields and meet the various criteria related to the corresponding escrow accounts, we expect to release funds from the escrow accounts. Also, our letters of credit with Capital One are backed entirely by cash. We use letters of credit to back our surety bonds for P&A obligations. We are currently in discussions with surety agencies to replace the 100% cash-backed letters of credit.

As of December 31, 2013 we have obtained a waiver of certain supplemental bonding requirements from Capital One. The current ratio covenant has been removed in the Seventh Amendment, Ninth Amendment and Tenth Amendment and has been replaced with a payables restriction covenant. Our liquidity projections demonstrate improvement of our financial position and we believe that we will meet our interest coverage ratio covenant, debt leverage ratio covenant and payables restriction covenant going forward.

Our capital budget may be adjusted in the future as business conditions warrant and the ultimate amount of capital we expend may fluctuate materially based on market conditions.

The amount, timing and allocation of capital expenditures are largely discretionary and within our control. If oil and natural gas prices decline or costs increase significantly, we could defer a significant portion of our budgeted capital expenditures until later periods to prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flows. We routinely monitor and adjust our capital expenditures in response to changes in prices,

availability of financing, drilling and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs, success or lack of success in drilling activities, contractual obligations, internally generated cash flows and other factors both within and outside our control.

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We consider the control and flexibility afforded by operating our properties under development to be instrumental to our business plan and strategy. To manage our liquidity, we have the ability to delay certain capital commitments, and within certain constraints, we can continue to conserve capital by further delaying or eliminating future capital commitments. While postponing or eliminating capital projects will delay or reduce future cash flows from scheduled new production, this control and flexibility is one method by which we can match, on a temporary basis, our capital commitments to our available capital resources.

Virtually all of our current production is concentrated in the Gulf of Mexico, which is characterized by production declines more rapid than those of conventional onshore properties. As a result, we are particularly vulnerable to a near-term severe impact resulting from unanticipated complications in the development of, or production from, any single material well or infrastructure installation, including lack of sufficient capital, delays in receiving necessary drilling and operating permits, increased regulation, reduced access to equipment and services, mechanical or operational failures, and severe weather. Any unanticipated significant disruption to, or decline in, our current production levels or prolonged negative changes in commodity prices or operating cost levels could have a material adverse effect on our financial position, results of operations, cash flows, the quantity of proved reserves that we report, and our ability to meet our commitments as they come due.

As an oil and gas company, our revenue, profitability, cash flows, proved reserves and future rate of growth are substantially dependent on prevailing prices for oil and natural gas. Historically, the energy markets have been very volatile, and we expect such price volatility to continue. Any extended decline in oil or gas prices could have a material adverse effect on our financial position, results of operations, cash flows, the quantities of oil and gas reserves that we can economically produce, and may restrict our ability to obtain additional financing or to meet the contractual requirements of our debt and other obligations.

NOTE 3—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reclassifications: Certain reclassifications have been made to conform 2011 and 2012 balances to our 2013 presentation. Such reclassifications had no effect on net income or cash flow.

Principles of Consolidation: The consolidated financial statements include the accounts of Black Elk Energy Offshore Operations, LLC and our wholly-owned subsidiaries, Black Elk Energy Land Operations, LLC and Black Elk Energy Finance Corp. Effective January 1, 2013, in accordance with accounting guidelines for consolidation of variable interest entities, we consolidated Freedom Well Services, LLC ("FWS"), as we determined that we are the primary beneficiary of FWS and will have the power to direct the activities of FWS. All material intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates in Preparation of Financial Statements: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the balance sheet date and the amounts of revenues and expenses recognized during the reporting period. We analyze our estimates based on historical experience, current factors and various other assumptions that we believe to be reasonable under the circumstances. However, actual results could differ from such estimates.

We account for business combinations using the purchase method, in accordance with Accounting Standards Codification 810 from the Financial Accounting Standards Board (“FASB”). We use estimates to record the fair value of assets acquired and liabilities assumed.

Oil and natural gas reserves estimates, which are the basis for unit-of-production depletion and the impairment test, are based on assumptions that have inherent uncertainties. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, testing, and production subsequent to the date of the estimate may justify revision of such estimate. Accordingly, reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. In addition, reserve estimates are vulnerable to changes in wellhead prices of crude oil and natural gas. Such prices have been volatile in the past and can be expected to be volatile in the future.

Cash and Cash Equivalents: We consider all demand deposits, money market accounts and certificates of deposit purchased with an original maturity of three months or less to be cash and cash equivalents.

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Revenue Recognition: Oil and natural gas revenues are recorded using the sales method whereby we recognize revenues based on the amount of oil and natural gas sold to purchasers. We produce plant products such as ethane, butane, propane and other product as part of processing our natural gas. These products are sold to certain gas processing plants. All natural gas revenues are reported net of the plant products.

We do not recognize revenues until they are realized or realizable and earned. Revenues are considered realized or realizable and earned when: (i) persuasive evidence of an arrangement exits; (ii) delivery has occurred or services have been rendered; (iii) the seller's price to the buyer is fixed or determinable; and (iv) collectability is reasonable assured.

We record revenues based on physical deliveries to our customers, which can be different from our net revenue ownership interest in field production. These differences create gas imbalances that we recognize as a receivable (payable) when there are not sufficient reserves to make up the gas imbalance. A gas imbalance receivable (payable) can also be a result of imbalances acquired in conjunction with the acquisition of oil and gas properties. At December 31, 2013 and December 31, 2012, our net gas receivable imbalances were $1.2 million and $0.4 million, respectively.

Allowance for Doubtful Accounts: Trade and other receivables are recorded at their outstanding balances adjusted for an allowance for doubtful accounts. The allowance for doubtful accounts is determined by analyzing the payment history and credit worthiness of each debtor. Receivable balances are charged off when they are considered uncollectible by management. Recoveries of receivables previously charged off are recorded as income when received. At December 31, 2013 and December 31, 2012, allowance for doubtful accounts totaled $0.8 million and $0.5 million, respectively.

Oil and Natural Gas Properties: We account for oil and natural gas properties using the successful efforts method of accounting. Under this method of accounting, costs relating to the acquisition of and development of proved properties are capitalized when incurred. The costs of development wells are capitalized whether productive or non-productive. Leasehold acquisition costs are capitalized when incurred. If proved reserves are found on an unproved property, leasehold cost is transferred to proved properties. Exploration dry holes are charged to expense when it is determined that no commercial reserves exist. Other exploration costs, including personnel costs, geological and geophysical expenses and delay rentals for oil and natural gas leases, are charged to expense when incurred. The costs of acquiring or constructing support equipment and facilities used in oil and natural gas producing activities are capitalized. Production costs are charged to expense as those costs are incurred to operate and maintain our wells and related equipment and facilities.

Depreciation, depletion and amortization ("DD&A") of producing oil and natural gas properties is recorded based on units of production. Acquisition costs of proved properties are amortized on the basis of all proved reserves, developed and undeveloped, and capitalized development costs (wells and related equipment and facilities) are amortized on the basis of proved developed reserves. DD&A expense related to oil and natural gas properties for the years ended December 31, 2013, 2012 and 2011 was $41.4 million, $46.5 million and $46.6 million, respectively. As more fully described below, proved reserves are estimated annually by our independent petroleum engineer, and are subject to future revisions based on availability of additional information. DD&A is calculated each quarter based upon the latest estimated reserves data available. Asset retirement costs are recognized when the asset is placed in service, and are amortized over proved developed reserves using the units of production method. Asset retirement costs are estimated by our engineers using existing regulatory requirements and anticipated future inflation rates.

Upon sale or retirement of depreciable or depletable property, the book value thereof, less proceeds from sale or salvage value, is charged to operations.

Oil and natural gas properties are reviewed for impairment when facts and circumstances indicate that their carrying value may not be recoverable. We compare net capitalized costs of proved oil and natural gas properties by field to estimated undiscounted future net cash flows using management's expectations of future oil and natural gas prices. These future price scenarios reflect our estimation of future price volatility. If net capitalized costs exceed estimated undiscounted future net cash flows, the measurement of impairment is based on estimated fair value, using estimated discounted future net cash flows based on management's expectations of future oil and natural gas prices. For the years ended December 31, 2013, 2012 and 2011, we recorded an impairment charge of approximately $79.1 million, $31.0 million and $13.0 million, respectively.

Unproven properties that are individually significant are assessed for impairment and if considered impaired are charged to expense when such impairment is deemed to have occurred.

Other Property and Equipment: Other property and equipment consists principally of furniture, fixtures and equipment and leasehold improvements. Other property and equipment and related accumulated depreciation and amortization are relieved upon retirement or sale and the gain or loss is included in operations. Maintenance and repairs are charged to operations.

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Renewals and betterments that extend the useful life of property and equipment are capitalized to the appropriate property and equipment accounts. Depreciation of other property and equipment is computed using the straight-line method based on estimated useful lives of the property and equipment. Depreciation expense of other property and equipment for the years ended December 31, 2013, 2012 and 2011 was $2.2 million, $0.8 million and $0.6 million, respectively.

In accordance with authoritative guidance on accounting for the impairment or disposal of long-lived assets, we assess the recoverability of the carrying value of our non-oil and natural gas long-lived assets when events occur that indicate an impairment in value may exist. An impairment loss is indicated if the sum of the expected undiscounted future net cash flows is less than the carrying amount of the assets. If this occurs, an impairment loss is recognized for the amount by which the carrying amount of the assets exceeds the estimated fair value of the asset.

Oil and Natural Gas Reserve Quantities: Our estimate of proved reserves is based on the quantities of oil and natural gas that engineering and geological analyses demonstrate, with reasonable certainty, to be recoverable from established reservoirs in the future under current operating and economic parameters. Our independent engineering firm prepares a reserve and economic evaluation of all our properties on a well-by-well basis utilizing information provided to it by us and information available from state agencies that collect information reported to it by the operators of our properties. As discussed below, the estimate of our proved reserves as of December 31, 2013 and 2012 have been prepared and presented in accordance with SEC rules and applicable accounting standards. These rules require companies to prepare their reserve estimates using reserve definitions and pricing based on 12-month un-weighted first-day-of-the-month average pricing.

Reserves and their relation to estimated future net cash flows impact our depletion and impairment calculations. As a result, adjustments to DD&A and impairment are made concurrently with changes to reserve estimates. We prepare our reserve estimates, and the projected cash flows derived from these reserve estimates, in accordance with SEC guidelines. The independent engineering firm described above adheres to the same guidelines when preparing the report. The accuracy of our reserve estimates is a function of many factors including the quality and quantity of available data, the interpretation of that data, the accuracy of various mandated economic assumptions, and the judgments of the individuals preparing the estimates.

Our proved reserve estimates are a function of many assumptions, all of which could deviate significantly from actual results. As such, reserve estimates may materially vary from the quantities of oil, natural gas, and natural gas liquids ultimately recovered.

Debt Issue Costs: Debt issue costs associated with long-term debt under revolving credit facilities and senior notes are carried at cost, net of amortization using the straight-line method over the term of the applicable long-term debt facility or the term of the notes, which approximates the effective interest method. Amortization expense for the years ended December 31, 2013, 2012 and 2011 amounted to $4.6 million, $4.8 million and $2.9 million, respectively.

Future amortization expense is as follows:

Year Ending December 31,	(in thousands)
2014	$ 2,390
2015	1,463
2016	—
2017	—
2018	—
	$ 3,853

Derivative Financial Instruments: We utilize certain derivative contracts to reduce our exposure to fluctuating oil and natural gas prices. The oil and natural gas reference prices of these derivative contracts are based upon futures which have a high degree of correlation with actual prices received by us. We did not designate any of our derivative contracts as qualifying cash flow hedges. Accordingly, all gains and losses from our price risk management activities are currently included in earnings. Open positions are marked-to-market and recorded as unrealized gain (loss) on derivative financial instruments.

When settled, the resulting cash flows are reported as cash flows from operating activities.

Asset Retirement Obligations: Accounting guidance for asset retirement obligations requires companies to recognize a liability for the present value of all obligations associated with retirement of tangible long-lived assets and to capitalize an equal

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amount as part of the cost of the related oil and natural gas properties. We recognize the legal obligation of the dismantlement, restoration and abandonment costs associated with our oil and natural gas properties with our asset retirement obligations. These costs are impacted by our estimated remaining lives of the properties, as well as current market conditions associated with these activities.

Environmental Expenditures: We are subject to extensive federal, state and local environmental laws and regulations. These laws regulate the discharge of materials into the environment and may require us to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites. Environmental expenditures are expensed or capitalized depending on their future economic benefit. Expenditures that relate to an existing condition caused by past operations and that have no future economic benefits are expensed.

Liabilities for expenditures of a noncapital nature are recorded when environmental assessment and or remediation is probable, and the costs can be reasonably estimated. Such liabilities are generally undiscounted unless the timing of cash payments for the liability or component is fixed or reliably determinable.

Income Taxes: We are structured as a limited liability company, which is a pass-through entity for U.S. income tax purposes.

We are subject to the Texas margin tax which is generally calculated as 1% of gross margin. The tax is considered an income tax and is determined by applying a tax rate to a base that considers both revenues and expenses. During the years ended December 31, 2013, 2012 and 2011, the margin tax was immaterial to the consolidated financial statements.

Recent Accounting Pronouncements: Management does not believe that any recently issued accounting pronouncements would have a material effect on the accompanying consolidated financial statements.

NOTE 4—DIVESTITURES

Divestitures

On March 26, 2013, we completed the sale of four fields to Renaissance for approximately $52.5 million prior to normal adjustments. Funds were used to reduce the amount borrowed under the Credit Facility by $36 million for Capex. We sold an additional interest in one field to Renaissance on July 31, 2013 for $10.5 million and an additional sale was made on November 15, 2013 for SP65 to Renaissance for $60.0 million prior to normal adjustments. Funds were used to repay a portion of the Credit Facility and to fund capital expenditures.

On December 20, 2013, we completed the sale of one field to Energy XXI GOM, LLC for approximately $10 million prior to normal adjustments. Funds were used to repay a portion of the Credit Facility and to fund 2013 capital expenditures.

NOTE 5—OIL AND GAS PROPERTIES

The following table reflects capitalized costs related to our oil and gas properties:

	At December 31,	
	2013	2012
	(in thousands)	
Proved properties	$ 490,109	$ 451,338
Accumulated depletion, depreciation, amortization and impairment	(293,973)	(191,326)
Oil and Natural Gas Properties, net	$ 196,136	$ 260,012

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NOTE 6—ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Below are the components of accounts payable and accrued expenses:

	At December 31,	
	2013	2012
	(in thousands)	
Accounts payable—trade	$ 122,015	$ 61,530
Accrued operating expenses	19,014	42,194
Interest payable	2,410	1,913
Other payables	12,441	3,099
	$ 155,880	$ 108,736

NOTE 7—ASSET RETIREMENT OBLIGATIONS

Accounting guidance requires that an asset retirement obligation ("ARO") associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred and becomes determinable. Under this method, when liabilities for dismantlement and abandonment costs, excluding salvage values, are initially recorded, the carrying amount of the related oil and natural gas properties is increased. The fair value of the ARO asset and liability is measured using expected future cash outflows discounted at our credit-adjusted risk-free interest rate. Accretion of the liability is recognized each period using the interest method of allocation, and the capitalized cost is depleted using the units of production method. Should either the estimated life or the estimated abandonment costs of a property change materially upon our interim review, a new calculation is performed using the same methodology of taking the abandonment cost and inflating it forward to its abandonment date and then discounting it back to the present using our credit-adjusted-risk-free rate. The carrying value of the asset retirement obligation is adjusted to the newly calculated value, with a corresponding offsetting adjustment to the asset retirement cost.

The following table describes the change to our asset retirement obligations:

	At December 31,	
	2013	2012
	(in thousands)	
Beginning of year	$ 345,505	$ 288,686
Revaluation of liability	2,341	53,118
Liabilities relieved due to sale of properties	(48,454)	—
Liabilities settled	(46,114)	(32,720)
Accretion expense	23,454	36,421
End of year	$ 276,732	$ 345,505
Less: Current portion	$ (43,109)	$ (41,572)
LT Asset retirement obligations	$ 233,623	$ 303,933

NOTE 8—DERIVATIVE INSTRUMENTS

We enter into hedging transactions with major financial institutions to reduce exposure to fluctuations in the price of oil and natural gas. We use financially settled crude oil and natural gas swaps. With a swap, the counterparty is required to make a payment to us if the settlement price for a settlement period is below the hedged price for the transaction, and we are required to make a payment to the counterparty if the settlement price for any settlement period is above the hedged price for the

transaction. We elected not to designate any of our derivative contracts as qualifying hedges for financial reporting purposes, therefore all of

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the derivative instruments are categorized as standalone derivatives and are being marked-to-market in unrealized gain (loss) on derivative financial instruments" in the consolidated statements of operations.

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At December 31, 2013, the notional volumes of our commodity derivative contracts were as follows:

	Crude Oil				Natural Gas				Total	
Period	Monthly Volume (Bbls)	Contract Price ($/Bbl)	Asset (Liability)	Fair Value Gain (Loss)	Monthly Volume (MMBtu)	Contract Price ($/MMBtu)	Asset (Liability)	Fair Value Gain (Loss)	Asset (Liability)	Fair Value Gain (Loss)
Swaps:			(in thousands)				(in thousands)		(in thousands)	
1/14 - 2/14	19,000	$ 96.90	$ (60)	$ (60)	82,000	$ 4.60	$ 45	$ 45	$ (15)	$ (15)
1/14 - 5/14	10,083	100.80	136	136	129,960	4.94	$ 464	464	600	600
6/14 - 6/14	—	—	—	—	129,960	4.94	101	101	101	101
1/14 - 12/14	15,000	65.00	(5,172)	(5,172)	—	—	—	—	(5,172)	(5,172)
1/14 - 1/14	4,723	88.80	(46)	(46)	43,347	4.09	(14)	(14)	(60)	(60)
2/14 - 2/14	13,313	88.80	(128)	(128)	32,636	4.09	(5)	(5)	(133)	(133)
3/14 - 3/14	8,413	88.80	(78)	(78)	46,764	4.09	(5)	(5)	(83)	(83)
4/14 - 4/14	12,473	88.80	(108)	(108)	41,253	4.09	(1)	(1)	(109)	(109)
5/14 - 5/14	11,793	88.80	(92)	(92)	40,391	4.09	—	—	(92)	(92)
6/14 - 6/14	15,546	88.80	(108)	(108)	20,112	4.09	(1)	(1)	(109)	(109)
7/14 - 7/14	11,845	88.80	(72)	(72)	39,283	4.09	(2)	(2)	(74)	(74)
8/14 - 8/14	13,165	88.80	(69)	(69)	34,246	4.09	(2)	(2)	(71)	(71)
9/14 - 9/14	16,235	88.80	(74)	(74)	29,753	4.09	(2)	(2)	(76)	(76)
10/14 - 10/14	15,605	88.80	(60)	(60)	28,635	4.09	(2)	(2)	(62)	(62)
11/14 - 11/14	18,525	88.80	(61)	(61)	27,081	4.09	(3)	(3)	(64)	(64)
12/14 - 12/14	22,526	88.80	(57)	(57)	34,114	4.09	(7)	(7)	(64)	(64)
1/14 - 1/14	46,000	87.85	(489)	(489)	—	—	—	—	(489)	(489)
2/14 - 2/14	25,000	87.85	(263)	(263)	—	—	—	—	(263)	(263)
3/14 - 3/14	56,000	87.85	(570)	(570)	—	—	—	—	(570)	(570)
4/14 - 4/14	45,000	87.85	(431)	(431)	—	—	—	—	(431)	(431)
5/14 - 5/14	46,000	87.85	(400)	(400)	—	—	—	—	(400)	(400)
6/14 - 6/14	48,000	87.85	(377)	(377)	40,391	4.19	3	3	(374)	(374)
7/14 - 7/14	36,000	87.85	(250)	(250)	20,112	4.19	1	1	(249)	(249)
8/14 - 8/14	34,000	87.85	(208)	(208)	39,283	4.19	1	1	(207)	(207)
9/14 - 9/14	26,000	87.85	(141)	(141)	34,246	4.19	1	1	(140)	(140)
10/14 - 10/14	27,000	87.85	(128)	(128)	29,753	4.19	1	1	(127)	(127)
11/14 - 11/14	20,000	87.85	(83)	(83)	28,635	4.19	—	—	(83)	(83)
12/14 - 12/14	31,000	87.85	(105)	(105)	27,081	4.19	(3)	(3)	(108)	(108)
1/15 - 1/15	—	—	—	—	34,114	4.19	(5)	(5)	(5)	(5)
2/15 - 2/15	—	—	—	—	27,838	4.19	(4)	(4)	(4)	(4)
3/15 - 3/15	—	—	—	—	24,461	4.19	(3)	(3)	(3)	(3)
1/15 - 1/15	—	—	—	—	27,838	4.09	(8)	(8)	(8)	(8)
2/15 - 2/15	—	—	—	—	24,461	4.09	(6)	(6)	(6)	(6)
3/15 - 3/15	—	—	—	—	26,443	4.09	(5)	(5)	(5)	(5)
1/14 - 1/14	46,006	100.72	(57)	(57)	—	—	—	—	(57)	(57)

2/14 - 2/14	39,159	100.72	(45)	(45)	—	—	—	—	(45)	(45)
3/14 - 3/14	36,822	100.72	(33)	(33)	—	—	—	—	(33)	(33)
4/14 - 4/14	34,069	100.72	(16)	(16)	—	—	—	—	(16)	(16)
5/14 - 5/14	35,200	100.72	3	3	—	—	—	—	3	3
6/14 - 6/14	31,668	100.72	18	18	—	—	—	—	18	18
7/14 - 7/14	48,509	100.72	64	64	—	—	—	—	64	64
8/14 - 8/14	46,473	100.72	87	87	—	—	—	—	87	87
9/14 - 9/14	45,830	100.72	110	110	—	—	—	—	110	110
10/14 - 10/14	44,282	100.72	124	124	—	—	—	—	124	124
11/14 - 11/14	40,874	100.72	131	131	—	—	—	—	131	131
12/14 - 12/14	26,424	100.72	80	80	—	—	—	—	80	80
			(9,028)	(9,028)			539	539	(8,489)	(8,489)

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At December 31, 2012, the notional volumes of our commodity derivative contracts were as follows:

	Crude Oil				Natural Gas				Total	
Period	Monthly Volume (Bbls)	Contract Price ($/Bbl)	Asset (Liability)	Fair Value Gain (Loss)	Monthly Volume (MMBtu)	Contract Price ($/MMBtu)	Asset (Liability)	Fair Value Gain (Loss)	Asset (Liability)	Fair Value Gain (Loss)
Swaps:			(in thousands)				(in thousands)		(in thousands)	
1/13 - 10/13	27,750	$ 96.90	$ 983	$ 983	104,000	$ 4.60	$ 1,114	$ 1,114	$ 2,097	$ 2,097
11/13 - 11/13	26,800	96.90	88	88	104,000	4.60	$ 81	$ 81	169	169
12/13 - 12/13	27,750	96.90	95	95	104,000	4.60	61	61	156	156
1/14 - 2/14	19,000	96.90	136	136	82,000	4.60	80	80	216	216
1/13 - 6/13	15,542	100.80	715	715	200,669	4.94	1,806	1,806	2,521	2,521
7/13 - 7/13	7,132	100.80	47	47	148,788	4.94	194	194	241	241
8/13 - 8/13	5,980	100.80	40	40	139,212	4.94	176	176	216	216
9/13 - 9/13	3,897	100.80	26	26	116,125	4.94	145	145	171	171
10/13 - 10/13	3,259	100.80	22	22	91,166	4.94	110	110	132	132
11/13 - 11/13	—	—	—	—	64,926	4.94	71	71	71	71
12/13 - 12/13	10,042	100.80	70	70	119,462	4.94	107	107	177	177
1/14 - 5/14	10,083	100.80	361	361	129,960	4.94	547	547	908	908
6/14 - 6/14	—	—	—	—	129,960	4.94	111	111	111	111
1/13 - 12/13	19,750	85.90	(1,649)	(1,649)	47,000	5.00	785	785	(864)	(864)
1/14 - 12/14	15,000	65.00	(4,199)	(4,199)	—	—	—	—	(4,199)	(4,199)
1/13 - 1/13	9,042	88.80	(29)	(29)	—	—	—	—	(29)	(29)
2/13 - 2/13	23,522	88.80	(84)	(84)	—	—	—	—	(84)	(84)
3/13 - 3/13	16,792	88.80	(67)	(67)	—	—	—	—	(67)	(67)
4/13 - 4/13	23,812	88.80	(103)	(103)	—	—	—	—	(103)	(103)
5/13 - 5/13	24,012	88.80	(110)	(110)	—	—	—	—	(110)	(110)
6/13 - 6/13	29,752	88.80	(140)	(140)	—	—	—	—	(140)	(140)
7/13 - 7/13	23,143	88.80	(108)	(108)	—	—	—	—	(108)	(108)
8/13 - 8/13	24,915	88.80	(114)	(114)	—	—	—	—	(114)	(114)
9/13 - 9/13	28,688	88.80	(127)	(127)	—	—	—	—	(127)	(127)
10/13 - 10/13	28,006	88.80	(120)	(120)	—	—	—	—	(120)	(120)
11/13 - 11/13	31,605	88.80	(130)	(130)	—	—	—	—	(130)	(130)
12/13 - 12/13	38,743	88.80	(152)	(152)	—	—	—	—	(152)	(152)
1/14 - 1/14	4,723	88.80	(17)	(17)	—	—	—	—	(17)	(17)
2/14 - 2/14	13,313	88.80	(48)	(48)	—	—	—	—	(48)	(48)
3/14 - 3/14	8,413	88.80	(29)	(29)	—	—	—	—	(29)	(29)
4/14 - 4/14	12,473	88.80	(41)	(41)	—	—	—	—	(41)	(41)
5/14 - 5/14	11,793	88.80	(37)	(37)	—	—	—	—	(37)	(37)
6/14 - 6/14	15,546	88.80	(46)	(46)	—	—	—	—	(46)	(46)
7/14 - 7/14	11,845	88.80	(33)	(33)	—	—	—	—	(33)	(33)
8/14 - 8/14	13,165	88.80	(34)	(34)	—	—	—	—	(34)	(34)
9/14 - 9/14	16,235	88.80	(41)	(41)					(41)	(41)

10/14 - 10/14	15,605	88.80	(38)	(38)	—	—	—	—	(38)	(38)
11/14 - 11/14	18,525	88.80	(42)	(42)	—	—	—	—	(42)	(42)
12/14 - 12/14	22,526	88.80	(46)	(46)	—	—	—	—	(46)	(46)
1/13 - 1/13	66,000	87.85	(272)	(272)	—	—	—	—	(272)	(272)
2/13 - 2/13	34,000	87.85	(154)	(154)	—	—	—	—	(154)	(154)
3/13 - 3/13	50,000	87.85	(246)	(246)	—	—	—	—	(246)	(246)
4/13 - 4/13	35,000	87.85	(184)	(184)	—	—	—	—	(184)	(184)
5/13 - 5/13	36,000	87.85	(198)	(198)	—	—	—	—	(198)	(198)
6/13 - 6/13	23,000	87.85	(129)	(129)	—	—	—	—	(129)	(129)
7/13 - 7/13	15,000	87.85	(84)	(84)	—	—	—	—	(84)	(84)
8/13 - 8/13	11,000	87.85	(60)	(60)	—	—	—	—	(60)	(60)
9/13 - 9/13	20,000	87.85	(106)	(106)	—	—	—	—	(106)	(106)
10/13 - 10/13	4,000	87.85	(21)	(21)	—	—	—	—	(21)	(21)
11/13 - 11/13	250	87.85	(1)	(1)	—	—	—	—	(1)	(1)
12/13 - 12/13	2,500	87.85	(12)	(12)	—	—	—	—	(12)	(12)
1/14 - 1/14	46,000	87.85	(211)	(211)	—	—	—	—	(211)	(211)
2/14 - 2/14	25,000	87.85	(110)	(110)	—	—	—	—	(110)	(110)
3/14 - 3/14	56,000	87.85	(239)	(239)	—	—	—	—	(239)	(239)
4/14 - 4/14	45,000	87.85	(186)	(186)	—	—	—	—	(186)	(186)
5/14 - 5/14	46,000	87.85	(182)	(182)	—	—	—	—	(182)	(182)
6/14 - 6/14	48,000	87.85	(181)	(181)	—	—	—	—	(181)	(181)
7/14 - 7/14	36,000	87.85	(129)	(129)	—	—	—	—	(129)	(129)
8/14 - 8/14	34,000	87.85	(117)	(117)	—	—	—	—	(117)	(117)
9/14 - 9/14	26,000	87.85	(86)	(86)	—	—	—	—	(86)	(86)

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10/14 - 10/14	27,000	87.85	(86)	(86)	—	—	—	—	(86)	(86)
11/14 - 11/14	20,000	87.85	(61)	(61)	—	—	—	—	(61)	(61)
12/14 - 12/14	31,000	87.85	$ (87)	$ (87)	—	—	$ —	$ —	$ (87)	$ (87)
9/13 - 9/13	(17,500)	$ 89.15	$ 72	$ 72	—	$ —	$ —	$ —	$ 72	$ 72
			$ (8,071)	$ (8,071)			$ 5,388	$ 5,388	$ (2,683)	$ (2,683)

The fair values of derivative instruments in our consolidated balance sheets were as follows (in thousands):

	Asset Derivatives		Liability Derivatives	
Derivatives Not Designated as Hedging Instruments under Accounting Guidance	**Balance Sheet Location**	**Fair value at December 31, 2013**	**Balance Sheet Location**	**Fair value at December 31, 2013**
Commodity Contracts	Derivative financial instruments		Derivative financial instruments	
	Current	$ 1,370	Current	$ (9,828)
	Non-current	—	Non-current	(31)
Total derivative instruments		$ 1,370		$ (9,859)

	Asset Derivatives		Liability Derivatives	
Derivatives Not Designated as Hedging Instruments under Accounting Guidance	**Balance Sheet Location**	**Fair Value at December 31, 2012**	**Balance Sheet Location**	**Fair value at December 31, 2012**
Commodity Contracts	Derivative financial instruments		Derivative financial instruments	
	Current	$ 6,808	Current	$ (4,400)
	Non-current	1,235	Non-current	(6,326)
Total derivative instruments		$ 8,043		$ (10,726)

The effect of derivative instruments on our consolidated statements of operations was as follows (in thousands):

		Twelve Months Ended December 31,		
Derivatives Not Designated as Hedging Instruments under Accounting Guidance	**Statements of Operations Location**	**2013**	**2012**	**2011**
Commodity Contracts	Realized (loss) gain on derivative financial instruments	$ (1,522)	$ 23,364	$ 8,099
Commodity Contracts	Unrealized gain (loss) on derivative financial instruments	(5,806)	(4,783)	17,556
Total derivative instruments		$ (7,328)	$ 18,581	$ 25,655

NOTE 9—FAIR VALUE MEASUREMENTS

Accounting guidance for fair value measurements clarifies the definition of fair value, prescribes methods for measuring

fair value, establishes a fair value hierarchy based on the inputs used to measure fair value, and expands disclosures about fair value measurements. The three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is:

- *Level 1*—Valuations based on quoted prices for identical assets and liabilities in active markets.
- *Level 2*—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- *Level 3*—Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

As required by accounting guidance for fair value measurements, financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to

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the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

The following tables present information about our assets and liabilities measured at fair value on a recurring basis as of December 31, 2013 and 2012, and indicate the fair value hierarchy of the valuation techniques utilized by us to determine such fair value (in thousands):

	Fair Value Measurements at December 31, 2013 Using Fair Value Hierarchy			
	Fair value as of December 31, 2013	Level 1	Level 2	Level 3
Assets				
Oil and Natural Gas Derivatives	$ 1,370	$ —	$ 1,370	$ —
	$ 1,370	$ —	$ 1,370	$ —
Liabilities				
Oil and Natural Gas Derivatives	$ (9,859)	$ —	$ (9,859)	$ —
	$ (9,859)	$ —	$ (9,859)	$ —

	Fair Value Measurements at December 31, 2012 Using Fair Value Hierarchy			
	Fair value as of December 31, 2012	Level 1	Level 2	Level 3
Assets				
Oil and Natural Gas Derivatives	$ 8,043	$ —	$ 8,043	$ —
	$ 8,043	$ —	$ 8,043	$ —
Liabilities				
Oil and Natural Gas Derivatives	$ (10,726)	$ —	$ (10,726)	$ —
	$ (10,726)	$ —	$ (10,726)	$ —

At December 31, 2013 and 2012, management estimates that the derivative contracts had a fair value of $(8.5) million and $(2.7) million, respectively. We estimated the fair value of derivative instruments using internally-developed models that use as their basis, readily observable market parameters.

The determination of the fair values above incorporates various factors required under accounting guidance for fair value measurements. These factors include not only the impact of our nonperformance risk but also the credit standing of the counterparties involved in our derivative contracts.

As of December 31, 2013, the estimated fair value of cash and cash equivalents, accounts receivable, other current assets, accounts payable and other current liabilities approximated their carrying value due to their short-term nature. The estimated fair value of our debt was primarily based on quoted market prices as well as prices for similar debt based on recent market transactions. The fair value of debt at December 31, 2013 was $164.1 million.

Fair Value on a Non-Recurring Basis

As of December 31, 2013, oil and gas properties with a carrying value of $275.2 million were written down to their fair value of $196.1 million, resulting in an impairment charge, which is recognized under “Impairments” in the consolidated statements of operations, of $79.1 million for the year ended December 31, 2013. As of December 31, 2012, oil and gas properties with a

carrying value of $291.0 million were written down to their fair value of $260.0 million, resulting in an impairment charge of $31.0 million. The impairment analysis is based on the estimated discounted future cash flows for those properties. Significant Level 3 assumptions used in the calculation of estimated discounted cash flows included our estimate of future oil and gas

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prices, production costs, development expenditures, estimated quantities and timing of production of proved reserves, appropriate risk-adjusted discount rates, and other relevant data.

NOTE 10—DEBT AND NOTES PAYABLE

Our debt and notes payable are summarized as follows:

	December 31, 2013	December 31, 2012
	(in thousands)	
Senior Secured Revolving Credit Facility	$ 34,500	$ 52,000
13.75% Senior Secured Notes, net of discount	149,383	149,118
AFCO Credit Corporation-insurance note payable	—	3,552
Other debt	303	—
Total debt	184,186	204,670
Less: current portion	(257)	(3,552)
Total long-term debt	$ 183,929	$ 201,118

Senior Secured Revolving Credit Facility

On December 24, 2010 we entered into a credit facility (the "Credit Facility") comprised of a senior secured revolving credit facility (the "Revolving Credit Facility") and a secured letter of credit to be used exclusively for the issuance of letters of credit in support of our future P&A liabilities relating to our oil and natural gas properties (the "Letter of Credit Facility").

During 2013, we have entered into various amendments to the Credit Facility. These amendments have (1) changed our amount available for borrowing under the Revolving Credit Facility, (2) increased the secured letter of credit from $35 million to $47 million, (3) amended certain provisions governing our swap agreements, (4) updated the fees on the letters of credit to 2% on a go-forward basis, (5) updated the "change in control" definition, (6) amended the definition of debt included in the calculation of the covenants, (7) changed the maturity date to January 1, 2015 on the Credit Facility and to June 22, 2014 on the Letter of Credit Facility, (8) received waivers related to our financial covenants for the third and fourth quarters of 2013, (9) added affirmative covenants to be furnished on a weekly basis including updated cash flow projections, updated accounts payable and accounts receivable schedules, and daily production reports for the week, (10) added an affirmative covenant that we would receive certain specified capital contributions from Platinum Partners Black Elk Opportunities Fund LLC ("PPBE") or entities designated by PPBE (the "Platinum Group") during the first quarter of 2013 and (11) revised the definition of "Event of Default" to include non-compliance with new affirmative covenants, (12) restricted returns of capital to our unit holders or distributions of our property to our equity interest holders and (13) waived our right and the rights of the Lenders to request or obtain a borrowing base redetermination prior to the first scheduled redetermination date in 2014.

As of December 31, 2013, we had $34.5 million of borrowings outstanding and $66.6 million of letters of credit issued resulting in zero borrowings available under the Credit Facility. On March 17, 2014, our credit facility was paid off.

The Credit Facility requires us and our subsidiaries to maintain certain financial covenants. Specifically, we may not permit, in each case as calculated as of the end of each fiscal quarter, our total leverage ratio to be more than 2.5 to 1.0, our interest coverage ratio to be less than 2.5 to 1.0, or our interest coverage ratio to be less than 3.0 to 1.0, or our payables restriction covenant, which does not allow accounts payable greater than 90 days old to exceed $6.0 million in the aggregate, excluding certain vendors (in each case as defined in our revolving Credit Facility). In addition, we and our subsidiaries are subject to various covenants, including, but not limited to, restrictions on our and our subsidiaries' ability to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets subject to their security interests, pay dividends, make acquisitions, loans, advances or investments, sell or otherwise transfer assets, enter into transactions with affiliates or change our line of business.

As of December 31, 2013, we were not in compliance with the total leverage ratio covenant, and the interest coverage ratio covenant. Our total leverage ratio was calculated to be 5.0 to 1.0, which was higher than the required maximum of 2.5 to 1.0. Our interest coverage ratio covenant was calculated to be 1.4 to 1.0, which was lower than the minimum 3.0 to 1.0. Our

payables restriction covenant was calculated at $46.9 million which was higher than the maximum of $6.0 million. We received

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a limited waiver relating to such covenants in the December 31, 2013 as well as a limited waiver on our Letter of Credit Facility in the Waiver and Tenth Amendment for the fiscal quarter ended December 31, 2013.

The Credit Facility provides that, upon the occurrence of certain events of default, our obligations thereunder may be accelerated and the lending commitments terminated. Such events of default include payment defaults to the lenders, material inaccuracies of representations and warranties, covenant defaults, cross defaults to other material indebtedness, including the notes, voluntary and involuntary bankruptcy proceedings, material money judgments, certain change of control events and other customary events of default.

13.75% Senior Secured Notes

On November 23, 2010, we issued $150 million face value of 13.75% Senior Secured Notes discounted at 99.109%. The net proceeds were used to repay all of the outstanding indebtedness under our prior revolving credit facility, to fund Bureau of Ocean Energy Management, Regulation and Enforcement collateral requirements, and to prefund our escrow accounts. We pay interest on the Notes semi-annually in arrears, on June 1 and December 1 of each year, which commenced on June 1, 2011. The Notes will mature on December 1, 2015, of which all principal then outstanding will be due. As of December 31, 2013 and 2012, the recorded value of the Notes was $149.4 million and $149.1 million, respectively, which includes the unamortized discount of $0.6 million and $0.9 million, respectively. We incurred underwriting and debt issue costs of $7.2 million which have been capitalized and will be amortized over the life of the Notes.

The Notes are secured by a security interest in the issuers' and the guarantors' assets (excluding the W&T Escrow Accounts) to the extent they constitute collateral under our existing unused Credit Facility and derivative contract obligations. The liens securing the Notes will be subordinated and junior to any first lien indebtedness, including our derivative contracts obligations and Credit Facility.

We have the right to redeem the Notes under various circumstances. If we experience a change of control, the holders of the Notes may require us to repurchase the Notes at 101% of the principal amount thereof, plus accrued unpaid interest. We also have an optional redemption in which we may redeem up to 35% of the aggregate principal amount of the Notes at a price equal to 110.0% of the principal amount, plus accrued interest and unpaid interest to the date of redemption, with the net cash proceeds of certain equity offerings until December 1, 2013. From December 1, 2013 until December 1, 2014, we may redeem some or all of the Notes at an initial redemption price equal to par value plus one-half the coupon which equals 106.875% plus accrued and unpaid interest to the date of the redemption. On or after December 1, 2014, we may redeem some or all of the Notes at a redemption price equal to par plus accrued and unpaid interest to the date of redemption.

On May 23, 2011, we commenced a consent solicitation that was completed on May 31, 2011 and resulted in our entry into the First Supplemental Indenture. We paid a consent solicitation fee of $4.5 million. The First Supplemental Indenture amended the Indenture to, among other things: (1) increase the amount of capital expenditures permitted to be made by us on an annual basis, (2) enable us to obtain financial support from our majority equity holder by way of a $30 million investment in Sponsor Preferred Stock, which can be repaid over time, and (3) obligate us to make an offer to repurchase the Notes semi-annually at an offer price equal to 103% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest to the extent we meet certain defined financial tests and as permitted by our credit facilities.

The Notes require us to maintain certain financial covenants. Specifically, we may not permit our SEC PV-10 (as defined in Note 18) to consolidated leverage to be less than 1.4 to 1.0 as of the last day of each fiscal year. In addition, we and our subsidiaries (excluding FWS) are subject to various covenants, including restricted payments, incurrence of indebtedness and issuance of preferred stock, liens, dividends and other payments, merger, consolidation or sale of assets, transactions with affiliates, designation of restricted and unrestricted subsidiaries, and a maximum limit for capital expenditures. Our limitation on capital expenditures was amended in conjunction with the Consent Solicitation on May 31, 2011 to a maximum limit of $60 million for the fiscal year ending December 31, 2012 and 30% of consolidated earnings before interest expense, income taxes, DD&A and impairment, and exploration expense for any year thereafter. As of December 31, 2013, we were in compliance with our covenants under the Indenture.

AFCO Credit Corporation—Insurance Notes Payable

In 2012, we entered into a note to finance annual insurance premiums related to our oil and natural gas properties for an aggregate $17.6 million. The note bore interest at an annual rate of 1.95% compounded monthly. The note was paid off during the first quarter of 2013.

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The amounts of required principal payments based on our outstanding debt amounts as of December 31, 2013, were as follows:

Year Ending December 31,	(in thousands)
2014	$ 257
2015	184,530
2016	16
2017	—
2018	—
	184,803
Unamortized discount on 13.75% Senior Secured Notes	(617)
Total debt	$ 184,186

NOTE 11—DEFINED CONTRIBUTION PLAN

We have a 401(k) Defined Contribution Plan (the "Plan"). Employees become eligible to contribute to the plan and to receive employer contributions the first of the month subsequent to completing one month of service. The Plan allows eligible employees to contribute up to 90% of their annual compensation, not to exceed the maximum amounts permitted by IRS regulations. The defined contribution plan provides that we will make a safe harbor contribution equal to 3% of compensation for the plan year. Employees are 100% vested in contributions that they make to the Plan and any safe harbor contributions. Other contributions made by us fully vest after three years of service. We provided matching contributions to the Plan for the years ended December 31, 2013, 2012 and 2011 of $0.5 million, $0.3 million and $0.5 million, respectively.

NOTE 12—MEMBERS' DEFICIT

The Member Agreement (the "Agreement") has four (Class A, B, C, and E) classes of members. Net income (loss) is allocated to the members in accordance with the terms set forth in the Agreement. The Agreement allows for preferred returns to certain members after internal rate of return and return of investment hurdles are met.

In the first quarter of 2013, we entered into contribution agreements with PPVA (Equity) and Platinum Partners Black Elk Opportunities Fund LLC ("PPBE") or entities designated by PPBE (together, the "Platinum Group") pursuant to which we have issued 50.0 million additional Class E Preferred Units (the "Class E Units") and 3.8 million additional Class B Units to the Platinum Group for an aggregate offering price of $50.0 million. The Class E Units are recorded under "Preferred Units" and the Class B Units are included in "Members Deficit" in the consolidated balance sheets. In addition, we also agreed to issue an additional 43 million Class E Units in exchange for $30.0 million of outstanding Class D Preferred Units and $13.0 million of paid-in-kind dividends. The Class D Preferred Units were recorded under "Preferred Units" in the consolidated balance sheets. The Class E Units will receive a preferred return of 20% per annum, which will increase from and after March 25, 2014 to 36% per annum (such date as determined by our Fifth Amendment to Second Amended and Restated Limited Liability Operating Agreement). For the year ended December 31, 2013, we issued an additional amount of Class E Units of approximately 16.7 million as paid-in-kind dividends to the holders of Class E Units.

On February 12, 2013, we entered into an agreement with Platinum under which we agreed to issue Class B Units to Platinum in exchange for financial consulting services, including (1) analysis and assessment of our business and financial condition and compliance with financial covenants in our Credit Facility, (2) discussion with us and senior bank lenders regarding capital contributions and divestitures of non-core assets, and (3) coordination with our attorneys, accountants, and other professionals. On February 12, 2013, we issued 1,131,458.5 Class B Units to PPVA Black Elk (Equity) LLC, an affiliate of Platinum, pursuant to such agreement.

On February 12, 2013, we entered into the Fourth Amendment to the Second Amended and Restated Limited Liability Operating Agreement of the Company (the "Fourth Amendment"). The Fourth Amendment amended the Company's

operating agreement to effectuate a 10,000 to 1 unit split for each of the Class A Units, Class B Units and Class C Units.

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NOTE 13—GAIN ON INVOLUNTARY CONVERSION

High Island 443 A-2

On September 27, 2012, an incident occurred on our High Island 443 A-2 ST well which required the closing of the blind/shear rams to properly shut in and maintain control of the well due to several days of unsuccessful attempts to repair a small hydrocarbon leak on a conductor riser. Additional surface diagnostics found the inner casing strings to be most likely compromised. On October 12, 2012, the Bureau of Safety and Environmental Enforcement ("BSEE") advised us to plug and abandon the well. We have well control insurance and pursued reimbursement for this incident. Additionally, once the High Island 443 A-2 ST well was plugged, we started operations to sidetrack the High Island 443 A-5 well on the same platform. The costs associated with the High Island 443 A-5 drill are also insurance recoverable.

The claim was approved and paid by insurance underwriters. We recorded a receivable of $3.1 million for reimbursement, after a deductible of $0.5 million, under our insurance policy at December 31, 2012 and received the funds during the first quarter of 2013. As of December 31, 2013, the claim was finalized and we received at total of approximately$24.1 million, net of deductibles, in cash for the claim during 2013. Of this amount, $17.8 million was recognized as a gain on involuntary asset conversion on the consolidated statement of operations.

NOTE 14—RELATED PARTY TRANSACTIONS

We pay for certain operating and general and administrative expenses on behalf of Black Elk Energy, LLC, the parent company of Black Elk Energy Land Operations, LLC and Black Elk Energy Finance Corp. At December 31, 2013 and 2012, we had receivables from Black Elk Energy, LLC in the amount of $273,430 and $23,430, respectively.

During 2011, we entered into a contribution agreement with Platinum. We also entered into additional contributions with ("PPVA (Equity)") and the Platinum Group in 2013. See Note 12.

On August 30, 2013, we consented to the assignment by Capital One Bank, N.A. and the other lenders of all of their rights and obligations under our Credit Facility to White Elk LLC, as Administrative Agent and Lender, and Resource Value Group LLC, as Lender. Resource Value Group LLC is affiliated with Platinum. As part of this transaction, we paid a required $0.3 million purchase fee on behalf of Platinum pursuant to the Loan Purchase Agreement.

On May 28, 2013, our consolidated subsidiary FWS entered into an equipment lease agreement with Pea and Eigh Company, LLC ("Pea and Eigh"), a related party of Platinum. The lease began on July 1, 2013 and is payable in monthly installments of approximately $35,000, maturing on December 31, 2013, with a month to month lease option thereafter. The agreement also includes an option to purchase the equipment for $1.5 million. The lease arrangement is treated as an operating lease and we incurred approximately $0.2 million of rental expense for the year ended December 31, 2013. As of December 31, 2013, we have not purchased all of the equipment. We currently have restricted cash of $0.6 million for the additional equipment to be purchased as well as advances due to Pea and Eigh of $0.6 million, which is included in "Accounts payable and accrued expenses".

In October 2010, Freedom Logistics LLC ("Freedom") was formed by Platinum, our majority equity holder, and Freedom HHC Management, LLC, the members of which are Messrs. John Hoffman (our President and Chief Executive Officer) and David Cantu (a member of our management), for the purpose of holding certain aircraft equipment, including two helicopters. On October 8, 2010, we guaranteed the loan that Freedom used to purchase two helicopters in the aggregate principal amount of $3.2 million. On August 1, 2012, Freedom entered into a purchase agreement with Gulf State Aviation, whereby Gulf State Aviation purchased certain aircraft equipment from Freedom, including the two helicopters. The proceeds of the sale were applied to the balance of the guaranteed loan when the sale was finalized in December 2012 and there was no remaining balance due on the loan as of December 31, 2012. Before the sale, Freedom provided us with aircraft services, which were prepaid on a monthly basis. As of December 31, 2012, we had a receivable of $0.3 million from Freedom. The receivable was paid on February 26, 2013.

NOTE 15—MAJOR CUSTOMERS AND CONCENTRATIONS OF CREDIT RISK

Major Customers

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The following purchasers and operators accounted for 10% or more of our oil and natural gas sales:

	Year Ended December 31,		
	2013	2012	2011
Shell Trading (US) Company	62%	18%	51%
JP Morgan Ventures Energy Corporation	—%	41%	8%

In the exploration, development and production business, production is normally sold to relatively few customers. Substantially all of our customers are concentrated in the oil and natural gas industry and revenue can be materially affected by current economic conditions, the price of certain commodities such as crude oil and natural gas and the availability of alternate purchasers. We believe that the loss of any of our major purchasers would not have a long-term material adverse effect on our operations.

Concentrations of Credit Risk

We are subject to concentrations of credit risk with respect to our cash and cash equivalents, which we attempt to minimize by maintaining our cash and cash equivalents with major high credit quality financial institutions. We had cash deposits in certain banks that at times exceeded the maximum limits federally insured by the Federal Deposit Insurance Corporation. We monitor the financial condition of the banks and have experienced no losses on those accounts.

Substantially all of our accounts receivable result from oil and natural gas sales and joint interest billings to third parties in the oil and natural gas industry. This concentration of customers and joint interest owners may impact our overall credit risk in that these entities may be similarly affected by changes in economic and other conditions. Based on the current demand for oil and natural gas, we do not expect that termination of sales to any of our current purchasers would have a material adverse effect on our ability to find replacement purchasers and to sell our production at favorable market prices.

Derivative instruments also expose us to credit risk in the event of nonperformance by counterparties. Generally, these contracts are with major investment grade financial institutions and other substantive counterparties. We actively monitor our credit risks related to financial institutions and counterparties including monitoring credit agency ratings, financial position and current news to mitigate this credit risk.

A substantial portion of our oil and natural gas reserves and production are located in the Gulf of Mexico. Our company may be disproportionally exposed to the impact of delays of interruptions of production from these wells due to mechanical problems, damages to the current producing reservoirs and significant governmental regulations, including any curtailment of production or interruption of transportation of oil or natural gas produced from these wells.

NOTE 16—COMMITMENTS AND CONTINGENCIES

General

Due to the nature of our business, some contamination of the real estate property owned or leased by us is possible. Environmental site assessment of the property would be necessary to adequately determine remediation costs, if any. Management does not consider the amounts that would result from any environmental site assessments to be significant to the consolidated financial position or results of our operations. Accordingly, no provision for potential remediation costs is reflected in the accompanying consolidated financial statements.

We are subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on our consolidated financial position or results of operations.

West Delta 32

On November 16, 2012, an explosion and fire occurred on our West Delta 32-E platform, located in the Gulf of Mexico approximately 17 miles southeast of Grand Isle, Louisiana. At the time of the explosion, production on the platform

had been shut in while crews of independent contractors performed maintenance and construction on the platform. Three workers died as a result of the explosion and subsequent fire, and others sustained varying degrees of personal injuries. An investigation by the Bureau of Safety Enforcement and Environment Agency (“BSEE”), in coordination with the U.S. Coast Guard, has been

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finalized. As a result of the investigation, it is possible that BSEE could issue Incidents of Non-Compliance. We are currently waiting for BSEE's conclusion of its assessment of penalties.

The United States Chemical Safety and Hazard Investigation Board has also made inquiry regarding the incident but has decided not to formally opened an investigation. Additionally, civil lawsuits relating to the explosion have been filed and are pending in federal courts.

On January 31, 2013, the family of decedent Jerome Malagapo sued BEEOO in the United States District Court for the Eastern District of Louisiana. The lawsuit was filed by Mr. Malagapo's wife individually and on behalf of his estate and Mr. Malagapo's children. The plaintiffs allege that Mr. Malagapo was employed by Grand Isle Shipyard, Inc. and was working on the West Delta 32 Block Platform and as a result of the incident died. The plaintiffs are seeking an unspecified amount of actual and punitive damages.

On February 27, 2013, the family of decedent Avelino Tajonera sued BEEOO in the United States District Court for the Eastern District of Louisiana. The lawsuit was filed by Mr. Tajonera's wife individually and on behalf of his estate and Mr. Tajonera's three children. The plaintiffs allege that Mr. Tajonera was employed by Grand Isle Shipyard, Inc. and was working on the West Delta 32 Block Platform at the time of the West Delta 32 Incident. They allege that Mr. Tajonera died several days after the West Delta 32 Incident from injuries he sustained therein. The plaintiffs are seeking an unspecified amount of actual and punitive damages.

On March 25, 2013, the family of decedent Ellroy Corporal sued BEEOO in the United States District Court for the Eastern District of Louisiana. The lawsuit was filed by Mr. Corporal's wife individually and on behalf of his estate and Mr. Corporal's two children. The plaintiffs allege that Mr. Corporal was working on the West Delta 32 Block Platform at the time of the West Delta 32 Incident. They allege that Mr. Corporal died from complications due to the West Delta 32 Incident. The plaintiffs are seeking an unspecified amount of actual and punitive damages.

For each proceeding, we are currently evaluating the plaintiff's petitions and determining appropriate courses of response with the aid of legal counsel. These proceedings are at a preliminary stage; accordingly, we currently cannot assess the probability of losses, or reasonably estimate a range of any potential losses related to the proceedings. We intend to vigorously defend the Company in these proceedings.

As previously reported, six investors in Black Elk Energy, LLC ("BEE") filed a purported derivative complaint on behalf of BEE in the Supreme Court of the State of New York, County of New York, against the Company, John Hoffman, Iron Island Technologies Inc., and various entities and individuals associated with the Company's majority unit owner (the "Platinum Defendants"). The lawsuit seeks unspecified damages allegedly arising from (1) the dilution of BEE's ownership interest in the Company through various financing transactions with the Platinum Defendants and the issuance of membership units under management and employee incentive programs; and (2) the alleged mismanagement of the Company in connection with certain alleged safety violations and the West Delta 32 Incident. We believe there are strong defenses to the claims asserted in the lawsuit, and the Company intends to defend the case vigorously. On or about September 24, 2013, Plaintiffs filed a motion for a preliminary injunction to restrain a portion of the proceeds of the Company's proposed sale of certain oil fields in the Gulf of Mexico. The Court denied the motion on November 15, 2013. On or about November 20, 2013, we filed a motion to dismiss the complaint in its entirety, inter alia, on the grounds that (i) the claims fail to state a cause of action; (ii) the claims are refuted by documentary evidence; (iii) plaintiffs, who are not members of the Company, lack standing to assert a claim for mismanagement of the Company; and (iv) certain claims are barred by the statute of limitations. The motion is now fully briefed. Discovery is at an early stage, with the parties beginning to make rolling document productions.

On April 29, 2013, Grand Isle Shipyards, Inc. ("GIS") sued BEEOO, Enviro-Tech Systems, LLC, Wood Group USA, Inc., and Compass Engineering & Consultants, LLC in the United States District Court for the Eastern District of Louisiana for damages it alleged incurred in connection with the West Delta 32 Incident. GIS specifically sought damages for loss of property and equipment, expenses in the form of indemnity and medical benefits paid to or on behalf of its employees and for unpaid invoices in connection with the work it performed at West Delta 32. Upon motion by BEEOO, however, the court dismissed GIS' lawsuit and ordered GIS and BEEOO to first attempt to resolve their claims through mediation which took place on November 12, 2013. Since the mediation was unsuccessful, the Parties have now agreed to enter into binding Arbitration, pursuant to and in accordance with the MSA. The Arbitration proceedings are underway.

Operating Leases

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We lease office space and certain equipment under non-cancellable operating lease agreements that expire on various dates through 2020.

Approximate future minimum lease payments for operating leases at December 31, 2013 were as follows:

Year Ending December 31,	(in thousands)
2014	$ 7,274
2015	2,151
2016	1,973
2017	1,695
2018	1,536
Thereafter	3,093
	$ 17,722

Rent expense of approximately $1.7 million, $1.5 million and $1.0 million was incurred under operating leases in the years ended December 31, 2013, 2012 and 2011, respectively.

Escrow Accounts

Pursuant to the purchase agreement from W&T Offshore, Inc. ("W&T"), we are required to fund two escrow accounts (the "W&T Escrow Accounts"), relating to the operating and non-operating properties that were acquired in maximum aggregate amount of $49.2 million ($18.0 million operated and $31.2 million non-operated) for future P&A costs that may be incurred on such properties. We were required to fully fund such obligations by the end of 2012 with respect to the operating properties and by the end of 2016 with respect to non-operating properties. The maximum obligation of $63.8 million may be adjusted downward in certain situations. We may withdraw cash from the W&T Escrow Accounts as reimbursement for performed P&A obligations. However, no cash may be withdrawn if at any point we are in default under our stipulated payment schedules. As of November 2010, we fully funded the operating escrow account in the amount of $43.1 million and the payment schedule for the Non-Operated Properties Escrow Account was amended and commenced on December 2011. As of December 31, 2013, we have funded $17.5 million into the non-operating escrow account, leaving $13.7 million to be funded through May 1, 2017.

The obligations under the W&T Escrow Accounts are fully guaranteed by an affiliate of Platinum. W&T Offshore Inc. ("W&T") has a first lien on the entirety of the W&T Escrow Accounts, and BP Corporation North America Inc. and Platinum are pari passu second lien holders. Once P&A obligations with respect to the interest in properties acquired from the W&T Acquisition have been fully satisfied, the lien on the W&T Escrow Accounts will be automatically extinguished. W&T also has a second priority lien with respect to the interest in properties acquired from the W&T Acquisition (with Platinum and BNP Paribas sharing a first priority lien), which lien will be released once the W&T Escrow Accounts have been fully funded.

On December 19, 2012, we entered into a Third Amendment to Purchase and Sale Agreement (the "Third Amendment") with W&T. Pursuant to the Third Amendment, we caused performance bonds (the "ARGO Bonds") in an aggregate amount of $32.6 million to be issued by Argonaut Insurance Company to W&T to guaranty our performance of certain plugging and abandonment obligations. Upon receipt of the ARGO Bonds, W&T (i) released its rights to any money held in an escrow account established to secure our performance of certain plugging and abandonment obligations with respect to the Operated Properties Escrow Account, (ii) released the security interest and deposit account control agreement formerly securing its rights in the Operated Properties Escrow Account and (iii) authorized the escrow agent to release such funds from the Operated Properties Escrow Account to or at our direction. In addition, we and W&T agreed that until the funding of an escrow account established to our performance of certain plugging and abandonment obligations with respect to certain non-operated properties is complete, we may not obtain reductions of the ARGO Bonds under any circumstances without W&T's consent.

Pursuant to the purchase agreement for the Maritech Acquisition, we are required to fund an escrow account (the "Maritech Escrow Account"), relating to the properties that were acquired of $13.1 million to be used for future P&A costs that may be incurred on such properties. As of December 31, 2013, we have funded $12.4 million, leaving $0.7 million to be

funded through February 2014.

In regards to the Merit Acquisition, we are required to establish an escrow account to secure the performance of our P&A obligations and other indemnity obligations with respect to P&A and/or decommissioning of the acquired wells and facilities.

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We paid $33 million in surety bonds at closing and are required to, over time, deposit in the escrow account an amount equal to $60 million, which is to be paid in 30 equal monthly installments payable on the first day of each month commencing on June 1, 2011. As of December 31, 2013, we have fully funded the escrow obligation.

NOTE 17—UNCERTAIN TAX POSITIONS

As we are considered a flow through entity for U.S. federal tax purposes, our only exposure to uncertain tax positions relates to the Texas margins tax.

We did not have unrecognized tax benefits as of December 31, 2013 and 2012, and do not expect this to change significantly over the next 12 months. In accordance with accounting guidance for income taxes, we will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2013 , 2012 and 2011, we have not accrued interest or penalties related to uncertain tax positions.

Our tax years for fiscal years ended December 31, 2013, 2012, and 2011 are subject to examination in the United States and relevant state jurisdictions.

NOTE 18—SUPPLEMENTAL OIL AND NATURAL GAS RESERVE INFORMATION (UNAUDITED)

The supplementary data presented herein reflects information for all of our oil and natural gas producing activities.

Costs Incurred in Oil and Natural Gas Property Acquisition, Exploration and Development Activities

The following table sets forth costs incurred related to our oil and natural gas activities for the years ended December 31, 2013, 2012 and 2011:

	Year Ending December 31,		
	2013	2012	2011
		(in thousands)	
Oil and Gas Activities:			
Exploration costs	$ 200	$ 1,682	$ 1,004
Development costs	130,953	42,238	21,169
Acquisition costs	3,250	3,455	27,398
Costs incurred	$ 134,403	$ 47,375	$ 49,571

Estimated Net Quantities of Oil and Natural Gas Reserves

The following estimates of the net proved oil and natural gas reserves of our oil and natural gas properties located entirely within the United States of America are based on evaluations prepared by third-party reservoir engineers. Reserve volumes and values were determined under the method prescribed by the SEC, which requires the application of the 12-month average price for natural gas and oil calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month prior period to the end of the reporting period and current costs held constant throughout the projected reserve life. Reserve estimates are inherently imprecise and estimates of new discoveries are more imprecise than those of producing oil and natural gas properties. Accordingly, reserve estimates are expected to change as additional performance data becomes available.

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Estimated quantities of proved domestic oil and natural gas reserves and changes in quantities of proved developed reserves in barrels ("MBbls") and cubic feet ("MMcf") for each of the periods indicated were as follows:

	Crude Oil and NGLs (MBbls)	Natural Gas (MMcf)	Total (MBOE)
Proved reserves at December 31, 2011	20,123	150,393	45,189
Purchases of minerals in place	—	—	—
Extensions and discoveries	3,761	11,343	5,652
Revisions of previous estimates	(94)	(30,759)	(5,221)
Production	(2,301)	(17,884)	(5,281)
Proved reserves at December 31, 2012	21,489	113,093	40,339
Extensions and discoveries	1,950	9,431	3,522
Revisions of previous estimates	(1,633)	(16,017)	(4,302)
Production	(1,941)	(13,294)	(4,157)
Purchases of minerals in place	11	—	11
Sales of minerals in place	(6,829)	(15,423)	(9,400)
Proved reserves at December 31, 2013	13,047	77,790	26,012
Proved developed reserves at December 31, 2013	9,973	53,907	18,957

Our proved undeveloped reserves at December 31, 2013 were 7.1 MMBoe, consisting of 3.1 MMBbls of oil and NGLs and 23.9 Bcf of natural gas. Decreases in proved undeveloped reserves in 2013 were primarily due to the reclassification of several PUDs that had reached the five year period and a lower pricing environment. All proved undeveloped reserves are scheduled to be drilled by 2017 excluding the twelve drills waiting on wellbore availability. Our proved undeveloped reserves at December 31, 2012 were 15.9 MMBoe, consisting of 9.2 MBbls of oil and NGLs and 40.1 Bcf of natural gas. Increases in proved undeveloped reserves were primarily due to continued evaluation of our existing asset base and the Merit Acquisition.

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Natural Gas Reserves

The following is a standardized measure of the discounted net future cash flows and changes applicable to proved oil and natural gas reserves required by accounting guidance for disclosures about oil and natural gas producing activities. The future cash flows are based on estimated oil and natural gas reserves utilizing prices and costs in effect as of year-end, discounted at 10% per year and assuming continuation of existing economic conditions.

The standardized measure of discounted future net cash flows, in management's opinion, should be examined with caution. The basis for this table is the reserve studies prepared by independent petroleum engineering consultants, which contain imprecise estimates of quantities and rates of production of reserves. Revisions of previous year estimates can have a significant impact on these results. Also, exploration costs in one year may lead to significant discoveries in later years and may significantly change previous estimates of proved reserves and their valuation. Therefore, the standardized measure of discounted future net cash flow is not necessarily indicative of the fair value of our proved oil and natural gas properties.

The data presented should not be viewed as representing the expected cash flow from or current value of, existing proved reserves since the computations are based on a large number of estimates and arbitrary assumptions. Reserve quantities cannot be measured with precision and their estimation requires many judgmental determinations and frequent revisions. Actual future prices and costs are likely to be substantially different from the current prices and costs utilized in the computation of reported amounts.

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	December 31,		
	2013	2012	2011
		(in thousands)	
Future cash inflows	$ 1,611,000	$ 2,552,252	$ 2,641,791
Future cost:			
Production	573,233	695,079	714,076
Development	212,376	496,834	544,523
Future income taxes	—	—	—
Future net cash flows	825,391	1,360,339	1,383,192
10% annual discount for estimated timing of cash flows	189,441	302,546	321,784
Standardized measure of discounted future net cash flows	$ 635,950	$ 1,057,793	$ 1,061,408

Changes in Standardized Measure of Discounted Future Net Cash Flows from Oil and Gas Proved Reserves

	Year Ended December 31,		
	2013	2012	2011
		(in thousands)	
Beginning of year:	$ 1,057,793	$ 1,061,408	$ 392,189
Purchase of minerals in place	348	—	612,048
Extensions and discoveries and improved recovery, net of future production and development cost	108,261	202,334	314,920
Accretion of discount	87,339	83,566	34,238
Net change in sales prices net of production costs	(314,721)	(61,407)	112,923
Changes in estimated future development costs	162,099	6,420	(359,942)
Previously estimated future development costs incurred	74,073	39,433	17,198
Revisions of quantity estimates	(132,242)	(186,902)	60,822
Sales, net of production costs	(86,673)	(88,837)	(131,500)
Timing differences and other	(31,392)	1,778	8,512
Sales of minerals in place	(288,935)	—	—
Net increase (decrease)	(421,843)	(3,615)	669,219
End of year	$ 635,950	$ 1,057,793	$ 1,061,408

The data presented should not be viewed as representing the expected cash flow from or current value of, existing proved reserves since the computations are based on a large number of estimates and arbitrary assumptions. Reserve quantities cannot be measured with precision and their estimation requires many judgmental determinations and frequent revisions. Actual future prices and costs are likely to be substantially different from the current prices and costs utilized in the computation of reported amounts.

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NOTE 19—QUARTERLY FINANCIAL DATA (Unaudited)

The table below sets forth unaudited financial information for each quarter of the last two years (in thousands):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Year ended December 31, 2013				
Total revenues	$ 59,988	$ 66,374	$ 63,757	$ 67,889
Loss (income) from operations	(8,972)	(30,683)	(8,881)	44,004
Net (loss) income	(16,212)	(39,518)	(18,415)	(41,228)
Net (loss) income attributable to common unit holders	(19,355)	(44,201)	(23,170)	(36,418)
Year ended December 31, 2012				
Total revenues	$ 76,181	$ 106,594	$ 57,125	$ 64,578
Income (loss) from operations	1,245	28,721	(25,153)	(39,631)
Net (loss) income	(5,654)	21,517	(32,575)	(47,256)
Net (loss) income attributable to common unit holders	(7,454)	19,573	(34,807)	(49,488)

NOTE 20—SUBSEQUENT EVENTS

Actions taken after the 2013 Fiscal Year

Resignation of Bruce Koch

On January 9, 2014, Black Elk Energy Offshore Operations, LLC (the "Company") announced the resignation of Bruce Koch, Vice President and Chief Financial Officer, effective January 7, 2014. The terms of Mr. Koch's offer letter included a lump sum severance compensation in an amount equal to one year's annual base salary, plus the benefits for one year the he was entitled to under his employment agreement. In exchange for these benefits, the offer letter contains a general release of claims by Mr. Koch and covenants by Mr. Koch with respect to confidentiality and non-disparagement.

Appointment of Chief Financial Officer

On January 8, 2014, we appointed Jeffrey Shulse as our Chief Financial Officer.

Senior Secured Revolving Credit Facility

On March 17, 2014 our credit facility was paid off..

Sale of Assets

On March 13, 2014 , Black Elk Energy Offshore Operations, LLC (the "Company" or "we") entered into a Purchase and Sale Agreement (the "PSA") with a wholly owned subsidiary of Fieldwood Energy LLC ("Fieldwood"). Pursuant to the PSA, Fieldwood acquired all of the Company's interest in 1 operated and 15 non-operated fields in the offshore Gulf of Mexico, and further described in detail as Exhibit 10.1 and incorporated herein, for $50 million, subject to normal purchase price adjustments (the "Sale"). The Sale closed on March 17, 2014.

Pursuant to the PSA, and subject to specified limitations described therein, we agreed to indemnify Fieldwood its Affiliates (as defined in the PSA) and their respective directors, officers, employees, stockholders, members, agents, consultants, advisors and other representatives against certain retained liabilities (as defined in the PSA) as well as losses resulting from any breach of any representations, warranties and covenants of the Company, regardless of fault, contained in

the PSA, and for certain other matters. Fieldwood has also agreed to indemnify us, our Affiliates (as defined in the PSA) and our respective directors, managers, general partners, officers, agents, employees, consultants, equity owners, stockholders and other representatives against certain losses (excluding certain retained liabilities of Seller) resulting from any breach of any

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representations, covenants or obligations of Fieldwood contained in the PSA and, subject to certain limitations, the operation and ownership of the assets acquired pursuant to the PSA, regardless of fault, and damages, including environmental damages, relating thereto.

New Swap Transactions. On January 24, 2014, we entered into the following swap transactions:

Remaining Contract Term: Natural Gas	Contract Type	Notational Volume in MMBtus/Month	NYMEX Strike Price
February 2014 - February 2014	Swap	271,672	4.47
March 2014 - March 2014	Swap	342,217	4.47
April 2014 - April 2014	Swap	287,089	4.47
May 2014 - May 2014	Swap	282,346	4.47
June 2014 - June 2014	Swap	231,998	4.47
July 2014 - July 2014	Swap	245,330	4.47
August 2014 - August 2014	Swap	223,294	4.47
September 2014 - September 2014	Swap	207,094	4.47
October 2014 - October 2014	Swap	202,612	4.47
November 2014 - November 2014	Swap	186,296	4.47
December 2014 - December 2014	Swap	219,770	4.47
January 2015 - January 2015	Swap	203,909	4.47
February 2015 - February 2015	Swap	178,341	4.47
March 2015 - March 2015	Swap	177,093	4.47

New Swap Transactions. On March 20, 2014, we entered into the following swap transactions:

Remaining Contract Term: Natural Gas	Contract Type	Notational Volume in MMBtus/Month	NYMEX Strike Price
February 2014 - February 2014	Swap	271,672	4.47
March 2014 - March 2014	Swap	342,217	4.47
April 2014 - April 2014	Swap	287,089	4.47
May 2014 - May 2014	Swap	282,346	4.47
June 2014 - June 2014	Swap	231,998	4.47
July 2014 - July 2014	Swap	245,330	4.47
August 2014 - August 2014	Swap	223,294	4.47
September 2014 - September 2014	Swap	207,094	4.47
October 2014 - October 2014	Swap	202,612	4.47
November 2014 - November 2014	Swap	186,296	4.47
December 2014 - December 2014	Swap	219,770	4.47
January 2015 - January 2015	Swap	203,909	4.47
February 2015 - February 2015	Swap	178,341	4.47
March 2015 - March 2015	Swap	177,093	4.47

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedure

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the U.S. Securities and Exchange Commission, and to ensure that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 15d-15(b) under the Exchange Act, management annually reviews our accounting policies and practices, and as a result of such review, identified it had an ineffective financial reporting process and inconsistent review of certain routine accrual calculations and journal entries. As a result of these material weaknesses (as further discussed below), our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of December 31, 2013 were not effective at a reasonable level of assurance, based on the evaluation of these controls and procedures required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act. Notwithstanding the material weaknesses further discussed below, our Chief Executive Officer and Chief Financial Officer believe that the financial statements included in this report fairly present in all material respects (and in accordance with U.S. generally accepted accounting principles) our financial condition, results of operations and cash flows for the periods presented.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as that term is defined by Exchange Act Rules 13a-15(f) and 15d-15(f). Our internal control over financial reporting is designed under the supervision of our Chief Executive Officer and Chief Financial Officer in order to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Our control environment is the foundation for our system of internal control over financial reporting and is an integral part of the changes within the organization and internal reporting.

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our internal controls over financial reporting pursuant to Rule 13a-15(c) under the Securities Exchange Act as of the end of the period covered by this Form 10-K. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated the effectiveness of our internal control over financial reporting as of December 31, 2013. In making this evaluation, management used the criteria established in *1992 Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In connection with such evaluation, our management identified material weaknesses in our control environment based on the criteria established in the *1992 Internal Control-Integrated Framework* issued by the COSO. A material weakness is a control deficiency, or a combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of our annual or interim financial statements will not be prevented or

detected.

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The material weaknesses identified were related to our continued lack of sufficient control over financial accounting and reporting processes, specifically our inconsistent review of certain routine accrual calculations and journal entries, whereas in prior year, the matter related to accounting for non-routine and non-systematic transactions. Significant turnover and reduction in force in late 2013 and early 2014 caused the above-mentioned control deficiencies and resulted in the recording of certain adjustments prior to the issuance of our consolidated financial statements included in this Form 10-K. Because of these material weaknesses, management has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2013.

Remediation of a Material Weakness

As discussed in our 2012 Form 10-K, our management concluded that our internal control over financial reporting was not effective as of December 31, 2012, as a result of a material weakness related to our lack of a sufficient control over our financial accounting and reporting processes regarding the accounting for non-routine and non-systematic transactions. As of December 31, 2012, management concluded that our control over the selection and application of our accounting policies related to non-routine and non-systematic transactions were ineffective to ensure that such transactions were recorded in accordance with U.S. generally accepted accounting principles. Specifically, the updated asset portion of the revised estimate of our asset retirement obligations were not included in the impairment computation of Net Book Value. We began implementing certain measures in 2013 to address this material weakness and continued to develop remediation plans and implemented additional measures throughout the remainder of 2013 and through the filing of the Form 10-K, including the appointment our Chief Financial Officer in January 2014, assessing the adequacy of processes and procedures underlying the specific areas discussed above, expanding and strengthening our controls surrounding the accounting for non-routine and non-systematic transactions and strengthening our policies, procedures and controls surrounding accrued expenses ensuring cooperation and coordination with departments outside of the accounting department.

The Company believes that the steps described above have enhanced the overall effectiveness of our internal control over financial reporting and remediated the previously identified material weakness.

Changes in Internal Controls over Financial Reporting

As a result of the material weaknesses identified during the period covered by this Form 10-K, management has implemented and will continue to implement changes to our internal controls that are both organizational and process-focused in an effort to improve the control environment, including as it relates to our application of accounting principles regarding our financial reporting process and review and approval of certain routine transactions. The changes to our control environment through the date of this Form 10-K include, among others:

- Appointment of our Chief Financial Officer in January 2014;
- Re-evaluation of key processes that support our financial reporting function;
- Changes in certain process owners due to turnover and reduction in force.

We will continue our efforts to improve our control environment and to focus on improving our processes and systems to help ensure that our financial reporting, operational and business requirements are met in a timely manner going forward.

This Annual Report on Form 10-K does not include an attestation report from UHY LLP, the Company's independent registered public accounting firm, regarding internal control over financial reporting. Management's report was not subject to attestation by UHY LLP, pursuant to SEC rules that permit the Company to provide only management's report in this Annual Report on Form 10-K.

Item 9B. Other Information.

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Letter of Credit Facility Amendment and Credit Facility Amendments

On August 15, 2013, we entered into a Limited Waiver, Ninth Amendment to Letter of Credit Facility Agreement to (1) obtain waivers related to certain covenants in the Letter of Credit Facility for the fiscal quarter ended June 30, 2013, (2) reduce the commitments and cap the outstanding principal balance under the Letter of Credit Facility at approximately $105.7 million and (3) reduce the maximum principal amount available under the Third Amended and Restated Note dated November 8, 2012 from $200.0 million to approximately $105.7 million.

On August 30, 2013, we consented to the assignment by Capital One Bank, N.A. and the other lenders of all of their rights and obligations under our Credit Facility to White Elk LLC, as Administrative Agent and Lender, and Resource Value Group LLC, as Lender. Resource Value Group LLC is affiliated with Platinum.

On August 30, 2013, we entered into a Limited Waiver and Eleventh Amendment to our Credit Facility to (1) obtain waivers related to our financial covenants for the third and fourth quarters of 2013, (2) extend the maturity date under the Credit Facility to January 1, 2015, (3) increase the Applicable Margin under the Credit Facility by one percent (for a total increase of two percent when combined with the one percent increase pursuant to the Eighth Amendment), (4) maintain the borrowing base at $25 million, subject to the right of Resource Value Group LLC to require the Administrative Agent to increase the borrowing base up to a maximum of $50 million, and (5) waive our right and the right of the Lenders to request or obtain a borrowing base redetermination prior to the first scheduled redetermination date in 2014. The Credit Facility as of December 31, 2013 had no borrowing capacity and as of that date we had $34.5 million outstanding.

On November 14, 2013, we entered into the Waiver and Tenth Amendment on our Letter of Credit Facility to (1) obtain waivers related to our financial covenants for the third quarter of 2013, (2) cap the outstanding principal balance under the Letter of Credit Facility at approximately $66.6 million, (3) no longer issue or renew existing Letters of Credit and (4) remove the financial covenant requirements and the restriction of asset sales.

Operating Agreement Amendment

On April 9, 2013, we entered into the Fifth Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC (the "Fifth Amendment") to (1) revise and confirm the order and manner of distributions to our members and (2) permit the issuance of Class E Units in an aggregate amount not to exceed $95.0 million and the issuance of Class B Units in connection with such Class E Units in an aggregate amount not to exceed 3,800,000 units before giving effect to any capitalized Class E preferred return, for cash or property capital contributions.

On May 3, 2013, we entered into the Sixth Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC (the "Sixth Amendment") to (1) establish the payment of the Class E Preferred Return to be paid in kind at the end of each calendar quarter to holders of record on that date unless we, with the consent of the Platinum Manager, elect to pay the Class E Preferred Return in cash and (2) establish New Mountain Finance Holdings, LLC as a Class E Member and, in the event that we do not file required reports with the U.S. Securities and Exchange Commission, provide them with rights as an Observer to the Board (as such term is defined by the Sixth Amendment). Additionally, pursuant to the Sixth Amendment, for so long as any Class E Preferred Units are outstanding, we cannot, without the written consent of the Class E Members, issue any equity instruments, including any additional classes of preferred units, that have rights, privileges or priorities that are equal or superior to the rights, privileges, or priorities of the existing Class E Preferred Units.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following table sets forth the names, ages and offices of our directors, executive officers and other key employees. There were no family relationships among any of our managers or executive officers. Pursuant to the terms of our Second Amended and Restated Operating Agreement, the members of our Board of Managers are appointed by the holders of our Class B Units and our executive officers are appointed by, and serve at the pleasure of, our Board of Managers.

Name	Age	Title
John Hoffman	55	President, Chief Executive Officer and Manager
Jeff Shulse	43	Chief Financial Officer
Daniel Small	44	Manager

Set forth below is the description of the backgrounds of our managers, executive officers and other key employees.

John Hoffman. As one of our founders, John Hoffman has served as our President and Chief Executive Officer since our inception in January 2008. He has also served as a member of our Board of Managers since that time pursuant to the terms of our Second Amended and Restated Operating Agreement. Mr. Hoffman is a Registered Professional Engineer with 30 years of industry experience. Mr. Hoffman has extensive experience in field development and operations, onshore and offshore. Prior to starting and building our Company, Mr. Hoffman held various leadership positions at Amoco Corporation, a global chemical and oil company ("Amoco"), from 1981 to 1996, including from 1991 to 1996 at Gulf of Suez Petroleum, a joint venture owned in equal shares by BP and The Egyptian General Petroleum Company, BP America Inc., a leading producer of oil and natural gas in the United States, from 1996 to 2006 and Stone Energy Corporation, an independent oil and gas company, from 2006-2007. His new field development experience spans internationally in the Egyptian Western Desert and Gulf of Suez. In the United States, his developments include major projects in deepwater Gulf of Mexico as well as on the OCS margins. Mr. Hoffman has extensive exploitation experience and knowledge with a unique demonstrated track record of increasing reserves and production while lowering costs. Mr. Hoffman has numerous publications in journals for his work on sand control, subsea wells and innovative coiled tubing pipelines. During his time with Gulf Suez Petroleum, Mr. Hoffman was awarded the Chairman's Award for Operational Excellence. Mr. Hoffman received this prestigious Chairman's Award once more during his tenure with Amoco while working the Amoco Deepwater Strategy. Further distinguishing his superior business skills, Mr. Hoffman was honored as a winner of Ernst & Young Entrepreneur of the Year Gulf Coast Area Award in 2011.

Jeff Shulse. Jeff Shulse serves as our Chief Financial Officer, a position he has held since January 2014. Mr. Shulse has over 20 years of finance, M&A and oilfield operations experience. Most recently, Mr. Shulse was founder and President of Freedom Well Services, a consolidated subsidiary of the Company. Prior to launching Freedom Well Services, Mr. Shulse was VP of Finance with Norse Cutting & Abandonment, CFO and General Counsel for American InfoSource and has public accounting experience with both Arthur Andersen LLP and Deloitte Touche Tohmatsu Limited in the areas of M&A, structured finance and taxation. Mr. Shulse is a Certified Public Accountant and a member of the State Bar of Texas and holds a Bachelor of Business Administration in Accounting from the University of Houston and a JD from the University of Houston Law Center.

Daniel Small. Daniel Small has served as a member of our Board of Managers since July 2009. Mr. Small was appointed to our Board of Managers pursuant to the terms of our Second Amended and Restated Operating Agreement, which allows PPVA Black Elk (US) Corp. or its affiliates to appoint one manager as long as PPVA Black Elk (US) Corp. or its successor holds units in our company. He is also a Managing Director at Platinum Management (NY) LLC, the investment advisor to Platinum Partners Value Arbitrage Fund LP, a New York based multi-strategy investment fund, a position he has held since January 2007. Mr. Small leads the firm's private placement group and is responsible for overseeing the day to day activities of the group including investment management, sourcing, marketing and administration. Before joining Platinum, from January 2004 to December 2006, Mr. Small was a Senior Analyst and served on the investment committee at Glenview Capital Management, a $7.0 billion hedge fund. Mr. Small is a graduate of the Wharton School, magna cum laude, with majors in finance, accounting and political science and earned a J.D. from the University of Pennsylvania Law School.

Corporate Governance

Because the registration statement filed in June 2011 registers only debt securities and because we do not have and are not seeking to list any securities on a national securities exchange or on an inter-dealer quotation system, we are not subject to a

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number of the corporate governance requirements of the SEC or of any national securities exchange or inter-dealer quotation system. For example, we are not required to have a board of directors comprised of a majority of independent directors or to have an audit committee comprised of independent directors. Accordingly, our Board of Managers has not established a separately designated standing audit committee or made any determination as to whether any of the members of our Board of Managers, or any committees thereof, would qualify as independent under the listing standards of any national securities exchange or any inter-dealer quotation system or under any other independence definition.

Code of Ethics

We have adopted a Code of Business Ethics and Conduct, which sets forth ethical standards for our officers and employees. This document will be provided free of charge to any unitholder requesting a copy by writing to Investor Relations, Black Elk Energy Offshore Operations, LLC, 11451 Katy Freeway, Suite 500, Houston, Texas 77079.

Item 11. Executive Compensation

Compensation Discussion and Analysis

Introduction

Our executive compensation program is overseen by our Chief Executive Officer, Chief Financial Officer, and Human Resource Manager (the "Committee"). The Committee has the ultimate responsibility for making decisions relating to the compensation of our named executive officers. Our Chief Executive Officer reviews compensation for all of our named executive officers and makes compensation recommendations to the other members of the Committee. The Committee then evaluates the initial recommendations and conducts a separate review and evaluation of the named executive officers' compensation. Finally, the Committee makes a final determination with respect to compensation for all named executive officers based on several factors, including individual performance, performance of the business and, to the extent available, general information related to compensation of executive officers at other private companies. As a general matter, members of the Committee do not set their own compensation. Rather, the compensation for each named executive officer on the Committee is reviewed and set by the other two members of the Committee. The Committee generally approves any changes to base salary levels, bonus opportunities and other annual compensation components on May 1, 2013. The Company did not utilize a compensation consultant in 2013.

The named executive officers for our fiscal year ending December 31, 2013, and who are described in this Compensation Discussion and Analysis section, are:

- John Hoffman—President and Chief Executive Officer
- Gary Barton—Former Interim Chief Financial Officer
- Bruce Koch—Former Chief Financial Officer

Objective of Our Executive Compensation Program

The objective of our executive compensation program is to attract and retain experienced leaders in their respective fields of expertise to work as members of our executive team, while aligning their interests with those of our investors.

We attract and retain highly talented and experienced executives in part by setting base salaries that the Committee believes, based on the Committee members' extensive experience in the industry, are competitive with the base salaries paid to executives at other companies like ours in the energy industry. While we do not benchmark any of our compensation against compensation paid by any other company, the Committee considers the total compensation paid to each named executive officer over the course of each year to ensure that the total amounts paid by us are commensurate with the Committee members' sense of the total compensation paid by other companies with which we compete for executive talent, based on their experience in the industry.

We provide our named executive officers with the opportunity to earn cash bonus awards to reward the executives' contribution to our success, growth, and the achievement of strategic goals. We provide our named executive officers with a portion of the distributions paid to our investors through our profit sharing arrangements. We believe that by rewarding our named executive officers for the achievement of shorter-term goals through our cash bonus awards and by allowing them to receive a portion of the distributions paid to our investors, we are attracting talented executives to join us and stay with us,

while also aligning their interests with those of our investors.

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Components of our Compensation

Our compensation and benefits programs have historically consisted of the following components, which are described in greater detail below:

- Base salary;
- Cash bonus awards based on both individual performance and our company's performance;
- Profit sharing arrangements;
- Severance and change in control benefits; and
- Participation in broad-based retirement, health and welfare benefits.

Base Salary

Each named executive officer's base salary is a fixed component of compensation and does not vary depending on the level of performance achieved. Base salaries for our named executive officers have historically been the product of negotiations with each individual as to what level of salary is necessary to retain the executive's services. During these negotiations, the Committee typically considers the individual's position, experience, past performance, and responsibilities. The Committee reviews the base salaries for each named executive annually as well as at the time of any promotion or significant change in job responsibilities, and in connection with each review, the Committee considers general individual and company performance over the course of that year.

We believe each named executive officer's base salary component of compensation is set at a level that furthers the objectives of our compensation program by providing base pay that is competitive with amounts paid by companies with which we compete for executive talent. The determination as to the ultimate amount, competitiveness, and reasonableness of a named executive officer's salary is made by the Committee based on the members' extensive experience in the energy industry, and the Committee's determination is subject to approval by our Board of Managers with respect to any increase in base salary. The base salary paid to each named executive officer for the 2013 fiscal year is reported in the succeeding Summary Compensation Table. In 2013 and 2012, John Hoffman did not receive a salary increase. All officers received a salary as reported in the table below:

Name and Principal Position	Year	Annual Salary January - April 2013	Annual Salary May - December 2013	2013 Salary Adjustment
John Hoffman, CEO	2013	300,000	300,000	—
Gary Barton Former Interim CFO (1)	2013	300,000	—	(300,000)
Bruce Koch, Former CFO	2013	287,500	287,500	—

(1) Mr. Barton served as (Interim) CFO from January 25, 2013 through April 15, 2013 under a Jan 25, 2013 engagement letter (the "January 2013 Engagement Letter") with Alvarez & Marsal North American, LLC ("A&M"), a global professional services firm specializing in turnaround and interim management, performance improvement and buisness advisory services. During Mr. Barton's service with the Company in accordance with the January 2013 Engagement Letter, the Company paid A&M $100,000 per month as compensation for Mr. Barton's services.

Bonuses

All bonuses provided by us to our named executive officers are paid in cash in amounts and at times determined at the discretion of the Committee. We do not set or communicate predetermined goals or metrics for the payment of our bonuses to our employees. Bonuses can be paid based on any considerations the Committee deems appropriate, including our growth and success, which may be measured at any point during the year through a number of metrics, including but not limited to, production levels, reserve growth, the achievement of strategic business goals, and financial metrics such as EBITDA. After considering these and other factors, the Committee determines when our performance and the performance of our employees warrants the payment of a cash bonus. Once the Committee determines that a bonus should be paid, it sets a "bonus pool

amount," the total amount of all bonuses that will be paid to employees. The bonus pool amount is determined in the discretion of the Committee after considering the magnitude of the accomplishment for which the bonus is to be paid as well as our budget. The Committee members determine the amount of each individual award after considering the level of contribution made by each employee to the accomplishment of the particular achievement and the reasonableness of each employee's total

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compensation for the year, as determined in the Committee's discretion based on the Committee members' experience in the industry. Although all bonuses are discretionary and we have no obligation to pay any amount of bonus to any named executive officer, the Committee does take into consideration each named executive officer's target bonus, to the extent such a target was included in the executive's offer letter.

We believe our bonus program, and in particular its flexibility, helps us to achieve the objectives of our compensation program by rewarding our named executive officers for their level of contribution to our most important achievements, thus aligning their interests with those of our investors. Further, when determining the amounts of the bonus awards to each named executive officer, the Committee considers the competitiveness of the individual bonus payments as well as the competitiveness of the overall annual pay for each named executive officer, as compared to the amounts paid to executives at the companies with which we compete for executive talent. These considerations ensure that our named executive officers' bonus compensation is both reasonable and competitive, based on the Committee members' experience in the industry.

Profit Sharing

We have always believed that it is important to tie the interests of our named executive officers to those of our investors. We have historically accomplished this goal by granting profits interests in Black Elk Energy, LLC (which in turn holds a portion of our Class B Units) to a select group of our executive officers. During our reorganization in 2010, we established the Black Elk Energy Offshore Operations, LLC 2010 Employee Incentive Plan (the "Incentive Plan"), a mechanism through which we can grant profits interests in Black Elk Employee Incentive, LLC ("Incentive LLC"), which in turn holds all of our Class C Units. While our named executive officers still hold previously granted profits interests in Black Elk Energy, LLC, beginning with fiscal year 2010, we have granted only, and plan in the future to only grant profits interest to our executives solely through the Incentive Plan.

The Incentive Plan provides our executives with an opportunity to share in the distributions made to our investors. The degree to which our named executive officers share in distributions is determined by the Committee based on experience, responsibility, and tenure. Generally, upon a named executive officer's termination from employment with us for any reason, the interests held by the individual (including any capital account) will be forfeited. The named executive officers may not sell or transfer their interests in either Black Elk Energy, LLC or Incentive LLC. To date, the only distributions that have been made to our named executive officers have been distributions equivalent to the tax liability incurred by each named executive officer by holding profits interests in Black Elk Energy, LLC or Incentive LLC.

We believe this program furthers the objectives of our compensation program by providing an opportunity for each named executive officer to earn additional compensation, thus increasing the competitiveness of our compensation packages, while aligning the named executive officers' financial interests with those of our investors.

No awards were made under the Incentive Plan in 2013 or 2012.

Severance and Change in Control Benefits

Mr. Hoffman has (and Mr. Koch had) employment agreements with us that contain severance provisions. Upon termination of Mr. Hoffman's employment (i) by the executive due to a material breach of the employment agreement by us, uncorrected for 30 days following written notice, or (ii) by us without cause, then the executive will be entitled to receive a lump-sum severance payment in an amount equal to one year's annual base salary of the executive, plus continuation of certain employee benefits for one year. In addition, Mr. Hoffman's employment agreement includes a severance due to termination by the executive upon a change in control.

We believe that severance protection provisions create important retention tools, as post-termination payments would allow Mr. Hoffman to leave our employment with value primarily in the event of certain terminations of employment that were beyond their control. Post-termination payments allow our senior executive management to focus their attention and energy on making objective business decisions that are in our best interest without allowing personal considerations to cloud the decision-making process. Executive officers at other companies in our industry, and the general market against which we compete for executive talent, commonly have post-termination payments and we have consistently provided this benefit to certain of our executive officers in order to remain competitive in attracting and retaining skilled professionals in our industry. For more information please see the section entitled "Potential Payments Upon a Termination or Change in Control" below.

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Other Benefits

We pay 100% of the insurance premiums for all of our employees, including their spouses and dependents, for health, dental, vision, life, and accidental death and dismemberment insurance. We also pay 100% of health club memberships for employees. We provide Mr. Hoffman with enhanced life and disability insurance and kidnap and ransom insurance; otherwise, the insurance benefits provided to our named executive officers are the same as those provided to our employees generally. In addition, in 2013 and 2012 we paid for the provision of tax preparation services for Mr. Hoffman.

Our 401(k) plan is designed to encourage all employees, including the participating named executive officers, to save for the future. We make a non-elective contribution equal to 3% of each employee's total compensation for the plan year. Additionally, we match 50% of all employee contributions to the plan, up to a maximum of 3% of each employee's total compensation for the plan year. Thus, each of our employees receives 401(k) contributions from us of at least 3% and up to 6% (depending on the level of their own contributions) of their total compensation each year. The plan increases the competitiveness of our total compensation package and aids in retaining our named executive officers. We do not have a supplemental executive retirement plan.

Risk Assessment

The Committee has reviewed our compensation policies as generally applicable to our employees and believes that our policies do not encourage excessive and unnecessary risk-taking, and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on us. The components of our compensation program are base salary, cash bonuses, profit sharing opportunities (for some employees), health and welfare benefits, and participation in a 401(k) retirement plan. These compensation components are generally uniform in design and operation throughout our organization and with all levels of employees. These compensation policies and practices are centrally designed and administered. In addition, the following factors, in particular, reduce the likelihood of excessive risk-taking:

- Our overall compensation levels are competitive with the market, both industry-wide and geographically.
- Our compensation mix is balanced among (i) fixed components like salary and benefits, (ii) discretionary cash incentives that reward our overall financial performance, operational measures and individual performance, and (iii) our profit sharing arrangements.
- The Committee has discretion to reduce or eliminate cash bonuses when it determines that such adjustments would be appropriate based on our interests.

In summary, although a significant portion of the compensation provided to named executive officers is performance-based, we believe our compensation programs do not encourage excessive and unnecessary risk taking by executive officers (or other employees), in particular because our cash bonuses are entirely discretionary. As such, they are not based on specific pre-determined metrics that could be manipulated by particular behavior by our employees.

Summary Compensation Table

The table below sets forth the annual compensation earned during the 2013 Fiscal Year by our "named executive officers," as of December 31, 2013:

Name and Principal Position	Year	Salary ($) (1)	Bonus ($) (2)	Non-Equity Incentive Plan Compensation ($) (3)	All Other Compensation ($) (4)	Total ($)
John Hoffman, CEO	2013	300,000			68,389	368,389
	2012	300,000	—	1,555,510	66,705	1,922,215
	2011	300,000	270,000	1,722,232	82,327	2,374,559
Gary Barton, Former Interim CFO (5)	2013	300,000	—	—	—	300,000
Bruce Koch, Former CFO	2013	287,500	—	—	—	287,500

(1) The amounts in this column reflect the base salary actually paid to each named executive officer during the fiscal year.

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(2) The amounts in this column reflect the total amount of bonus compensation received by each named executive officer during the applicable fiscal year. No bonuses were paid to the named executive officers in 2013.

(3) The amounts in this column represent tax distributions received by each of the named executive officers with regard to forfeitable interests in Incentive LLC and Black Elk Energy, LLC, described in detail in the narrative description to the Summary Compensation Table, below. The named executive officers receive tax distributions because the LLCs in which they hold interests are categorized as partnerships for federal income tax purposes and, as such, our profits flow through and become taxable to our owners, even if no distributions are made. These tax distributions are intended to cover any tax liability the named executive officers have so incurred. The named executive officers' interests are held indirectly through 197 units in Incentive LLC that Mr. Hoffman was granted during 2010 and 170 units in Black Elk Energy, LLC that Mr. Hoffman was granted prior to 2010. Mr. Hoffman also holds interests in us through 45 units in Management Incentive Units 09 and 827 units in Black Elk Management, LLC. These interests were granted in 2009.

(4) With respect to Mr. Hoffman the amount in this column represents the aggregate incremental cost to us of providing the following benefits: (a) our contribution to his individual account under our 401(k) plan, (b) supplemental life and disability insurance ($36,266), and (c) tax preparation ($8,800). With respect to Mr. Koch the amount in this column represents the aggregate incremental cost to us of providing the following benefits: (a) our contribution to his individual account under our 401(k) plan, (b) tax preparation ($8,800) and (c) severance payment ($275,814).

(5) Mr. Barton served as CFO from January 25, 2013 through April 15, 2013 under a Jan 25, 2013 engagement letter (the "January 2013 Engagement Letter") with Alvarez & Marsal North American, LLC ("A&M"), a global professional services firm specializing in turnaround and interim management, performance improvement and buisness advisory services. During Mr. Barton's service with the Company in accordance with the January 2013 Engagement Letter, the Company paid A&M $100,000 per month as compensation for Mr. Barton's services.

Grants of Plan-Based Awards for the 2013 Fiscal Year

We did not grant any plan-based awards to our executive officers during the 2013 fiscal year.

Narrative Description to the Summary Compensation Table for the 2013 Fiscal Year

Employment Agreements

We entered into an employment agreement with Mr. Hoffman in 2009 (the "Prior Employment Agreement") for a three-year term, with no automatic renewal, and a minimum base salary for Mr. Hoffman of $300,000. The Prior Employment Agreement generally provided that Mr. Hoffman could participate in any welfare, benefit, or incentive plan generally available to our other executive officers. Mr. Hoffman was entitled to four weeks of vacation per year. The Prior Employment Agreement also provided for severance payments under certain circumstances, discussed in detail below in the section entitled "Potential Payments Upon Termination or a Change in Control." The Prior Employment Agreement also contained provisions assigning our business opportunities and any intellectual property developed by the executives while working for us to us. The Prior Employment Agreement contained a non-compete obligation that applied throughout Mr. Hoffman's employment with us and—in the event of a termination of employment by us for cause or an automatic termination of employment upon death, disability, voluntary resignation, or retirement—following employment until the earlier of (i) the repayment in full of the obligations under a credit agreement, or (ii) July 13, 2012. Mr. Hoffman agreed not to solicit our clients or employees during their employment with us and until the later of one year from their termination date or July 13, 2012. The Prior Employment Agreements also contained non-disparagement and confidentiality obligations. The Prior Employment Agreements expired on July 13, 2012.

On July 13, 2013, we entered into employment agreements with Mr. Hoffman (collectively the "2012 Employment Agreement"). The 2012 Employment Agreement provides for a three-year term, with no automatic renewal, and a minimum base salary for Mr. Hoffman of $300,000. The 2012 Employment Agreement generally provides that Mr. Hoffman can participate in any welfare, benefit, or incentive plan generally available to our other executive officers. Mr. Hoffman, is entitled to four weeks of vacation per year. The 2012 Employment Agreement also provides severance payment to Mr. Hoffman under certain circumstances, discussed in detail below in the section entitled "Potential Payments Upon Termination or a Change in Control." The 2012 Employment Agreement also contains provisions assigning our business opportunities and any intellectual property developed by Mr. Hoffman while working for us to us. The 2012 Employment Agreement contains a non-compete obligation that applies throughout Mr. Hoffman's employment with us and—in the event of a termination of employment by us for cause or an automatic termination of employment upon death, disability, voluntary resignation, or

retirement—following employment until the earlier of (i) the repayment in full of the obligations under a credit agreement, or (ii) July 13, 2015 . Mr. Hoffman also agrees not to solicit our clients or employees during their employment with us and until the later of (A) one year

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from their termination date or (B) July 13, 2015. The 2012 Employment Agreement also contains non-disparagement and confidentiality obligations.

Profit Sharing

The distributions enumerated in the Non-Equity Incentive Plan Compensation column to the Summary Compensation Table reflect each named executive officer's tax distributions as described in footnote 3 in this table. These tax distributions relate to interests held indirectly through interests in Incentive LLC (which in turn owns all of our Class C Units) and/or through Black Elk Energy, LLC (which in turn holds some of our Class B Units). All interests held by our named executive officers in Incentive LLC were granted during 2010 under our Incentive Plan, and interests in Black Elk Energy, LLC were granted prior to 2010. Both interests in Black Elk Energy, LLC and Incentive LLC are intended to be "profits interests."

Awards may be granted under our Incentive Plan to our employees, directors and consultants. Awards under the Incentive Plan represent a percentage interest of the total membership interest of Incentive LLC. If an award under the Incentive Plan terminates or is canceled then new awards can be granted. Unless we determine otherwise, and except with regard to Mr. Hoffman, the termination of a named executive officer's employment with us for any reason will terminate the executive's ownership of any interest in Incentive LLC and that executive will not be entitled to any outstanding balance in his or her capital account. The named executive officers may not sell or transfer their interests in Incentive LLC.

Pension Benefits

We have not maintained, and do not currently maintain, a defined benefit pension plan.

Nonqualified Deferred Compensation

We have not maintained, and do not currently maintain, a nonqualified deferred compensation plan.

Potential Payments Upon Termination or a Change in Control

Mr. Hoffman

Mr. Hoffman has an employment agreement with us that contains severance provisions. Upon termination of Mr. Hoffman (i) by the executive due to a material breach of the employment agreement by us, uncorrected for 30 days following written notice, (ii) by the executive upon a change in control, or (iii) by us without cause, then the executive will be entitled to receive a lump-sum severance payment in an amount equal to one year's annual base salary of the executive, plus continuation of benefits generally provided to our executives, currently including company 401(k) contribution, plus continued medical, dental, vision, life and disability insurance coverage for one year.

The 2012 Employment Agreement provides that "cause" means generally (i) the executive's conviction of, or plea of nolo contendere to, any felony or to any crime or offense causing substantial harm to us or involving acts of theft, fraud, or embezzlement, (ii) willful and intentional misuse or diversion of any of our funds, (iii) embezzlement, (iv) fraudulent or willful and material misrepresentations, or (v) material breach by executive of any material provision of the 2012 Employment Agreement which is not corrected within 30 days following written notice.

The 2012 Employment Agreement provides that "change of control" means generally (i) the sale or lease of substantially all of our assets, or (ii) a transaction in which the holders of our voting stock immediately prior to such transaction own, immediately after such transaction, securities representing less than 50% of the voting power of the surviving entity. A transaction solely for the purpose of effecting a change in our domicile will not constitute a "change of control."

The following table enumerates the payment that would have been due to Mr. Hoffman if his employment had been terminated on December 31, 2013, (i) due to a material breach of the employment agreement by us, uncorrected for 30 days following written notice, (ii) by the executive upon a change in control, or (iii) by us without cause.

Name and Principal Position	One Year of Base Salary Paid in Lump-Sum[1]	Value of One Year of Benefits [2]	Total Value of Severance Obligation
John Hoffman, CEO	$ 300,000	$ 68,389	$ 368,389

(1) The numbers in this column represent Mr. Hoffman's base salary in effect as of December 31, 2013.

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(2) The numbers in this column represent a lump sum payment in an amount equal to our 401(k) contribution for a year ($13,750) as well as the value of medical, dental, vision, life and disability insurance coverage for one year ($68,389). The lump sum amount with respect to 401(k) contribution is calculated based on our contribution to each executive's individual 401(k) account for fiscal year 2013.

Mr. Barton

Mr. Barton served as CFO from January 25, 2013 through April 15, 2013 under a Jan 25, 2013 engagement letter (the "January 2013 Engagement Letter") with Alvarez & Marsal North American, LLC ("A&M"), a global professional services firm specializing in turnaround and interim management, performance improvement and business advisory services. During Mr. Barton's service with the Company in accordance with the January 2013 Engagement Letter, the Company paid A&M $100,000 per month as compensation for Mr. Barton's services.

Mr. Koch

On January 9, 2014, Black Elk Energy Offshore Operations, LLC (the "Company") announced the resignation of Bruce Koch, Vice President and Chief Financial Officer, effective January 7, 2014. The terms of Mr. Koch's employment agreement included a lump sum severance compensation in an amount equal to one year's annual base salary, plus the benefits for one year the he was entitled to under his employment agreement.

The following table enumerates the amount of severance paid to Mr. Koch:

2014 Severance Payments:	Severance	Benefits	Total
Bruce Koch Former CFO			—

Director Compensation

We do not compensate any of our managers for their service on our Board. We do, however, reimburse our managers for expenses associated with travel to and from any required board meetings.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Our membership interests are represented by Class A Units, Class B Units, Class C Units and Class E Units. On February 12, 2013, we entered into the Fourth Amendment to the Second Amended and Restated Limited Liability Operating Agreement of the Company (the "Fourth Amendment"). The Fourth Amendment amended our operating agreement to effectuate a 10,000 to 1 unit split for each of the Class A Units, Class B Units and Class C Units.

As of March 31, 2014, there were 1,361,300 Class A Units, 114,277,308.5 Class B Units, 12,031,250 Class C Units and 109,743,693 Class E Units issued and outstanding. The Class A and Class B Units have voting rights; the Class C Units and Class E Units do not have voting rights.

None of our managers or executive officers directly owns any Class A Units, Class B Units, Class C Units, or Class E Units. All of our issued and outstanding Class A Units are owned by PPVA Black Elk (Equity) LLC ("PPVA (Equity)"), a wholly owned subsidiary of Platinum Partners Value Arbitrage Fund, L.P. PPVA (Equity), PPVA Black Elk (Investor) LLC, additional wholly owned subsidiaries of Platinum Partners Value Arbitrage Fund, L.P., and Platinum Partners Black Elk Opportunities Fund, LLC ("PPBE") also own Class B Units. PPVA (Equity), PPBE, and Platinum Partners Black Elk Opportunities Fund International, LLC also own our issued and outstanding Class E Units. Additional information regarding Platinum's significant ownership interest in us is set forth below, as well as under "Item 13. Certain Relationships and Related Transactions and Director Independence" in this Form 10-K.

Our executive officers and other key employees indirectly own Class B Units through their ownership of Black Elk Energy, LLC. See "Item 11. Executive Compensation—Components of our Compensation—Profit Sharing" for additional information. Our Chief Executive Officer also indirectly owns Class B Units through his ownership of Black Elk Management, LLC.

All of our issued and outstanding Class C Units are held by Black Elk Employee Incentive, LLC. Class C Units are

profits interests that are awarded from time to time to our executive officers and other key employees. See “Item 11. Executive Compensation—Components of our Compensation—Profit Sharing” for additional information regarding the Class C Units.

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The following table sets forth information regarding the beneficial ownership of our total voting membership interests, consisting of our Class A and Class B Units, as of March 31, 2014 for:

- each of our members;
- each of our executive officers;
- all our members and executive officers as a group; and
- each other person known by us to beneficially own more than 5% of our total voting membership interests.

Footnote 1 to the following table provides a brief explanation of what is meant by the term "beneficial ownership." The voting membership interests and related percentages of beneficial ownership are based on our total outstanding voting membership interests as of March 31, 2014. The amounts presented may not add due to rounding.

To our knowledge and except as indicated in the footnotes to this table and subject to applicable community property laws, the persons named in this table have the sole voting power with respect to the membership interests listed as beneficially owned by them.

Name and Address of Beneficial Owner (1)	Number of Class A Units Beneficially Owned	Number of Class B Units Beneficially Owned	Percentage of Voting Membership Interests Beneficially Owned (2)
Manager and Named Executive Officers (3):			
John Hoffman (4)	—	9,030,757	7.81 %
Jeff Shulse (5)		—	*
Dan Small	—	—	*
All Managers and Executive Officers as a Group (Three persons)	—	9,030,757	7.81 %
5% Beneficial Owners:			
Black Elk Management, LLC (4) (6)	—	8,267,187	7.15%
PPVA Black Elk (Equity) LLC (7)	1,361,300	72,808,822	64.14 %
PPVA Black Elk (Investor) LLC (8)	—	21,919,100	18.95%
Platinum Partners Black Elk Opportunities Fund, LLC (9)	—	1,284,400	1.11 %
Platinum Partners Credit Opportunities Fund International, LLC (10)		360,000	*

* Less than 1%

(1) "Beneficial ownership" is a term broadly defined by the SEC in Rule 13d-3 under the Exchange Act and includes more than the typical forms of stock ownership, that is, stock held in the person's name. The term also includes what is referred to as "indirect ownership," meaning ownership of shares as to which a person has or shares investment or voting power, or a person who, though a trust or proxy, prevents the person from having beneficial ownership. For the purpose of this table, a person or group of persons is deemed to have "beneficial ownership" of any units as of April 9, 2013, if that person or group has the right to acquire such units within 60 days after such date.

(2) The percentage of voting members interests in based on voting Class A Units and Class B Units.

(3) The address for each manager and executive officer is: c/o Black Elk Energy LLC, 11451 Katy Freeway, Houston, Texas 77079 Suite 500, Houston, Texas 77079.

(4) Includes (i) 8,267,187 Class B Units held indirectly through Mr. Hoffman's 100% ownership of Black Elk Management, LLC and (ii) 763,569.94 Class B Units held indirectly through Mr. Hoffman's 13.9% ownership of Black Elk Energy, LLC (Black Elk Energy, LLC owns less than 5% of our voting membership interests).

(5) Black Elk Management, LLC is owned 100% by Mr. Hoffman. Mr. Hoffman has voting and dispositive power with respect to 826.72 of the Class B Units held by Black Elk Management, LLC. Mr. Hoffman disclaims any beneficial ownership of these Class B Units, except to the to the extent of his pecuniary interest therein. Black Elk Management, LLC has the following address: c/o Black Elk Energy, 11451 Katy Freeway, Suite 500, Houston, Texas 77079.

(6) PPVA Black Elk (Equity) LLC is wholly owned by Platinum Partners Value Arbitrage Fund, L.P. which has sole voting and dispositive power with respect to such Class A and Class B Units. PPVA Black Elk (Equity) LLC has the following address: c/o Platinum Partners Value Arbitrage Fund, L.P., 152 West 57th Street, 4th Floor, New York, New York 10019.

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(7) PPVA Black Elk (Investor) LLC is wholly owned by Platinum Partners Value Arbitrage Fund, L.P. which has sole voting and dispositive power with respect to such Class B Units. PPVA Black Elk (Investor) LLC has the following address: c/o Platinum Partners Value Arbitrage Fund, L.P., 152 West 57th Street, 4th Floor, New York, New York 10019.

(8) Platinum Partners Black Elk Opportunities Fund, LLC has the sole voting and dispositive power with respect to such Class B Units. Platinum Partners Black Elk Opportunities Fund, LLC has the following address: 152 West 57th Street, 54th Floor, New York, New York 10019.

(9) Platinum Partners Credit Opportunities Fund International, LLC has the sole voting and dispositive power with respect to such Class B Units. Platinum Partners Platinum Partners Credit Opportunities Fund International, LLC has the following address: 152 West 57th Street, 54th Floor, New York, New York 10019.

Through its ownership, and pursuant to the terms of our Second Amended and Restated Operating Agreement, (as amended and in effect as of the date of this Form 10-K), Platinum is able to exercise significant control over us, including the determination of company and management policies, our financing arrangements, the payment of dividends or other distributions, and the outcome of certain company transactions or other matters submitted to our members for approval, including potential mergers or acquisitions, asset sales and other significant corporate transactions. Platinum also has the ability to appoint all of the members of our Board of Managers and the Board of Managers, in turn, has the power to appoint and remove our officers. Platinum also has the ability to determine the outcome of most actions requiring approval by our members, including veto power. Specifically, without Platinum's consent, we may not:

- amend our Second Amended and Restated Operating Agreement or our Certification of Incorporation;
- approve or materially modify executive compensation;
- repurchase any of our units or other equity securities;
- enter into any merger, consolidation, reorganization or other business combination or transaction;
- sell, transfer, lease, license, pledge or dispose of any of our assets for a purchase price of more than $0.5 million other than capital expenditures and acquisitions contemplated by our annual budget;
- initiate any public offering;
- enter into a transaction with any of our managers or members or affiliate or member of family thereof;
- enter into a transaction that would have a materially disproportionate impact on Platinum over our other members; or
- make any distribution other than that contemplated by our Second Amended and Restated Operating Agreement.

Additionally, if we propose to obtain additional financing through the issuance of equity or certain debt securities, Platinum is entitled to a right of first offer to provide such financing. Platinum, along with the other members, also has a right of first refusal with respect to other equity holders' proposed transfers of our equity interests.

Platinum may transfer all or a portion of its ownership interests to a third party without the consent of the other members. The new owner of the Platinum ownership interest may then be in a position to replace our Board of Managers and officers with its own designees and thereby exert significant control over the decisions made by our Board of Managers and officers.

For additional information regarding the risk associated with Platinum's significant ownership interest in us, see "Item 1A. Risk Factors—Platinum owns approximately 85% of our outstanding voting membership interests, giving it influence and control in corporate transactions and other matters, which may conflict with noteholders' interests."

Item 13. Certain Relationships and Related Transactions and Director Independence

Director Independence

For a description of director independence, see "Item 10. Directors, Executive Officers and Corporate Governance."

Certain Relationships and Related Transactions

Platinum

On January 25, 2013, we entered into a contribution agreement with PPVA (Equity), whereby PPVA (Equity) made a

capital contribution of $10 million in exchange for 10 million of our Class E Units and 76 Class B Units, having such rights, preferences and privileges as set forth in our Third Amendment to Second Amended and Restated Limited Liability Operating Agreement. In addition, we also agreed to issue an additional 43 million Class E Units in exchange for $30.0 million of outstanding Class D Preferred Units and $13.0 million of paid-in-kind dividends. The Class E Units will receive a preferred

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return of 20% per annum, which will increase from and after March 25, 2014 to 36% per annum (such date as determined by our Fifth Amendment to Second Amended and Restated Limited Liability Operating Agreement).

In the first quarter of 2013, we entered into contribution agreements with PPBE or the Platinum Group pursuant to which we have issued, or expect to issue 40 million additional Class E Units and 3 million additional Class B Units to the Platinum Group for an aggregate offering price of $40.0 million. As of April 10, 2013, we have issued an aggregate $50.0 million of Class E Units and 3.8 million Class B Units. On March 31, 2013, we issued an additional 2,522,693.340 Class E Units as paid-in-kind dividends to the holders of Class E Units on such date.

On February 12, 2013, we entered into an agreement with Platinum under which we agreed to issue Class B Units to Platinum in exchange for financial consulting services, including (1) analysis and assessment of our business and financial condition and compliance with financial covenants in our Credit Facility, (2) discussion with us and senior bank lenders regarding capital contributions and divestitures of non-core assets, and (3) coordination with our attorneys, accountants, and other professionals. On February 12, 2013, we issued 1,131,458.5 Class B Units to PPVA Black Elk (Equity) LLC, an affiliate of Platinum, pursuant to such agreement.

Platinum also guarantees our obligations under the W&T Escrow Accounts and the surety bonds in favor of Nippon and the BOEMRE with respect to our future P&A obligations. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Description of Other Indebtedness—W&T Escrow Accounts”.

On August 30, 2013, we consented to the assignment by Capital One Bank, N.A. and the other lenders of all of their rights and obligations under our Credit Facility to White Elk LLC, as Administrative Agent and Lender, and Resource Value Group LLC, as Lender. Resource Value Group LLC is affiliated with Platinum. As part of this transaction, we paid a required $0.3 million purchase fee on behalf of Platinum pursuant to the Loan Purchase Agreement which is included in the receivable discussed above.

On May 28, 2013, our consolidated subsidiary FWS entered into an equipment lease agreement with Pea and Eigh Company, LLC (“Pea and Eigh”), a related party of Platinum. The lease began on July 1, 2013 and is payable in monthly installments of approximately $35,000, maturing on December 31, 2013, with an option to purchase the equipment for $1.5 million. The lease arrangement is treated as an operating lease and we incurred approximately $0.2 million of rental expense for the year ended December 31, 2013. As of December 31, 2012, we have not purchased all of the equipment. We currently have restricted cash of $0.6 million for the additional equipment to be purchased as well as advances due to Pea and Eigh of $0.6 million, which is included in “Accounts payable and accrued expenses”.

Black Elk Energy Expenses

On August 30, 2013, we consented to the assignment by Capital One Bank, N.A. and the other lenders of all of their rights and obligations under our Credit Facility to White Elk LLC, as Administrative Agent and Lender, and Resource Value Group LLC, as Lender. Resource Value Group LLC is affiliated with Platinum. As part of this transaction, we paid a required $0.3 million purchase fee on behalf of Platinum pursuant to the Loan Purchase Agreement which is included in the receivable discussed above.

We pay expenses for certain general and administrative and operating costs on behalf of Black Elk Energy, LLC, the parent company of Black Elk Energy Land Operations, LLC and Black Elk Energy Finance Corp. At December 31, 2013 and February 28, 2014, we had receivables from Black Elk Energy, LLC in the amount of $23,430.

For the year ended December 31, 2013 and the two months ended February 28, 2014, we paid $0.2 million and $1.0 million, respectively, to Up and Running Solutions, LLC, for IT consulting services. Up and Running Solutions, LLC is owned by the wife of a former employee, David Cantu (a member of our management). There were no amounts due to the related party at December 31, 2013 or at February 28, 2014.

Policies and Procedures

In the ordinary course of business, we may enter into a related person transaction (as such is defined by the SEC). The policies and procedures relating to the approval of related person transactions are not in writing. Given the relatively small size

of our organization, any material related person transactions entered into would be discussed with management and require approval by our Board prior to entering into the transaction.

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Item 14. Principal Accounting Fees and Services

UHY LLP has been retained since 2010 and has performed audit services for the years ended December 31, 2013 and 2012. The following table sets forth the aggregate fees and costs paid to UHY LLP during the last two fiscal years for professional services rendered to us:

	Years Ended December 31,	
	2013	2012
Audit Fees (1)	$ 574,391	$ 540,784
Audit-Related Fees (2)	—	—
Tax Fees (3)	—	—
All Other Fees (4)	—	—
	$ 574,391	$ 540,784

(1) Reflects fees for services rendered for the audit of our annual financial statements, review of our quarterly financial statements, fees for the review and issuance of consents and comfort letters related to our registration statements, and other SEC filings.
(2) No fees were paid to UHY LLP for audit-related services.
(3) No fees were paid to UHY LLP for tax services.
(4) No other fees were paid to UHY LLP.

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PART IV

Item 15. Exhibits, and Financial Statement Schedules

(a) The following documents are filed as a part of this Form 10-K:

i. **Financial Statements**—See "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

ii. **Financial Statement Schedules**—All schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements and notes thereto.

iii. **Exhibits**—The following is a list of exhibits filed as part of this Form 10-K including those incorporated by reference.

Exhibit Number	Description
3.1	Certificate of Formation of Black Elk Energy Offshore Operations, LLC, dated as of November 20, 2007 (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
3.2	Certificate of Amendment of Black Elk Energy Offshore Operations, LLC, dated as of January 29, 2008 (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
3.3	Certificate of Formation of Black Elk Energy Finance Corporation, dated as of October 26, 2010 (incorporated by reference to Exhibit 3.3 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
3.4	Second Amended and Restated Limited Liability Company Operating Agreement of Black Elk Energy Offshore Operations, LLC, dated as of July 13, 2009 (incorporated by reference to Exhibit 3.4 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226).
3.5	First Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC, dated August 19, 2010 (incorporated by reference to Exhibit 3.5 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
3.6	Bylaws of Black Elk Energy Finance Corp., dated as of October 26, 2010 (incorporated by reference to Exhibit 3.6 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
3.7	Second Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC dated as of May 31, 2011 (incorporated by reference to Exhibit 3.1 to the Form 8-K filed with the Securities and Exchange Commission on June 3, 2011).
3.8	Third Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC dated as of January 25, 2013 (incorporated by reference to Exhibit 3.1 to the Form 8-K filed with the Securities and Exchange Commission on January 31, 2013).
3.9	Fourth Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC dated as of February 12, 2013 (incorporated by reference to Exhibit 3.1 to the Form 8-K filed with the Securities and Exchange Commission on February 19, 2013).

3.10	Fifth Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC dated as of April 9, 2013 (incorporated by reference to Exhibit 3.10 to the Form 10-K filed with the Securities and Exchange Commission on April 15, 2013).
3.11	Sixth Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC, dated as of May 3, 2013 (incorporated by reference to Exhibit 3.1 to the Form 8-K filed with the Securities and Exchange Commission on May 9, 2013).
3.12	Third Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement of Blaclk Elk Energy Offshore Operations, LLC, effective as of January 25, 2013.

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Exhibit Number	Description
4.1	Indenture, dated as of November 23, 2010, among Black Elk Energy Offshore Operations, LLC and Black Elk Energy Finance Corp., as Issuers, the Guarantor party named therein, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Collateral Agent (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
4.2	First Supplemental Indenture, dated as of May 31, 2011, by and among Black Elk Energy Offshore Operations, LLC and Black Elk Energy Finance Corp. as issuers, Black Elk Energy Land Operations, LLC as guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee and collateral agent (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on June 3, 2011).
4.3	Registration Rights Agreement, dated as of November 23, 2010, among Black Elk Energy Offshore Operations, LLC and Black Elk Energy Finance Corp., the Guarantor party named therein and the Purchasers named therein (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
4.4	Security Agreement, dated as of November 23, 2010, by Black Elk Energy Offshore Operations, LLC, Black Elk Energy Finance Corp., Black Elk Energy Land Operations, LLC in favor of The Bank of New York Mellon Trust Company, N.A., as Trustee and Collateral Agent (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
4.5	Amended and Restated Second Lien Intercreditor Agreement, dated as of December 24, 2010, by and among Capital One, N.A., in its capacity as First Lien Agent for the First Lien Creditors, The Bank of New York Mellow Trust Company, N.A., in its capacity as Indenture Trustee and in its capacity as Collateral Agent for, on behalf of and in the stead of, the Second Lien Creditors, Black Elk Energy Offshore Operations, LLC and Black Elk Energy Finance Corp. and each other Loan Parties from time to time party thereto (incorporated by reference to Exhibit 4.12 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333174226)).
10.1	Purchase and Sale Agreement, dated September 14, 2009, by and between W&T Offshore, Inc. and Black Elk Energy Offshore Operations, LLC (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.2	First Amendment to Purchase and Sale Agreement, dated as of October 29, 2009, by and between W&T Offshore, Inc. and Black Elk Energy Offshore Operations, LLC (incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.3	Second Amendment to Purchase and Sale Agreement, dated as of November 23, 2010, by and between W&T Offshore, Inc. and Black Elk Offshore Operations, LLC (incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.4	Third Amendment to Purchase and Sale Agreement, dated December 19, 2012, by and between W&T Offshore, Inc. and the Company (incorporated by reference to Exhibit 10.6 to the Form 8-K filed with the Securities and Exchange Commission on March 11, 2013).
†10.5	Employment Agreement, dated as of July 13, 2012, by and between Black Elk Energy Offshore Operations, LLC and John G. Hoffman (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and

Exchange Commission on October 4, 2013).

†10.6 Employment Agreement, dated as of July 13, 2012, by and between Black Elk Energy Offshore Operations, LLC and Arthur Garza III (incorporated by reference to Exhibit 10.2 to the Form 8-K filed with the Securities and Exchange Commission on October 4, 2013).

†10.7 Employment Agreement, dated as of July 13, 2012, by and between Black Elk Energy Offshore Operations, LLC and James F. Hagemeier (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on October 3, 2012).

†10.8 Engagement Letter, dated January 25, 2013, by and between Black Elk Energy Offshore Operations, LLC and Alvarez & Marsal North America, LLC (incorporated by reference to Exhibit 10.13 to the Form 10-K filed with the Securities and Exchange Commission on April 15, 2013).

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Exhibit Number	Description
†10.9	Amended and Restated Company Agreement of Black Elk Employee Incentive, LLC, dated as of August 20, 2010 (incorporated by reference to Exhibit 10.14 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 26, 2012).
†10.10	Employment Agreement, dated as of April 16, 2013, by and between Black Elk Energy Offshore Operations, LLC and Bruce Koch (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on April 23, 2013).
†10.11	Employment Agreement, dated January 8, 2014, by and between Black Elk Energy Offshore Operations, LLC and Jeffrey Shulse (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on January 14, 2014).
10.12	Credit Agreement, dated as of December 24, 2010, among Black Elk Energy Offshore Operations, LLC, each of the Lenders from time to time party thereto, and Capital One, N.A. as administrative agent for the Lenders (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.13	First Amendment to Credit Agreement, dated as of May 31, 2011, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.2 to the Form 8-K filed with the Securities and Exchange Commission on June 3, 2011).
10.14	Waiver and Second Amendment to Credit Agreement, dated as of June 30, 2011, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.6 to the Form 10-Q for the period ended June 30, 2011 as filed with the Securities and Exchange Commission on August 10, 2011 (SEC File No. 333-174226)).
10.15	Limited Waiver and Third Amendment to Credit Agreement, dated as of November 8, 2012, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party hereto, the Lenders party hereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 4.1 to the Form 10-Q filed with the Securities and Exchange Commission on November 13, 2012
10.16	Fourth Amendment to Credit Agreement and Other Loan Documents, effective as of December 21, 2012, by and among the Company, the Guarantors party thereto, Capital One, N.A., as Administrative Agent for the Lenders signatory thereto, and the Lenders signatory thereto (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on March 11, 2013).
10.17	Sixth Amendment to Credit Agreement, effective as of January 31, 2013, by and among the Company, the Guarantors party thereto, Capital One, N.A., as Administrative Agent for the Lenders signatory thereto, and the Lenders signatory thereto (incorporated by reference to Exhibit 10.2 to the Form 8-K filed with the Securities and Exchange Commission on March 11, 2013).
10.18	Limited Waiver and Seventh Amendment to Credit Agreement, effective as of February 22, 2013, by and among the Company, the Guarantors party thereto, Capital One, N.A., as Administrative Agent for the Lenders signatory thereto, and the Lenders signatory thereto (incorporated by reference to Exhibit 10.3 to the Form 8-K filed with the Securities and Exchange Commission on March 11, 2013).
10.19	Eighth Amendment to Credit Agreement, effective as of March 26, 2013, by and among the Company, the Guarantors party thereto, Capital One, N.A., as Administrative Agent for the Lenders and the Lenders signatory

thereto (incorporated by reference to Exhibit 10.3 to the Form 8-K filed with the Securities and Exchange Commission on April 2, 2013).

10.20 Limited Waiver and Ninth Amendment to Credit Agreement, effective as of April 10, 2013, by and among the Company, the Guarantors party thereto, Capital One, N.A., as Administrative Agent for the Lenders and the Lenders signatory thereto (incorporate by reference to Exhibit 4.39 to the Form 10-K filed with the Securities and Exchange Commission on April 15, 2013).

10.21 Tenth Amendment to Credit Agreement, effective as of July 31, 2013, by and among the Company, the Guarantors party thereto, Capital One, N.A., as Administrative Agent for the Lenders signatory thereto, and the Lenders signatory thereto (incorporated by reference to Exhibit 10.2 to the Form 8-K filed with the Securities and Exchange Commission on August 6, 2013).

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Exhibit Number	Description
10.22	Limited Waiver and Eleventh Amendment to Credit Agreement, effective as of August 30, 2013, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party thereto, White Elk LLC, as Administrative Agent for the Lenders signatory thereto, and the Lenders signatory thereto (incorporated by reference to Exhibit 10.3 to the Form 8-K filed with the Securities and Exchange Commission on September 6, 2013).
10.23	Letter of Credit Facility Agreement, dated as of December 24, 2010, among Black Elk Energy Offshore Operations, LLC, as Borrower, Capital One, N.A., as Administrative Agent and the Lenders Party Thereto (incorporated by reference to Exhibit 4.8 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.24	First Amendment to Letter of Credit Facility Agreement, dated as of May 31, 2011, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.3 to the Form 8-K filed with the Securities and Exchange Commission on June 3, 2011
10.25	Second Amendment to Letter of Credit Facility Agreement, dated as of December 30, 2011, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party hereto, the Lenders party hereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 4.1 to the Form 10-Q filed with the Securities and Exchange Commission on August 10, 2012).
10.26	Third Amendment to Letter of Credit Facility Agreement, dated as of May 24, 2012, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party hereto, the Lenders party hereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 4.2 to the Form 10-Q filed with the Securities and Exchange Commission on August 10, 2012).
10.27	Fourth Amendment to Letter of Credit Facility Agreement and Waiver, dated as of November 8, 2012, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party hereto, the Lenders party hereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 4.2 to the Form 10-Q filed with the Securities and Exchange Commission on November 13, 2012).
10.28	Fifth Amendment to Letter of Credit Facility Agreement and Amendment to Other Loan Documents, effective as of December 21, 2012, by and among the Company, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.4 to the Form 8-K filed with the Securities and Exchange Commission on March 11, 2013).
10.29	Sixth Amendment to Letter of Credit Facility Agreement and Amendment to Other Loan Documents, effective as of February 22, 2013, by and among the Company, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.5 to the Form 8-K filed with the Securities and Exchange Commission on March 11, 2013).
10.30	Limited Waiver and Seventh Amendment to Letter of Credit Facility Agreement, effective as of April 10, 2013, by and among the Company, the Guarantors party thereto, Capital One, N.A., as Administrative Agent for the Lenders, and the Lenders signatory thereto (incorporated by reference to Exhibit 4.40 to the form 10-K with the Securities and Exchange Commission on April 15, 2013).
10.31	Limited Waiver, Ninth Amendment to Letter of Credit Facility Agreement and Amendment to Note, effective as of August 15, 2013, by and among the Company, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on August 21, 2013).

10.32	Limited Waiver, Tenth Amendment to Letter of Credit Facility Agreement, effective as of November 14, 2013, by and among the Company, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.11 to the Form 10-Q filed with the Securities and Exchange Commission on November 14, 2013).
10.33	Security Agreement, dated as of December 24, 2010, made by Black Elk Energy Offshore Operations, LLC, Black Elk Energy Finance Corp., Black Elk Energy Land Operations, LLC, and The Other Grantors Party Thereto, in favor of Capital One, N.A, not in its individual capacity, but solely as Administrative Agent (incorporated by reference to Exhibit 4.5 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226).
10.34	Pledge and Security Agreement, dated as of December 24, 2010, by Black Elk Offshore Operations, LLC as Pledgor in favor of Capital One, N.A. as Collateral Agent (incorporated by reference to Exhibit 4.6 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).

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Exhibit Number	Description
10.35	Guaranty Agreement, dated as of December 24, 2010, by each of the Subsidiaries of the Borrower in favor of Capital One, N.A., as Administrative Agent for the benefit of the Lenders to the certain Credit Agreement dated as of even date therewith by and among the Borrower, the Agent and the Lenders (incorporated by reference to Exhibit 4.7 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.36	Security and Pledge Agreement, dated as of December 24, 2010, between Black Elk Energy Offshore Operations, LLC and Capital One N.A., not in its individual capacity, but solely as Administrative Agent (incorporated by reference to Exhibit 4.9 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.37	Guaranty Agreement, dated as of December 24, 2010, by each of the Subsidiaries of the Borrower, in favor of Capital One, N.A., as Administrative Agent for the benefit of the Lenders pursuant to that certain Letter of Credit Facility Agreement dated as of even date herewith, by and among the Borrower, the Agent and the Lenders (incorporated by reference to Exhibit 4.10 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.38	Intercreditor Agreement, entered into as of December 24, 2010, by and among BP Corporation North America Inc., Black Elk Offshore Operations, LLC, and Capital One, National Association, as Administrative Agent for itself and the Lenders party to the Credit Agreement referred to therein (incorporated by reference to Exhibit 4.11 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.39	Amended and Restated Intercreditor Agreement (Escrow Agreements), dated as of December 24, 2010, by and among W&T Offshore, Inc., Capital One, N.A., in its capacity as agent for the Second Lien Creditors, and Black Elk Energy Offshore Operations, LLC (incorporated by reference to Exhibit 4.13 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.40	Amended and Restated Intercreditor Agreement (Non-Operated Properties), dated as of December 24, 2010, by and among Capital One, N.A., in its capacity as Facility/Swap Agent for the Facility/ Swap Creditors, The Bank of New York Mellon Trust Company, N.A., in its capacity as Indenture Trustee and in its capacity as Collateral Agent for, on behalf of and in the stead of, the Notes Creditors, W&T Offshore, Inc., Black Elk Energy Offshore Operations, LLC and Black Elk Energy Finance Corp. and each of the other Loan Parties from time to time party thereto (incorporated by reference to Exhibit 4.14 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.41	Mortgage, Deed of Trust, Collateral Assignment, Security Agreement and Financing Statement, dated October 29, 2009, by and between Black Elk Energy Offshore Operations, LLC and W&T Offshore, Inc. and W. Reid Lea, as Trustee for the benefit of W&T Offshore, Inc (incorporated by reference to Exhibit 4.15 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.42	First Amendment to Mortgage, Deed of Trust, Collateral Assignment, Security Agreement and Financing Statement, dated November 23, 2010, by and between Black Elk Energy Offshore Operations, LLC and W&T Offshore, Inc. and W. Reid Lea, as Trustee for the benefit of W&T Offshore, Inc. (incorporated by reference to Exhibit 4.16 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.43	Partial Release by Obligee of Record, effective November 23, 2010, of that certain Mortgage, Deed of Trust, Collateral Assignment and Security Agreement, dated as of October 29, 2009, by Black Elk Energy Offshore Operations, LLC (incorporated by reference to Exhibit 4.17 to the Registration Statement on Form S-4 filed with

the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).

10.44 Operated Escrow Agreement, dated as of October 29, 2009, but effective as of August 1, 2009, by and between W&T Offshore, Inc., Black Elk Energy Offshore Operations, LLC and Amegy Bank National Association, as escrow agent (incorporated by reference to Exhibit 4.18 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).

10.45 First Amendment to Operated Escrow Agreement, dated as of November 23, 2010, by and between W&T Offshore, Inc., Black Elk Energy Offshore Operations, LLC and Amegy Bank National Association, as escrow agent (incorporated by reference to Exhibit 4.19 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).

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Exhibit Number	Description
10.46	Operated Deposit Account Security Agreement, dated October 29, 2009, by and between W&T Offshore, Inc. and Black Elk Energy Offshore Operations, LLC (incorporated by reference to Exhibit 4.20 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.47	Operated Deposit Account Control Agreement, executed and delivered October 29, 2009, among W&T Offshore, Inc., Black Elk Energy Offshore Operations, LLC and Amegy Bank National Association (incorporated by reference to Exhibit 4.21 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.48	Non-Operated Escrow Agreement, dated as of October 29, 2009, but effective as of August 1, 2009, by and between W&T Offshore, Inc., Black Elk Energy Offshore Operations, LLC and Amegy Bank National Association, as escrow agent (incorporated by reference to Exhibit 4.22 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.49	First Amendment to Non-Operated Escrow Agreement, dated as of November 23, 2010, by and between W&T Offshore, Inc., Black Elk Energy Offshore Operations, LLC and Amegy Bank National Association, as escrow agent (incorporated by reference to Exhibit 4.23 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011(SEC File No. 333-174226)).
10.50	Non-Operated Deposit Account Security Agreement, dated October 29, 2009, by and between W&T Offshore, Inc. and Black Elk Energy Offshore Operations, LLC (incorporated by reference to Exhibit 4.24 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.51	Non-Operated Deposit Account Control Agreement, executed and delivered as of October 29, 2009, among W&T Offshore, Inc., Black Elk Energy Offshore Operations, and Amegy Bank National Association (incorporated by reference to Exhibit 4.25 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.52	Waiver, dated as of September 30, 2011, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.1 to the Form 10-Q for the period ended September 30, 2011 as filed with the Securities and Exchange Commission on November 10, 2011 (SEC File No. 333-174226)).
*10.53	Contribution Agreement, dated as of January 25, 2013, by and between Black Elk Energy Offshore Operations, LLC and PPVA Black Elk Energy (Equity) LLC.
*10.54	Letter Agreement, dated February 12, 2013, by and between Black Elk Energy Offshore Operations, LLC and Platinum Partners Value Arbitrage Fund LP.
*10.55	Contribution Agreement, dated as of February 12, 2013, by and between Black Elk Energy Offshore Operations, LLC and Platinum Partners Black Elk Opportunities Fund LLC.
*10.56	Contribution Agreement, dated as of February 13, 2013, by and between Black Elk Energy Offshore Operations, LLC and Platinum Partners Black Elk Opportunities Fund LLC.
*10.57	Contribution Agreement, dated as of February 14, 2013, by and between Black Elk Energy Offshore Operations, LLC and Platinum Partners Black Elk Opportunities Fund LLC.

*10.58	Contribution Agreement, dated as of February 22, 2013, by and between Black Elk Energy Offshore Operations, LLC and Platinum Partners Black Elk Opportunities Fund LLC.
10.59	Purchase and Sale Agreement by and between Black Elk Energy Offshore Operations, LLC as Seller and Renaissance Offshore, LLC as Purchaser, dated as of March 1, 2013 (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on April 2, 2013).
10.60	First Amendment to Purchase and Sale Agreement by and between Black Elk Offshore Operations, LLC and Renaissance Offshore, LLC, effective as of March 22, 2013 (incorporated by reference to Exhibit 10.2 to the Form 8-K filed with the Securities and Exchange Commission on April 2, 2013).
10.61	Offer and Separation Agreement and General Release Offer, dated as of April 1, 2013, by and between Black Elk Energy Offshore Operations, LLC and Douglas W. Fehr (incorporated by reference to Exhibit 10.26 to the Form 10-K filed with the Securities and Exchange Commission on April 15, 2013).

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Exhibit Number	Description
10.62	Purchase and Sale Agreement by and between Black Elk Offshore Operations, LLC and Renaissance Offshore, LLC, effective as of July 31, 2013 (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on August 6, 2013).
10.63	Letter Loan Purchase Agreement, dated as of July 31, 2013, by and among the Company, PPVA Black Elk Equity LLC, Capital One, N.A., as Administrative Agent for the Lenders signatory thereto, and the Lenders signatory thereto (incorporated by reference to Exhibit 10.3 to the Form 8-K filed with the Securities and Exchange Commission on August 6, 2013).
10.64	Guaranty, dated as of July 31, 2013, by Platinum Partners Value Arbitrage Fund L.P., Platinum Montaur Life Sciences, LLC, Meserole Group LLC, PPVA Black Elk Investors LLC and DMRJ Group LLC in favor of Capital One, N.A., as Adminstrative Agent for the benefit of the Lenders to that certain Credit Agreement dated December 24, 2010, as amended (incorporated by reference to Exhibit 10.4 to the Form 8-K filed with the Securities and Exchange Commission on August 6, 2013).
10.65	Loan Purchase and Sale Agreement, dated as of August 30, 2013, by and among Capital One Bank, N.A., as Administrative Agent for the Lenders signatory thereto, and the Lenders signatory thereto, with White Elk LLC, as new Administrative Agent and Lender, and Resource Value Group LLC, as new Lender (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on September 6, 2013).
10.66	Omnibus Assignment and Assumption of Loans, Loan Documents and Related Liens and Security Interests and Appointment of Agent, dated as of August 30, 2013, by and among, Capital One, N.A., in its capacity as Administrative Agent for the Lenders, Issuing Bank and Collateral Agent and Mortgagee for the Secured Parties and First Lien Agent, Second Lien Agent and Facility Swap Agent under the Intercreditor Agreements, the Lenders signatory thereto, White Elk LLC, Resource Value Group LLC, on behalf of one or more beneficial holders of the Loans, and Black Elk Energy Offshore Operations, LLC (incorporated by reference to Exhibit 10.2 to the Form 8-K filed with the Securities and Exchange Commission on September 6, 2013).
10.67	Subscription Agreement, dated as of September 16, 2013, by and between Black Elk Energy Offshore Operations, LLC and Asiasons Capital Limited (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on September 20, 2013).
10.68	Supplemental Agreement, dated as of September 26, 2013, by and between Black Elk Energy Offshore Operations, LLC and Asiasons Capital Limited (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on October 03, 2013).
10.69	Purchase and Sale Agreement by and between Black Elk Offshore Operations, LLC, as Seller, and Renaissance Offshore, LLC, as Purchaser, South Pass Field 65 dated as of November 15, 2013 (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on November 20, 2013).
*10.70	Purchase and Sale Agreement by and between Black Elk Offshore Operations, LLC and SandRidge Offshore, LLC, effective as of March 1, 2014.
*12.1	Computation of Ratio of Earnings to Fixed Charges.
*21.1	Subsidiary List of Black Elk Energy Offshore Operations, LLC.
*23.1	Consent of Netherland, Sewell & Associates, Inc.

*31.1	Certification of Principal Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Principal Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	Section 1350 Certifications of Principal Executive Officer and Principal Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*99.1	Summary Report of Netherland, Sewell & Associates, Inc.
101.INS§	XBRL Instance Document
101.SCH§	XBRL Taxonomy Extension Schema Document
101.CAL§	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF§	XBRL Taxonomy Extension Definition Presentation Linkbase Document

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Exhibit Number	Description
101.LAB§	XBRL Taxonomy Extension Label Linkbase Document
101.PRE§	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.
† Management contract or compensatory plan or arrangement.
§ Furnished with this Form 10-K. In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BLACK ELK ENERGY OFFSHORE OPERATIONS, LLC

By: /s/ Jeff Shulse
Jeff Shulse
Chief Financial Officer

March 31, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ John Hoffman John Hoffman	President, Chief Executive Officer and Manager (Principal Executive Officer)	March 31, 2014
/s/ Jeff Shulse Jeff Shulse	Chief Financial Officer (Principal Financial Officer)	March 31, 2014
/s/ Daniel Small Daniel Small	Manager	March 31, 2014

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EXHIBIT INDEX

Exhibit Number	Description
3.1	Certificate of Formation of Black Elk Energy Offshore Operations, LLC, dated as of November 20, 2007 (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
3.2	Certificate of Amendment of Black Elk Energy Offshore Operations, LLC, dated as of January 29, 2008 (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
3.3	Certificate of Formation of Black Elk Energy Finance Corporation, dated as of October 26, 2010 (incorporated by reference to Exhibit 3.3 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
3.4	Second Amended and Restated Limited Liability Company Operating Agreement of Black Elk Energy Offshore Operations, LLC, dated as of July 13, 2009 (incorporated by reference to Exhibit 3.4 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226).
3.5	First Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC, dated August 19, 2010 (incorporated by reference to Exhibit 3.5 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
3.6	Bylaws of Black Elk Energy Finance Corp., dated as of October 26, 2010 (incorporated by reference to Exhibit 3.6 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
3.7	Second Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC dated as of May 31, 2011 (incorporated by reference to Exhibit 3.1 to the Form 8-K filed with the Securities and Exchange Commission on June 3, 2011).
3.8	Third Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC dated as of January 25, 2013 (incorporated by reference to Exhibit 3.1 to the Form 8-K filed with the Securities and Exchange Commission on January 31, 2013).
3.9	Fourth Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC dated as of February 12, 2013 (incorporated by reference to Exhibit 3.1 to the Form 8-K filed with the Securities and Exchange Commission on February 19, 2013).
3.10	Fifth Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC dated as of April 9, 2013 (incorporated by reference to Exhibit 3.10 to the Form 10-K filed with the Securities and Exchange Commission on April 15, 2013).
3.11	Sixth Amendment to Second Amended and Restated Operating Agreement of Black Elk Energy Offshore Operations, LLC, dated as of May 3, 2013 (incorporated by reference to Exhibit 3.1 to the Form 8-K filed with the Securities and Exchange Commission on May 9, 2013).
3.12	Third Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement of

	Blaclk Elk Energy Offshore Operations, LLC, effective as of January 25, 2013.
4.1	Indenture, dated as of November 23, 2010, among Black Elk Energy Offshore Operations, LLC and Black Elk Energy Finance Corp., as Issuers, the Guarantor party named therein, and The Bank of New York Mellon Trust Company, N.A., as Trustee and Collateral Agent (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
4.2	First Supplemental Indenture, dated as of May 31, 2011, by and among Black Elk Energy Offshore Operations, LLC and Black Elk Energy Finance Corp. as issuers, Black Elk Energy Land Operations, LLC as guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee and collateral agent (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on June 3, 2011).

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4.3	Registration Rights Agreement, dated as of November 23, 2010, among Black Elk Energy Offshore Operations, LLC and Black Elk Energy Finance Corp., the Guarantor party named therein and the Purchasers named therein (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
4.4	Security Agreement, dated as of November 23, 2010, by Black Elk Energy Offshore Operations, LLC, Black Elk Energy Finance Corp., Black Elk Energy Land Operations, LLC in favor of The Bank of New York Mellon Trust Company, N.A., as Trustee and Collateral Agent (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
4.5	Amended and Restated Second Lien Intercreditor Agreement, dated as of December 24, 2010, by and among Capital One, N.A., in its capacity as First Lien Agent for the First Lien Creditors, The Bank of New York Mellow Trust Company, N.A., in its capacity as Indenture Trustee and in its capacity as Collateral Agent for, on behalf of and in the stead of, the Second Lien Creditors, Black Elk Energy Offshore Operations, LLC and Black Elk Energy Finance Corp. and each other Loan Parties from time to time party thereto (incorporated by reference to Exhibit 4.12 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333174226)).
10.1	Purchase and Sale Agreement, dated September 14, 2009, by and between W&T Offshore, Inc. and Black Elk Energy Offshore Operations, LLC (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.2	First Amendment to Purchase and Sale Agreement, dated as of October 29, 2009, by and between W&T Offshore, Inc. and Black Elk Energy Offshore Operations, LLC (incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.3	Second Amendment to Purchase and Sale Agreement, dated as of November 23, 2010, by and between W&T Offshore, Inc. and Black Elk Offshore Operations, LLC (incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.4	Third Amendment to Purchase and Sale Agreement, dated December 19, 2012, by and between W&T Offshore, Inc. and the Company (incorporated by reference to Exhibit 10.6 to the Form 8-K filed with the Securities and Exchange Commission on March 11, 2013).
†10.5	Employment Agreement, dated as of July 13, 2012, by and between Black Elk Energy Offshore Operations, LLC and John G. Hoffman (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on October 4, 2013).
†10.6	Employment Agreement, dated as of July 13, 2012, by and between Black Elk Energy Offshore Operations, LLC and Arthur Garza III (incorporated by reference to Exhibit 10.2 to the Form 8-K filed with the Securities and Exchange Commission on October 4, 2013).
†10.7	Employment Agreement, dated as of July 13, 2012, by and between Black Elk Energy Offshore Operations, LLC and James F. Hagemeier (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on October 3, 2012).
†10.8	Engagement Letter, dated January 25, 2013, by and between Black Elk Energy Offshore Operations, LLC and Alvarez & Marsal North America, LLC (incorporated by reference to Exhibit 10.13 to the Form 10-K filed with the Securities and Exchange Commission on April 15, 2013)

†10.9	Amended and Restated Company Agreement of Black Elk Employee Incentive, LLC, dated as of August 20, 2010 (incorporated by reference to Exhibit 10.14 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 26, 2012).
†10.10	Employment Agreement, dated as of April 16, 2013, by and between Black Elk Energy Offshore Operations, LLC and Bruce Koch (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on April 23, 2013).
†10.11	Employment Agreement, dated January 8, 2014, by and between Black Elk Energy Offshore Operations, LLC and Jeffrey Shulse (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on January 14, 2014).

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10.12	Credit Agreement, dated as of December 24, 2010, among Black Elk Energy Offshore Operations, LLC, each of the Lenders from time to time party thereto, and Capital One, N.A. as administrative agent for the Lenders (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.13	First Amendment to Credit Agreement, dated as of May 31, 2011, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.2 to the Form 8-K filed with the Securities and Exchange Commission on June 3, 2011).
10.14	Waiver and Second Amendment to Credit Agreement, dated as of June 30, 2011, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.6 to the Form 10-Q for the period ended June 30, 2011 as filed with the Securities and Exchange Commission on August 10, 2011 (SEC File No. 333-174226)).
10.15	Limited Waiver and Third Amendment to Credit Agreement, dated as of November 8, 2012, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party hereto, the Lenders party hereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 4.1 to the Form 10-Q filed with the Securities and Exchange Commission on November 13, 2012
10.16	Fourth Amendment to Credit Agreement and Other Loan Documents, effective as of December 21, 2012, by and among the Company, the Guarantors party thereto, Capital One, N.A., as Administrative Agent for the Lenders signatory thereto, and the Lenders signatory thereto (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on March 11, 2013).
10.17	Sixth Amendment to Credit Agreement, effective as of January 31, 2013, by and among the Company, the Guarantors party thereto, Capital One, N.A., as Administrative Agent for the Lenders signatory thereto, and the Lenders signatory thereto (incorporated by reference to Exhibit 10.2 to the Form 8-K filed with the Securities and Exchange Commission on March 11, 2013).
10.18	Limited Waiver and Seventh Amendment to Credit Agreement, effective as of February 22, 2013, by and among the Company, the Guarantors party thereto, Capital One, N.A., as Administrative Agent for the Lenders signatory thereto, and the Lenders signatory thereto (incorporated by reference to Exhibit 10.3 to the Form 8-K filed with the Securities and Exchange Commission on March 11, 2013).
10.19	Eighth Amendment to Credit Agreement, effective as of March 26, 2013, by and among the Company, the Guarantors party thereto, Capital One, N.A., as Administrative Agent for the Lenders and the Lenders signatory thereto (incorporated by reference to Exhibit 10.3 to the Form 8-K filed with the Securities and Exchange Commission on April 2, 2013).
10.20	Limited Waiver and Ninth Amendment to Credit Agreement, effective as of April 10, 2013, by and among the Company, the Guarantors party thereto, Capital One, N.A., as Administrative Agent for the Lenders and the Lenders signatory thereto (incorporate by reference to Exhibit 4.39 to the Form 10-K filed with the Securities and Exchange Commission on April 15, 2013).
10.21	Tenth Amendment to Credit Agreement, effective as of July 31, 2013, by and among the Company, the Guarantors party thereto, Capital One, N.A., as Administrative Agent for the Lenders signatory thereto, and the Lenders signatory thereto (incorporated by reference to Exhibit 10.2 to the Form 8-K filed with the Securities and Exchange Commission on August 6, 2013).
10.22	Limited Waiver and Eleventh Amendment to Credit Agreement, effective as of August 30, 2013, by and among

	Black Elk Energy Offshore Operations, LLC, the Guarantors party thereto, White Elk LLC, as Administrative Agent for the Lenders signatory thereto, and the Lenders signatory thereto (incorporated by reference to Exhibit 10.3 to the Form 8-K filed with the Securities and Exchange Commission on September 6, 2013).
10.23	Letter of Credit Facility Agreement, dated as of December 24, 2010, among Black Elk Energy Offshore Operations, LLC, as Borrower, Capital One, N.A., as Administrative Agent and the Lenders Party Thereto (incorporated by reference to Exhibit 4.8 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.24	First Amendment to Letter of Credit Facility Agreement, dated as of May 31, 2011, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.3 to the Form 8-K filed with the Securities and Exchange Commission on June 3, 2011

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10.25	Second Amendment to Letter of Credit Facility Agreement, dated as of December 30, 2011, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party hereto, the Lenders party hereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 4.1 to the Form 10-Q filed with the Securities and Exchange Commission on August 10, 2012).
10.26	Third Amendment to Letter of Credit Facility Agreement, dated as of May 24, 2012, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party hereto, the Lenders party hereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 4.2 to the Form 10-Q filed with the Securities and Exchange Commission on August 10, 2012).
10.27	Fourth Amendment to Letter of Credit Facility Agreement and Waiver, dated as of November 8, 2012, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party hereto, the Lenders party hereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 4.2 to the Form 10-Q filed with the Securities and Exchange Commission on November 13, 2012).
10.28	Fifth Amendment to Letter of Credit Facility Agreement and Amendment to Other Loan Documents, effective as of December 21, 2012, by and among the Company, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.4 to the Form 8-K filed with the Securities and Exchange Commission on March 11, 2013).
10.29	Sixth Amendment to Letter of Credit Facility Agreement and Amendment to Other Loan Documents, effective as of February 22, 2013, by and among the Company, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.5 to the Form 8-K filed with the Securities and Exchange Commission on March 11, 2013).
10.30	Limited Waiver and Seventh Amendment to Letter of Credit Facility Agreement, effective as of April 10, 2013, by and among the Company, the Guarantors party thereto, Capital One, N.A., as Administrative Agent for the Lenders, and the Lenders signatory thereto (incorporated by reference to Exhibit 4.40 to the form 10-K with the Securities and Exchange Commission on April 15, 2013).
10.31	Limited Waiver, Ninth Amendment to Letter of Credit Facility Agreement and Amendment to Note, effective as of August 15, 2013, by and among the Company, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on August 21, 2013).
10.32	Limited Waiver, Tenth Amendment to Letter of Credit Facility Agreement, effective as of November 14, 2013, by and among the Company, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.11 to the Form 10-Q filed with the Securities and Exchange Commission on November 14, 2013).
10.33	Security Agreement, dated as of December 24, 2010, made by Black Elk Energy Offshore Operations, LLC, Black Elk Energy Finance Corp., Black Elk Energy Land Operations, LLC, and The Other Grantors Party Thereto, in favor of Capital One, N.A, not in its individual capacity, but solely as Administrative Agent (incorporated by reference to Exhibit 4.5 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226).
10.34	Pledge and Security Agreement, dated as of December 24, 2010, by Black Elk Offshore Operations, LLC as Pledgor in favor of Capital One, N.A. as Collateral Agent (incorporated by reference to Exhibit 4.6 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.35	Guaranty Agreement, dated as of December 24, 2010, by each of the Subsidiaries of the Borrower in favor of

	Capital One, N.A., as Administrative Agent for the benefit of the Lenders to the certain Credit Agreement dated as of even date therewith by and among the Borrower, the Agent and the Lenders (incorporated by reference to Exhibit 4.7 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.36	Security and Pledge Agreement, dated as of December 24, 2010, between Black Elk Energy Offshore Operations, LLC and Capital One N.A., not in its individual capacity, but solely as Administrative Agent (incorporated by reference to Exhibit 4.9 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.37	Guaranty Agreement, dated as of December 24, 2010, by each of the Subsidiaries of the Borrower, in favor of Capital One, N.A., as Administrative Agent for the benefit of the Lenders pursuant to that certain Letter of Credit Facility Agreement dated as of even date herewith, by and among the Borrower, the Agent and the Lenders (incorporated by reference to Exhibit 4.10 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).

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10.38	Intercreditor Agreement, entered into as of December 24, 2010, by and among BP Corporation North America Inc., Black Elk Offshore Operations, LLC, and Capital One, National Association, as Administrative Agent for itself and the Lenders party to the Credit Agreement referred to therein (incorporated by reference to Exhibit 4.11 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.39	Amended and Restated Intercreditor Agreement (Escrow Agreements), dated as of December 24, 2010, by and among W&T Offshore, Inc., Capital One, N.A., in its capacity as agent for the Second Lien Creditors, and Black Elk Energy Offshore Operations, LLC (incorporated by reference to Exhibit 4.13 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.40	Amended and Restated Intercreditor Agreement (Non-Operated Properties), dated as of December 24, 2010, by and among Capital One, N.A., in its capacity as Facility/Swap Agent for the Facility/ Swap Creditors, The Bank of New York Mellon Trust Company, N.A., in its capacity as Indenture Trustee and in its capacity as Collateral Agent for, on behalf of and in the stead of, the Notes Creditors, W&T Offshore, Inc., Black Elk Energy Offshore Operations, LLC and Black Elk Energy Finance Corp. and each of the other Loan Parties from time to time party thereto (incorporated by reference to Exhibit 4.14 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.41	Mortgage, Deed of Trust, Collateral Assignment, Security Agreement and Financing Statement, dated October 29, 2009, by and between Black Elk Energy Offshore Operations, LLC and W&T Offshore, Inc. and W. Reid Lea, as Trustee for the benefit of W&T Offshore, Inc (incorporated by reference to Exhibit 4.15 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.42	First Amendment to Mortgage, Deed of Trust, Collateral Assignment, Security Agreement and Financing Statement, dated November 23, 2010, by and between Black Elk Energy Offshore Operations, LLC and W&T Offshore, Inc. and W. Reid Lea, as Trustee for the benefit of W&T Offshore, Inc. (incorporated by reference to Exhibit 4.16 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.43	Partial Release by Obligee of Record, effective November 23, 2010, of that certain Mortgage, Deed of Trust, Collateral Assignment and Security Agreement, dated as of October 29, 2009, by Black Elk Energy Offshore Operations, LLC (incorporated by reference to Exhibit 4.17 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.44	Operated Escrow Agreement, dated as of October 29, 2009, but effective as of August 1, 2009, by and between W&T Offshore, Inc., Black Elk Energy Offshore Operations, LLC and Amegy Bank National Association, as escrow agent (incorporated by reference to Exhibit 4.18 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.45	First Amendment to Operated Escrow Agreement, dated as of November 23, 2010, by and between W&T Offshore, Inc., Black Elk Energy Offshore Operations, LLC and Amegy Bank National Association, as escrow agent (incorporated by reference to Exhibit 4.19 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.46	Operated Deposit Account Security Agreement, dated October 29, 2009, by and between W&T Offshore, Inc. and Black Elk Energy Offshore Operations, LLC (incorporated by reference to Exhibit 4.20 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.47	Operated Deposit Account Control Agreement, executed and delivered October 29, 2009, among W&T Offshore,

	Inc., Black Elk Energy Offshore Operations, LLC and Amegy Bank National Association (incorporated by reference to Exhibit 4.21 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.48	Non-Operated Escrow Agreement, dated as of October 29, 2009, but effective as of August 1, 2009, by and between W&T Offshore, Inc., Black Elk Energy Offshore Operations, LLC and Amegy Bank National Association, as escrow agent (incorporated by reference to Exhibit 4.22 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.49	First Amendment to Non-Operated Escrow Agreement, dated as of November 23, 2010, by and between W&T Offshore, Inc., Black Elk Energy Offshore Operations, LLC and Amegy Bank National Association, as escrow agent (incorporated by reference to Exhibit 4.23 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011(SEC File No. 333-174226)).

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10.50	Non-Operated Deposit Account Security Agreement, dated October 29, 2009, by and between W&T Offshore, Inc. and Black Elk Energy Offshore Operations, LLC (incorporated by reference to Exhibit 4.24 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.51	Non-Operated Deposit Account Control Agreement, executed and delivered as of October 29, 2009, among W&T Offshore, Inc., Black Elk Energy Offshore Operations, and Amegy Bank National Association (incorporated by reference to Exhibit 4.25 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on May 16, 2011 (SEC File No. 333-174226)).
10.52	Waiver, dated as of September 30, 2011, by and among Black Elk Energy Offshore Operations, LLC, the Guarantors party thereto, the Lenders party thereto and Capital One, N.A., as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.1 to the Form 10-Q for the period ended September 30, 2011 as filed with the Securities and Exchange Commission on November 10, 2011 (SEC File No. 333-174226)).
*10.53	Contribution Agreement, dated as of January 25, 2013, by and between Black Elk Energy Offshore Operations, LLC and PPVA Black Elk Energy (Equity) LLC.
*10.54	Letter Agreement, dated February 12, 2013, by and between Black Elk Energy Offshore Operations, LLC and Platinum Partners Value Arbitrage Fund LP.
*10.55	Contribution Agreement, dated as of February 12, 2013, by and between Black Elk Energy Offshore Operations, LLC and Platinum Partners Black Elk Opportunities Fund LLC.
*10.56	Contribution Agreement, dated as of February 13, 2013, by and between Black Elk Energy Offshore Operations, LLC and Platinum Partners Black Elk Opportunities Fund LLC.
*10.57	Contribution Agreement, dated as of February 14, 2013, by and between Black Elk Energy Offshore Operations, LLC and Platinum Partners Black Elk Opportunities Fund LLC.
*10.58	Contribution Agreement, dated as of February 22, 2013, by and between Black Elk Energy Offshore Operations, LLC and Platinum Partners Black Elk Opportunities Fund LLC.
10.59	Purchase and Sale Agreement by and between Black Elk Energy Offshore Operations, LLC as Seller and Renaissance Offshore, LLC as Purchaser, dated as of March 1, 2013 (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on April 2, 2013).
10.60	First Amendment to Purchase and Sale Agreement by and between Black Elk Offshore Operations, LLC and Renaissance Offshore, LLC, effective as of March 22, 2013 (incorporated by reference to Exhibit 10.2 to the Form 8-K filed with the Securities and Exchange Commission on April 2, 2013).
10.61	Offer and Separation Agreement and General Release Offer, dated as of April 1, 2013, by and between Black Elk Energy Offshore Operations, LLC and Douglas W. Fehr (incorporated by reference to Exhibit 10.26 to the Form 10-K filed with the Securities and Exchange Commission on April 15, 2013).
10.62	Purchase and Sale Agreement by and between Black Elk Offshore Operations, LLC and Renaissance Offshore, LLC, effective as of July 31, 2013 (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on August 6, 2013).
10.63	Letter Loan Purchase Agreement, dated as of July 31, 2013, by and among the Company, PPVA Black Elk

	Equity LLC, Capital One, N.A., as Administrative Agent for the Lenders signatory thereto, and the Lenders signatory thereto (incorporated by reference to Exhibit 10.3 to the Form 8-K filed with the Securities and Exchange Commission on August 6, 2013).
10.64	Guaranty, dated as of July 31, 2013, by Platinum Partners Value Arbitrage Fund L.P., Platinum Montaur Life Sciences, LLC, Meserole Group LLC, PPVA Black Elk Investors LLC and DMRJ Group LLC in favor of Capital One, N.A., as Adminstrative Agent for the benefit of the Lenders to that certain Credit Agreement dated December 24, 2010, as amended (incorporated by reference to Exhibit 10.4 to the Form 8-K filed with the Securities and Exchange Commission on August 6, 2013).
10.65	Loan Purchase and Sale Agreement, dated as of August 30, 2013, by and among Capital One Bank, N.A., as Administrative Agent for the Lenders signatory thereto, and the Lenders signatory thereto, with White Elk LLC, as new Administrative Agent and Lender, and Resource Value Group LLC, as new Lender (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on September 6, 2013).

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10.66	Omnibus Assignment and Assumption of Loans, Loan Documents and Related Liens and Security Interests and Appointment of Agent, dated as of August 30, 2013, by and among, Capital One, N.A., in its capacity as Administrative Agent for the Lenders, Issuing Bank and Collateral Agent and Mortgagee for the Secured Parties and First Lien Agent, Second Lien Agent and Facility Swap Agent under the Intercreditor Agreements, the Lenders signatory thereto, White Elk LLC, Resource Value Group LLC, on behalf of one or more beneficial holders of the Loans, and Black Elk Energy Offshore Operations, LLC (incorporated by reference to Exhibit 10.2 to the Form 8-K filed with the Securities and Exchange Commission on September 6, 2013).
10.67	Subscription Agreement, dated as of September 16, 2013, by and between Black Elk Energy Offshore Operations, LLC and Asiasons Capital Limited (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on September 20, 2013).
10.68	Supplemental Agreement, dated as of September 26, 2013, by and between Black Elk Energy Offshore Operations, LLC and Asiasons Capital Limited (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on October 03, 2013).
10.69	Purchase and Sale Agreement by and between Black Elk Offshore Operations, LLC, as Seller, and Renaissance Offshore, LLC, as Purchaser, South Pass Field 65 dated as of November 15, 2013 (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on November 20, 2013).
*10.70	Purchase and Sale Agreement by and between Black Elk Offshore Operations, LLC and SandRidge Offshore, LLC, effective as of March 1, 2014.
*12.1	Computation of Ratio of Earnings to Fixed Charges.
*21.1	Subsidiary List of Black Elk Energy Offshore Operations, LLC.
*23.1	Consent of Netherland, Sewell & Associates, Inc.
*31.1	Certification of Principal Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Principal Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	Section 1350 Certifications of Principal Executive Officer and Principal Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*99.1	Summary Report of Netherland, Sewell & Associates, Inc.
101.INS§	XBRL Instance Document
101.SCH§	XBRL Taxonomy Extension Schema Document
101.CAL§	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF§	XBRL Taxonomy Extension Definition Presentation Linkbase Document
101.LAB§	XBRL Taxonomy Extension Label Linkbase Document

101.PRE§ XBRL Taxonomy Extension Presentation Linkbase Document

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* Filed herewith.

† Management contract or compensatory plan or arrangement.

§ Furnished with this Form 10-K. In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

To: Daniel Small[dsmall@platinumlp.com]
From: Mark Nordlicht
Sent: Mon 3/17/2014 3:49:09 AM
Importance: Normal
Subject: Re: 2012 P&L
Received: Mon 3/17/2014 3:49:11 AM

Happy to discuss this week and come to final arrangement. This is also the week I need to figure out how to restructure and raise money to pay back 110 million of preferred which if unsuccessful, wd be the end of the fund. This " liquidity" crunch was caused by our mismanagement - yours David and I- of the black elk position so I will multitask and also address your concerns but forgive me if I am a little distracted. I have been up until 3 am for the last two weeks working through this issue.

Sent from my iPad

On Mar 16, 2014, at 11:31 PM, "Daniel Small" <dsmall@platinumlp.com> wrote:

> Mark, see attached Implant Net Dollar Exposure through 6/30/13 which shows we have funded since inception about $33MM on a net basis (less repayments) and sold $27MM of stock for a net dollar exposure of $5MM. I am still waiting for an update through 12/31/13 but I don't think it will change materially as we sold an additional $3MM of stock in the 2nd half 2013. Thus according to my math we have roughly $5MM of net dollar exposure versus a $60MM mark.
>
> I understand your view that portfolio managers should only get paid when positions are monetized and know you believe that is the right result and that you are acting in the best interests of the fund and as a responsible fiduciary.
>
> I wanted to reiterate a couple of points of my position as sometimes in conversation I may not state them clearly.
>
> Clawback vs High-Water Mark – not paying on the Black, Elk, Implant, Lily and Island Breeze profits effectively imposes a clawback vs a high water mark. This is not the standard the fund, the management company or the industry is held too. With respect to investments treated on an "unrealized" basis the portfolio manager agreement essentially mirrors the methodology applied to the management company. The management company and the PM are paid based on year-end marks as reported to investors. That is a well-understood objective measure which should reflect the best estimate of value of the investment at that point in time. If those marks need to be adjusted subsequently downward then the management company and the PM are subject to a highwater mark. Conversely, the realized gains/loss methodology realizes gains or losses upon sales, dividends or interest payments. This methodology favors the fund when positions are being marked up on an unrealized basis and favors the PM when positions are being marked down on an unrealized basis– but it is balanced and the P&L methodology is well-understood.
>
> Additional Capital into underperforming and/or workout situations -
>
> You have stated that "realized gains" from dividends and or stock sales which subsequently have to be reinvested in a work-out situation should not be considered realized. The reality is our sweet spot for asset based convertible debt are situations which we can earn 20% plus annualized returns plus equity upside on a sr secured basis with hard asset collateral. Companies willing to accept this money tend to have hair on them or little historical track record, tend to need the money quickly, tend to be micro-cap in size and generally have average at best management teams. The model has worked over-time as the winners compensate for the losers and the losers can be mitigated by being at the top of capital structure and if the risk/reward is favorable having the flexibility to restructure or recapitalize often at much more attractive economics.
>
> The list of names that have undergone some form of work-out or restructuring is numerous (e.g. NSM, ICM, Petaquilla, China Horizon, Evergreen Energy, China Cablecom, Commerce Energy, Liberty Mines, etc.). The effectiveness of a private transactions PM is not only to source, evaluate and structure initial deals but also to restructure and monetize work-outs.

In Implant's case we believe that given potential near term catalysts the company can be monetized at a higher value if it is maintained as a going concern which allows us to sell shares in the market place at attractive prices relative to our 8 cent cost basis and hopefully the entire company to a strategic partner. It is also believed that the award of large steady government contracts will allow the company to achieve consistent profitability. If we didn't think this was the case, then we would cease to fund operations, foreclose and liquidate the company for the best price we could get. At that point a realization event would occur.

In Black Elk's case the company paid out $12MM of dividends in 2012 when it was generating north of $100MM of annualized ebitda, it was in negotiations to sell itself for north of a half billion dollars and the fund was increasing its equity mark on the position. We know what happened subsequently – two major wells watered-out and the company had an explosion both of which exposed its underperforming properties, bloated cost structure, poorly negotiated escrow agreements and lack of financial planning and controls. Rather than address their cost structure and operational deficiencies management embarked on a drilling program (both offshore and onshore) to increase production and revenue to "grow" their way out of the problem. Concurrently the company embarked on a catch-up P&A expenditure program. While this was occurring it's senior lender effectively pulled the company's revolver and its sureties made repeated cash collateral calls. In order to fund these activities, the company raised fresh capital as required by its senior lender, sold assets and ran-up payables.

Our go forward strategy is to renegotiate escrow agreements and surety coverage to release cash that can be used to decommission negative cash flowing fields, further reduce the cost structure, drill low cost/ high return PDNPs and tactically acquire under-reserved fields.

By excluding realized stock sales and dividends in the case of both Implant and BE, my P&L is being effectively lowered for unrealized losses as the fund lowers its marks for these positions. **This creates the asymmetrical outcome of not being paid for unrealized profits on the way up but getting dinged for unrealized losses on the way down.**

I am 100% committed to working out all my positions and representing the best interests of the fund. I think I have demonstrated a willingness to be a team player and effectively pitch in wherever I can. This P&L issue has been ongoing for a year, is distracting and has put me in a liquidity bind. As I have said repeatedly I have no problem working with you on a payment plan to help alleviate fund liquidity issues but I do have an issue if the final result is to retroactively and unilaterally renegotiate my investment management agreement at a material disadvantage. I am available to discuss anytime. Can you let me know your decision this week. Thanks, Dan

---

From: Daniel Small
Sent: Friday, February 28, 2014 6:09 PM
To: Mark Nordlicht
Subject: 2012 P&L

Meir, as we discussed last night attached are the PPVA and PPCO P&L's for 2012 as prepared by Joe and Naftali, respectively. Note as of Dec 31, 2012 Black Elk, China Cablecomm, Desert Hawk and Implant are the only positions

treated on a realized basis. Let me know if you want to sit down to discuss with Joe or Naftali. I would appreciate if we could have this addressed this coming week. I have asked Joe for an accrual on the holdback from 2010. Thanks, Dan

<LHP Estimate 5-30-13.xlsx>

<PPCO 2012 P&L.xlsx>

<IMSC Net Dollar Exposure thru 1H 2013.xlsx>

From: Daniel Small <dsmall@platinumlp.com>
Sent: Tuesday, April 8, 2014 6:00 PM
To: David Levy
Subject: consent
Attachments: BLELK HOLDINGS 3 25 14.xlsx

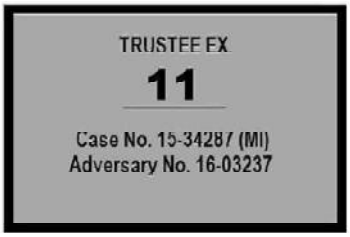
See attached or table below. We need to transfer and get consents on $69.74MM not including BAM. Let's talk to Nick in the first thing in the AM if Nomura or Credit Suisse is easier to deal with in terms of which bonds are sold.

Holder	DTC Participant	Amount
PPCO	Nomura	32,916,500.00
PPVA	Nomura	24,987,000.00
PPVA	Credit Suisse	25,321,000.00
PPLO	Credit Suisse	10,146,000.00
BAM	Wilmington Trust	5,360,000.00
Total		98,730,500.00
Consent		75,100,000.00
Less		
BAM		5,360,000.00
Transfer to PPBE		69,740,000.00

From: Mark Nordlicht [mnordlicht@platinumlp.com]
Sent: 2/6/2014 5:36:47 PM
To: John Hoffman [/O=BLACK ELK ENERGY/OU=FIRST ADMINISTRATIVE GROUP/cn=RECIPIENTS/cn=JHOFFMAN]
CC: Marizza Pichè [/O=BLACK ELK ENERGY/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Marizza Pichee03]
Subject: Atty client privilege

John - FYI- am close to buying 20 million bonds from msd. It will at that point be easy task to buy additional 25 if bondholders don't behave and we can change covenants at any time by flipping our bonds to friendlies who will so right by the company. Regards

Sent from my iPhone



To: Jeff Shulse[jeffs@blackelkenergy.com]
Cc: Daniel Small[dsmall@platinumlp.com]; Marizza Pichè[mpiche@blackelkenergy.com]; John Hoffman[jhoffman@blackelkenergy.com]; David Levy[dlevy@platinumlp.com]
From: Mark Nordlicht
Sent: Mon 3/3/2014 7:11:27 PM
Subject: Re: Confidential - Attorney Client Privelege

Their group is falling apart. Msd just sold their position. They still have 25 percent but likely we will have 50 percent in friendly hands relatively quickly in which case this is all academic.

Sent from my iPad

On Mar 3, 2014, at 2:09 PM, "Jeff Shulse" <jeffs@blackelkenergy.com> wrote:

> With Dan's comments ... I will have the numbers filled in shortly
>
> I just re-read and I think it is a credible interpretation ... still think it will trigger a default notice ... but a fair summary of our position
>
> **From:** Mark Nordlicht [mailto:mnordlicht@platinumlp.com]
> **Sent:** Monday, March 03, 2014 12:25 PM
> **To:** Daniel Small
> **Cc:** Jeff Shulse; Marizza Pichè; John Hoffman; David Levy
> **Subject:** Re: Confidential - Attorney Client Privelege
>
> Hold for a little. We have friendly buying 20 million.
>
> Sent from my iPad
> On Mar 3, 2014, at 1:23 PM, "Daniel Small" <dsmall@platinumlp.com> wrote:
>
> > See attached comments. Let's discuss before making the filing. Thanks, Dan
> >
> > **From:** Jeff Shulse [mailto:jeffs@blackelkenergy.com]
> > **Sent:** Monday, March 03, 2014 12:54 PM
> > **To:** Marizza Pichè
> > **Cc:** John Hoffman; Daniel Small; David Levy; Mark Nordlicht
> > **Subject:** Confidential - Attorney Client Privelege
> >
> > A draft of the 8k that was discussed over the weekend for your thoughts and review ... I have not sent this to Rob Sheerer for his thoughts, but can if the group agrees.
> >
> > Eager to get your comments, I'm sure it needs some polish but the basic idea is there
> >
> > <image001.jpg>
> >
> > Jeff Shulse , CFO
> > Black Elk Energy Offshore Operations, LLC
> > 11451 Katy Freeway, Ste. 500 Houston, TX 77079
> > P: (281) 598-8600 | D: (281) 598- 8615 | F: (281) 598-8601
> > Email | jeffs@blackelkenergy.com
> >
> >
> >
> > <ECOPY-5255_Scan_to_Desktop_03-03-2014_13-21-03.pdf>
> > <First Supplemental Indenture.pdf>

<Confidential - Attorney Client Privelege - 8k 3-3-2014.docx>

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To: Jeff Shulse[jeffs@blackelkenergy.com]
Cc: Daniel Small[dsmall@platinumlp.com]; David Levy[dlevy@beechwoodreinsurance.com]
From: Mark Nordlicht
Sent: Tue 6/3/2014 3:21:58 AM
Importance: Normal
Subject: RE: Revised Second Supplemental Indenture
Received: Tue 6/3/2014 3:21:00 AM

It's just waste of money and unnecessary now. Bonds cd trade down in meantime for no reason. What lawsuit? For what? From who? There is no issue here. It goes without saying do not pay trustee any fees he claims he is due.

-----Original Message-----
From: Jeff Shulse [mailto:jeffs@blackelkenergy.com]
Sent: Monday, June 02, 2014 11:20 PM
To: Mark Nordlicht
Cc: Daniel Small; David Levy
Subject: RE: Revised Second Supplemental Indenture

Why are we afraid of an open solicitation? Probably going to avoid a lawsuit and if we have the bonds we say we do, the process ends as soon as we get over the number?

-----Original Message-----
From: Mark Nordlicht [mailto:mnordlicht@platinumlp.com]
Sent: Monday, June 02, 2014 10:16 PM
To: Jeff Shulse
Cc: Daniel Small; David Levy
Subject: RE: Revised Second Supplemental Indenture

NOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOO

-----Original Message-----
From: Jeff Shulse [mailto:jeffs@blackelkenergy.com]
Sent: Monday, June 02, 2014 11:16 PM
To: Mark Nordlicht
Cc: Daniel Small; David Levy
Subject: RE: Revised Second Supplemental Indenture

The quickest way is to do the formal solicitation ... get our 51% in order ... vote it through the DTC / BNY agents and end it ... can have the solicitation posted on Wednesday, vote Thursday and over

-----Original Message-----
From: Mark Nordlicht [mailto:mnordlicht@platinumlp.com]
Sent: Monday, June 02, 2014 10:13 PM
To: Jeff Shulse
Cc: Daniel Small; David Levy
Subject: RE: Revised Second Supplemental Indenture

What is quickest way to end process? What are we doing?

-----Original Message-----
From: Jeff Shulse [mailto:jeffs@blackelkenergy.com]
Sent: Monday, June 02, 2014 8:57 PM
To: Mark Nordlicht
Cc: Daniel Small; David Levy
Subject: RE: Revised Second Supplemental Indenture

The short answer is the trustee refused to sign unless we did the solicitation process... they don't trust our consents are valid because we have received a default notice in the past 60 days and we have the behind the scenes process with various dates on our consents ... we can continue to argue our points, but today they said no sign off without a solicitation process and DTC controlling the CUSIP and BNY serving as tabulation agent ... this is the fastest way to bring this to a close, stop incurring legal fees on both sides of the transaction and be finished ... I have done my best and I can't do anymore, I have been nice, I have been forceful, and have stated our case over and over and the trustee has finally stopped discussing ... I am open to ideas, but this is the quickest way to end the process.

-----Original Message-----
From: Mark Nordlicht [mailto:mnordlicht@platinumlp.com]
Sent: Monday, June 02, 2014 6:53 PM
To: Jeff Shulse
Cc: Daniel Small; David Levy

David- u needn't explain to me what the hell is going on and why we are wasting time on this. Call me later

Sent from my iPhone

> On Jun 2, 2014, at 7:10 PM, "Jeff Shulse" <jeffs@blackelkenergy.com> wrote:
>
> Please see the attached with the S-1 covenant removed ... if ok this
> will be revised
>
> From: Shearer, Rob [mailto:rshearer@bakerlaw.com]
> Sent: Monday, June 02, 2014 3:33 PM
> To: Jeff Shulse
> Cc: Sakowitz, Brittany A.
> Subject: Revised Second Supplemental Indenture
>
> Jeff,
> Attached is an updated version of the Second Supplemental Indenture with the changes you requested.
> Please confirm that this is the version we should use for the Consent Solicitation.
> Regards,
> Rob
>
> Rob
> Shearer<http://www.bakerlaw.com/FindLawyers.aspx?Lookup_By_Email=rshea
> rer> | BakerHostetler<http://www.bakerlaw.com/>
>
> 811 Main Street | Suite 1100 | Houston, TX 77002-6111
>
> T 713.646.1391 | F 713.751.1717 | M 713.471.6114
>
> rshearer@bakerlaw.com<mailto:rshearer@bakerlaw.com>
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> _____
> This email is intended only for the use of the party to which it is
> addressed and may contain information that is privileged,
> confidential, or protected by law. If you are not the intended
> recipient you are hereby notified that any dissemination, copying or
> distribution of this email or its contents is strictly prohibited.
> If you have received this message in error, please notify us
> immediately by replying to the message and deleting it from your computer.
>
> Internet communications are not assured to be secure or clear of
> inaccuracies as information could be intercepted, corrupted, lost,
> destroyed, arrive late or incomplete, or contain viruses. Therefore,
> we do not accept responsibility for any errors or omissions that are
> present in this email, or any attachment, that have arisen as a result
> of e-mail transmission.
> <#603600277v2_BHDOCS_ - Second Supplemental Indenture - (2015
> Notes).DOC> <Second Supplemental Indenture - (2015 Notes) - Second
> Supplemental Indenture - (2015 Notes).pdf>

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To: Mark Nordlicht[mnordlicht@platinumlp.com]; 'David Levy'[dlevy@beechwoodreinsurance.com]
From: Daniel Small
Sent: Thur 7/3/2014 12:02:30 AM
Importance: Normal
Subject: FW: BLELK holdings
Received: Thur 7/3/2014 12:02:32 AM

We need to decide on a record date for the consent. Below is a summary of the positions held by PPBE and BAM.

From: Nicholas Marzella
Sent: Wednesday, July 02, 2014 4:51 PM
To: Daniel Small
Subject: RE: BLELK holdings

22,870,000.00	PPCO
	NMRA
10,047,000.00	PPCO
	NMRA
-	PPVA
	NMRA
18,321,000.00	PPVA CS
17,046,000.00	PPLO CS
13,360,000.00	BAM
16,987,000.00	BBIL
98,631,000.00	Total

CS says they have all of the bonds. 35,367,000

Nicholas Marzella
Platinum Management (NY) LLC
152 West 57th Street, 4th Floor
New York, NY 10019
Phone (212) 271-7848
Fax (212) 582-2424

From: Daniel Small
Sent: Wednesday, July 02, 2014 4:11 PM
To: Nicholas Marzella
Subject: RE: BLELK holdings

Nick, can you update the below for recent BAM purchases. Also can you confirm with CS how much would show up as of today that is owned by the PPVA and PPLO. Thanks.

From: Nicholas Marzella
Sent: Tuesday, June 24, 2014 11:11 AM
To: Daniel Small
Subject: BLELK holdings

22,870,000.00	PPCO NMRA
10,047,000.00	PPCO NMRA
6,987,000.00	PPVA NMRA
18,321,000.00	PPVA CS
17,046,000.00	PPLO CS
13,360,000.00	BAM
10,000,000.00	BBIL
98,631,000.00	Total

Nicholas Marzella
Platinum Management (NY) LLC
152 West 57th Street, 4th Floor
New York, NY 10019
Phone (212) 271-7848
Fax (212) 582-2424

From: Nicholas Marzella
To: Daniel Small
Sent: 7/23/2014 3:50:39 PM
Subject: FW: Election/Vol/Tender - Consent/BLACK ELK ENERGY OFFSHOR BLELK 13 3/4 12/01/15 /CUSIP:09203YAC5

13,711,000 for PPLO at CS
29,582,000 for PPCO at Nomura

Nicholas Marzella
Platinum Management (NY) LLC
152 West 57th Street, 4th Floor
New York, NY 10019
Phone (212) 271-7848
Fax (212) 582-2424

From: Prime Services Online Corporate Actions [mailto:list.ps-oca@credit-suisse.com]
Sent: Wednesday, July 23, 2014 11:49 AM
To: Nicholas Marzella
Subject: Election/Vol/Tender - Consent/BLACK ELK ENERGY OFFSHOR BLELK 13 3/4 12/01/15 /CUSIP:09203YAC5

This mail is auto-generated - PLEASE DO NOT REPLY TO THIS MESSAGE

The below instruction(s) have been received:

QUANTITY ELECTED DETAIL
Acct ID

Account Name

Quantity Elected

Option Elected

737NX0

PPVA - DAVID STEINBERG

18,321,000.00

1:Take No Action [Default Option] (TAKE NO ACTION)

738D60

PPLO - LHP CAPITAL

13,711,000.00

3:Consent Granted (Holder consents to proposed amendments, but does not tender notes is not eligible to receive offer consideration.)

To enter or amend your election, please select the below link:
http://credit-suisse.com/primeview

Please be advised of the following corporate action related to your holdings.

HOLDINGS SUMMARY
Acct ID

Account Name

Net Entitled

Quantity Elected

Oversubscription

Pending Election

737NX0

PPVA - DAVID STEINBERG

18,321,000.00

18,321,000.00

0.00

.00

738D60

PPLO - LHP CAPITAL

13,711,000.00

13,711,000.00

0.00

.00

HOLDINGS DETAIL
Account ID:

737NX0

Account Name:

PPVA - DAVID STEINBERG

Settled Margin:

18,321,000.00

Net Entitlement:

18,321,000.00

Account ID:

738D60

Account Name:

PPLO - LHP CAPITAL

Settled Margin:

13,711,000.00

Net Entitlement:

13,711,000.00

Event Summary

Event ID:

X1011429551/1400759

Event Status:

Complete

Event Type :

Tender - Consent

Event Group :

Voluntary

Announcement Date:

17-JUL-14

Amend Date :

21-JUL-14

Deadline Date :

13-Aug-2014 04:00 PM

Deadline TimeZone :

New York

Withdrawal Date :

13-Aug-2014 04:00 PM

Withdrawal TimeZone :

New York

Security Details

Name :

BLACK ELK ENERGY OFFSHOR BLELK 13 3/4 12/01/15

ISIN Code :

US09203YAC57

SEDOL Code :

B6WFLC3

CUSIP Code :

09203YAC5

Ticker Code :

Event Details

Expiration Date

13-AUG-14

Narrative

Terms:
The Company will accept tenders of Notes in minimum amounts of $2,000 and integral multiples of $1,000 in excess of $2,000.

Holders should obtain the offer to purchase and consent solicitation statement, dated July 16, 2014, for complete details of this offer. Any Holder that tenders Notes pursuant to the Offer must also deliver a Consent. Holders may deliver Consents without tendering Notes. Holders that validly tender their Notes pursuant to the Offer will be considered to have validly delivered their Consents with respect to the tendered Notes. Holders that deliver Consents pursuant to the Consent Solicitation without tendering their Notes will not be considered to have validly tendered their Notes and therefore will not be eligible to participate in the Offer. A Holder who validly revokes a Consent will thereby validly withdraw the previously tendered Notes to which that Consent relates and a Holder validly withdrawing a Note will thereby validly revoke the Consent related thereto. If a Holder`s Notes are not validly tendered or are validly tendered but validly withdrawn and not validly retendered at or before the Expiration Time, that Holder will not be entitled to sell its Notes and receive the Offer Consideration pursuant to the Offer, even though the Proposed Amendments may be effective and operative as to that Holder`s Notes that are not purchased in the Offer.
Black Elk Energy Offshore Operations, LLC and Black Elk Energy Finance Corp. (the "company") is offering to purchase for cash its outstanding 13.75% senior secured notes due 2015 (the "notes") at an "offer consideration" of $1,000.00 per $1,000 principal amount of notes plus accrued and unpaid interest (subject to proration).

In conjunction with the tender offer, the company is also soliciting consents from holders of the notes to certain proposed amendments to the indenture under which the notes were issued. Holders who tender are deemed to have consented to the proposed amendments.

Holders may deliver consents without tendering their notes pursuant to the offer. Participants are to use contra cusip # (09CONY9C2) to deliver consents pursuant to the consent solicitation without tendering notes pursuant to the tender offer.

Holders who deliver consents without tendering notes will not be eligible to receive the offer consideration.

As stated in the offer to purchase and consent solicitation statement: "The offer and the consent solicitation are being made in connection with our potential disposition of certain assets pursuant to a purchase and sale agreement between the company, as seller, and Renaissance Offshore, LLC, as buyer dated July 10, 2014 (the "renaissance sale")."

"If the amount required to purchase all notes validly tendered before the expiration time (including all accrued and unpaid interest) exceeds the amount of net proceeds from the Renaissance sale, the notes validly tendered will be accepted and purchased on the final acceptance date on a pro rata basis according to the number of notes tendered by each tendering holder."

The early consent time for the consent solicitation will be on the date on which the requisite consents are received, provided that the early consent time will not be at a date and time later than the expiration time.

Any consents delivered prior to the early consent time may be validly revoked and any notes

delivered prior to the early consent time may be validly withdrawn (and the consents validly revoked) at any time prior to the early consent time, but not thereafter.

Any consents delivered after the early consent time but before the expiration time may be validly revoked and any notes tendered after the early consent time but before the expiration time may be validly withdrawn (and the consents validly revoked) at any time prior to the expiration time. Notes not purchased pursuant to the Offer, whether because such Notes were not validly tendered by the Holder at or before the Expiration Time or as a result of the Pro Rata Calculation, will remain outstanding under the Indenture. The Supplemental Indenture, if it is executed, and the Proposed Amendments, if they become effective, will be binding on all Holders, including those who did not consent to the Proposed Amendments.

The offer will expire on the expiration date, unless extended.

There is no guarantee of delivery (protect) privilege afforded this voluntary event.

The contra cusip # (09299ACG1) associated with this envelope is to be used by participants who wish to tender their notes and consent to the proposed amendments.

As stated in the offer to purchase and consent solicitation statement:
"...the position of the consenting or tendering holder cannot be sold or transferred, until the expiration time. During such time as the cusip is blocked, holders that tendered their notes in the offer or delivered their consents in the consent solicitation will not be able to sell or transfer their notes. The tabulation agent and depositary will instruct DTC to release the positions as soon as practicable but no later than three (3) business days after either the expiration time or subsequent date following the expiration time and not exceeding forty-five (45) calendar days from the date hereof."

The contra cusip # (09CONY9C2) associated with this envelope is to be used by participants who wish to deliver consents without tendering notes.

The final payment date is anticipated to occur promptly following the final acceptance date.

Option 1:Take No Action [Default Option] (TAKE NO ACTION)

Option 2:Cash (Holder consents to proposed amendments and tenders notes in exchange for $1,000.00 plus interst per $1,000.00 P.A. (subject to proration).)

Payout 1:

Principal Cash :

1,000.00

Currency :

USD

Option 3:Consent Granted (Holder consents to proposed amendments, but does not tender notes is not eligible to receive offer consideration.)

This communication is based on information received from third parties and none of Credit Suisse Securities (USA) LLC, Credit Suisse Securities (Europe) Limited and any of their affiliates (collectively, "CS") has performed any due diligence in respect of the corporate action described in this communication. CS makes no express or implied representation or warranty in respect of the information contained in this communication. You are responsible for obtaining all necessary information relating to the corporate action including any applicable conditions, restrictions, obligations and terms (and for ensuring that you are able to comply with them and eligible to participate). Preliminary announcements may be subject to shareholder approval.

This communication is for informational purposes only and does not constitute an invitation or

offer to subscribe for or purchase any of the products or services mentioned and does not constitute the giving of advice or any recommendation by CS in relation to the corporate action. You should independently determine that it is appropriate for you to exercise or act on the corporate action. In the event that this communication relates to a corporate action with respect to securities that you have borrowed, your participation in the corporate action may be restricted, reduced or disallowed in accordance with regulation and/or the lender's instructions (which may include the return of the securities to lender) and CS shall have no liability for any such restriction, reduction or disallowance.

In the event that: (i) securities subject to a corporate action have been pledged, sold, transferred or not received by CS and (ii) the corporate action has been fully consummated, CS may make substitute payments and/or distributions in lieu of any distributions or payments made by the issuer, representing the economic benefit attributable to that corporate action. These substitute payments and/or distributions may be subject to different tax treatment. You should contact your tax advisor to discuss the tax treatment of substitute payments.

CS does not undertake any duty to update this communication and accepts no liability for any loss arising from the use of this communication. If no instructions are received from you in connection with the corporate action, CS will take no action. Instructions received by CS after the deadlines specified in this communication will be acted upon on a reasonable efforts basis only. Any fees or charges incurred in relation to executing instructions will be passed to you. Distributions will be paid upon receipt by CS. Guaranteed delivery may result in late payments by issuers.

By instructing CS to participate on your behalf in such corporate action you hereby (i) represent and warrant to CS that you are (or where such instruction is given on behalf of a third party, such third party is) fully entitled to participate in such corporate action in accordance with any restrictions or conditions that govern any such corporate action; and (ii) agree to indemnify CS for any loss, cost or expense incurred as a result of the breach of such representation and warranty. The information contained herein is subject to change without notice. Please consult your Corporate Actions listings on PrimeView regularly for additional information related to the corporate action described in this communication. In the event the corporate action information on PrimeView is inconsistent with the information contained herein, you may wish to contact your Credit Suisse Client Service Representative.

From: Nicholas Marzella
To: 'pcas@nomura.com'
CC: 'PrimePlatinumPartners-eu@nomura.com'; David Stern; Naftali Manela
Sent: 7/23/2014 3:44:53 PM
Subject: BLACK ELK ENERGY OFFSHORE OPERATIONS LLC / BLACK ELK FINANCE CORP 13.75% 01/12/2 US09203YAC57 Tender CPB10296 PLATINUM PARTNERS CRED M1

PPCO would like to select option 2 - CONSENT ONLY for the attached corporate action.

Thank you,

Nicholas Marzella

Platinum Management (NY) LLC

152 West 57th Street, 4th Floor

New York, NY 10019

Phone (212) 271-7848

Fax (212) 582-2424

NOMURA INTERNATIONAL PLC
1 Angel Lane
London EC4R 3AB
United Kingdom.

NOMURA

Corporate Action Notification

Contact:
E-Mail: pcas@nomura.com **Telephone:** +44 (0)20 710 29990 | +852 (2252) 1204
+44 (0)20 710 21973 | +852 (2252) 6417

Fund/Client Name: [redacted] PLATINUM PARTNERS CRED M1

Client Code	Position Type	Position
[redacted]	Long Position	29,582,000

Event

Stock Name:	BLACK ELK ENERGY OFFSHORE OPERATIONS LLC / BLACK ELK FINANCE CORP 13.75% 01/12/2		
ISIN:	US09203YAC57	Category:	Voluntary
Sedol:	B6WFLC3	Event Type:	Tender
		Event ID:	9350836

Event Dates

Pay Date TBA

Event Details

OFFEROR : BLACK ELK ENERGY

OFFEROR S TERMS : $1,000 PER $1,000 P.A PLUS INT

THE TELEPHONE NUMBER FOR THE INFORMATION AGENT IS: (315) 414-3349

BLACK ELK ENERGY OFFSHORE OPERATIONS, LLC AND BLACK ELK ENERGY FINANCE CORP. (THE "COMPANY") IS OFFERING TO PURCHASE FOR CASH ITS OUTSTANDING 13.75% SENIOR

SECURED NOTES DUE 2015 (THE "NOTES") AT AN 'OFFER CONSIDERATION" OF $1,000.00 PER $1,000 PRINCIPAL AMOUNT OF NOTES PLUS ACCRUED AND UNPAID INTEREST

(SUBJECT TO PRORATION).

IN CONJUNCTION WITH THE TENDER OFFER, THE COMPANY IS ALSO SOLICITING CONSENTS FROM HOLDERS OF THE NOTES TO CERTAIN PROPOSED AMENDMENTS TO THE INDENTURE

UNDER WHICH THE NOTES WERE ISSUED.

HOLDERS WHO TENDER ARE DEEMED TO HAVE CONSENTED TO THE PROPOSED AMENDMENTS.

HOLDERS MAY DELIVER CONSENTS WITHOUT TENDERING THEIR NOTES PURSUANT TO THE OFFER. PARTICIPANTS ARE TO USE CONTRA CUSIP # (09CONY9C2) TO DELIVER CONSENTS

PURSUANT TO THE CONSENT SOLICITATION WITHOJT TENDERING NOTES PURSUANT TO THE TENDER OFFER.

HOLDERS WHO DELIVER CONSENTS WITHOUT TENDERING NOTES WILL NOT BE ELIGIBLE TO RECEIVE THE OFFER CONSIDERATION.

AS STATED IN THE OFFER TO PURCHASE AND CONSENT SOLICITATION STATEMENT: "THE OFFER AND THE CONSENT SOLICITATION ARE BEING MADE IN CONNECTION WITH OUR

POTENTIAL DISPOSITION OF CERTAIN ASSETS PURSUANT TO A PURCHASE AND SALE AGREEMENT BETWEEN THE COMPANY, AS SELLER, AND RENAISSANCE OFFSHORE, LLC, AS

BUYER DATED JULY 10, 2014 (THE "RENAISSANCE SALE")."

"IF THE AMOUNT REQUIRED TO PURCHASE ALL NOTES VALIDLY TENDERED BEFORE THE EXPIRATION TIME (INCLUDING ALL ACCRUED AND UNPAID INTEREST) EXCEEDS THE AMOUNT

NOMURA INTERNATIONAL PLC
1 Angel Lane
London EC4R 3AB
United Kingdom.

NOMURA

OF NET PROCEEDS FROM THE RENAISSANCE SALE, THE NOTES VALIDLY TENDERED WILL BE ACCEPTED AND PURCHASED ON THE FINAL ACCEPTANCE DATE ON A PRO RATA BASIS

ACCORDING TO THE NUMBER OF NOTES TENDERED BY EACH TENDERING HOLDER."

THE EARLY CONSENT TIME FOR THE CONSENT SOLICITATION WILL BE 5:00 P.M., NEW YORK CITY TIME, ON THE DATE ON WHICH THE REQUISITE CONSENTS ARE RECEIVED,

PROVIDED THAT THE EARLY CONSENT TIME WILL NOT BE AT A DATE AND TIME LATER THAN THE EXPIRATION TIME.

ANY CONSENTS DELIVERED PRIOR TO THE EARLY CONSENT TIME MAY BE VALIDLY REVOKED AND ANY NOTES DELIVERED PRIOR TO THE EARLY CONSENT TIME MAY BE VALIDLY

WITHDRAWN (AND THE CONSENTS VALIDLY REVOKED) AT ANY TIME PRIOR TO THE EARLY CONSENT TIME, BUT NOT THEREAFTER.

ANY CONSENTS DELIVERED AFTER THE EARLY CONSENT TIME BUT BEFORE THE EXPIRATION TIME MAY BE VALIDLY REVOKED AND ANY NOTES TENDERED AFTER THE EARLY CONSENT

TIME BUT BEFORE THE EXPIRATION TIME MAY BE VALIDLY WITHDRAWN (AND THE CONSENTS VALIDLY REVOKED) AT ANY TIME PRIOR TO THE EXPIRATION TIME.

THE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE, UNLESS EXTENDED.

THERE IS NO GUARANTEE OF DELIVERY (PROTECT) PRIVILEGE AFFORDED THIS VOLUNTARY EVENT.

THE CONTRA CUSIP #(09299ACG1) ASSOCIATED WITH THIS ENVELOPE IS TO BE USED BY PARTICIPANTS WHO WISH TO TENDER THEIR NOTES AND CONSENT TO THE PROPOSED AMENDMENTS.

AS STATED IN THE OFFER TO PURCHASE AND CONSENT SOLICITATION STATEMENT: "...THE POSITION OF THE CONSENTING OR TENDERING HOLDER CANNOT BE SOLD OR

TRANSFERRED, UNTIL THE EXPIRATION TIME. DURING SUCH TIME AS THE CUSIP IS BLOCKED, HOLDERS THAT TENDERED THEIR NOTES IN THE OFFER OR DELIVERED THEIR

CONSENTS IN THE CONSENT SOLICITATION WILL NOT BE ABLE TO SELL OR TRANSFER THEIR NOTES. THE TABULATION AGENT AND DEPOSITARY WILL INSTRUCT DTC TO RELEASE

THE POSITIONS AS SOON AS PRACTICABLE BUT NO LATER THAN THREE (3) BUSINESS DAYS AFTER EITHER THE EXPIRATION TIME OR SUBSEQUENT DATE FOLLOWING THE EXPIRATION

TIME AND NOT EXCEEDING FORTY-FIVE (45) CALENDAR DAYS FROM THE DATE HEREOF."

PARTICIPANTS MUST ACKNOWLEDGE THAT TENDERING AND/OR CONSENTING HOLDERS ARE DEEMED TO CONSENT TO THE PROPOSED AMENDMENTS BY ENTERING AN "X" IN THE

CONDITION FIELD OF THE PTOP INSTRUCTION.

THE FINAL PAYMENT DATE IS ANTICIPATED TO OCCUR PROMPTLY FOLLOWING THE FINAL ACCEPTANCE DATE.

PARTICIPANTS SHOULD CONSULT THEIR TAX ADVISOR FOR COMPLETE DETAILS IN REFERENCE TO WITHHOLDING TAXES.

Any Instruction received after Nomura Instruction Deadline shall be actioned on a reasonable endeavours basis.

For all short positions we will advise of your liability no later than 13/8/14. If you do not receive a liability notice by the 13/08/14, your liability will be the same as the DEFAULT election detailed in this notice. Residency restrictions may apply, please confirm eligibility to participate. We shall assume eligibility to participate in this offer upon receipt of instruction.

Event Options

Option	Option Desc	Deadline
1	Cash	
	TENDER AND CONSENT	

NOMURA INTERNATIONAL PLC
1 Angel Lane
London EC4R 3AB
United Kingdom.

NOMURA

Option	Option Desc	Deadline
2	Cash	
	CONSENT ONLY	
3	No Action	

Default Option: Option 3: No Action

Nomura Instruction Deadline: 12 Aug 2014 11:00 UK London Time

Amegy Bank of Texas
P.O. BOX 27459 • HOUSTON, TX 77227-7459

Statement of Accounts
Page 1 of 4
This Statement: August 29, 2014
Last Statement: July 31, 2014

DIRECT INQUIRIES TO:
Direct all inquiries to Customer Service:
In Houston: 713-235-8810
In Dallas/Fort Worth: 214-754-9500
In San Antonio: 210-343-4500
Or Toll-Free: 800-287-0301
Press 0 for a Customer Service Representative

[redacted] 3242-06-0000-AMG-FG0007-00000

BLACK ELK ENERGY OFFSHORE OPERATIONS LLC
OPERATING MASTER ACCOUNT
11451 KATY FWY STE 500
HOUSTON TX 77079-2005

Amegy Bank - The "A" Bank
Amegy Bank National Association

SUMMARY OF ACCOUNT BALANCE

[redacted]

ZBA MASTER ACCOUNT [redacted] 107 0

[redacted]

5 DEPOSITS/CREDITS

[redacted]

10 CHARGES/DEBITS

Date	Amount	Description
[redacted]		
08/18	20,462,777.78	WIRE/OUT- [redacted] BNF New Mountain Finance Corp:OBI [redacted]
08/18	32,563,819.73	WIRE/OUT- [redacted] BNF PPVA Black Elk Equity LLC [redacted]
08/18	15,332,672.97	WIRE/OUT- [redacted] BNF Platinum Partners Value Abitra [redacted]
08/19	11,773,608.13	WIRE/OUT- [redacted] BNF The Bank of New York Mellon Tr 1306701696
[redacted]		
08/20	24,600,584.31	WIRE/OUT- [redacted] BNF Platinum Partners Credit Oppor [redacted]
[redacted]		
08/21	5,000,000.00	WIRE/OUT- [redacted] BNF Platinum Partners Liquid Oppo [redacted]
[redacted]		

0 CHECKS PROCESSED

There were no transactions this period.

AGGREGATE OVERDRAFT AND RETURNED ITEM FEES

[redacted]

To learn more about our other products and services that may lower the cost of managing account overdrafts or to discuss removing overdraft coverage from your account, please contact Customer Service or visit your local branch.

Execution Version

TERM LOAN AND SECURITY AGREEMENT

CREDIT STRATEGIES LLC
(BORROWER)

ALS CAPITAL VENTURES LLC
(GUARANTOR)

THE LENDERS
(IDENTIFIED BELOW)

BAM ADMINISTRATIVE SERVICES LLC
(AS AGENT)

FEBRUARY 27, 2014

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LIST OF EXHIBITS AND SCHEDULES

Exhibits

Schedules

independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or otherwise within the limitations of, another covenant shall not avoid the occurrence of a default if such action is taken or condition exists. In addition, all representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of a breach of a representation or warranty hereunder.

ARTICLE II ADVANCES, PAYMENTS

2.1 Term Loan.

Subject to the terms and conditions of this Agreement, and in reliance on the representations and warranties of the Loan Parties set forth herein and in the Other Documents, Borrower shall borrow from each Lender, and each Lender shall lend to Borrower, a loan in the amount of such Lender's respective Commitment Percentage multiplied by $30,000,000. All such loans together shall constitute the Term Loan.

2.2 Disbursement of Term Loan Proceeds; Repayment of Term Loan.

(a) The Term Loan shall be disbursed from whichever office or other place Agent may designate and, together with any and all other Obligations of Borrower to Agent or Lenders, shall be charged to Borrower's Account on Agent's books.

(b) The Term Loan shall be due and payable in full on the last day of the Term subject to earlier prepayment as herein provided. Notwithstanding the foregoing, the Term Loan shall be subject to earlier repayment upon (x) acceleration upon the occurrence of an Event of Default under this Agreement or (y) termination of this Agreement.

(c) All payments of principal, interest and other amounts payable hereunder or under any of the Other Documents shall be made to Agent for the ratable accounts of the Lenders in accordance with their applicable Commitment Percentages at the Payment Office not later than 1:00 p.m. (New York time) on the due date therefor in lawful money of the United States of America in federal funds or other funds immediately available to Agent, without set off or counterclaim. Agent shall have the right to effectuate payment on any and all Obligations due and owing hereunder by charging Borrower's Account.

(d) Borrower shall pay principal, interest, and all other amounts payable hereunder, or under any related agreement, without any deduction whatsoever, including any deduction for any setoff or counterclaim.

2.3 Statement of Account.

Agent shall maintain, in accordance with its customary procedures, a loan account (the **Borrower's Account**) in the name of Borrower in which shall be recorded the date and amount of the Term Loan and the date and amount of each payment in respect thereof; provided, however, the failure by Agent to record the date and amount of any Term Loan shall not

adversely affect Agent or any Lender. The records of Agent with respect to the Borrower's Account shall be presumptive evidence absent manifest error of the amount of the Term Loan and other charges thereto and of payments applicable thereto.

2.4 Additional Payments.

Any sums expended by Agent or any Lender due to a Loan Party's failure to perform or comply with its obligations under this Agreement or any Other Document including a Loan Party's obligations under Sections 4.2, 4.5, 4.12, 4.13, 4.14 and 6.1, may be charged to Borrower's Account and added to the Obligations, and Borrower shall be deemed to have requested a loan in such amount and the Lenders shall be unconditionally obligated to fund their respective Commitment Percentages of each such amount.

2.5 Voluntary Prepayments.

Subject to the provisions of Section 13.1, Borrower shall have the right, at its option from time to time after the Closing Date Plus 6, to prepay the Term Loan in whole or part without premium or penalty. Borrower shall provide a written prepayment notice to Agent by 12:00 noon (New York time) at least three Business Day prior to the date of prepayment of the Term Loan, setting forth the following information: (a) the date, which shall be a Business Day, on which the proposed prepayment is to be made and (b) the total principal amount of such prepayment. All prepayment notices shall be irrevocable. The principal amount of the Term Loan for which a prepayment notice is given, together with interest on such principal amount, shall be due and payable on the date specified in such prepayment notice as the date on which the proposed prepayment is to be made.

2.6 Mandatory Prepayments.

(a) Whenever ALS receives any Realization Amount:

(1) If, after giving effect to the exclusion of the related Policy from the Net Collateral Value, the outstanding balance of the Term Loan exceeds 30% of the Net Collateral Value, then, not later than two Business Days after ALS has received the Realization Amount, Borrower must make a prepayment on account of the Term Loan in the amount necessary to ensure that the outstanding balance of the Term Loan does not exceed 30% of the Net Collateral Value. The prepayment required by the preceding sentence shall be required whether or not ALS has provided the report required by Section 4.14(a).

(2) If no prepayment is required by paragraph (1) of this subsection, Agent shall nevertheless have the right to require Borrower to make a prepayment on account of the Term Loan in any amount up to the Remittance Amount with respect to such Policy.

(3) If a prepayment is required by paragraph (1) of this subsection in an amount less than the Remittance Amount with respect to such Policy, Agent shall nevertheless have the right to require Borrower to make an additional prepayment on account of the Term Loan so that the total prepayment triggered by ALS's receipt of a Realization Amount with respect to such Policy equals the Remittance Amount with

respect to such Policy. Any prepayment required by this paragraph (3) shall be due and payable on the second Business Day after demand by Agent to Borrower.

(b) If any Policy lapses for any reason, or if a Policy is acquired by Agent under Section 4.14(c), and if, after giving effect to such lapse or acquisition, the outstanding balance of the Term Loan is less than 30% of the Net Collateral Value, Borrower shall be obligated to make a prepayment on account of the Term Loan in the amount necessary to ensure that the outstanding balance of the Term Loan does not exceed 30% of the Net Collateral Value. Such prepayment must be paid within two Business Days after the lapse of any Policy which triggers the requirement to make the prepayment. No demand by Agent shall be necessary to trigger such requirement.

(c) Subject to Section 4.5, when a Loan Party sells or otherwise disposes of any Collateral, Borrower shall repay the Term Loan in an amount equal to the 76.1% of net proceeds of such sale (i.e., gross proceeds less the reasonable costs of such sales or other dispositions), but not to exceed the amount of all Obligations then outstanding and owing hereunder, such repayments to be made promptly but in no event more than one Business Day following receipt of such net proceeds, and until the date of payment, such proceeds shall be held in trust for Agent. The foregoing shall not be deemed to be implied consent to any such sale otherwise prohibited by the terms and conditions hereof. Such repayments shall be applied first to the outstanding principal balance of the Term Loan and second to any other remaining Obligations in such order as Agent may determine.

2.7 Use of Proceeds.

Borrower shall apply the proceeds of the Term Loan (a) to pay fees and expenses relating to the transactions contemplated by this Agreement, (b) to pay premiums with respect to Policies and (c) for general corporate purposes.

ARTICLE IIIINTEREST AND FEES

3.1 *Interest.*

Interest on Term Loan shall be payable in arrears on the first Business Day of each calendar month until the Term Loan is paid in full. Interest charges shall be computed on the actual principal amount of Term Loan outstanding during the Term at a rate per annum equal to 16% (the **Contract Rate**). Except as expressly provided otherwise in this Agreement, any Obligations other than the Term Loan that are not paid when due shall accrue interest at the Contract Rate, subject to the provision of the final sentence of this Section 3.1 regarding the Default Rate. Upon and after the occurrence of an Event of Default under Sections 10.1, 10.4, 10.6, 10.9, 10.11, 10.12, and during the continuation thereof, or 45 days after the occurrence of an Event of Default under Sections 10.2, 10.3, 10.5, 10.10, 10.13, 10.14, and during the continuance thereof, at the option of Agent or at the direction of Required Lenders (or, in the case of any Event of Default under Section 10.7 or 10.8, immediately and automatically upon the occurrence of any such Event of Default without the requirement of any affirmative action by any party), the Obligations shall bear interest at 24% per annum (the **Default Rate**).

Each of the parties has signed this Agreement as of the day and year first above written.

Credit Strategies LLC

By:_____
Name:
Title:

ALS Capital Ventures LLC

By:_____
Name:
Title:

(Signatures continue on next page)

BAM Administrative Services LLC, a Delaware limited liability company, as Agent

By: _____
Name: David Levy
Title: President

(Signatures continue on next page)

Commitment Amount
$4,000,000.00

FCBA Trust, a New York Trust
as a Lender

Commitment Percentage
13.33%

By: _____
Aaron Elbogen, Trustee

(Signature continue on next page)

Commitment Amount
$500,000.00

Yeshiva Telshe Alumni
as a Lender

Commitment Percentage
1.67%

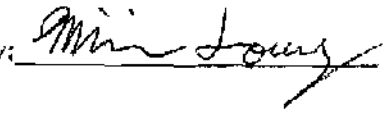
By: _____

(Signatures continue on next page)

Commitment Amount
$500,000.00

Miriam Lowy
as a Lender

Commitment Percentage
1.67%

By: 

(Signatures continue on next page)

Commitment Amount
$8,487,475.00

BRe BCLIC Primary Trust, a New York Trust,
as a Lender
By:
Wilmington Trust, National Association,
not in its individual capacity,
but solely as Trustee

Commitment Percentage
28.22%

By:
David Young, Vice President

(Signatures continue on next page)

Commitment Amount
$416,072.00

BRe BCLIC Sub Trust, a New York Trust, as a Lender
By:
Wilmington Trust, National Association,
not in its individual capacity,
but solely as Trustee

Commitment Percentage
1.38%

By: _____
David Young, Vice President

(Signatures continue on next page)

[Signature Page to Term Loan and Security Agreement]

Commitment Amount
$15,384,301.00

BRe WNIC 2013 Primary Trust, ~~a NY Trust,~~
as a Lender

Wilmington Trust, National Association,
not in its individual capacity,
but solely as Trustee

Commitment Percentage
51.21%

By: _____
David Young, Vice President

(Signatures continue on next page)

Commitment Amount
$753,152.00

BRe WNIC 2013 LTC Sub Trust, ~~a DE Trust~~,
as a Lender

Wilmington Trust, National Association,
not in its individual capacity,
but solely as Trustee

Commitment Percentage
2.52%

By: _____
David Young, Vice President

[Signature Page to Term Loan and Security Agreement]

_@_.com

From: Dhruv Narain <dnarain@bassetmanager.com>
Sent: Wednesday, May 11, 2016 2:30 PM
To: David Steinberg
Subject: RE: ALS funding request

Yes

From: David Steinberg [mailto:DSteinberg@platinumlp.com]
Sent: May 11, 2016 2:28 PM
To: Dhruv Narain <dnarain@bassetmanager.com>
Subject: RE: ALS funding request

Is this being processed?

From: Jayson Winer
Sent: Wednesday, May 11, 2016 1:30 PM
To: Jeremy Apfel (japfel@beechwood.com); Samuel Adler (sadler@beechwood.com)
Cc: Dhruv Narain (dnarain@bassetmanager.com); David Stern; David Steinberg; David Levy; Mark Nordlicht; Moti Edelstein (medelstein@beechwood.com)
Subject: ALS funding request

Jeremy/Sam- please see attached the 1.5M funding request needed for working capital.

Thanks
Jayson

From: Samuel Adler <sadler@beechwood.com>
Sent: Wednesday, May 11, 2016 2:39 PM
To: Dhruv Narain; Moti Edelstein; Alexis Northwood
Cc: FundingApprovals; Scott Taylor; Mark Feuer
Subject: RE: Credit Strategies LLC
Attachments: RE: Credit Strategies LLC (21.7 KB); 2016.05.11-ALS-Funding $1,500,000-Direction Letters FINAL.PDF; 5.11.2016 ALS Capital Ventures - Funding Request $1500000 V2.pdf

All necessary approvals have been received and the funding instructions will be sent to Wilmington momentarily.

From: Dhruv Narain [mailto:dnarain@bassetmanager.com]
Sent: Wednesday, May 11, 2016 2:30 PM
To: Samuel Adler <sadler@beechwood.com>; Moti Edelstein <medelstein@beechwood.com>; Alexis Northwood <anorthwood@beechwood.com>
Cc: FundingApprovals <fundingapprovals@beechwood.com>; Scott Taylor <staylor@beechwood.com>; Mark Feuer <mfeuer@beechwood.com>
Subject: RE: Credit Strategies LLC

Approved

From: Samuel Adler [mailto:sadler@beechwood.com]
Sent: May 11, 2016 2:16 PM
To: Moti Edelstein <medelstein@beechwood.com>; Alexis Northwood <anorthwood@beechwood.com>
Cc: FundingApprovals <fundingapprovals@beechwood.com>; Scott Taylor <staylor@beechwood.com>; Mark Feuer <mfeuer@beechwood.com>; Dhruv Narain <dnarain@bassetmanager.com>
Subject: RE: Credit Strategies LLC

Dhruv and Elliot,

Please review the below/attached and approve this $1,500,000 funding. **This funding request is for operating expenses.**

I've attached signed direction letters and the amounts have been confirmed.

Thanks,

Sam

From: Moti Edelstein
Sent: Wednesday, May 11, 2016 2:12 PM
To: Samuel Adler <sadler@beechwood.com>; Alexis Northwood <anorthwood@beechwood.com>
Cc: FundingApprovals <fundingapprovals@beechwood.com>; Scott Taylor <staylor@beechwood.com>; Mark Feuer <mfeuer@beechwood.com>; Dhruv Narain <dnarain@bassetmanager.com>
Subject: RE: Credit Strategies LLC

Confirmed.

LOC Commitment	5,000,000.00
LOC Balance	(2,430,638.89)
Today's Funding	(1,500,000.00)
LOC Remaining	1,069,361.11

From: Samuel Adler
Sent: Wednesday, May 11, 2016 2:10 PM
To: Alexis Northwood <anorthwood@beechwood.com>; Moti Edelstein <medelstein@beechwood.com>
Cc: FundingApprovals <fundingapprovals@beechwood.com>; Scott Taylor <staylor@beechwood.com>; Mark Feuer <mfeuer@beechwood.com>; Dhruv Narain <dnarain@bassetmanager.com>
Subject: Credit Strategies LLC

Moti,

Please review the attached and confirm that the allocations and direction letters are in order for the Credit Strategies LLC funding.

This funding request is for operating expenses.

Please also confirm the availability on the line.

Thanks,

Sam

From: Alexis Northwood
Sent: Wednesday, May 11, 2016 2:08 PM
To: Samuel Adler <sadler@beechwood.com>
Subject: RE: ALS Funding Request

Direction letters enclosed.

Alexis Northwood | **Beechwood Re**
D: 646 356 1602 | M: 347.753.4604

From: Moti Edelstein
Sent: Wednesday, May 11, 2016 2:01 PM
To: Samuel Adler; Alexis Northwood
Cc: operations
Subject: RE: ALS Funding Request

Lender	Principal	Allocation
Bre WNIC 2013 LTC Primary	921,900.00	61.46%
Bre WNIC 2013 LTC Sub	45,150.00	3.01%
SHIP - BAM (assigned from Bre BCLIC Primary)	508,050.00	33.87%
Bre BCLIC Sub	24,900.00	1.66%

Total	1,500,000.00	100.00%

From: Samuel Adler
Sent: Wednesday, May 11, 2016 1:50 PM
To: Alexis Northwood <anorthwood@beechwood.com>; Moti Edelstein <medelstein@beechwood.com>
Cc: operations <operations@beechwood.com>
Subject: FW: ALS Funding Request

Moti – Please provide an allocation.

Alexis – Please prepare direction letters.

Thanks.

From: Jayson Winer [mailto:jwiner@platinumlp.com]
Sent: Wednesday, May 11, 2016 1:30 PM
To: Jeremy Apfel <japfel@beechwood.com>; Samuel Adler <sadler@beechwood.com>
Cc: Dhruv Narain <dnarain@bassetmanager.com>; David Stern <dstern@platinumlp.com>; David Steinberg <DSteinberg@platinumlp.com>; David Levy <dlevy@platinumlp.com>; Mark Nordlicht <mnordlicht@platinumlp.com>; Moti Edelstein <medelstein@beechwood.com>
Subject: ALS funding request

Jeremy/Sam- please see attached the 1.5M funding request needed for working capital.

Thanks
Jayson

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B Asset Manager, LP
1370 Avenue of the Americas
32nd Floor
New York, NY 10019

11 May 2016

Re: BRe WNIC 2013 LTC Primary (A/C [redacted])

GCM Custody,

Please be advised that BRe WNIC 2013 LTC Primary would like to fund the following amount as part of an investment transaction and further hereby directs the trustee to execute the transaction documents on behalf of the trust. Accordingly, please remit the following amount per the below wiring instructions.

Wire Instructions:

Amount: $ 921,900.00

Bank.	CAPITAL ONE BANK
Address:	3090 Ocean Avenue
	Brooklyn, NY 11235
ABA.	[redacted]
A/C:	
A/C Name:	Credit Strategies LLC

Thank you,

Mark Feuer
Authorized Signatory
646-356-1601

B Asset Manager, LP
1370 Avenue of the Americas
32nd Floor
New York, NY 10019

11 May 2016

Re: BRe WNIC 2013 LTC Sub (A/C [redacted])

GCM Custody,

Please be advised that BRe WNIC 2013 LTC Sub would like to fund the following amount as part of an investment transaction and further hereby directs the trustee to execute the transaction documents on behalf of the trust. Accordingly, please remit the following amount per the below wiring instructions.

Wire Instructions:

Amount: $ 45,150.00

Bank:	CAPITAL ONE BANK
Address:	3090 Ocean Avenue
	Brooklyn, NY 11235
ABA:	[redacted]
A/C:	
A/C Name:	Credit Strategies LLC

Thank you,

Mark Feuer
Authorized Signatory
646-356-1601

B Asset Manager, LP
1370 Avenue of the Americas
32nd Floor
New York, NY 10019

11 May 2016

Re: BRe BCLIC Sub (A/C [redacted])

GCM Custody,

Please be advised that BRe BCLIC Sub would like to fund the following amount as part of an investment transaction and further hereby directs the trustee to execute the transaction documents on behalf of the trust. Accordingly, please remit the following amount per the below wiring instructions.

Wire Instructions:

Amount: $ 24,900.00

Bank:	CAPITAL ONE BANK
Address:	3090 Ocean Avenue
	Brooklyn, NY 11235
ABA:	[redacted]
A/C:	
A/C Name:	Credit Strategies LLC

Thank you,

Mark Feuer
Authorized Signatory
646-356-1601

B Asset Manager, LP
1370 Avenue of the Americas
32nd Floor
New York, NY 10019

11 May 2016

Re: SHIP - BAM (A/C [redacted])

GCM Custody,

Please be advised that SHIP-BAM would like to fund the following amount as part of an investment transaction and further hereby directs the trustee to execute the transaction documents on behalf of the trust. Accordingly, please remit the following amount per the below wiring instructions.

Wire Instructions:

Amount: $ 508,050.00

Bank.	CAPITAL ONE BANK
Address:	3090 Ocean Avenue
	Brooklyn, NY 11235
ABA.	[redacted]
A/C:	
A/C Name:	Credit Strategies LLC

Thank you,

Mark Feuer
Authorized Signatory
646-356-1601

May 11, 2016

BAM Administrative Services LLC, as Agent (the "**Agent**")
c/o B Asset Manager, LP
1370 Avenue of the Americas, 32nd Floor
New York, New York 10019

Ladies and Gentlemen:

Reference is made to the Second Amended and Restated Term Loan and Security Agreement, dated as of February 27, 2014 and amended and restated as of January 12, 2016, and further amended and restated as of February 2, 2016 by and among Credit Strategies LLC (the "**Company**"), ALS Capital Ventures LLC (the "**Guarantor No.1**"), ALS Life Holdings LLC (the "**Guarantor No.2**" and together with the Company and Guarantor No.1, the "**Borrowers**"), and the lenders from time to time party thereto (the "**Lenders**"), and BAM Administrative Services LLC, as agent for the Lenders (the "**Agent**") (as amended and restated, further amended, modified or supplemented from time to time, the "**Agreement**"). All terms used herein but not otherwise defined herein shall have the meaning ascribed such terms in the Agreement.

The Borrowers hereby request that Revolving Loans under the Agreement be funded on May 11th 2016[the date hereof] in the aggregate principal amount of $1,500,000 pursuant to the following wiring instructions (the "**Requested Funding**"):

Bank: Capital One Bank
[redacted]
Acct Name: Credit Strategies LLC
[redacted]
Bank Address: 3090 Ocean Avenue, Brooklyn, NY 11235

All of the representations and warranties made by Borrowers under the Agreement and the Other Documents are true and correct in all material respects as of the date hereof. No Event of Default exists on the date hereof nor shall arise after giving effect to the disbursement of the proceeds of the Requested Funding. The proceeds of the Requested Funding shall be applied in accordance with Exhibit A hereto. On the date hereof, the ALS Percentage Interest in Guarantor No.1 held by the Company is 83.28%.

CREDIT STRATEGIES LLC

By:_____
Name: David Levy
Title: CO-CIO

ALS CAPITAL VENTURES LLC

By:_____
Name: David Levy
Title: CO-CIO

ALS LIFE HOLDINGS LLC

By:_____
Name: David Levy
Title: CO CIO

EXHIBIT A

Other

Working capital	N/A	N/A	N/A	$1,500,000	

CREDIT STRATEGIES LLC
250 W 55TH ST 14TH FL
NEW YORK NY 10019

ACCOUNT SUMMARY FOR PERIOD MAY 01, 2016 - MAY 31, 2016

Business Analyzed Checking [redacted] 1944		CREDIT STRATEGIES LLC	
Previous Balance 04/30/16	$290.00	Number of Days in Cycle	31
12 Deposits/Credits	$3,493,424.78	Minimum Balance This Cycle	$290.00
9 Checks/Debits	($3,493,424.78)	Average Collected Balance	$290.00
Service Charges	$0.00		
Ending Balance 05/31/16	$290.00		

ACCOUNT DETAIL FOR PERIOD MAY 01, 2016 - MAY 31, 2016

[redacted]

Thank you for banking with us .

CREDIT STRATEGIES LLC

ACCOUNT DETAIL CONTINUED FOR PERIOD MAY 01, 2016 - MAY 31, 2016

Date	*Description*	*Deposits/Credits*	*Withdrawals/Debits*	*Resulting Balance*
05/11	Book transfer debit TO [redacted] 5051		$1,500,000.00	$290.00
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total		$3,493,424.78	$3,493,424.78	

Capital One Bank

MANAGE YOUR CASH

CASH MANAGEMENT CHECKING MONEY MARKET CDs LOANS

[redacted]

PLATINUM PARTNERS CR OPPORTUNITIES MASTE
250 WEST 55TH ST 14TH FL
NEW YORK NY 10019

Speak to a dedicated business solutions expert at 1-888-755-2172 — a one-stop number for both your business and personal needs.

[redacted]

ACCOUNT SUMMARY FOR PERIOD MAY 01, 2016 - MAY 31, 2016

[redacted]

Business Analyzed Checking [redacted]5051		PLATINUM PARTNERS CR OPPORTUNITIES MASTE	
Previous Balance 04/30/16	$1,571,884.59	Number of Days in Cycle	31
33 Deposits/Credits	$7,079,100.14	Minimum Balance This Cycle	$1,111.03
43 Checks/Debits	($7,377,880.04)	Average Collected Balance	$482,141.41
Service Charges	$0.00		
Ending Balance 05/31/16	$1,273,104.69		

[redacted]

ACCOUNT DETAIL FOR PERIOD MAY 01, 2016 - MAY 31, 2016

[redacted]

Thank you for banking with us.

[redacted]

[redacted]

PLATINUM PARTNERS CR OPPORTUNITIES MASTE

[redacted]

ACCOUNT DETAIL CONTINUED FOR PERIOD MAY 01, 2016 - MAY 31, 2016

Date	Description	Deposits/Credits	Withdrawals/Debits	Resulting Balance
[redacted]				
05/11	Book transfer credit FR [redacted] 11944	$1,500,000.00		$1,557,117.59
05/11	Book transfer debit TO [redacted] 4993		$1,470,000.00	$87,117.59
[redacted]				

Capital One Bank

MANAGE YOUR CASH

CASH MANAGEMENT CHECKING MONEY MARKET CDs LOANS

[redacted]

PLATINUM CREDIT MANAGEMENT LP
250 W 55TH ST FL 14
NEW YORK NY 10019-3486

Speak to a dedicated business solutions expert at 1-888-755-2172 — a one-stop number for both your business and personal needs.

[redacted]

ACCOUNT SUMMARY FOR PERIOD MAY 01, 2016 - MAY 31, 2016

Business Analyzed Checking [redacted]4993			PLATINUM CREDIT MANAGEMENT LP
Previous Balance 04/30/16	$4,746.63	Number of Days in Cycle	31
17 Deposits/Credits	$3,494,443.44	Minimum Balance This Cycle	$498.37
43 Checks/Debits	($3,498,691.70)	Average Collected Balance	$43,554.44
Service Charges	$0.00		
Ending Balance 05/31/16	$498.37		

[redacted]

Thank you for banking with us.

[redacted]

[redacted]

PLATINUM CREDIT MANAGEMENT LP

[redacted]

ACCOUNT DETAIL CONTINUED FOR PERIOD MAY 01, 2016 - MAY 31, 2016

Date	*Description*	*Deposits/Credits*	*Withdrawals/Debits*	*Resulting Balance*
[redacted]				
05/11	Book transfer credit FR [redacted] 5051	$1,470,000.00		$1,556,971.01
05/11	Wire transfer withdrawal Platinum Managem ent NY LLC [redacted]		$1,540,000.00	$16,971.01

[redacted]

[redacted]

STERLING NATIONAL BANK

21 Scarsdale Road
Yonkers, New York 10707

RETURN SERVICE REQUESTED

PLATINUM MANAGEMENT (NY) LLC
C/O PLATINUM PARTNERS
152 W 57TH ST FL 4
NEW YORK NY 10019-3310

May 2016

Reporting Activity 05/01 - 05/31 *Page 1 of 12*

Contact Us

Client Services	855-274-2800
Automated Telephone Banking	855-274-2802
Mailing Address	21 Scarsdale Road Yonkers, NY 10707
Online Access	https://www.snb.com

SUMMARY OF ACCOUNTS

ACCOUNT TYPE	ACCOUNT NUMBER	ENDING BALANCE
ANALYZED BUSINESS CHECKING	XXXXXX0447	$19,036.27
PREMIUM BUSINESS MONEY MARKET	XXXXXX2784	$861,376.39

ANALYZED BUSINESS CHECKING - XXXXXX0447

Account Summary

Date	Description			
05/01/2016	**Beginning Balance**	**$61,964.81**	Average Ledger Balance	$37,562.69
	61 Debit(s) this period	$7,600,117.05	Average Available Balance	$36,779.33
	28 Credit(s) this period	$7,558,774.69		
05/31/2016	**Ending Balance**	**$19,036.27**		

[redacted]

STERLING NATIONAL BANK

ANALYZED BUSINESS CHECKING - XXXXXX0447 (continued)

Transaction Activity (continued)

Transaction Date	Description	Debits	Credits	Balance
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
05/11/2016	INCOMING WIRE,PLATINUM CREDIT MANAGEMENT LP,CAPITALONE LA,MT [redacted]		$1,540,000.00	$1,543,340.66
05/11/2016	WEB XFER TO DDA [redacted] 0148	-$1,540,000.00		$3,340.66
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
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[redacted]	[redacted]	[redacted]		[redacted]

STERLING NATIONAL BANK

21 Scarsdale Road
Yonkers, New York 10707

RETURN SERVICE REQUESTED

PLATINUM PARTNERS VALUE ARBITRAGE FUND L.P.
C/O PLATINUM PARTNERS
250 W 55TH ST FL 14
NEW YORK NY 10019-7599

May 2016

Reporting Activity 05/01 - 05/31 *Page 1 of 20*

Contact Us

Client Services	855-274-2800
Automated Telephone Banking	855-274-2802
Mailing Address	21 Scarsdale Road Yonkers, NY 10707
Online Access	https://www.snb.com

SUMMARY OF ACCOUNTS

ACCOUNT TYPE	ACCOUNT NUMBER	ENDING BALANCE
ANALYZED BUSINESS CHECKING	XXXXXX0148	$68,522.29

ANALYZED BUSINESS CHECKING - XXXXXX0148

Account Summary

Date	Description			
05/01/2016	**Beginning Balance**	**$237,605.11**	Average Ledger Balance	$646,158.45
	179 Debit(s) this period	$20,871,917.54	Average Available Balance	$646,145.87
	42 Credit(s) this period	$20,709,269.49		
05/31/2016	**Ending Balance**	**$68,522.29**		

[redacted]

STERLING NATIONAL BANK

May 2016

Reporting Activity 05/01 - 05/31 *Page 3 of 20*

ANALYZED BUSINESS CHECKING - XXXXXX0148 (continued)

Transaction Activity (continued)

Transaction Date	Description	Debits	Credits	Balance
[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]	[redacted]
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[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]
05/11/2016	WEB XFER FR DDA [redacted] 0447		$1,540,000.00	$2,963.47
[redacted]	[redacted]		[redacted]	[redacted]

STERLING NATIONAL BANK

ANALYZED BUSINESS CHECKING - XXXXXX0148 (continued)

Transaction Activity (continued)

Transaction Date	Description	Debits	Credits	Balance
[redacted]	[redacted]		[redacted]	[redacted]
05/12/2016	OUTGOING WIRE,CREDIT SUISSE SE CURITIES USA LLC,BK OF NYC,[redacted]	-$25,000.00		$22,963.47
05/12/2016	OUTGOING WIRE,MAYBANK KIM ENG SECURITIES PTE LTD,WELLSFARGO NY INTL,[redacted]	-$121,000.00		-$98,036.53
05/12/2016	OUTGOING WIRE,GOLDMAN SACHS IN TERNATIONAL,CITIBANK NYC,[redacted]	-$500,000.00		-$598,036.53
05/12/2016	OUTGOING WIRE,ED&F MAN CAPITAL MARKETS LTD,WELLSFARGO NY INT L[redacted]	-$359,000.00		-$957,036.53
05/12/2016	OUTGOING WIRE,PRIME CAPITAL (B ERMDA) LIMITED,FST REP BK SF,,[redacted]	-$20,000.00		-$977,036.53
[redacted]	[redacted]		[redacted]	[redacted]
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[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]		[redacted]

COHN REZNICK
ACCOUNTING • TAX • ADVISORY

CohnReznick LLP
4 Becker Farm Road
P.O. Box 954
Roseland, NJ 07068-0954

Main: 973-228-3500
Fax: 973-228-0330
cohnreznick.com

November 30, 2016

Via E-Mail and Federal Express

Suzanne Horowitz
Platinum Credit Management, LP
250 West 55th Street, 14th Floor
New York, NY 10019

Re: Platinum Partners Credit Opportunities Master Fund, LP & any other entity audits for the year ending December 31, 2015; Platinum Partners Credit Opportunities Master Fund, LP – New York City tax audit; Platinum Credit Management, LP – 2015 Tax Returns; and West Ventures, LLC – 2014 Amended Tax Return (collectively, the "Engagements")

Dear Ms. Horowitz:

Pursuant to our prior discussions, we advised you that we had suspended work on all outstanding engagements. We write to formally advise you that, if you have not already done so, you should retain a new accounting firm to replace CohnReznick LLP on all outstanding engagements including, but not limited to, the above Engagements, any pending tax audits and any outstanding engagements to prepare any of your related entity tax returns.

Please note that with respect to any pending tax audits, we will advise the taxing authority that the previously issued POA is no longer in effect and all communications moving forward should be sent directly to the Taxpayer if that has not happened.

Very truly yours,

Michelle V. Fleishman
General Counsel

cc: Joseph Sanfilippo, CFO

Platinum Partners

Platinum Partners Value Arbitrage Fund (USA), L.P.
c/o SS&C Technologies, Inc.
80 Lamberton Road
Windsor, CT 06095

June 30, 2016

To: The holders of all outstanding interests (the "Interests") of Platinum Partners Value Arbitrage Fund (USA), L.P. (the "Fund")

Dear Limited Partner,

The general partner of the Fund (the "General Partner") hereby provides notice that, based upon recommendations of Platinum Management (NY) LLC and pursuant to the powers conferred by the Third Amended and Restated Limited Partnership Agreement of the Fund and the offering document of the Fund, the General Partner has resolved that the determination of the Net Asset Value of the Interests and the withdrawal by limited partners of the Interests be suspended with effect from June 30, 2016 primarily because Platinum Partners Value Arbitrage Fund L.P. (the "Master Fund") has suspended withdrawals from the Master Fund.

If you have any questions or require any additional information, please feel free to contact us.

Yours faithfully,

Platinum Partners Value Arbitrage, LP

Platinum Partners

Platinum Partners Credit Opportunities Fund (TE) LLC
c/o SS&C Technologies, Inc.
80 Lamberton Road
Windsor, CT 06095

June 30, 2016

To: The holders of all outstanding interests (the "Interests") of Platinum Partners Credit Opportunities Fund (TE) LLC (the "Fund")

Dear Member,

The managing member of the Fund (the "Managing Member") hereby provides notice that, based upon recommendations of Platinum Credit Management LP (the "Loan Portfolio Manager") and pursuant to the powers conferred by the Fourth Amended and Restated Limited Liability Company Agreement of the Fund and the offering document of the Fund, the Managing Member has resolved that the withdrawal by members of the Interests be suspended with effect from June 30, 2016.

If you have any questions or require any additional information, please feel free to contact us.

Yours faithfully,

Platinum Credit Holdings LLC

Platinum Partners

Platinum Partners Liquid Opportunity Fund (USA) L.P.
c/o SS&C Technologies, Inc.
80 Lamberton Road
Windsor, CT 06095

June 30, 2016

To: The holders of all outstanding interests (the "Interests") of Platinum Partners Liquid Opportunity Fund (USA) L.P. (the "Fund")

Dear Limited Partner,

The general partner of the Fund (the "General Partner") hereby provides notice that, based upon recommendations of Platinum Liquid Opportunity Management (NY) LLC and pursuant to the powers conferred by the Limited Partnership Agreement of the Fund and the offering document of the Fund, the General Partner has resolved that the determination of the Net Asset Value of the Interests and the withdrawal by limited partners of the Interests be suspended with effect from June 30, 2016 primarily because Platinum Partners Liquid Opportunity Master Fund L.P. (the "Master Fund") has suspended withdrawals from the Master Fund.

If you have any questions or require any additional information, please feel free to contact us.

Yours faithfully,

Platinum Liquid Opportunity GP LLC

Platinum Partners

November 23, 2015

Dear Investor,

Since the inception of Platinum Partners Value Arbitrage Fund (USA) L.P. (the "**Fund**") in 2003, Platinum Management (NY) LLC (the "**Investment Manager**") has sourced opportunities that provided significant returns to investors with an average annualized return in excess of 17%. Many of these opportunities involved investments with a long term view, that while illiquid in the short term, have contributed significantly to the Fund's return. Over the years, the Investment Manager has successfully exited and realized significant upside from many of these illiquid investments. However, the Fund (via its investment in Platinum Partners Value Arbitrage Fund L.P. (the "**Master Fund**")) still holds substantial investments in the remaining illiquid assets which require additional time before the Master Fund can realize the value of these investments.

Accordingly, the Investment Manager has a plan to segregate certain illiquid assets (and related liabilities) from the remainder of the assets in the portfolio (the "**Special Investments**") in the interest of protecting investors and maximizing returns. The Master Fund will hold the Special Investments until such time that the Master Fund can realize the investments' potential and maximize value. The Special Investments structure protects the Fund investors from being left holding a disproportionately high percentage of illiquid assets when redemptions are made by some investors.

In conjunction with the Special Investments structure, the Investment Manager is waiving the Incentive Allocation until the investors earn a return of 20% on the Special Investments. In addition, the Fund will reduce the Management Fees for the Special Investments by 50 basis points, from 2% to 1.5% per annum. Further, the General Partner Incentive Allocation related to the Special Investments will be deferred until the value of the illiquid assets is realized.
The enclosed revised Supplement to the Confidential Private Placement Memorandum and revised Private Placement Memorandum outline the terms of the Special Investment. Please review the attached documents and indicate your consent thereto on the Consent Form.

ACTION TO BE TAKEN

We strongly encourage you to complete the Consent Form enclosed hereto and return it to Platinum Management (NY) LLC, 250 West 55th Street, 14th Floor, New York, New York, United States of America or by fax to: +1 (212) 582 2424 marked for the attention of Joe Mann.

Sincerely,

Mark Nordlicht
Chief Investment Officer

Platinum Management (NY) LLC
250 West 55th Street, 14th Floor, New York, NY 10019
Tel. 212 582-2222

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:	§	
	§	
BLACK ELK ENERGY OFFSHORE OPERATIONS, LLC	§	CASE NO. 15-34287 (MI)
	§	
	§	
DEBTOR.	§	CHAPTER 11
	§	
RICHARD SCHMIDT, LITIGATION TRUSTEE,	§	
	§	
PLAINTIFF,	§	
	§	
VS.	§	
	§	ADVERSARY NO. _____
PLATINUM PARTNERS VALUE ARBITRAGE FUND LP, PLATINUM PARTNERS CREDIT OPPORTUNITIES MASTER FUND LP, PLATINUM PARTNERS LIQUID OPPORTUNITIES MASTER FUND LP, AND PPVA BLACK ELK (EQUITY) LLC,	§	
	§	
DEFENDANTS.	§	
	§	

ORIGINAL COMPLAINT

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Richard Schmidt ("Trustee"), the Trustee of the Black Elk Litigation Trust ("Trust") files this Original Complaint against Platinum Partners Value Arbitrage Fund LP ("PPVAF"), Platinum Partners Credit Opportunities Master Fund LP ("PPCOMF"), Platinum Partners Liquid Opportunities Master Fund LP ("PPLOMF"), and PPVA Black Elk (Equity) LLC ("PPVA BE"), collectively "Platinum."

I.
INTRODUCTORY DESCRIPTION OF THE CASE

1. The Trustee brings this adversary proceeding seeking to avoid and recover fraudulent transfers made by Black Elk Energy Offshore Operations, LLC ("Black Elk"), at the direction of Platinum, within two years before the date of the filing of Black Elk's involuntary bankruptcy petition.

2. In 2009, Platinum invested in Black Elk, and that investment initially appeared very successful. In 2011, the Wall Street Journal reported that, aided in part by the ban on drilling in the Gulf of Mexico after the BP Macondo explosion and oil spill, Platinum's Black Elk investment strategy "was Platinum's most successful last year, having contributed a significant portion of its high-teens return."

3. On November 16, 2012, though, an explosion and fire occurred on an offshore Black Elk platform, and three workers died. Because of that explosion and also deteriorating investment and market conditions, Black Elk's business began to suffer and decline.

4. By early 2014, Black Elk was effectively insolvent – it was regularly pushing creditors' payments off to more than a year past their due dates because it simply did not have sufficient cash to pay its current liabilities. Also by early 2014, Platinum dominated and controlled Black Elk -- being its majority and by far largest investor, controlling its credit facility, controlling the majority of the Senior Secured Notes and also junior Series E preferred equity, and appointing and controlling the Black Elk Board of Managers and Black Elk's chief Financial Officer ("CFO"). In early 2014, Platinum faced the prospect of losing more than $100 million in the impending demise of Black Elk. To ameliorate that loss, Platinum devised several schemes to divert money to itself.

5. Platinum's principal scheme involved selling off Black Elk's prime assets to Renaissance Offshore, LLC, and diverting the proceeds from that sale to Platinum by redeeming its junior Series E preferred equity instead of the Senior Secured Notes, including those held by Platinum, which were entitled to first call on the proceeds from the asset sale (the "Renaissance Sale").

6. Platinum undertook this scheme so that Platinum could divert the Renaissance Sale money to itself to pay off its Series E preferred equity, thereby benefitting itself to the same extent as it would by paying off Senior Secured Notes - cash is cash - while at the same time maintaining its secured creditor position as a Holder of Senior Secured Notes at the head of the line to receive any assets from Black Elk's estate in the foreseeable bankruptcy.

7. Thus, as Black Elk negotiated the sale of its prime assets to Renaissance, Platinum implemented a scheme to fraudulently claim that a majority of unaffiliated and disinterested Holders of the 13.75% Senior Secured Notes voted to allow Platinum the ability to transfer the proceeds of the Renaissance Sale to Platinum by redeeming the Series E preferred equity ahead of the Notes.

8. The lynchpin in Platinum's fraudulent transfer scheme was to make it appear that a majority vote of unaffiliated and disinterested Senior Secured Note Holders consented to amend the Indenture. Recognizing that it would be difficult to persuade truly unaffiliated and disinterested Secured Senior Note Holders to renounce their rights, Platinum had to find a way to fix the vote.

9. The Indenture voting math is not complicated. In 2010, Black Elk issued $150 million face value of the 13.75% Senior Secured Notes. In order to permit the transfer of the Renaissance Sale proceeds to Platinum for the Series E preferred equity, rather than to the

Senior Secured Note Holders or to be used for trade payables or acquisitions necessary to maintain Black Elk as a going concern, Platinum had to minimize the number of tenders and secure approval of an amendment to the Indenture. To secure that amendment, a majority of the unaffiliated and disinterested Holders of the Senior Secured Notes had to approve Platinum's proposal by consenting to the proposal.

10. Specifically, as set forth in the Offer to Purchase and Consent Solicitation Statement: "Pursuant to Section 316(a) of the Trust Indenture Act of 1939, Notes owned by the Company or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company shall be disregarded for purposes of determining the majority." (Ex. 1 at 18-19)[1] Because Platinum controlled Black Elk, this statement meant that the sum of all Notes held by Platinum, Platinum-affiliated entities and entities controlled by Platinum were to be subtracted from the $150 million Notes entitled to vote. Of the remainder, a majority had to consent.

11. Since it was obvious that few truly unaffiliated and disinterested Senior Secured Note Holders would consent to the provision, Platinum had to find a way to ensure that a majority of the apparently unaffiliated and disinterested voters would consent to a proposal that was so contrary to their financial interest. The most obvious way to secure that consent was to use a Trojan horse "friendly" consenter: secure the votes of a company or companies holding a substantial number of Notes that looked independent, but were in fact controlled by Platinum. That simple device was what Platinum used.

12. The "friendly" consenters were a group of Beechwood entities, whose investment decisions were made and controlled by Platinum through Platinum's significant ownership

[1] The exhibits are not attached to this Complaint, but instead attached to the concurrently filed Declaration of Craig Smyser.

interests, by assigning a number of Platinum employees to Beechwood, and by installing a Platinum executive, David Levy, as the Chief Investment Officer ("CIO") of B Asset Manager, the investment arm of these Beechwood entities. Levy remained an employee of Platinum while at Beechwood, or at least continued to use his Platinum email address while directing Beechwood, Platinum and Black Elk affairs in 2014, including involving himself constantly in the process that led to the fraudulent transfer of the Renaissance Sale proceeds to Platinum. After Levy was placed by Platinum at Beechwood, Levy directed the Beechwood entities in early 2014 to obtain at least $37 million of the Black Elk Senior Secured Notes.

13. Platinum, through Levy, caused the Beechwood entities to vote to consent their Notes in favor of the Platinum proposal. Shortly after engineering Beechwood's purchase of the Senior Secured Notes and voting those Notes in favor of the Platinum scheme, Levy left his CIO position at Beechwood, and returned full time to Platinum.

14. The manipulation of the Indenture vote and the subsequent fraudulent transfer of $98 million – virtually the entire remaining cash balance from Black Elk's Renaissance Sale – to Platinum all occurred less than two years before Black Elk filed for bankruptcy.

15. In addition to the Renaissance Sale fraud, Platinum also made fraudulent transfers with respect to a Platinum-controlled credit facility company, White Elk, and also both appropriated a corporate opportunity and then later improperly transferred assets with respect to a company called Northstar Offshore Group, LLC ("Northstar") and later still improperly transferred assets to TKN Petroleum Offshore, LLC ("TKN Offshore").

16. Platinum's scheming was known to some Black Elk executives from at least February 2014, but the schemes still succeeded. Black Elk Chief Executive Officer ("CEO")

John Hoffman sent an email to Black Elk's General Counsel and one of its outside law firms on June 26, 2014 that described the schemes and predicted the result:

> I apologize for this note out of the blue but I need your guidance. Platinum (PPVA) is planning to create many new companies and place the acquisitions [including Northstar] that Black Elk recently technically worked up, bid and won into those new entities. Many if not all of existing equity holders would be left in the cold with no equity in the new companies. Further, they plan to isolate Black Elk, pay themselves back ([Series E] preferred equity) ahead of so called friendly bond holders [the Beechwood entities] and lay off most people. I believe that the ultimate plan is to bankrupt the company.

(Ex. 2) Black Elk's CEO was right on all counts – Platinum appropriated the Northstar opportunity, did repay the Platinum Series E preferred equity rather than use the proceeds for trade payables or acquisitions, and even paid itself in front of the "friendly" voting Beechwood companies. Platinum also later engaged in a fraudulent conveyance of Black Elk assets to Platinum-related TKN Offshore. Black Elk's CEO was also correct in his June 26, 2014 prognostication - once the Renaissance Sale proceeds went to Platinum for Platinum's Series E preferred equity, laying off employees and bankruptcy was not only inevitable, but also has occurred.

II.
JURISDICTION AND VENUE

17. This Court has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b)(2)(A), (B), (C), (H) and (O). Venue is proper in this Court pursuant to 28 U. S.C. §§ 1408 and 1409. The statutory predicates for the relief requested herein are §§ 105, 502, 510, 544, 548 and 550 of the Bankruptcy Code. In accordance with Local Rule 7008-1, the Trustee consents to the entry of final orders or judgment by the bankruptcy judge if it is determined that the bankruptcy judge, absent consent of the parties, cannot enter final orders or judgment consistent with Article III of the United States Constitution.

III.
PARTIES

18. Trustee, Richard Schmidt, is the duly appointed Litigation Trustee in the above-captioned chapter 11 bankruptcy proceeding of In re Black Elk Energy Offshore Operations, LLC, Bankruptcy Case no. 15-34287 ("Bankruptcy Case"), and has standing and authority to bring this action pursuant to his appointment as Litigation Trustee under the Plan [Docket Nos. 1092 and 1204].

19. Defendant, Platinum Partners Value Arbitrage Fund LP, a Delaware limited partnership, has appeared in the above-referenced Bankruptcy Case and may be served through its counsel of record, Baker Botts L.L.P., Omar J. Alaniz and James R. Prince, 2001 Ross Avenue, Suite 600, Dallas, Texas 75201-2980 and Danny David, One Shell Plaza, 910 Louisiana Street, Houston, Texas 77002-4995. Defendant may also be served by serving its registered agent for service of process, Vcorp Services, LLC, at 1013 Centre Road, Suite 403-B, Wilmington, Delaware 19805.

20. Defendant, Platinum Partners Credit Opportunities Master Fund LP, a Delaware limited partnership, has appeared in the above-referenced Bankruptcy Case and may be served through its counsel of record, Baker Botts L.L.P., Omar J. Alaniz and James R. Prince, 2001 Ross Avenue, Suite 600, Dallas, Texas 75201-2980 and Danny David, One Shell Plaza, 910 Louisiana Street, Houston, Texas 77002-4995. Defendant may also be served by serving its registered agent for service of process, Vcorp Services, LLC, at 1013 Centre Road, Suite 403-B, Wilmington, Delaware 19805.

21. Defendant, Platinum Partners Liquid Opportunities Master Fund LP, a Delaware limited partnership, has appeared in the above-referenced Bankruptcy Case and may be served through its counsel of record, Baker Botts L.L.P., Omar J. Alaniz and James R. Prince,

2001 Ross Avenue, Suite 600, Dallas, Texas 75201-2980 and Danny David, One Shell Plaza, 910 Louisiana Street, Houston, Texas 77002-4995. Defendant may also be served by serving its registered agent for service of process, Vcorp Services, LLC, at 1013 Centre Road, Suite 403-B, Wilmington, Delaware 19805.

22. Defendant, PPVA Black Elk (Equity) LLC, a Delaware limited liability company, has appeared in the above referenced Bankruptcy Case and may be served through its counsel of record, Baker Botts L.L.P., Omar J. Alaniz and James R. Prince, 2001 Ross Avenue, Suite 600, Dallas, Texas 75201-2980 and Danny David, One Shell Plaza, 910 Louisiana Street, Houston, Texas 77002-4995. Defendant may also be served by serving its registered agent for service of process, Vcorp Services, LLC, at 1013 Centre Road, Suite 403-B, Wilmington, Delaware 19805.

IV.
BACKGROUND

A. Procedural Background

23. On August 11, 2015 (the "Petition Date"), three petitioning creditors' filed an involuntary bankruptcy petition against Black Elk under chapter 7 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the "Bankruptcy Court"), commencing an involuntary bankruptcy case.

24. On August 31, 2015, Black Elk filed its Consent to the Order for Relief and filed its Motion to Convert the Involuntary Chapter 7 Case to a Voluntary Chapter 11 Case. On September 1, 2015, the Bankruptcy Court entered the Order for Relief and entered an order granting Black Elk's Motion to Convert.

25. The Black Elk initially operated its business as a debtor-in-possession pursuant to sections 1107 and 1008 of the Bankruptcy Code.

26. On June 20, 2016, Black Elk filed its Third Amended Plan of Liquidation of Black Elk Energy Offshore Operations, LLC under Chapter 11 of the Bankruptcy Code (the "Plan") [Docket No. 1092].

27. On July 14, 2016, the Bankruptcy Court entered an Order Confirming Third Amended Plan of Liquidation of Black Elk Energy Offshore Operations, LLC under Chapter 11 of the Bankruptcy Code [Docket No. 1204].

28. Pursuant to the Plan, Richard Schmidt, Trustee herein, was appointed and approved to serve as the Litigation Trustee, with full authority to bring the above-captioned action.

B. Black Elk's History

29. Formed in November 2007 as a limited liability company, Black Elk was an oil and gas company headquartered in Houston with substantially all its producing assets located offshore in United States federal and Louisiana and Texas state waters in the Gulf of Mexico. (Ex. 3, at 1) Black Elk acquired, exploited, and developed properties that other oil and gas companies had desired to remove from their producing property portfolios. (*Id.*) John Hoffman ("Hoffman") was a Black Elk founder and the company's CEO, and Anna Marizza Piche ("Piche") was the company's General Counsel. Both were at Black Elk until August 2014.

30. From 2008 to 2011, Black Elk employed an acquisition strategy to expand its holdings and further develop its business. (*Id.*, at 1-2)

31. To finance its operations, on November 23, 2010, Black Elk issued $150 million of debt to the Senior Secured Noteholders, and simultaneously entered into, among other documents, a Security Agreement (the "Security Agreement") in favor of The Bank of New York Mellon Trust Company, N.A. ("BNY") as Trustee and Collateral Agent for the 13.75% Senior Secured Notes. (Ex. 1, at 5; Ex. 92) Pursuant to the Security Agreement, the Senior

Secured Noteholders were granted a first priority lien on substantially all of Black Elk's assets. (Ex. 1, at 54; Ex. 92)

32. By December 31, 2013, Black Elk had approximately 457,065 gross (223,852 net) acres under lease in the Gulf of Mexico, 935 gross (444 net) wells and 58 production platforms. (Ex. 3, at 1)

33. For 2014, Black Elk stated it intended to increase its reserves product and cash flow through several strategies. (*Id.*, at 2) One strategy was to "continue to pursue strategic acquisitions." (*Id.* at 2) Black Elk would seek to acquire properties "currently producing or have the potential to produce with additional attention and capital" to "extend the economic life of fields." (*Id.*) The importance of this acquisition strategy could not be underestimated, as Black Elk told the SEC, because: "If we are unable to replace reserves through drilling or acquisitions, our level of production and cash flows will be adversely affected." (*Id.*, at 22)

34. Production and drilling on platforms in the Gulf of Mexico depended on the service of many independent contractors willing to work under those conditions. In its 2013 10-K, Black Elk acknowledge its dependence on its contractors: **"We are dependent on contractors and sub-contractors for our daily operational and service needs on individual fields and platforms. If these parties fail to satisfy their obligations to us or if we are unable to maintain these relationships, our revenue, profitability and growth prospects could be adversely affected."** (Ex. 3, at 25, emphasis in original) Yet, despite this reliance on contractors, Black Elk said that "to increase liquidity, we stretched accounts payable." (*Id.*, at 26) That meant Black Elk was not paying the contractors in a timely fashion for the work – "the daily operational service needs" – that were the lifeblood of its operations. Thus, stretching accounts receivable threatened its core business, a fact Black Elk acknowledged: "our inability

to pay trade creditors in a timely manner could impair our ability to develop and operate our properties." (*Id.*, at 26)

35. Black Elk was effectively insolvent by early 2014 – some trade creditors were paid, if at all, more than a year past their due dates because Black Elk did not have sufficient cash to pay its liabilities. (Ex. 100)

C. Platinum's History

36. Platinum Partners, LP is "a Manhattan hedge fund," that was founded in part by Murray Huberfeld, who is currently under criminal indictment. (Ex. 72, at ¶ 8d; Ex. 73) Platinum Management (NY) LLC ("Platinum Mgmt") and Platinum Liquid Opportunity Management (NY) LLC are hedge fund sponsors. They provide services to pooled investment vehicles. According to the Platinum Partners website, they launch and manage hedge funds for their clients, including the funds at issue in this case. (Ex. 72, at ¶ 11) They have listed Murray Huberfeld ("Huberfeld") as Partner, Mark Nordlicht ("Nordlicht") as a Managing Member and/or Chief Investment Officer, Uri Landesman ("Landesman") as President, and Daniel Small ("Small") as Managing Director. (Exs. 27, 68 at 12, and 69)

37. Platinum Mgmt is the manager for PPVAF, the core Platinum hedge fund, which was founded in 2003 by Nordlicht, with investors that also included Huberfeld. (Ex. 68, at 12; Ex. 72, at ¶¶ 8, 11) Nordlicht has been the Chief Investment Officer ("CIO") and the person primarily directing Platinum's day-to-day operations, as demonstrated by his signing, as "controlling person," a joint filing with the SEC on behalf of Platinum Mgmt, PPVAF, PPLOMF, and other Platinum-affiliated entities. (*Id.*, at 12-13)

38. A number of other Platinum executives have played key roles in the Platinum companies, like Black Elk, in which Platinum has invested, and then dominated and controlled. In addition to Nordlicht, Platinum's primary actors relevant to this case are: (a) David Levy

("Levy"), Huberfeld's nephew, a Managing Director and Portfolio Manager at Platinum, whom Platinum placed as CIO of the "friendly" Beechwood entities, and as the President of B Asset Manager, which was both the Administrative Agent for Black Elk's credit facility and also the investment arm of the Beechwood entities; (b) Daniel Small ("Small"), a Managing Director at Platinum Mgmt and Portfolio Manager at Platinum, an executive at Beechwood, and also placed by Platinum on the Black Elk Board of Managers; (c) Samuel Salfati ("Salfati"), who was an executive of Platinum that was placed on the Black Elk Board of Managers to secure a majority vote regarding the Renaissance Sale and the distribution of the proceeds to improperly repurchase Series E preferred equity. Platinum also worked through Black Elk's Chief Financial Officer, (d) Jeff Shulse ("Shulse"), whom Platinum placed at Black Elk in January 2014, and also through (e) Steven Fuerst ("Fuerst"), whom Platinum placed at Black Elk and who became Black Elk's General Counsel in August 2014.

V.
PLATINUM'S PLUNDER OF BLACK ELK

A. Platinum's Dominion and Control through Black Elk's Credit Facility; Transfers to Platinum Cayman and White Elk

39. On December 24, 2010, Black Elk entered into a $200 million, two-part credit facility with Capital One as the administrative agent (the "Credit Facility"). The Credit Facility consisted of a senior secured revolving loan (the "Revolving Credit Facility") and a secured letter of credit facility (the "Letter of Credit Facility").

40. On August 30, 2013 Black Elk consented to Capital One (and its syndicated lenders) assigning the Revolving Credit Facility to a lending syndicate with White Elk LLC as lender and administrative agent and a company called Resource Value Group ("RVG") as lender through a Loan Purchase and Sale Agreement. White Elk and RVG are Platinum-related entities created just days before the assignment for the purpose of assuming control over Black Elk's

Credit Facility. At the time of the loan assignment, Black Elk had drawn about $60 million from its revolving line of credit with Capital One. Since the date of the loan assignment, there is no record of Black Elk receiving any additional sums from the newly created lending syndicate.

41. RVG was formed just 16 days before the loan assignment, on August 14, 2013, and is identified as an affiliate of Platinum in Black Elk SEC filings. Further, a September 2013 Put Agreement entered into between RVG and PPVAF was signed by Managing Director, Daniel Small, on behalf of both Platinum and RVG. (Ex. 65) Through Lender Joinder Agreements, RVG assigned its right to payment under the loan purchase agreement to various parties.

42. White Elk was formed just 3 days before the loan assignment, on August 27, 2013. On at least one occasion, Black Elk transferred funds directly to a Platinum entity after identifying the recipient of funds in its accounting records as White Elk. The details of that transfer are provided below:

(Ex. 66)

43. Significantly, White Elk received numerous wire transfers from Black Elk at the specific instruction of Platinum, and without regard to priority or basis for such transfers. A log of transfers to White Elk from Black Elk's Operating Account in the two years prior to the Petition Date is provided below:

(*Id.*)

44. In connection with its credit facility interest, and as detailed above, White Elk received at least eleven (11) million dollars directly from Black Elk.

45. The loan purchase agreement, lender joinder agreements and other documentation were designed to create the impression that the foregoing entities were simply assigned Capital One's rights (i.e., repayment of principal and interest) related to funds received by Black Elk under the original revolving line of credit. On information and belief, ultimately, however, Black Elk paid the foregoing entities sums in excess of what was owed under the terms of the Revolving Credit Facility at the time of its assignment to a Platinum affiliate.

B. Platinum's Dominion and Control through Platinum's Equity Position; the Renaissance Sale and Transfers to Benefit Platinum

46. **Platinum's domination and control of Black Elk's equity position.** In the first quarter of 2013, Black Elk entered into contribution agreements with PPVA BE and Platinum Partners Black Elk Opportunities Fund LLC ("PPBE") or entities designated by PPBE (together, the "Platinum Group") pursuant to which Black Elk issued 50 million additional Series E

preferred equity units and 3.8 million additional Class B Units to the Platinum Group for an aggregate offering price of $50 million. (Ex. 3, at 43) In addition, Black Elk also agreed to issue an additional 43 million Series E preferred equity units in exchange for $30 million of outstanding Series D preferred equity units and $13 million of paid-in-kind dividends. (*Id.*)

47. On February 12, 2013, Black Elk entered into an agreement with Platinum under which Black Elk agreed to issue Class B Units to Platinum in exchange for financial consulting services. (*Id.*, at 56) Consequently, Black Elk issued 1,131,458.5 Class B Units to PPVA BE, an affiliate of Platinum, pursuant to such agreement. (*Id.*)

48. As of December 31, 2013, Platinum owned approximately 85% of Black Elk's outstanding voting membership interests and approximately 66% of Black Elk's total outstanding membership interests, giving it significant influence and control in corporate transactions and other matters. (Ex. 3, at 33) As a result of its majority ownership interest in Black Elk, Platinum had the ability to and did exercise its rights to remove and appoint key personnel, including all Managers, and to determine and control the company, management policies, financing arrangements, the payment of dividends or other distributions, and the outcome of certain company transactions or other matters submitted to members for approval, including potential mergers or acquisitions, asset sales and other significant corporate transactions. (*Id.*) Corporate documents, including Black Elk's Operating Agreement, which refers to the role of a "Platinum Manager," and e-mail communications referenced herein reveal overwhelming evidence of Black Elk management conferring with, and seeking approvals from Platinum for day-to-day business decisions, as well as any significant or extraordinary transactions. (Ex. 98, at 18-19)

49. Prior to the Petition Date, Platinum had the ability to appoint members of the Black Elk's Board of Managers, who in turn, had the power to appoint and remove Black Elk's Officers. (Ex. 3, at 33) Through this influence, Platinum has dominated Black Elk, exerting control over the Black Elk's day-to-day operations. In fact, Black Elk's former Chief Executive Officer and several other Black Elk employees have stated that Platinum actively participated in and directed the affairs and operations of the Black Elk. (Ex. 4, at 17; Ex. 53) Platinum's control over Black Elk includes, among other indicia of domination, Platinum having directed Black Elk to engage in specific business transactions, causing Black Elk to terminate existing business relationships in favor of entities related to or affiliated with Platinum, and controlling which of Black Elk's vendors were paid (if at all) and when. Platinum used this domination of Black Elk inequitably and to the detriment of Black Elk and Black Elk's creditors by, among other actions, preventing Black Elk from paying is legitimate debts while diverting assets to the benefit of Platinum and its affiliates and insiders.

50. Platinum consolidated and further exerted its control over Black Elk, and stepped up the implementation of its schemes to plunder Black Elk, when it appointed Jeff Shulse as Black Elk's CFO in January 2014. As described by Black Elk's founder and former CEO Hoffman, "Mr. Nordlicht and Mr. Small came into my office and made a very hard sell to put Jeff Shulse into the CFO position."[2] (Ex. 4, at 21) As Hoffman further testified, "Jeff [Shulse] was not a team player and he was clearly there working for Platinum." (*Id.*, at 110) Beginning in January 2014, "it was almost weekly we would either see Small, Levy or Nordlicht in the [Black Elk] office." (*Id.*, at 74) Hoffman has further testified that "Platinum was calling all of

[2] A new CFO was needed at Black Elk because, as Black Elk's CEO told Nordlicht, Small and Levy in a January 7, 2014 email responding to a Nordlicht email about strategies and a message "to hold off [Black Elk's] bondholders": "FYI – Bruce has stopped coming in. He doesn't want to be CFO with all the stuff going on." (Ex. 67)

the financial shots. I would say as of February [2014], they were in complete control of, you know, essentially almost every daily activity and most certainly stayed on top of every penny in and every penny out." (*Id.*, at 17) Also according to Hoffman, Platinum had the ultimate decision-making authority on whether Black Elk would enter into an acquisition or buy any properties. (*Id.*, at 48)

51. Shulse clearly worked for the benefit of Platinum, and not Black Elk. On March 7, 2014, a couple of months after Platinum installed Shulse as Black Elk's CFO, Shulse sent an email to David Levy regarding "[redacted]" (Ex. 5) In this email, Shulse stated that Levy, on behalf of Platinum, was "[redacted]." (*Id.*) Shulse went on to say that "[redacted]" (*Id.*)

52. By July 22, 2014, when Shulse still had not finalized his equity deal with Platinum, he sent Daniel Small an email pledging that "[redacted]" (Ex. 5) Shulse went on to remind Small that "[redacted]" (*Id.*, emphasis added)

53. This July 2014 email also attached the undated text of an earlier email from Shulse to Levy, where Shulse reaffirmed that "[redacted]" (Ex. 5) Shulse restarted the discussion of his equity interest by first stating that "[redacted]

[redacted]

(*Id.*) After concluding his lengthy list of proposed terms, Shulse reminded Platinum that "[redacted]" (*Id.*) Shulse concluded this email with the following: "[redacted]" (*Id.*)

54. As Shulse and the other Platinum plants at Black Elk knew by July 2014, Black Elk "did not have enough income to pay all of the bills that were outstanding" (Ex. 4, at 91; Ex. 100), and thus was unable to pay its debts as they became due. (Ex. 6, Note 2—Going Concern Consideration) Black Elk did not have the funds or liquidity to pay its mounting trade debt, which is believed to have been in the $80 to $90 million range.[3] (*Id.*; Ex. 4, at 81-82, 91) Black Elk was financially stressed to the point where the only short-term alternative to filing a bankruptcy was to sell substantially all of its assets.

55. **The Renaissance Sale.** On or about July 10, 2014, Black Elk entered into a Purchase Sale Agreement with Renaissance Offshore, LLC (the "Renaissance Sale") that would

[3] Fuerst, as the person brought in by Platinum in 2013 "to be the center point person for the vendors to call…." (Ex. 4, at 84), and also later as General Counsel, was well aware of Black Elk's financial condition and inability to continue if the proceeds of the Renaissance sale went to pay off Series E Platinum preferred debt.

transfer certain assets to Renaissance in exchange for $170 million, subject to certain closing adjustments.[4] (Ex. 7, Section 2.1) The Renaissance Sale represented "a significant amount of [Black Elk's] cash flow, proved reserves, and production." (Ex. 6, at 6, Note 5—Acquisitions and Divestitures) The Renaissance Sale closed on August 15, 2014, at which time about $125 million in proceeds was transferred to Black Elk. (*Id.*, at 6; Ex. 8)

56. Rather than use these Renaissance Sale proceeds to pay Black Elk's substantial debts, the Senior Secured Notes or trade payables, Platinum used the proceeds to retire Black Elk's Series E preferred equity units, which not only provided no real value to Black Elk, but also cemented Black Elk's insolvency and avoided the proper order of priority. (Ex 6, Note 9, Members' Deficit)

57. Because of its ownership and control of Black Elk, Platinum, through an improper Offer to Purchase and Consent Solicitation, purported to amend the Indenture to allow the vast majority of the Renaissance proceeds to be used to retire the Series E preferred equity and to purchase only a small number of the Senior Secured Notes. (Ex. 6, at 10, Note 8—Debt and Notes Payable, at 11, Note 9—Members' Deficit)

58. **The Offer to Purchase and Consent Solicitation Scheme.** The Offer to Purchase and Consent Solicitation required a majority of the non-Platinum-affiliated Secured Senior Note holders to consent. Platinum, through primarily Nordlicht, Small, and Levy, caused the following representation to appear in the Offer to Purchase and Consent Solicitation Statement: "As of the date hereof [July 16, 2014], there are $150 million aggregate principal amount of Notes issued and outstanding under the Indenture. Platinum Partners Value Arbitrage

[4] Although Black Elk was the party on the Renaissance PSA, Platinum was representing in an E&P Ventures PowerPoint that "[redacted]." (Ex. 70, at 5)

Fund L.P. and its affiliates, which own approximately 85% of our outstanding voting membership interests,[5] own approximately $18,321,000 principal amount of outstanding Notes. Otherwise, neither we, nor any person directly or indirectly controlled by or under direct or indirect common control with us, nor, to our knowledge, any person directly or indirectly controlling us, held any Notes." (Ex. 1, at 5) This last sentence was false, and designed to cover up Platinum's scheme to fix the consent vote.

59. Platinum's actual purpose was (1) to avoid having a large number of Notes tendered, but (2) to allow Platinum to receive the benefit of approximately $98 million from retiring Series E preferred equity in disregard of the proper priority order of distribution. (Ex. 92) By avoiding tender of any significant amount of Senior Secured Notes, Platinum maximized the amount of cash available for retiring the Series E preferred equity, while also maintaining the priority position of Platinum's own Senior Secured Notes.

60. The first purpose of discouraging a large number of tenders was achieved primarily by the unpalatable terms of the Offer to Purchase and Consent Solicitation, which provided no redemption premium on tendered Notes. Platinum accomplished the first part of its goal, as only 11,433,000 of the 150,000,000 Notes, or 7.62%, were tendered. (Ex. 39) Platinum tendered none of its own Notes.

61. Platinum achieved the second part of its goal, allowing an improper priority redemption of its Series E preferred equity, through a scheme to fix the vote. In the months leading up to the Offer to Purchase and Consent Solicitation, Platinum orchestrated the scheme explained by Nordlicht in a February 4, 2014 email to Black Elk's CEO Hoffman and CFO

[5] As of June 2014, Platinum was the majority holder of Series E preferred equity. Schedules obtained from Black Elk's auditors indicate Platinum held more than 80 million Series E preferred equity compared to the roughly 20 million held by other parties. (Ex. 9; Ex. 10, Attachment B)

Shulse, and Platinum's Small, Levy, and David Ottensoser: "the move is going to be to inform bondholders we have sales lined up but we are going to use the proceeds for working capital and for drilling. That will lead to friendlies getting control of bonds at decent prices. Once friendlies have control of bonds, we can then execute with flexibility according to what we would like to do." (Ex. 71)

62. Nordlicht further updated Black Elk's CEO Hoffman and General Counsel Piche, in a February 6, 2014 email: "FYI – I am close to buying 20 million bonds from MSD. It will at that point be easy task to buy additional 25 million if bondholders don't behave and we can change covenants at any time by flipping our bonds to friendlies . . . ." (Ex. 11)

63. By March 3, 2014, Platinum's Nordlicht informed Levy, Shulse, Hoffman, and Piche that "We have friendly buying 20 million" (Ex. 12) and further assured this same group by email that Platinum would soon have "50 percent in friendly hands,"[6] in which case the vote would be "academic." (*Id.*) Hoffman also was informed by Platinum on "a number of occasions[,] don't worry about the bond vote, you know. We [Platinum] have control of the vote." (Ex. 4, at 94) Hoffman specifically identified Platinum, Shulse and Fuerst as the people "aligned about the [Renaissance] money going to buy the Series E." (*Id.*, at 100) This scheme, of course, was not revealed to the Senior Secured Note holders that were unaffiliated with Platinum.[7]

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[6] Having a majority also was perceived as beneficial to Platinum because Nordlicht believed that "50 percent can override them" if "25% of the bondholders[ ] call a default." (Ex. 13)

[7] In fact, Shulse and Platinum were telling the marketplace exactly the opposite. In a July 17, 2014 email, JAB Energy confirmed its conversation with Shulse that "BEE will use the proceeds to pay down current bond holders, pay down payables, and return some preferred equity to Platinum." The email said that "[p]er our conversation, BEE intends to make current all of the AOS payables app $2.8 million, make a large payment to JAB of between $4 and $6 million and return to the executed payment plan between BEE and JAB for outstanding balance." (Ex. 14) Shulse and Platinum were falsely claiming that bondholders would be paid first, then payables

64. Platinum, at the primary direction of Nordlicht, Levy, and Small,[8] obtained alleged approval of the indenture amendments in part through an improper Platinum "disclaimer of beneficial interest" in $43,293,000 of Notes that were in fact beneficially owned by Platinum affiliates. (Ex. 15; Ex. 10, Attachments C and E)

65. Platinum also achieved the improper consent approval in part through implementation of the scheme to have "friendly" Notes bought and held by the affiliated but undisclosed Beechwood entities voted in favor of consent. Platinum, Nordlicht, Levy and Small were the primary architects that implemented this scheme. As revealed in a September 17, 2016 *Wall Street Journal* article, Beechwood was owned in substantial part by Platinum and its affiliates – Platinum (through Nordlicht and Murray Huberfeld) controlled over 35% of Beechwood, and Levy (and his family trusts) controlled another 5%. (Ex. 17, ¶ 68; Ex. 74) Platinum, including Nordlicht and Levy, formed Beechwood with two other people acting as front men for the purpose of entering into reinsurance agreements in which they would be able to control and use trust assets to benefit Platinum and themselves. Platinum exercised dominance and control of Beechwood.

66. In order to implement the scheme to have "friendlies" purchase and vote the Notes as directed by Platinum, Platinum installed Levy as the Chief Investment Officer and

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would be paid second, and finally some preferred equity to Platinum would be paid third. The actual intent was to make sure that Platinum got paid for its Series E preferred equity while maintaining its Note priority position.

[8] By examples, the Second Supplemental Indenture required and had the signatures of Hoffman as CEO and a Manager, Fuerst as the Secretary and General Counsel, and Small and Salfati as Managers. Shulse, as CFO, made the false representation in the Officers' Certificate that "The undersigned confirm that, excluding any Notes held by the Permitted Holders, the Issuers, or any Guarantor, or by an Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Permitted Holders, the Issuers, or any Guarantor, the holders of a majority in the aggregate of principal amount of the Notes outstanding have consented to the Second Supplemental Indenture." (Ex. 16)

President at B Asset Manager, the investment arm of the Beechwood entities. At the same time, Levy continued to work for and on behalf of Platinum with respect to Black Elk.[9] Levy, on behalf of Platinum, began making the investment decisions for Beechwood. (Ex. 17, ¶ 86; Ex. 74)

67. As Chief Investment Officer and President of B Asset Manager, Levy caused the "friendly" Beechwood entities Beechwood Bermuda International Ltd., BBIL ULICO 2014, Bre WNIC 2013 LTC Primary, Bre WNIC 2013 LTC Sub, and Bre BCLIC to obtain approximately $37 million worth of Notes, and then vote them as directed by Platinum and in support of Platinum's scheme.[10] (Ex. 17, ¶¶ 93-95; Ex. 21, at PPVA-10468 (Schedule 1, listing number of Notes held by Beechwood entities); Ex. 22 (Bond Spreadsheet); and Ex. 28 (BNY Mellon Chart)) As Reuters has reported, "Beechwood spokesman David Goldin confirmed that Levy was responsible for Beechwood's purchase of Black Elk bonds and for voting them in Platinum's favor, along with the approval of the covenant changes." (Ex. 29)[11] As set forth in another

[9] Levy, for example, on behalf of Platinum, but while at B Asset Manager / Beechwood and using his dlevy@beechwood.com email, addressed the internal senior management disputes at Black Elk among Black Elk Officers Shulse, Hoffman, and Art Garza on July 13, 2014, 3 days before the Black Elk 8-K announcing the Offer to Purchase and Consent Solicitation. (Ex. 18) Upon information and belief, Beechwood also has had a number of other Platinum plants over the pertinent time period, including Will Slota, at Chief Operating Officer, Paul Poteat, as Chief Technology Officer, David Ottensoser, as General Counsel, Daniel Small, as Senior Secured Collateralized Loans Project Manager, David Leff, as United States Fixed Income Project Manager, Rick Hogdon, as Chief Underwriting Officer, Daniel Saks, as B Asset Manager's Chief Investment Officer (after Levy resigned and returned full-time to Platinum), and Naftali Manela and Eli Rakower, who provided consulting services to Beechwood. (Ex. 17, ¶¶ 104, 64, 17; Ex. 74)

[10] Also in February 2014, with David Levy acting as President of B Asset Manager, the Beechwood entities entered into a Loan Purchase and Sale Agreement, as well as ancillary agreements, related to Black Elk's Credit Facility. (Ex. 23; Ex. 24, Omnibus Assignment; Ex. 25, Note; Ex. 26, Note)

[11] Platinum's effective control of the Beechwood Notes also is illustrated in the email communications among Platinum executives on May 16, 2014 regarding Platinum lending out and getting back Black Elk Notes from B Asset Manager. (Ex. 30)

complaint recently filed against Levy, among others, in the Southern District of New York: "In short, Beechwood, in the person of Levy, voted Beechwood-purchased bonds [and did not tender their Notes], including the Trust's bonds, against the interests of the Trust and Beechwood, and in favor of subordinating them to Platinum's interests, even though the vote meant that the Trusts' bonds would be exposed to greater risk of loss, because all the value of Black Elk's assets was paid to Platinum." (Ex. 17, ¶ 95)

68. In addition to the improper rigging of the vote through "disclaiming" affiliates and obtaining "friendly" votes, Platinum also obtained any truly non-affiliated consent by misstatements of fact, including (a) not disclosing the amount of Notes disclaimed by Platinum, (b) the relationships between the consenting parties and Platinum, and (c) Platinum's intentions to cause Black Elk to repurchase all of Platinum's Series E preferred equity, and the effect that such repurchase would have on the ability of Black Elk to continue as a going concern.

69. Black Elk's founder and then-CEO Hoffman was sufficiently troubled by Platinum's undisclosed plan to repay itself ahead of Black Elk's lenders and creditors that he emailed Black Elk's General Counsel Piche and outside counsel on June 26, 2014, stating in part his understanding that "they [Platinum] plan to isolate Black Elk, pay themselves back ([Series E] preferred equity) ahead of so called friendly bond holders and lay off most people." (Ex. 2)

70. Hoffman also issued a memorandum on July 9, 2014 revoking all Black Elk's employees' authority with respect to all contracts and monetary matters. (Ex 31; Ex. 4, at 134) Hoffman's memorandum, which stated that his approval and signature was required for, among other things, all wires, checks or other transfers of Black Elk's property, was apparently his attempt to prevent Platinum from carrying out its plan to recover its equity investment at the expense of Black Elk's lenders and creditors. (Ex. 31; Ex. 32)

71. Also on July 9, after sending out his memorandum, Hoffman had an email exchange with Nordlicht in which Hoffman recognized that Black Elk was now being run by Platinum through Shulse and protested that "[redacted]." (Ex. 32) Hoffman went on to say that "[redacted]" and that "[redacted]."[12] (*Id.*) Hoffman recognized that "[redacted]." (*Id.*) Hoffman feared that Platinum's interest was in "shutting down Black Elk and taking all the money out." (Ex. 4, at 76)

72. Hoffman, as CEO, also had directed the termination of Shulse, the CFO. On July 13, Levy, emailing Hoffman from his Beechwood address, directed: "As we discussed please pull back the letter [of termination] on Jeff [Shulse]." (Ex. 33) Hoffman forwarded this email to Piche, Black Elk's General Counsel, stating: "See note from Platinum usurping my decision to fire the CFO." (*Id.*) Shulse continued to work on Platinum's behalf at Black Elk.

73. The purported July 14, 2014 Written Unanimous Consent of the Managers of Black Elk regarding the Renaissance Sale and the Offer to Purchase and Consent Solicitation contains the signature of Platinum's Small, but not Hoffman. (Ex. 75)

74. As noted above, at the time of the Renaissance Sale, Platinum exercised control over Black Elk. Platinum now held the vast majority of the common stock in Black Elk, as well

[12] These sentiments are consistent with Hoffman's statement in a June 27 email to Nordlicht that "[t]he current direction runs counter to my instincts. I have fiduciary duties and no longer feel that I have the capacity to exercise those duties." In that same email, Hoffman said that "I am apprehensive about the uses of the Renaissance proceeds as I feel it will put Black Elk at risk of defaulting on creditors and ruin my reputation." (Ex. 34)

as a significant portion of Black Elk's 13.75% Senior Secured Notes, Senior Secured Revolving Credit (through its common ownership of White Elk and RVG) and Series E preferred equity units. (Ex. 6, at 11-12, Note 9, at 20, Capital Contributions; Ex. 35 ("PPVA is directing our current strategic business activities . . . .")

75. On July 16, 2014, Black Elk filed a Form 8-K with the Securities and Exchange Commission (the "SEC') announcing that it had made a tender offer to, and solicited consent from, holders of its 13.75% Senior Secured Notes that, among other things, allowed noteholders to tender their notes and sought to change certain covenants that would enable Black Elk to retire Series E preferred equity ahead of the Notes. (Ex. 36)

76. Platinum dominated and controlled the Renaissance Sale closing, as well as the Offer to Purchase and Consent Solicitation. On August 12, 2014, Daniel Small, on behalf of Platinum, emailed David Levy at dlevy@beechwood.com to ask whether he has "signed the releases for the [Renaissance] sale?" (Ex. 37) Levy responded one minute later from his iPad, "No what do I need to do !" At 10:49 pm, Small then instructed Levy: "David, sign the attached document and forward it to Russell Diamond for counter-signature and copy Jeff [Shulse at Black Elk]." (*Id.*) Small then further instructed Shulse: "Jeff, concurrent with David sending to Russell send Russell the NSAI reserve report excluding the properties sold to Renaissance so he can calculate the hedges that need to be unwind [sic]." (*Id.*) The next day, August 13, 2014, Levy, as President of B Asset Manager LP, executed and provided consent for the Renaissance Sale. (Ex. 38)

77. On August 14, 2014, Black Elk, under the influence of Platinum, issued a press release falsely claiming that "holders of $110,565,000 principal amount of the Notes, or 73.71% of the Notes, had validly consented to the Consent Solicitation and not revoked such consent."

(Ex. 39; Ex. 28) Any questions were to be directed to Fuerst. These alleged results were achieved only by improperly including all of the Platinum controlled, but "deemed not affiliated" and "friendly" votes.[13]

78. On August 15, 2014, Black Elk issued a Form 8-K announcing that it had received consent from holders of its 13.75% Senior Secured Notes to, among other things, apply the proceeds from the Renaissance Sale to retire the tendered 13.75% Senior Secured Notes and to utilize the remaining proceeds to re-purchase preferred equity issued by Black Elk. (Ex. 40) The consent was memorialized in a Second Supplemental Indenture. (Ex. 6, at 11; Ex. 16) In addition to the Platinum actors, Hoffman, as Black Elk CEO, as well as Piche and Fuerst, as Black Elk Secretary and General Counsel, were instrumental in facilitating the creation of the Second Supplemental Indenture. (Ex. 6; Ex. 16) Again, it was only by improperly including the votes of the affiliated Platinum-controlled, but "disclaimed" or "friendly" entities, that consent allegedly was obtained.

79. Beginning on August 15, 2014, Black Elk received the following wire transfers relating to the Renaissance Sale:

[13] This representation also directly contradicts the method of tabulating results set forth in the Offer to Purchase and Consent Solicitation (Ex. 1, at 2 ("Requisite Consents"), 18-19) and as stated in Black Elk's press release of July 16, 2014: "If Consents from the holders of at least a majority in principal amount of the outstanding Notes (disregarding any Notes held by affiliates of the Company) have been validly received…." (Ex. 36, at Ex. 99.1, at 1-2)

Date	Account No. Amegy Bank	Wire Description	Amount
8/15/2014	[redacted]	RENAISSANCE OFFSHORE, LLC;REF M 1306804969	$ 99,999,999.99
8/15/2014	[redacted]	RENAISSANCE OFFSHORE, LLC;REF M 1306804970	$ 19,240,898.44
8/15/2014	[redacted]	PETROLEUM STRATEGIES, INC.;OBI 1306804015	$ 5,713,164.64
8/22/2014	[redacted]	RENAISSANCE OFFSHORE, LLC;REF M 1306604221	$ 1,059,810.55
		Total	$126,013,873.49

(Ex. 41)

80. On August 18, 2014, three days after the first three Renaissance wire transfers to Black Elk, Shulse again followed up with Platinum regarding his reward. In an email to Nordlicht, Small and Levy, Shulse said that "[redacted]"[14] (Ex. 42) Shulse again reminded Platinum that "[redacted]" (*Id.*) That same day, in an email to Levy and Small, Nordlicht said that "[redacted]" (*Id.*)

81. Platinum circumvented Hoffman's authority as President and CEO of Black Elk by directing Shulse, based upon the approval of the Platinum-affiliated managers and the alleged

[14] The August 18-21, 2014 wire transfers for the Series E preferred equity no doubt worsened Black Elk's insolvency. However, Black Elk was insolvent months earlier. By example, Shulse, in a May 20, 2014 email, stated that "[redacted]" (Ex. 43)

unanimity of the Black Elk Board of Managers, to make the subject transfers without Hoffman's approval or signature. As noted above, Shulse and Platinum were in that same time frame negotiating Shulse's financial remuneration. (Ex. 44, at 35-39; Ex. 45) On information and belief, Platinum agreed to pay Shulse bonuses in the total amount of $550,000, in large part for his involvement and assistance in the Renaissance Sale. (Ex. 44, at 35-36; Ex. 46, at 10) Notably, Hoffman had fired Shulse on three occasions in part because Hoffman believed that Shulse was acting in Platinum's best interest at the expense of Black Elk. (Ex. 4 at 67-69, 134-137) Each time, Platinum reinstated Shulse. Immediately following the Renaissance Sale, Platinum appointed Shulse as Black Elk's CEO, after reaching a deal with Hoffman to resign as Black Elk's President and CEO. (*Id.*; Ex. 47, at 3)

82. **Platinum Wire Transfers the Renaissance Proceeds to Its Improper Benefit.** E-mail communications on August 18, 2014 by and between Nordlicht, Shulse, Small, Salfati and Levy demonstrate the mechanics of the final implementation of the plan to improperly transfer nearly $98 million from Black Elk for the benefit of Platinum. That day, Shulse emailed Nordlicht, with the subject line, "Wire is NOT approved," explaining that Shulse understood that Nordlicht was "talking to John [Hoffman] at 4:00, [but] the wire transfer deadline is 3:30 ... if you want New Mountain paid today, you are going to have to make a decision soon. I am happy to hit send if the board tells me to, if not it will likely be tomorrow if John approves at 4:00."[15] (Ex. 48)

83. Five minute later on August 18, 2014, Nordlicht sent an email to Shulse, copying Small, Salfati and Levy, in which Nordlicht represented that "the board is in agreement to send new mountain wire and 50 million to ppbe. ZThe [sic] balance of the preferred I am going to get

[15] The import of the New Mountain transfer is explained further, *infra* at ¶ 87.

you john email so u have unanimous consent on top of his verbal agreement that he has already given me … but send these wires out already!!!!!" (Ex. 48) At approximately the same time, Daniel Small also emailed Shulse, copying Salfati: "Jeff, on behalf of Sam Salfati and myself constituting a majority of the board of managers you are hereby authorized to wire $70 million in partial payment of the Preferred E units, Regards, Dan." (Ex. 49) Based on Nordlicht's emphatic, five exclamation point email, and Small's confirmatory email, Shulse then authorized and requested the release of the wires "per Mark's [Nordlicht's] direction." (Ex. 48)

84. On August 18, David Levy, from his Platinum email address, also sent Shulse, at his personal email address, the PPCOMF wire transfer instructions. On August 20, Shulse then forwarded on these instructions with the direction to Black Elk employees that "[t]he board has also requested and approved the payment of $24,600,584.31 of Series E preferred to Platinum Partners Credit Opportunities Master Fund LP … wire instructions below ... needs to go today." (Ex. 50)

85. Between August 18 and 21, 2014, Black Elk remitted the following wire transfers, pursuant to the instruction of Platinum, and particularly the involvement and direction of Nordlicht, Levy, Small, Salfati, and Shulse, and without the intervention and prevention of the transfers by Hoffman, Piche or Fuerst:

Date	Account No. Amegy Bank	Wire Description	Amount
8/18/2014	[redacted]	PPVA Black Elk Equity LLC 1307003426	$ 32,563,819.73
8/18/2014	[redacted]	New Mountain Finance Corp 1307003422	$ 20,462,777.78
8/18/2014	[redacted]	Platinum Partners Value Arbitrage 1307003428	$ 15,332,672.97
8/19/2014	[redacted]	The Bank of New York Mellon 1306701696	$ 11,773,608.13
8/20/2014	[redacted]	Platinum Partners Credit Opportunity 1306102280	$ 24,600,584.31
8/21/2014	[redacted]	Platinum Partners Liquid Opportunity 1306101216	$ 5,000,000.00
		Total	$109,733,462.92

(Ex. 76)

86. These remittances, except for the Bank of New York Mellon for the tendered Notes, all benefitted Platinum. The benefit of the transfers to the named Platinum entities is obvious.

87. The New Mountain transfer also benefitted Platinum because Platinum was able to avoid buying back the New Mountain Series E preferred equity under a put agreement. Platinum and New Mountain Finance Holdings, LLC entered into a Securities Purchase and Put Agreement in May 2013 in which New Mountain Finance Holdings, LLC paid $20 million for Series E preferred equity, with the right to have Platinum repurchase the Series E preferred equity on a dollar-dollar basis, plus any accrued, uncapitalized, and unpaid Series E preferred return, plus interest. (Ex. 20, at 2) New Mountain Finance Holdings, LLC entered into this Agreement based in part upon the fact that Platinum controlled Black Elk: the agreement recites that "Platinum, along with one or more of its affiliates, beneficially owns a majority of Black Elk Energy's outstanding voting interests and a majority of Black Elk Energy's outstanding membership interests." (Ex. 20, at 1) New Mountain Finance Holdings, LLC then assigned the

agreement to New Mountain Finance Corp. by second amendment dated May 23, 2014. (Ex. 87) A third amendment further extended the put agreement to July 16, 2014. (Ex. 78) A fourth amendment extended the time to August 15, 2014. (Ex. 79) Platinum was in default of the fourth amendment when Black Elk transferred the wire on August 18.

88. These remittances improperly enriched Platinum by approximately $98 million.[16] On August 19, 2014, Black Elk, under Hoffman's signature, instructed Bank of New York Mellon to extinguish $11,433,000 of notes tendered. (Ex. 52)

89. Although Platinum improperly benefitted by almost $100 million,[17] the effect on Black Elk was equally stark but devastating. As Black Elk's founder and CEO Hoffman has testified, "As soon as the 96 [sic] million went to New York [to benefit Platinum], we [Black Elk] were bankrupted." (Ex. 4, at 130) When asked whether Black Elk was insolvent after the wire transfers to Platinum, Hoffman unequivocally responded "Absolutely" and "No question."[18] (*Id.*)

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[16] Liskow & Lewis withdrew as counsel for Black Elk on or around July 21, 2014 in part because of the "several calls from [Black Elk] employees raising questions about the use of proceeds from [Renaissance] asset sales." (Ex. 51) Liskow & Lewis stated that "[t]hese recent developments and conflicts made us uncomfortable with continuing to advise [Black Elk] and therefore led us to conclude that we needed to withdraw from any further representation of the company, other than to continue assisting in the imminent closing of the Renaissance Offshore, LLC sale (the "Renaissance Transaction") if [Black Elk] so desires." Liskow & Lewis made clear that "we do not and have not advised [Black Elk] how the proceeds from the Renaissance Transaction or any other sale transaction are to, or were to, be applied…." (Ex. 51)

[17] The impropriety of Platinum's actions is forcefully stated in the resignation letter of one of Black Elk's executives, who concluded his resignation letter with the following: "For these reasons, I resign my position as Facilities Manager as I cannot legally and morally continue forward knowing I will be taking part of fraudulent activities." (Ex. 53)

[18] In October 2014, as things worsened at Black Elk, Shulse sent an email to Nordlicht, Small, and Levy describing the risks and likely adverse results from pending litigation. (Ex. 80) Levy first chastised Shulse for not including Fuerst, saying "I'm sure you meant to add Steve to this and note it is a privileged communication part of litigation." To that, Nordlicht responded "All the more reason to pay back preferred and get the positive fields sold." (*Id.*) Shulse, incredulous that Nordlicht just described the Series E preferred equity scheme, emails Small: "He really just

90. The impropriety of the Series E wire transfers after the Renaissance Sale also was later discussed by and between Platinum's David Levy and Zach Weiner, and Platinum's third CEO at Black Elk, Jed Latkin, in a July 2015 email. (Ex. 89) Latkin informed Levy and Weiner that BDO wanted "a full breakdown of where every dollar went from the renaissance transaction including a breakdown of the payouts to platinum and its related entities," also "wanted to state in the notes that they believe this transaction violated the indenture and was a preferential payment," and that "they would indicate in the filing that there was control and manipulation by the parent ownership company." (*Id.*)

C. Platinum's Misappropriation of Black Elk's Northstar Offshore Transaction

91. In May 2014, Black Elk entered into negotiations to purchase certain of Northstar Offshore Group 1, LLC' s ("Northstar Offshore") oil and gas properties in the Gulf of Mexico. (Ex. 54) The parties contemplated a purchase price of $100 million and entering into a Purchase and Sale Agreement by July 1, 2014. (*Id.*) As a part of the parties' agreement, Northstar agreed to negotiate exclusively with Black Elk from May 27, 2014 through July 1, 2014, recognizing that Black Elk was going to expend significant corporate resources conducting its due diligence on the subject properties. (*Id.*)

92. According to Black Elk's founder and CEO Hoffman, Black Elk invested substantial man-hours and significant resources conducting its due diligence on the Northstar properties. (Ex. 4, at 23-24) Hoffman estimated that Black Elk spent "millions" on due diligence matters, including but not limited to, field visits, legal fees, technical resource time, use of software and title work. (*Id.*) Hoffman, who was intimately involved in the negotiation, due

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put that in writing? … With all due respect, some things should just stay in his head." (*Id.*) Platinum understood that after it misappropriated the Renaissance Sale proceeds, Black Elk was a dead company walking.

diligence and purchase of the Northstar properties, stated that at the eleventh hour, Platinum or a Platinum affiliate was substituted in for Black Elk on the draft Purchase and Sale Agreement, and Northstar ultimately sold the properties to a Platinum entity.[19] (Ex. 4, at 16-17) Hoffman and Piche considered, but did not pursue, legal or other action against Platinum to prevent its usurpation of the opportunity. (Ex. 55)

93. Shortly thereafter, members of Black Elk's management team, including Hoffman, contacted counsel who had drafted the Northstar PSA to alert them to the fact that Platinum had usurped Black Elk's corporate opportunity without compensating Black Elk for the monies and manpower it had expended on due diligence. (*Id.*, at 17-19) Upon hearing that Black Elk's personnel were used to develop prospects for Platinum, with no benefit or value flowing to Black Elk, Liskow & Lewis, who was counsel for Black Elk, resigned from its representation of Black Elk in the Northstar transaction.[20] (Ex. 51)

[19] On June 5, 2014, Levy, as CIO of B Asset Manager for Beechwood, provided Black Elk an intention letter to fund Black Elk's acquisition of Northstar. (Ex. 56) On June 27, 2014, Levy sent a letter to Black Elk withdrawing its prior interest in financing the Northstar transaction, stating: "To reiterate, due to the current financial situation of Black Elk, BAM [B Asset Manager] is no longer interested in further exploring financing Black Elk in connection with those potential acquisitions referenced in the Interest Letters and each such Interest Letter has been withdrawn as a result of further review of Black Elk." (Ex. 57) Of course, Levy always had been aware of Black Elk's financial condition, given his prior and concurrent role with Platinum and oversight of Black Elk. Also on June 27, Shulse sent a "Renaissance Update" email to Platinum and Levy, while he was at Beechwood, that the Renaissance transaction had hit a snag because Renaissance was "getting advice from V&E regarding [a possible Black Elk] bankruptcy." (Ex. 58)

[20] In its email dated July 21, 2014, Liskow & Lewis stated that they believed that "the use of [Black Elk] personnel to develop [Northstar] prospects, including drafting and negotiating purchase and sale agreements for such entities, …, if true, raised questions of the appropriate use of company assets, possible usurpation of corporate opportunities and other potential legal and equitable claims." (Ex. 51)

D. Platinum Takes the Remainder of Black Elk's Assets for Northstar Offshore.

94. After wrongfully purchasing Northstar Offshore, Platinum caused Black Elk to sell the remainder of its assets to Platinum through a PSA with Northstar Offshore in early 2015. (Ex. 59) Nordlicht, Small, Levy, Salfati, and Shulse all were involved in the planning and implementation of this transaction, as set forth in part by Small's December 19, 2014 email (Ex. 60) describing the planned execution of the transaction. The Black Elk Notes for Northstar preferred equity exchange portion of this scheme was succinctly stated in Small's January 28, 2015 email to other Platinum executives, including Levy: "[redacted]" (Ex. 61; Ex. 62)

95. By this time, Shulse had been appointed CEO of Black Elk. (Ex. 47) In pertinent part, Black Elk was selling certain of its remaining oil and gas properties to Northstar in exchange for Northstar assuming $70 million of the Senior Secured Notes issued by Black Elk and owned by Platinum and its affiliates. (Ex. 59)

96. According to Shulse, he signed, but did not date, the PSA between Black Elk and Northstar because he was not comfortable with closing the transaction over concerns he had that the transaction would be a fraudulent transfer. (Ex. 44, at 185-86) Shulse indicated that he signed the Northstar PSA at Platinum's repeated requests, in effect "we did this fake closing" for Platinum's benefit. (*Id.*, at 181, 185-86)

97. Ultimately, on March 31, 2015, Shulse sent a letter to Northstar's CEO notifying Northstar that it was to remove his signature from all documents related to the proposed sale of assets from Black Elk to Northstar because "I have been advised by counsel that the Transaction

would qualify as **Fraudulent Transfer** under the Uniform Fraudulent Transfer Act ("UFTA"), as adopted by the State of Texas." (Ex. 63 (emphasis in original)) Thus, Black Elk's then CEO revoked his approval and authority for Black Elk to enter into the PSA with Northstar. (*Id.*)

98. Even though Shulse had revoked his approval of the Northstar transaction, Platinum purportedly closed the transaction and attempted to convey the subject properties to Northstar for its own benefit. (Ex. 59)

E. Platinum Fakes Another Black Elk Closing and Assignment to TKN Offshore.

99. Shortly after the Northstar Offshore transaction, Shulse decided that he was going to leave Black Elk and start his own company. (Ex. 44, at 182-83, 190-98) As a part of his exit strategy, Shulse wanted to purchase certain of the few remaining properties from Black Elk and Black Elk's interest in Freedom Well Services, LLC. (*Id.*)

100. For the planned purchase, Shulse formed two companies, both of which he wholly owned, namely TKN Petroleum Holdings, LLC ("TKN") and Medius Energy, LLC ("Medius"). (*Id.*) Platinum negotiated the proposed sale on behalf of Black Elk and Shulse negotiated on behalf of TKN and Medius. (*Id.*) Platinum negotiated this transaction through its surrogate, John Boylan, whom Platinum approved appointing as Acting CEO and alleged Independent Director of Black Elk, with the participation of Platinum and Shulse, and the drafting and legal advice of Fuerst.[21] (Ex. 81) According to Shulse, the parties never reached an agreement on the proposed sale of assets to TKN and Medius, even though Boylan and Shulse signed a PSA

[21] Boylan began discussing helping Platinum and Shulse with their "wind down(?)" of Black Elk as early June 30, 2014. (Exs. 82-84)

(Ex. 88) related to the proposed sale. (Ex 44, at 181-183, 190-194, 196-197) There also are Black Elk Board Minutes dated February 6, 2015 allegedly approving the transaction.[22] (Ex. 81)

101. Shulse ultimately resigned and left Black Elk having never reached an agreement to purchase certain Black Elk properties and Freedom Well Services. (Ex. 44, at 196) Notwithstanding the fact that TKN and Medius' sole owner and principal never consummated the deal, Platinum purportedly closed the sale and conveyed the assets to another, Platinum TKN. (Ex. 64)

102. In an effort to conceal the fraudulent closing, upon information and belief, Platinum then formed a new entity, TKN Petroleum Offshore, LLC ("TKN Offshore"), to purchase the properties allegedly sold to TKN. Platinum drafted, signed and executed a phony Purchase and Sale Agreement between TKN and TKN Offshore. (Ex. 64) The fraudulent PSA was signed by Platinum's Salfati on behalf of TKN. (*Id.*) Salfati, however, was not an officer, director, employee, agent or representative of TKN. (Ex. 44, at 200-01) Salfati had no authority to sign any agreement on behalf of TKN; Shulse was the only person authorized to enter into such an agreement on behalf of TKN and he claims that knew nothing about the fraudulent TKN/TKN Offshore PSA. (*Id.*)

103. After the fraudulent sale to TKN Offshore, Platinum started the process of transferring the Black Elk properties to TKN Offshore, leaving Black Elk with the few assets it had at the beginning of Black Elk's Bankruptcy Case.

[22] Although the Board Minutes state that Boylan presented an analysis of the transaction for the Board to review before approval, four days later on February 10, Fuerst sent an email with the subject line "Bd Meeting" to Small, copying Shulse, Salfati, and Levy, stating that "I haven't seen any analysis (Boylan's Medius Report) for the Northstar deal." (Ex. 85) On March 12, 2015, Boylan followed up with Shulse regarding his invoice and also asked to get a "Certificate of D&O Insurance, which includes John Boylan." (Ex. 86)

VI.
CLAIMS FOR RELIEF

COUNT I - FRAUDULENT TRANSFERS PURSUANT TO 11 U.S.C. § 548(A)(1)(A)

104. The Trustee incorporates all preceding paragraphs as if fully re-alleged herein.

105. Pursuant to § 548(a)(1)(A) of the Bankruptcy Code, a trustee may avoid any transfer of an interest of the debtor in property, or any obligation incurred by the debtor that was made or incurred on or within 2 years before the date of the filing of the petition, if the debtor voluntarily or involuntarily made such transfer or incurred such obligation with actual intent to hinder, delay, or defraud any entity to which the debtor was or became, on or after the date that such transfer was made or such obligation was incurred, indebted.

106. As set forth above, immediately following the Renaissance Sale and within the two-year period prior to the Petition Date, Platinum directed and caused Black Elk to wire $97,959,854.79 of the sale proceeds to and for the benefit of Platinum to repurchase Series E preferred equity.

107. There are creditors of Black Elk who have allowable claims against Black Elk which claims were in existence at the time of the transfers. The subject transfers were made by Black Elk at Platinum's direction with actual intent to hinder, delay, or defraud its then existing and future creditors.

108. As set forth above, Black Elk's fraudulent intent in this instance is evidenced as (i) the transfers were made to insiders of Black Elk; (ii) the transfers were concealed or effectuated via fraud; (iii) the transfers were substantially all of Black Elk's productive assets (or the proceeds thereof); (iv) Black Elk removed or concealed assets; (v) the value of the consideration received by Black Elk was not reasonably equivalent to value of the transfers; (vi) Black Elk was insolvent or became insolvent shortly after the transfers were made; (vii) the

transfers occurred shortly before or shortly after Black Elk incurred substantial debt; (viii) Black Elk transferred essential assets (or the proceeds thereof) to a lienor who transferred the assets to an insider; and (ix) Black Elk engaged in a pattern of sharp dealing prior to bankruptcy.

109. Accordingly, Trustee requests that the Court avoid the subject transfers as actual fraudulent transfers under section § 548(a)(1)(A).

COUNT II - FRAUDULENT TRANSFERS PURSUANT TO 11 U.S.C. § 548(A)(1)(B)

110. The Trustee incorporates all preceding paragraphs as if fully re-alleged herein.

111. Pursuant to § 548(a)(1)(B) of the Bankruptcy Code, a trustee may avoid any transfer of an interest of the debtor in property that was made or incurred on or within 2 years before the date of the filing of the petition, if the debtor voluntarily or involuntarily received less than a reasonably equivalent value in exchange for such transfer and was insolvent on the date that such transfer was made or became insolvent as a result of such transfer.

112. As set forth above, immediately following the Renaissance Sale and within the two-year period prior to the Petition Date, Platinum directed and caused Black Elk to wire $97,959,854.79 of the sale proceeds to Defendants to repurchase the Series E shares held by Defendants. Because the subject transfers were used to retire the Series E preferred shares, Black Elk received less than a reasonably equivalent value in exchange for the transfers.

113. Further, both before and after the Renaissance Sale, Black Elk was insolvent and unable to pay its debts as they became due.

114. Accordingly, the Trustee requests that the Court avoid the subject transfers as actual fraudulent transfers under section § 548(a)(1)(B).

COUNT III - VIOLATIONS OF THE TEXAS UNIFORM FRAUDULENT TRANSFER ACT

115. The Trustee incorporates all preceding paragraphs as if fully re-alleged herein.

116. The Texas Uniform Fraudulent Transfer Act ("TUFTA"), codified as chapter 24 of the Texas Business and Commerce Code, permits the recovery of the value of any transfers made with "actual intent to hinder, delay, or defraud any creditor of the debtor" as well as those made "without receiving a reasonably equivalent value in exchange for the transfer or obligation." Tex. Bus. & Com. Code Ann. § 24.005. Transfers made within four years of the Petition Date may be avoided. *Id.* at § 24.006. TUFTA defines transfers fraudulent as to present or future creditors as:

> (a) A transfer made or obligation incurred by a debtor is fraudulent as to a creditor, whether the creditor's claim arose before or within a reasonable time after the transfer was made or the obligation was incurred, if the debtor made the transfer or incurred the obligation:
>
> > (1) with actual intent to hinder, delay, or defraud any creditor of the debtor; or
> >
> > (2) without receiving a reasonably equivalent value in exchange for the transfer or obligation, and the debtor:
> >
> > > (A) was engaged or was about to engage in a business or a transaction for which the remaining assets of the debtor were unreasonably small in relation to the business or transaction; or
> > >
> > > (B) intended to incur, or believed or reasonably should have believed that the debtor would incur, debts beyond the debtor's ability to pay as they became due.

Tex. Bus. & Com. Code Ann. § 24.005.

117. Section 544(b) of the Bankruptcy Code allows the trustee to avoid a transfer of Black Elk's interest in property that is voidable under applicable law—in this case, TUFTA. Section 550 of the Bankruptcy Code allows the Trustee to recover the property transferred or the value of the property transferred in violation of sections 544 and 548.

118. As it relates to the Renaissance Sale and the Series E wire transfers, these transfers to the Platinum insiders and their affiliates were fraudulent as to Black Elk's present and future creditors and in violation of TUFTA, as set forth above.

119. Further, Tex. Bus. & Com. Code Ann. § 24.006 defines transfers fraudulent as to present creditors as:

> (a) A transfer made or obligation incurred by a debtor is fraudulent as to a creditor whose claim arose before the transfer was made or the obligation was incurred if the debtor made the transfer or incurred the obligation without receiving a reasonably equivalent value in exchange for the transfer or obligation and the debtor was insolvent at that time or the debtor became insolvent as a result of the transfer or obligation.
>
> (b) A transfer made by a debtor is fraudulent as to a creditor whose claim arose before the transfer was made if the transfer was made to an insider for an antecedent debt, the debtor was insolvent at that time, and the insider had reasonable cause to believe that the debtor was insolvent.

Tex. Bus. & Com. Code Ann. § 24.006.

120. The $97,959,854.79 in wire transfers to Platinum insiders and their affiliates are likewise in violation of § 24.006 of TUFTA.

121. Platinum Partners Value Arbitrage Fund LP, Platinum Partners Credit Opportunities Master Fund LP, Platinum Partners Liquid Opportunities Master Fund, LP, and PPVA Black Elk Equity LLC, are liable as the recipient transferees of these funds or the persons for whose benefit the transfers were made. These transfers were intentional and initiated by the Platinum defendants, as they controlled Black Elk's Board of Managers and caused Black Elk to make the transfers.

122. Accordingly, the Trustee respectfully requests that the Court avoid the subject transfers as actual and/or constructive fraudulent transfers under section 544(b) and applicable Texas state law, and recover the value of the transferred property pursuant to section 550 of the Bankruptcy Code.

COUNT IV - RECOVERY OF AVOIDED TRANSFERS PURSUANT TO 11 U.S.C. § 550

123. The Trustee incorporates all preceding paragraphs as if fully re-alleged herein.

124. Section 550 of the Bankruptcy Code allows the trustee to recover, for the benefit of the estate, the property or the value of the property transferred and avoided under sections 544 and 548 from the initial transferee of such transfer or the entity for whose benefit such transfer was made.

125. Here, as set forth above, the Trustee is entitled to avoid, under sections 544 and 548, transfers of $97,959,854.79.

126. Platinum Partners Value Arbitrage Fund LP, Platinum Partners Credit Opportunities Master Fund LP, Platinum Partners Liquid Opportunities Master Fund, LP, and PPVA Black Elk Equity LLC are the initial transferees or persons for whose benefit the transfers were made.

127. Thus, pursuant to section 550 of the Bankruptcy Code, the Trustee is entitled to recover the amounts transferred.

COUNT V - ALTER EGO

128. The Trustee incorporates all preceding paragraphs as if fully re-alleged herein.

129. Platinum exercised its control over Black Elk to such a degree that Black Elk operated as nothing more than Platinum's tool or business conduit. Evidence of such domination includes, among other indicia of domination, Platinum having directed Black Elk to engage in specific business transactions, causing Black Elk to terminate existing business relationships in favor of entities related to or affiliated with Platinum, and controlling which of Black Elk's vendors were paid and when. Upon information and belief, Platinum's control was so pervasive that Black Elk's management was virtually unable to make even the most basic business decisions without first obtaining direction and approval from Platinum's personnel.

130. Platinum used this domination of Black Elk inequitably and to the detriment of Black Elk and Black Elk's creditors by, among other actions, preventing Black Elk from paying is legitimate debts while diverting assets to the benefit of Platinum and its affiliates and insiders.

131. Further, Platinum used its control to cause Black Elk to defraud its creditors by, inter alia, entering into contracts or otherwise incurring obligations that Black Elk could not or would not perform and falsely represented to creditors that certain funds were or would be available to satisfy Black Elk's obligations.

132. For example, at the direction of Platinum, Black Elk falsely represented to its creditors that certain bond collateral would be made available to satisfy Black Elk's obligations even though Platinum had already directed Black Elk to divert such funds to Platinum's benefit.

133. At the time that these misrepresentations were made, both Black Elk and Platinum knew or should have known that such representations were false; Platinum directed Black Elk to make such false representations with the intent that Black Elk's creditors and contract counter-parties rely and act upon such misrepresentations. Upon information and belief, as a result of such fraudulent activity, Black Elk incurred tens of millions of dollars in debt and substantial non-monetary obligations that Black Elk was unable or unwilling to perform.

134. Pursuant to Texas law, Platinum may be deemed liable for such fraudulently incurred obligations.

COUNT VI - CLAIM OBJECTION

135. Platinum filed the following proofs of claim against Black Elk in the above-referenced bankruptcy case:

Platinum Defendant	Claim Number	Claim Amount
PPVAF	224; 242	$22,620,000 in principal $1,555,262.50 in interest

PPVA BE	231	unknown
PPLOMF	240	$10,668,000 in principal $733,425 in interest
PPCOMF	241	$29,582,000

136. Platinum are entities from which property, in the form of the transfers detailed herein, is recoverable under sections 548 and 550 of the Bankruptcy Code. Platinum has not returned the transfers to the Trustee. Accordingly, any and all claims of Platinum against Black Elk's estate must be disallowed until such time as Platinum pays to the Trustee an amount equal to the aggregate amount of the Transfers, plus interest thereon and costs.

COUNT VII - EQUITABLE SUBORDINATION

137. Section 510(c) of the Bankruptcy Code provides that a bankruptcy court may, "under principles of equitable subordination, subordinate for purposes of distribution all or part of an allowed claim to all or part of another allowed claim, or all or part of an allowed interest to all or part of another allowed interest...." 11 U.S.C. § 510(c)(1). Equitable subordination pursuant to § 510(c) is appropriate when (i) a claimant has engaged in some type of inequitable conduct; and (ii) such misconduct has resulted in injury to the creditors of the bankrupt or conferred an unfair advantage on the claimant.

138. As set forth above, Platinum undertook a scheme allowing Platinum to divert the Renaissance Sale proceeds to itself to pay off its Series E preferred equity before bankruptcy, thereby benefiting itself to the same extent as it would by paying off Senior Secured Notes while at the same time maintaining its secured creditor position as a Holder of Senior Secured Notes at the head of the line to receive any assets from Black Elk's estate in the foreseeable bankruptcy.

139. By further examples, Platinum made fraudulent transfers with respect to a Platinum-controlled credit facility company, White Elk, and also both appropriated a corporate

opportunity and then later improperly transferred assets with respect to a company called Northstar and later still improperly transferred assets to TKN Offshore.

140. Through its dominion and control over Black Elk, Platinum caused Black Elk to engage in a pattern of conduct designed to harass, delay, and defraud Black Elk's creditors. In particular, to increase liquidity Platinum caused Black Elk to "stretch" accounts payable – delaying the paying of trade indebtedness in order to facilitate Platinum's plunder set forth in this Complaint.

141. As a result of these acts and others, the Trustee seeks to equitably subordinate all of Platinum's claims against Black Elk pursuant to 11 U.S.C. § 510(c). Platinum's acts constituted inequitable conduct and misconduct by Platinum, which caused harm and injured Black Elk and Black Elk's creditors and conferred an unfair advantage to Platinum. Equitable subordination of all of the Platinum's claims will prevent the occurrence of injustice or unfairness in the administration of Black Elk's bankruptcy estate and is not inconsistent with the provisions of the Bankruptcy Code.

VII.
PRAYER

142. For these reasons, the Trustee asks for judgment against Platinum for the following:

(a) actual damages;

(b) exemplary damages;

(c) prejudgment and post-judgment interest on all amounts recovered in this adversary proceeding;

(0 reasonable attorney fees;

(g) court costs;

(h) injunctive relief as set forth in the concurrently filed TRO/PI Application; and

(i) all other legal and equitable relief to which the Trustee is entitled.

Dated October 26, 2016.

Respectfully submitted,

By: */s/ Craig Smyser*

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ATTORNEYS FOR TRUSTEE

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:	§	
BLACK ELK ENERGY OFFSHORE	§	**CASE NO: 15-34287**
OPERATIONS, LLC	§	
Debtor(s)	§	
	§	**CHAPTER 11**
	§	
RICHARD SCHMIDT	§	
Plaintiff(s)	§	
	§	
VS.	§	**ADVERSARY NO. 16-3237**
	§	
PLATINUM PARTNERS VALUE	§	
ARBITRAGE FUND LP, *et al*	§	
Defendant(s)	§	

TEMPORARY RESTRAINING ORDER

Pursuant to Rule 7065 of the Federal Rules of Bankruptcy Procedure, it is ordered that Platinum Partners Value Arbitrage Fund LP, Platinum Partners Credit Opportunity Master Fund LP, Platinum Partners Liquid Opportunity Master Fund, LP, and PPVA Black Elk (Equity) LLC, are enjoined as follows:

1. PPVA Black Elk (Equity) LLC, its officers, agents, servants, employees and attorneys, are barred from transferring, spending or otherwise reducing in any manner any funds from its accounts at Amegy Bank.

2. The immediately preceding paragraph does not prohibit PPVA Black Elk (Equity) LLC from making any transfer if, following such transfer, the unencumbered cash balances held by PPVA Black Elk (Equity) LLC at Amegy Bank exceed $53,026,597.51.

3. Platinum Partners Value Arbitrage Fund LP, its officers, agents, servants, employees and attorneys are barred from transferring, spending or otherwise reducing in any manner any funds from its accounts at Amegy Bank.

4. The immediately preceding paragraph does not prohibit Platinum Partners Value Arbitrage Fund LP from making any transfer if, following such transfer, the unencumbered cash balances held by Platinum Partners Value Arbitrage Fund, L.P. at Amegy Bank exceed $35,795,450.75.

5. In addition to the freezes implemented by paragraphs 1-4, PPVA Black Elk (Equity) LLC, its officers, agents, servants, employees and attorneys, are barred

from transferring, spending, or otherwise reducing in any manner its funds on deposit at any institution or location in the world if, after giving effect to such transfer, the total unencumbered funds held by PPVA Black Elk (Equity) LLC is less than $53,026,597.51.

6. In addition to the freezes implemented by paragraphs 1-4, Platinum Partners Value Arbitrage Fund, L.P., its officers, agents, servants, employees and attorneys, are barred from transferring, spending, or otherwise reducing in any manner its funds on deposit at any institution or location in the world if, after giving effect to such transfer, the total unencumbered funds held by Platinum Partners Value Arbitrage Fund, L.P. is less than $35,795,450.75.

7. Platinum Partners Credit Opportunity Master Fund LP, its officers, agents, servants, employees and attorneys, are barred from transferring, spending, or otherwise reducing in any manner its funds on deposit at any institution or location in the world if, after giving effect to such transfer, the total unencumbered funds held by Platinum Partners Credit Opportunity Master Fund LP is less than $24,600,584.31.

8. Platinum Partners Liquid Opportunity Master Fund LP, its officers, agents, servants, employees and attorneys, are barred from transferring, spending, or otherwise reducing in any manner its funds on deposit at any institution or location in the world if, after giving effect to such transfer, the total unencumbered funds held by Platinum Partners Liquid Opportunity Master Fund LP is less than $5,000,000.00.

In issuing this temporary restraining order, the Court has considered the following factors: (1) a substantial likelihood of success on the merits; (2) a substantial threat of irreparable harm if the injunction is not granted; (3) that the threatened injury to the movant outweighs any harm to the nonmovant that may result from the injunction; and (4) that the injunction will not undermine the public interest. *Speaks v. Kruse*, 445 F.3d 396, 399-400 (5th Cir. 2006).

The principal issue in this case is whether the various enjoined parties engaged in an illegal arrangement when the entities received the proceeds of the sale of assets by Black Elk Energy Offshore Operations, LLC to Renaissance in a transaction that was designed to hinder, delay and defraud Black Elk and its creditors. Specifically, the documents submitted by Trustee Schmidt with his application (supported by the declaration of Mr. Craig Smyser), demonstrate that the distribution of the funds from the Renaissance transaction were illegally siphoned off to allow various Platinum entities to be paid preferentially. The documents reflect a scheme to illegally control the vote by the bondholders, resulting in an artificial and impermissible vote to authorize the transaction. The documents demonstrate that the voting was manipulated through Beechwood Bermuda International Limited LLC and affiliated Beechwood entities. These activities were undertaken with the cooperation and participation of employees and officers of Black Elk. It appears that Beechwood was secretly controlled by Platinum, and that Platinum utilized the Beechwood entity to arrange for a sham vote to authorize the Renaissance transactions.

The allegations in the application for a temporary restraining order reflect a pattern of fraud and abuse by Platinum. The Court is concerned that—if a hearing is scheduled—the assets will be further dissipated before a hearing can be conducted. Nevertheless, the Court recognizes that the issuance of this Temporary Restraining Order is a major event that could cause significant financial distress to Platinum. In order to allow Platinum to obtain immediate relief from this Order, the Court will conduct an emergency hearing at 9:30 a.m. on October 27, 2016. Although Fed. R. Civ. P. 65(b), as made applicable by Fed. R. Bankr. P. 7065 ordinarily would preclude the issuance of a restraining order without notice, the Court finds that 11 U.S.C. § 105 authorizes this extraordinary relief.

1. With respect to the probability of success on the merits, there is a reasonable probability of success. Based on the allegations in the application, as supported by the documents attached to the Smyser declaration, it appears that the Trustee has a reasonable probability of succeeding in recovering the funds. The test established by the Fifth Circuit is not a certainty of success; rather the test is a "reasonable probability." Under the circumstances, the Court finds a reasonable probability of success on the merits of the Trustee's complaint.

2. With respect to immediate, irreparable injury, the Court finds that the Black Elk Litigation Trust may never recover the funds if this order is not issued. Platinum is an international finance entity. One of its affiliates is already involved in an offshore bankruptcy case. If the funds are not frozen, and based on the alleged illegal financial maneuverings demonstrated by the documents attached to the application, the Court finds that the funds are likely to leave the United States and this Court's practical ability to control them. This would result in a total loss to the Plaintiff and constitutes irreparable injury.

3. With respect to the comparative injuries to the Plaintiff and the Defendant, the Court finds that there is a substantial probability of injury to the Plaintiff (if relief is not granted) and to the Defendants (if relief is granted). To minimize any adverse consequences, the Court will conduct an emergency hearing to determine if this order should be modified. The Court finds that this factor is in equilibrium.

4. With respect to the public interest, the Court finds that the public interest favors the recovery of funds into a bankruptcy trust if the funds were achieved through fraud. Because there is a reasonable probability that fraud has occurred, the issuance of this order is in the public interest.

5. In accordance with Bankruptcy Rule 7065, the Plaintiff must post a cash bond of $1,000.00, in cash or bond, with the Clerk of the Court. If the Clerk's office is closed, the funds may be deposited into Mr. Smyser's law firm's IOLTA account and will serve as a bond. Release of the funds from the IOLTA account will be subject to the sole control of this Court. This Order is effective upon the posting or deposit of the $1,000.00. Although this initial bond is minimal, the Court finds the bond to be reasonable in light of the fact that (i) the funds are being frozen, but not transferred. Accordingly, they will be preserved; and (ii) the Court is conducting a hearing after the expiration of less than 3 business hours to determine whether to leave the freeze in place or to reset the bond amount.

6. This temporary restraining order shall expire at 5:00 p.m. on November 3, 2016. A hearing on whether to issue a preliminary injunction will commence at 3:00 p.m. on November 2, 2016.

7. The Court will consider motions to amend or vacate this order on an emergency basis.

Signed, and immediately effective, at 3:53 p.m. on October 26, 2016.

SIGNED **October 26, 2016.**

Marvin Isgur
UNITED STATES BANKRUPTCY JUDGE

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:	§	
	§	
BLACK ELK ENERGY OFFSHORE OPERATIONS, LLC	§	CASE NO. 15-34287 (MI)
	§	
DEBTOR.	§	CHAPTER 11
	§	
RICHARD SCHMIDT, LITIGATION TRUSTEE, PLAINTIFF,	§	
	§	
VS.	§	
	§	
PLATINUM PARTNERS VALUE ARBITRAGE FUND LP, PLATINUM PARTNERS CREDIT OPPORTUNITIES MASTER FUND LP, PLATINUM PARTNERS LIQUID OPPORTUNITIES MASTER FUND LP, AND PPVA BLACK ELK (EQUITY) LLC,	§	ADVERSARY NO. 16-03237
DEFENDANTS.	§	

AGREED ORDER

Plaintiff Richard Schmidt, Trustee for the Black Elk Litigation Trust, and Defendants Platinum Partners Credit Opportunities Master Fund LP, Platinum Partners Liquid Opportunities Master Fund LP having agreed (1) to move the hearing on whether to issue a preliminary injunction to January 26, 2017 and (2) to keep in full force and effect the injunctive relief in Temporary Restraining Order issued on October 26, 2016 [Dkt. 7] along with any allowance for expenditures ordered or agreed [Dkt. 8] until the Court's disposition of Plaintiff's request for a preliminary injunction, the Court orders that the hearing on whether to issue a preliminary injunction will commence at 9:30 a.m. on January 26, 2017 and the Court's October 26, 2016 Temporary Restraining Order is hereby extended as to the Defendants herein named and shall expire upon the Court's entry of an order disposing of Plaintiff's request for entry of preliminary injunction.

During the period before the hearing on the preliminary injunction, the parties named in this order agree to make a good faith effort to reach an agreement regarding the provision by Defendants Platinum Partners Credit Opportunity Master Fund and Platinum Partners Liquidity Opportunities Master Fund LP of security acceptable to the Trustee in order to obviate the need for the Temporary Restraining Order and a preliminary injunction as to these Defendants.

Signed:

December 14, 2016

Marvin Isgur
United States Bankruptcy Judge

AGREED AND ENTRY REQUESTED:

/s/ Craig Smyser
Craig Smyser, Counsel for Richard Schmidt,
Trustee for the Black Elk Litigation Trust

/s/ Christopher D. Lindstrom
Christopher D. Lindstrom
Counsel for Defendants
Platinum Partners Credit Opportunities Master Fund LP, and
Platinum Partners Liquid Opportunities Master Fund LP.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION
Case No. 15-34287(MI)
----------x

IN RE: BLACK ELK ENERGY OFFSHORE OPERATING, LLC,

Debtor.

RICHARD SCHMIDT, LITIGATION TRUSTEE,

Plaintiff,

VS. Adversary No. 16-03237

PLATINUM PARTNERS VALUE ARBITRAGE FUND LP, PLATINUM PARTNERS CREDIT OPPORTUNITIES MASTER FUND LP, PLATINUM PARTNERS LIQUID OPPORTUNITIES MASTER FUND LP, AND PPVA BLACK ELK (EQUITY) LLC,

Defendants.

----------x

November 30, 2016
9:03 a.m.

VIDEOTAPED DEPOSITION of MARK NORDLICHT, taken by Plaintiff, pursuant to Notice, held at the offices of Dechert LLP, 1095 Avenue of the Americas New York, New York, before Kathleen Piazza Luongo, a

Notary Public of the State of
New York.

A P P E A R A N C E S: [Cont'd.]

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ALSO PRESENT:

James Roberts, Videographer

header

THE VIDEOGRAPHER: Good morning. We are now on the record. Please note that the microphones are sensitive and may pick up whispering and private conversations. Please turn off all cell phones or place them away from the microphones as they can interfere with the deposition audio. Recording will continue until all parties agree to go off the record. My name is Jim Roberts, representing Veritext with offices in New York City, New York. Today's date is November 30, 2016 and the time is approximately 9:28 a.m.

The deposition is being held at 09:28:21
Dechert, located at 1095 Avenue of 09:28:24
the Americas, New York City, New 09:28:27
York, and is being taken by counsel 09:28:28
for the Plaintiffs. 09:28:30

header
The caption of the case is 09:04:17
In Re: Black Elk Energy Offshore 09:04:19
Operations, LLC, Debtor; Richard 09:04:22
Schmidt Litigation Trustee, 09:04:26
Plaintiff, versus Platinum Partners, 09:04:28
et al., Defendants. 09:04:29
This case is held in the U.S. 09:04:31
Bankruptcy Court, Southern District 09:04:34
of Texas, Houston Division, Case No. 09:04:35
15-34287 (MI). 09:04:38
The name of the witness is Mark 09:28:54
Nordlicht. 09:28:54
Counsel will please state their 09:28:57
appearances for the record. 09:28:59
MR. POTTS: Jeff Potts, Smyser 09:29:00
Kaplan & Veselka, for Plaintiff 09:29:02
Trustee. 09:29:03
MR. WAGGONER: Justin Waggoner 09:29:04
from Smyser Kaplan & Veselka, for 09:29:05

Plaintiff Trustee. 09:29:02

MR. SMYSER: Craig Smyser for 09:29:07
the Trustee. 09:29:08

MR. OKIN: Matthew Okin for 09:29:09
the Trustee. 09:29:11

header

MR. GLUCK: Warren Gluck 09:29:13
representing the Liquidators of 09:05:01
Platinum Partners Value Arbitrage 09:05:02
Fund LP. 09:05:05

MR. LINDSTROM: Micah Dortch 09:29:19
and Chris Lindstrom for PPCO and 09:29:21
PPLO. 09:29:23

MR. HARID: Shriram Harid for 09:29:26
Mark Nordlicht. 09:29:26

MR. BROWN: Jeff Brown, 09:29:28
Dechert, for the witness Mark 09:29:29
Nordlicht. 09:29:31

THE VIDEOGRAPHER: Our court 09:29:32
reporter, Kathleen Luongo, also of 09:29:34
Veritext, will please swear in the 09:29:34
witness. 09:29:37

09:29:37

M A R K A L A N N O R D L I C H T, 09:29:37
called as a witness, having first been 09:29:37

duly sworn, was examined and testified as 09:29:37
follows: 09:29:48
THE WITNESS: I affirm the 09:29:48
testimony will be the truth and 09:29:49
nothing but the truth. 09:29:51

header
THE REPORTER: Thank you. 09:29:51
EXAMINATION BY MR. POTTS: 09:29:52
Q. Please state your full name, 09:29:52
sir. 09:29:54
A. Mark Alan Nordlicht. 09:29:54
Q. Mr. Nordlicht, you are the 09:29:58
managing partner of Platinum Partners; 09:29:59
correct? 09:30:03
A. On the advice of my counsel, I 09:30:03
invoke the protection afforded to me by 09:30:05
the Fifth Amendment of the U.S. 09:30:05
Constitution. 09:30:05
(Whereupon, the above-mentioned 09:30:14
copy of Mark Nordlicht's LinkedIn 09:30:14
page was marked Trustee Exhibit 388 09:30:16
for identification.) ** 09:30:16
MR. POTTS: Mr. Nordlicht, I'm 09:30:08
going to show you Exhibit 388. 09:30:09
CONTINUED EXAMINATION BY MR. POTTS: 09:30:09

Q. Is Exhibit 388 a true and correct copy of your LinkedIn page? 09:30:11 09:30:14

A. Same answer. 09:30:16

Q. Mr. Nordlicht, you see that in Exhibit 388 it says that you're the Chief 09:30:18 09:30:21

header

Investment Officer of several Platinum Partners private investments funds; correct? 09:30:25 09:30:27 09:30:28

A. Same answer. 09:30:29

Q. Those private investment funds include all of the Defendant Platinum Partners investment funds that are at issue in this lawsuit; correct? 09:30:29 09:30:32 09:30:34 09:30:37

A. Same answer. 09:30:39

Q. The Platinum Partners Defendants in this case are PPVAF LP; PPB Black Elk (Equity); Platinum Partners Credit Opportunities Master Fund LP; and Platinum Partners Liquid Opportunities Master Fund LP; correct? 09:30:41 09:30:45 09:30:52 09:30:56 09:31:00 09:31:02

A. Same answer. 09:31:03

Q. Each of those companies are controlled by you; correct? 09:31:04 09:31:06

A. Same answer. 09:31:08

21 Q. Each of those companies are 09:31:09
22 affiliates of one another; correct? 09:31:11
23 A. Same answer. 09:31:13
24 Q. Each of those companies also 09:31:14
25 are controlled through the advice and 09:31:18

1 header
2 counsel that you received from David 09:31:20
3 Levy; correct? 09:31:23
4 A. Same answer. 09:31:23
5 Q. Each of those companies is also 09:31:24
6 directed and controlled by you with the 09:31:26
7 advice and counsel of Daniel Small, at 09:31:28
8 least during the February to -- February 09:31:32
9 2014 through the time of the Black Elk 09:31:37
10 bankruptcy; correct? 09:31:40
11 A. Same answer. 09:31:41
12 (Whereupon, the above-mentioned 09:31:41
13 Schedule 13D for China Cablecom 09:32:15
14 Holdings Ltd. was marked Trustee 09:32:19
15 Exhibit 68 for identification.) **
16 (Whereupon, the above-mentioned
17 Form 4 Statement of Changes in
18 Beneficial Ownership was marked
19 Trustee Exhibit 69 for
20 identification.) **

MR. POTTS: Mr. Nordlicht, let me show you what we have marked as Exhibit 68 and Exhibit 69.

CONTINUED EXAMINATION BY MR. POTTS:

Q. Is Exhibit 68 a true and

header

correct copy of a Schedule 13D that was filed on which you signed for China Cablecom Holdings Ltd.?

A. Same answer.

Q. Is Exhibit 69 a true and a correct copy of a Form 4 Statement of Changes in Beneficial Ownership, which you also signed and submitted on behalf of a number of the Platinum entities?

A. Same answer.

Q. These documents demonstrate that you often sign on behalf of the Platinum entities as their Chief Investment Officer; correct?

A. Same answer.

Q. And these documents show that you did so during the relevant time period from 2011 through 2015; correct?

A. Same answer.

MR. POTTS: Mr. Nordlicht, I'd like to turn to Platinum's investments in Black Elk if we could.

Q. Isn't it true that in 2009 Platinum began investing in Black Elk

header

Energy Offshore Operations, LLC?

A. Same answer.

Q. Is it true that initially that investment by Platinum in Black Elk Offshore Operations, LLC appeared very successful?

A. Same answer.

Q. On November 16, 2012 though an explosion and fire occurred in an offshore Black Elk platform; right?

A. Same answer.

Q. Isn't it true because of that explosion and also the deteriorating investment and market conditions that Black Elk's business began to suffer and decline.

A. Same answer.

Q. It's true that by early 2014 Black Elk was effectively insolvent;

correct? 09:33:37

A. Same answer. 09:33:37

Q. It was regularly pushing 09:33:38

creditor's payments off to more than a 09:33:39

year past their due dates? 09:33:42

header

A. Same answer. 09:33:43

Q. By early 2014 Platinum 09:33:44

dominated and controlled Black Elk; 09:33:47

correct? 09:33:48

A. Same answer. 09:33:48

Q. Platinum was the majority and 09:33:49

by far largest investor in Black Elk? 09:33:52

A. Same answer. 09:33:56

Q. Platinum controlled Black Elk's 09:33:58

facility? 09:33:59

A. Same answer. 09:34:00

Q. Platinum controlled the 09:34:00

majority of the senior secured notes? 09:34:02

A. Same answer. 09:34:04

Q. Platinum also had the Series E 09:34:04

preferred equity position? 09:34:08

A. Same answer. 09:34:09

Q. And by early 2014 Platinum had 09:34:10

appointed Dan Small as the Platinum 09:34:13

manager to the Black Elk Board of 09:34:16
Managers; correct? 09:34:19
A. Same answer. 09:34:20
Q. Black Elk in January 2014 09:34:21
also -- 09:34:23

14

header
MR. POTTS: Sorry. Strike 09:34:24
that. 09:34:25
Q. Platinum in January of 2014 09:34:25
also appointed Black Elk's Chief 09:34:27
Financial Officer, Jeff Shulse; correct? 09:34:32
A. Same answer. 09:34:32
Q. All of those actions of 09:34:34
Platinum's domination and control were 09:34:37
accomplished by you in concert with David 09:34:39
Levy and Dan Small; right? 09:34:41
A. Same answer. 09:34:43
Q. By early 2014 Platinum was 09:34:43
controlling the extraordinary corporate 09:34:47
decisions of Black Elk; correct? 09:34:50
A. Same answer. 09:34:51
Q. Decisions such as whether to 09:34:52
make acquisitions or to sell assets; 09:34:54
right? 09:34:56
A. Same answer. 09:34:57

Q. At that time in early 2014 Platinum was also controlling day-to-day operations of Black Elk such as which accounts payable to actually satisfy; correct?

15

header

A. Same answer.

Q. Because of Black Elk's condition in early 2014 Platinum faced the prospect of losing more than 100 million in the impending demise of Black Elk; right?

A. Same answer.

Q. In early 2014 Platinum, therefore, devised a scheme to divert money from Black Elk to itself; right?

A. Same answer.

Q. Platinum's principal scheme involved selling off Black Elk's prime assets to Renaissance Offshore, LLC and diverting the proceeds from that sale to Platinum by redeeming its Junior Series E Preferred Equity instead of the senior secured notes; right?

A. Same answer.

21 Q. Platinum undertook this scheme 09:35:42
22 so that Platinum could divert the 09:35:47
23 Renaissance money to pay itself, the same 09:35:49
24 as it would benefit by paying off senior 09:35:51
25 secured notes; right? 09:35:53

1 header
2 A. Same answer. 09:35:54
3 Q. But at the same time by instead 09:35:55
4 of paying off the Series E Preferred 09:35:55
5 Equity, while at the same time Platinum 09:36:07
6 could maintain its secured creditor 09:36:07
7 position as a holder of senior secured 09:36:10
8 notes at the head of the line to receive 09:36:12
9 any assets from Black Elk's estate in the 09:36:14
10 foreseeable bankruptcy; right? 09:36:17
11 A. Same answer. 09:36:19
12 Q. The linchpin in Platinum's 09:36:19
13 scheme with respect to the sale of assets 09:36:22
14 and the redemption of Series E Preferred 09:36:24
15 Equity was to make it appear that a 09:36:27
16 majority vote of unaffiliated and 09:36:27
17 disinterested senior secured noteholders 09:36:33
18 consented to amend the indenture; right? 09:36:33
19 A. Same answer. 09:36:37
20 Q. Even were it to implement the 09:37:01

Series E preferred redemption scheme, Platinum needed to make it appear that unaffiliated and disinterested noteholders consented to a Second Supplemental Indenture of the; correct?

header

A. Same answer.

Q. In order to implement that scheme, Platinum at your direction and with the assistance of David Levy and Daniel Small determined that a group of friendly investors should purchase or be loaned senior secured notes in order to invest -- in order to vote in favor of the offer to purchase and consent solicitation; correct?

A. Same answer.

Q. The friendly purchasers were people that obtained the notes were Beechwood Re Ltd.; correct?

A. Same answer. *

Q. You, your family and other interests related to you, as well as Murray Huberfeld, Murray Huberfeld's family and interests related to Murray

Huberfeld, own approximately 35 percent of Beechwood Re Ltd.; correct?

A. Same answer.

Q. David Levy, who is also -- and his family and family interests, also own

header

approximately five percent of Beechwood Re Ltd.; correct?

A. Same answer.

Q. In order to implement the scheme to have Beechwood be a friendly voter, you and David Levy decided that Mr. Levy should become the first Chief Investment Officer of the Beechwood Re Ltd.; correct?

A. Same answer.

Q. David Levy also became the president of B Asset Manager, which was the investment arm of those Beechwood entities; correct?

A. Same answer.

Q. In order to implement this scheme, David Levy then caused the Beechwood entities to purchase approximately $37 million worth of Black

Elk senior secured notes? 09:39:03

A. Same answer. 09:39:04

Q. Platinum and David Levy caused 09:39:05 the Beachwood entities to vote their 09:40:24 consent; correct? 09:40:24

header

A. Same answer. 09:40:24

THE REPORTER: Jim, I need to 09:40:24 go off the record for a second, 09:40:24 please. 09:40:24

THE VIDEOGRAPHER: Going off 09:41:00 the record. 09:41:01

[Brief hiatus.] 09:41:10

THE VIDEOGRAPHER: Back on the 09:41:10 record 9:40 a.m. 09:41:14

MR. POTTS: The last question 09:41:18 was caused the Beechwood entities to 09:41:19 vote to consent; correct? 09:41:24

THE REPORTER: Yes. 09:41:24

CONTINUED EXAMINATION BY MR. POTTS: 09:41:24

Q. The Beechwood entities, 09:41:27 however, did not tender their notes; 09:41:29 correct? 09:41:31

A. Same answer. 09:41:32

Q. Once the vote was completed, 09:41:33

Platinum caused Black Elk to announce that a valid number of requisite consents had been achieved under the Offer to Purchase and Consent Solicitation to approve the Second Supplemental

header Indenture; correct?

A. Same answer.

Q. And in order to approve the Second Supplemental Indenture at Black Elk, you, David Levy and Dan Small came up with the idea of appointing Samuel Salfati to the Board of Black Elk Managers; correct?

A. Same answer.

Q. The reason you did that was because at the time there were two managers on the Black Elk Board, one was John Hoffman and one was Daniel Small; correct?

A. Same answer.

Q. John Hoffman was the CEO of Black Elk and a founder of the company unaffiliated with Platinum; correct?

A. Same answer.

21 Q. Dan Small was a Platinum 09:42:28
22 employee; correct? 09:42:31
23 A. Same answer. 09:42:32
24 Q. Y'all were concerned that John 09:42:33
25 Hoffman was not going to vote in favor of 09:42:35

1 header
2 the Offer to Purchase and Consent 09:42:37
3 Solicitation; correct? 09:42:40
4 A. Same answer. 09:42:40
5 Q. When John Hoffman did not sign 09:42:41
6 the Offer to Purchase and Consent 09:42:43
7 Solicitation of Board Consent on July 09:42:47
8 14th of 2014 you, David Levy and Daniel 09:42:49
9 Small caused Samuel Salfati to send out a 09:42:54
10 notice on behalf of Platinum Partners 09:42:56
11 Black Elk (Equity) that Samuel Salfati 09:43:01
12 would be elected to the Board of Managers 09:43:03
13 of Black Elk Energy [sic]; correct? 09:43:06
14 A. Same answer. 09:43:08
15 Q. On July 22nd, at Platinum's 09:43:09
16 vote, Samuel Salfati was elected; 09:43:12
17 correct? 09:43:14
18 A. Same answer. 09:43:14
19 Q. The Platinum employees, Daniel 09:43:15
20 Small and Samuel Salfati, signed the 09:43:19

21 Board consents approving the Renaissance 09:43:22
22 sale and the Offer to Purchase and 09:43:23
23 Consent Solicitation; correct? 09:43:27
24 A. Same answer. 09:43:27
25 Q. They also signed the Board 09:43:27

1 header
2 Consent that allowed the wire transfer of 09:43:29
3 nearly $98 million for the benefit of 09:43:31
4 Platinum; correct? 09:43:34
5 A. Same answer. 09:43:35
6 Q. Most of that money went 09:43:35
7 directly to Platinum; right? 09:43:37
8 A. Same answer. 09:43:38
9 Q. However, $20 million of that 09:43:39
10 went to New Mountain, with whom Platinum 09:43:41
11 had a put agreement to purchase the 09:43:43
12 senior secured notes; right? 09:43:45
13 A. Same answer. 09:43:46
14 Q. Four times that put agreement 09:43:47
15 had been extended between Platinum and 09:43:49
16 New Mountain; right? 09:43:51
17 A. Same answer. 09:43:53
18 Q. The put agreement had expired 09:43:53
19 on August 15, 2014; right? 09:43:55
20 A. Same answer. 09:43:57

Q. However, Platinum had not paid on August 15, 2014; right?

A. Same answer.

Q. In fact, you directed that the Platinum --

header

MR. POTTS: Strike that.

Q. In fact, you directed that the Platinum Board Managers at Black Elk wire transfer money out on the morning of August 18, 2014 to New Mountain and to two Platinum entities before the approval by the Platinum Board of the Second Supplemental Indenture; correct?

A. Same answer.

Q. In addition to the scheme with respect to the Renaissance sale proceeds and the Second Supplemental Indenture vote, Platinum has also made a number of fraudulent transfers with respect to a Platinum-controlled credit facility company White Elk; correct?

A. Same answer.

Q. Platinum also appropriated the Northstar corporate opportunity from

Black Elk; correct? 09:44:52

A. Same answer. 09:44:53

Q. And Platinum later also 09:44:53

improperly transferred assets to 09:44:55

Northstar Offshore Group, LLC; correct? 09:44:57

header

A. Same answer. 09:45:00

Q. And Northstar Offshore Group, 09:45:02

LLC is a company controlled by Platinum; 09:45:04

right? 09:45:07

A. Same answer. 09:45:07

Q. And later still other assets 09:45:08

were transferred to TKN Petroleum 09:45:10

Offshore, LLC; correct? 09:45:14

A. Same answer. 09:45:17

Q. And you are the sole controller 09:45:18

of TKN Petroleum Offshore, LLC; correct? 09:45:20

A. Same answer. 09:45:23

MR. POTTS: Mr. Nordlicht, I'm 09:45:32

going to show you the Offer to 09:45:33

Purchase and Consent Solicitation 09:45:36

which is Exhibit 1. 09:45:36

(Whereupon, the above-mentioned 09:45:34

Offer to Purchase and Consent 09:45:34

Solicitation Statement was marked 09:45:34

Trustee Exhibit 1 for identification.) **. 09:45:34

CONTINUED EXAMINATION BY MR. POTTS: 09:45:50

Q. Is Exhibit 1 a true and correct copy of the Offer to Purchase and Consent 09:45:50 09:45:53

header Solicitation? 09:45:57

A. Same answer. 09:45:57

Q. If you would, sir, look with me on page -- 09:45:57 09:45:59

MR. POTTS: Strike that. 09:46:01

Q. You reviewed the Offer to Purchase and Consent Solicitation with other Platinum employees before it was sent out by Black Elk in July of 2014; right? 09:46:02 09:46:04 09:46:06 09:46:09 09:46:12

A. Same answer. 09:46:12

Q. And you were aware on page numbered 2 under the definition of "Requisite Consents" that the requisite consents required "a majority in aggregate principal of all of the outstanding Notes (disregarding any Notes held by affiliates of the Company)"; right? 09:46:13 09:46:15 09:46:17 09:46:21 09:46:24 09:46:26 09:46:28 09:46:30

A. Same answer. 09:46:30
Q. Isn't it true that you directed 09:46:34
Dan Small to represent to Black Elk's 09:46:37
outside law firm Baker Hofstedler and Rob 09:46:40
Shearer that the number of senior secured 09:46:45

header
notes held by Platinum Partners Value 09:46:47
Arbitrage Fund LP and its affiliates was 09:46:50
18,321,000? 09:46:52
A. Same answer. 09:46:54
Q. And isn't it true that that 09:46:55
representation made itself into the 09:46:58
Consent Solicitation on the bottom of 09:47:00
page 5? 09:47:01
A. Same answer. 09:47:02
Q. Isn't it also true, sir, that 09:47:03
that representation was false, that 09:47:05
Platinum Partners Value Arbitrage Fund LP 09:47:09
and its affiliates, including Platinum 09:47:11
Partners Credit Opportunities Master 09:47:14
Fund LP, Platinum Partners Liquid 09:47:16
Opportunities Master Fund LP and the 09:47:20
Beechwood entities owned nearly 98 09:47:22
million units? 09:47:26
A. Same answer. 09:47:28

Q. You also, sir, understood that 09:47:34
the -- and had been advised that Section 09:47:37
316(a) of the Trust Indenture Act of 1939 09:47:41
required that in determining the number 09:47:44
of votes that all notes held by any 09:47:46

header
person directly or indirectly controlling 09:47:50
or controlled by or under direct or 09:47:53
indirect common control with the company 09:47:56
shall be disregarded for purposes of 09:47:58
determining the majority as set forth on 09:48:00
pages 18 and 19 of Exhibit 1; correct? 09:48:02
A. Same answer. 09:48:05
Q. And in fact that -- and in fact 09:48:06
misrepresentations were made by Platinum 09:48:12
to Black Elk with respect to this Consent 09:48:14
Solicitation as to the number of notes 09:48:17
that were held by entities that were 09:48:19
directly or indirectly under common 09:48:22
control with Black Elk; correct? 09:48:25
A. Same answer. 09:48:27
(Whereupon, the above-mentioned 09:48:27
e-mail from Mark Nordlicht to Jeff 09:48:27
Shulse dated 3/5/14 was marked 09:48:27
Trustee Exhibit 268 for 09:48:27

identification.) ** 09:48:39

MR. POTTS: I'm going to show 09:48:39

you Exhibit 268, Mr. Nordlicht. 09:48:40

CONTINUED EXAMINATION BY MR. POTTS: 09:48:48

Q. Is Exhibit 268 a true and 09:48:48

header

correct copy of an e-mail chain including 09:48:52

an e-mail that you sent on or about March 09:48:55

5, 2014 at 6:09 p.m.? 09:48:57

A. Same answer. 09:48:59

Q. And you see that the first 09:49:00

e-mail at the bottom of that is from 09:49:03

Black Elk's outside counsel, Rob Shearer, 09:49:04

to Jeff Shulse, Black Elk's CFO, 09:49:07

regarding Section 316(a) of the Trust 09:49:13

Indenture Act? 09:49:14

A. Same answer. 09:49:14

Q. And you see that it has that 09:49:14

same requirement with respect to under 09:49:16

the direct or indirect common control 09:49:17

with Black Elk that we just discussed? 09:49:20

A. Same answer. 09:49:23

Q. And this was forwarded to you 09:49:24

by Jeff Shulse in March of 2014; correct? 09:49:25

A. Same answer. 09:49:29

21 Q. And you are therefore aware and 09:49:32
22 had personal knowledge of that 09:49:35
23 requirement; correct? 09:49:37
24 A. Same answer. 09:49:37
25 Q. And instead of complying with 09:49:39

1 header
2 that obligation you instead said in this 09:49:41
3 e-mail, "but when we say we have friendly 09:49:44
4 holders we will be fully compliant with 09:49:47
5 this provision;" correct? 09:49:49
6 A. Same answer. 09:49:51
7 Q. And those "friendly holders" 09:49:51
8 were the other Platinum entities in 09:49:53
9 Beechwood; correct? 09:49:56
10 A. Same answer. 09:49:56
11 Q. The same entities which you 09:49:57
12 personally controlled and directed; 09:49:59
13 correct? 09:50:01
14 A. Same answer. 09:50:01
15 (Whereupon, the above-mentioned 09:50:01
16 e-mail from Daniel Small to Rob 09:50:01
17 Shearer dated 7/14/14 with attachment 09:50:01
18 was marked Trustee Exhibit 159 for 09:50:01
19 identification.) ** 09:50:07
20 MR. POTTS: I show you Exhibit 09:50:07

159, Mr. Nordlicht.

CONTINUED EXAMINATION BY MR. POTTS:

Q. Mr. Nordlicht, you're not copied on 159 but is Exhibit 159 where Dan Small makes the representation to

header

Black Elk's outside law firm that 18,321,000 bonds are controlled by and should be disclosed and excluded from the calculation consistent with your direction to him on July 14, 2014?

A. Same answer.

Q. Okay.

As soon as the Consent Solicitation was finished, Mr. Nordlicht, you were immediately informed by Jeff Shulse, the CFO, as well as Dan Small and David Levy; correct?

A. Same answer.

(Whereupon, the above-mentioned e-mail from Jeff Shulse to Mark Nordlicht dated 7/16/14 was marked Trustee Exhibit 464 for identification.) **

MR. POTTS: Let me show you

Exhibit 464. 09:51:04

CONTINUED EXAMINATION BY MR. POTTS: 09:51:04

Q. Exhibit 464 is a true and 09:51:11
correct copy of an e-mail you received 09:51:13
from Dan -- from, sorry, from Jeff Shulse 09:51:15

header
the CFO of Black Elk on Wednesday, July 09:51:19
16, 2014, the same day that the Offer to 09:51:21
Purchase and Consent Solicitation went 09:51:24
out in which Jeff Shulse informed you, 09:51:26
Daniel Small and David Levy that "It is 09:51:28
finished," exclamation point; correct? 09:51:30

A. Same answer. 09:51:32

Q. And the reason he was informing 09:51:33
you is because it was the three of you, 09:51:34
Mark Nordlicht, Daniel Small and David 09:51:37
Levy, that had orchestrated the Offer to 09:51:39
Purchase and Consent Solicitation; right? 09:51:42

A. Same answer. 09:51:44

(Whereupon, the above-mentioned 09:51:44
BNY Mellon spread sheet showing 09:52:23
results of the Offer to Purchase and 09:52:27
Consent Solicitation vote was marked 09:52:29
Trustee Exhibit 28 for 09:52:29
identification.) 09:51:48

MR. POTTS: I'd like now, Mr. Nordlicht, to move to the results of the Consent Solicitation vote.

Let me show you, Mr. Nordlicht, Exhibit 28.

header

CONTINUED EXAMINATION BY MR. POTTS: **

Q. You've seen Exhibit 28 before; correct?

A. Same answer.

Q. Exhibit 28 is a copy of the BNY Mellon spread sheet that shows the results of the Offer to Purchase and Consent Solicitation vote; be correct?

A. Same answer.

Q. And it shows in the columns the various number of people, right, that either consented and tendered or consented only to the Offer to Purchase and Consent --

A. Same answer.

Q. It shows the 11,433,000 notes that both consented and tendered; correct?

A. Same answer.

21 Q. And then it shows 99,232,000 09:52:50
22 notes that consented only; correct? 09:52:55
23 A. Same answer. 09:52:57
24 Q. If you look at that last column 09:52:58
25 that's in red where it says "Consent 09:53:00

1 header
2 Only" -- 09:53:02
3 A. Okay. 09:53:03
4 MR. BROWN: Let's make sure you 09:53:05
5 wait until he finishes the question. 09:53:06
6 THE WITNESS: Sure, sure. 09:53:08
7 Q. Who is the -- who are the 09:53:10
8 601,000 at Morgan LLC? 09:53:11
9 A. Same answer. 09:53:14
10 Q. The CS SEC USA 32,032,000, 09:53:15
11 that's Platinum Partners Value Arbitrage 09:53:20
12 Fund and Platinum Partners Credit 09:53:24
13 Opportunities Master Fund LP; correct? 09:53:26
14 A. Same answer. 09:53:28
15 Q. The MFG Trade 29,017,000, those 09:53:29
16 are Beechwood entities; correct? 09:53:32
17 A. Same answer. 09:53:34
18 Q. And the NSI/AFF CL 13,100,000 09:53:35
19 and NSI/AFF PB 24,482,000 are Beechwood 09:53:43
20 and Platinum Partners Liquid 09:53:46

Opportunities Master Fund LP notes that 09:53:50
were voted; correct? 09:53:52
A. Same answer. 09:53:54
Q. The 98 million votes that were 09:53:59
Platinum Partners Value Arbitrage Fund, 09:54:06

header
Platinum Partners Credit Opportunities 09:54:09
Fund, Platinum Partners Liquid 09:54:11
Opportunities Fund and the Beechwood 09:54:16
entities should have been disregarded 09:54:17
from the vote; correct? 09:54:18
A. Same answer. 09:54:20
(Whereupon, the above-mentioned 09:54:31
Black Elk Press Release dated August 09:54:31
14, 2014 was marked Trustee Exhibit 09:54:31
39 for identification.) ** 09:54:21
MR. POTTS: Let me show you 09:54:21
Exhibit 39. 09:54:23
CONTINUED EXAMINATION BY MR. POTTS: 09:54:28
Q. Exhibit 39 is the Black Elk 09:54:28
Press Release was who was that sent out 09:54:32
on August 14; 2014; correct? 09:54:34
A. Same answer. 09:54:36
Q. In it it represents 110,565,000 09:54:37
principal amount of the notes had validly 09:54:45

consented; correct? 09:54:47

A. Same answer. 09:54:48

Q. That number only occurs if you include all of the offer to purchase and tender plus all the consent only, 09:54:48 09:54:51 09:54:52

header

including all of the Platinum entities and Beechwood; correct? 09:54:55 09:54:57

A. Same answer. 09:54:58

Q. Therefore that representation is false that 110,565,000 principal amount of the notes had validly consented; correct? 09:54:59 09:55:02 09:55:06 09:55:09

A. Same answer. 09:55:09

(Whereupon, the above-mentioned e-mail from Daniel Small to Jeff Shulse dated 11/25/14 with attached Modification Agreement was marked Trustee Exhibit 19 for identification.) **

MR. POTTS: Mr. Nordlicht, I'm showing you what we have marked as Exhibit 19. 09:55:16 09:55:17 09:55:19

CONTINUED EXAMINATION BY MR. POTTS: 09:55:22

Q. Is Exhibit 19 a true and 09:55:22

correct copy of -- 09:55:25

MR. POTTS: Strike that. 09:55:28

Q. You're familiar with the 09:55:29

modification agreement that occurred 09:55:30

between Black Elk Energy and the various 09:55:34

header

Beechwood holders; correct? 09:55:38

A. Same answer. 09:55:39

Q. And if you would, sir, look at 09:55:41

the Exhibit A to Exhibit 19. 09:55:44

A. Same answer. 09:55:47

Q. Exhibit A shows the number of 09:55:48

senior secured notes that were held by 09:55:50

various with entities; correct? 09:55:52

A. Same answer. 09:55:54

Q. And it shows Platinum Partners 09:55:55

Value Arbitrage Fund LP as having 09:55:57

18,321,000; correct? 09:55:59

A. Same answer. 09:56:01

Q. That's the number that Platinum 09:56:01

caused Black Elk to represent in the 09:56:04

Offer to Purchase and Consent 09:56:04

Solicitation; correct? 09:56:04

A. Same answer. 09:56:08

Q. And then below that it shows 09:56:08

Platinum Partners Liquid Opportunities 09:56:08
Master Fund having 29,582,000; correct? 09:56:11
A. Same answer. 09:56:14
Q. And then below that it shows 09:56:16
Platinum Partners Credit Opportunities 09:56:17

header
Master Fund having 13,711,000? 09:56:19
A. Same answer. 09:56:22
Q. And below that it shows a 09:56:22
number of the Beechwood entities whose 09:56:25
purchase of the notes was caused by David 09:56:26
Levy at your direction holding the 09:56:28
remainder of the notes; correct? 09:56:31
A. Same answer. 09:56:32
Q. And Beechwood, it shows here 09:56:33
that Platinum held approximately 09:56:35
61,614,000 notes; correct? 09:56:39
A. Same answer. 09:56:41
Q. And that the Beechwood entities 09:56:42
had approximately 37,017,000; correct? 09:56:44
A. Same answer. 09:56:48
Q. And you admit that David Levy, 09:56:49
after consulting with you, directed these 09:56:51
Beechwood 13.75 senior secured note 09:56:53
holders to consent to the Offer to 09:56:56

21 Purchase and Consent Solicitation; 09:56:59

22 correct? 09:57:01

23 A. Same answer. 09:57:02

24 Q. And the purpose of that was to 09:57:02

25 allow the Second Supplemental Indenture 09:57:04

1 header

2 and the payment of the Series E Preferred 09:57:07

3 Equity; right? 09:57:09

4 A. Same answer. 09:57:10

5 (Whereupon, the above-mentioned 09:57:10

6 Platinum Partners Value Arbitrage 09:57:10

7 Fund L.P. Officer's Certificate was 09:57:35

8 marked Trustee Exhibit 15 for 09:57:35

9 identification.) ** 09:57:13

10 MR. POTTS: I'm showing you 09:57:13

11 exhibit -- I'm showing you what's 09:57:15

12 been marked as Exhibit 15, Mr. 09:57:24

13 Nordlicht. 09:57:26

14 CONTINUED EXAMINATION BY MR. POTTS: 09:57:27

15 Q. Plaintiff's Exhibit 15 is a 09:57:27

16 true and correct copy of an Officer's 09:57:34

17 Certificate that was drafted for your 09:57:36

18 signature; correct? 09:57:38

19 A. Same answer. 09:57:38

20 Q. And this shows that -- this 09:57:40

Officer's Certificate shows that -- shows your representation that Platinum Partners Value Arbitrage Fund and it's affiliates beneficially own exactly 18,321,000 in principal amount of the

header
senior secured notes; right?

A. Same answer.

Q. That statement is false because only Platinum Partners Value Arbitrage Fund owned 18,321,000; right?

A. Same answer.

Q. In fact, the other Platinum entities controlled tens of millions of more notes; correct?

A. Same answer.

Q. And that's why the second sentence is here in Exhibit 15 which says: "In addition 43,293,000 Notes are beneficially owned by entities which may be deemed Affiliates of the Company which the Company disclaims beneficial ownership"; correct?

A. Same answer.

Q. You are not allowed under the

SEC to make this, or the Trust Indenture Act, to make this sort of disclaimer of beneficial interest with respect to an indenture vote; correct?

A. Same answer.

40

header

Q. Mr. Nordlicht, I would like to turn now in more detail to your relationship and Platinum's relationship to Beechwood.

It is true that you and Murray Huberfeld both have partnered at times with respect to the Platinum funds, including particularly the Platinum Partners Credit Opportunities Master Fund; correct?

A. Same answer.

Q. It is true that you and Mr. Huberfeld partnered and conspired with two other individuals and David Levy to form a reinsurance company, Beechwood Re Ltd.; correct?

A. Same answer.

Q. It is true that David Levy is Mr. Huberfeld's nephew; right?

21 A. Same answer. 09:59:45
22 Q. It is true that you, Mr. 09:59:46
23 Huberfeld, Mr. Levy and the interests 09:59:52
24 that are related to you owned 09:59:55
25 approximately 40 percent of Beechwood's 09:59:57

1 header
2 equity; correct? 10:00:00
3 A. Same answer. 10:00:01
4 Q. It is also true that Beechwood 10:00:01
5 was primarily funded by a $100 million 10:00:03
6 note that was arranged and provided by 10:00:07
7 you, Mr. Huberfeld, and Mr. Levy; 10:00:10
8 correct? 10:00:12
9 A. Same answer. 10:00:12
10 Q. It is also true that every 10:00:15
11 single purported senior officer of 10:00:23
12 Beechwood in 2014 and early 2015 was 10:00:25
13 actually an employee of Platinum with 10:00:28
14 only the exception of Mr. Feuer -- I'm 10:00:31
15 probably pronouncing his name wrong -- 10:00:36
16 F-E-U-E-R, and Mr. Taylor; correct? 10:00:36
17 A. Same answer. 10:00:39
18 Q. Admit that David Levy, 10:00:46
19 Mr. Huberfeld's nephew, and 10:00:48
20 Mr. Huberfeld's son-in-law both held 10:00:52

positions at Beechwood? 10:00:55

A. Same answer. 10:00:57

Q. In fact, Mr. Levy was 10:00:58

Beechwood's first Chief Investment 10:01:01

Officer; correct? 10:01:03

header

A. Same answer. 10:01:03

Q. Admit that David Levy, while 10:01:04

he was Beechwood's Chief Investment 10:01:06

Officer, did not truly leave Platinum but 10:01:09

was still working for and on behalf of 10:01:11

Platinum during the time period that he 10:01:13

was also Beechwood's Chief Investment 10:01:15

Officer? 10:01:18

A. Same answer. 10:01:18

Q. Admit that David Levy was also 10:01:18

directed by you to not only work on 10:01:20

behalf of Platinum but also to work in 10:01:22

conjunction with Platinum's investment in 10:01:24

Black Elk during that time period? 10:01:26

A. Same answer. 10:01:28

Q. Admit that David Levy was 10:01:29

wearing three hats, Platinum, Beechwood 10:01:32

and, without title, on behalf of Black 10:01:33

Elk? 10:01:37

A. Same answer. 10:01:37

Q. Admit that Beechwood's Chief 10:01:40
Underwriting Officer was Platinum's 10:01:43
secondment? 10:01:48

A. Same answer. 10:01:51

header

Q. Okay. 10:01:55

Admit that Platinum used 10:01:57
Beechwood to cover Platinum's liquidity 10:02:01
problems in 2014? 10:02:06

A. Same answer. 10:02:07

Q. Admit that Platinum made short 10:02:08
-- 10:02:12

MR. POTTS: Strike that. 10:02:12

Q. Admit that at your direction 10:02:13
and through Mr. Levy that Beechwood made 10:02:16
a number of short-term loans to an 10:02:18
investment company owned by Platinum in 10:02:20
2014? 10:02:22

A. Same answer. 10:02:24

Q. Admit that Mr. Huberfeld 10:02:35
maintained an office at Beechwood. 10:02:37

A. Same answer. 10:02:39

Q. Will Slota was a Platinum 10:02:42
employee in 2014; correct? 10:02:48

A. Same answer. 10:02:52
Q. S-L-O-T-A. 10:02:53
Admit that he was also put 10:02:54
forth as the Chief Operating Officer of 10:02:56
Beechwood? 10:02:58

header
A. Same answer. 10:02:58
Q. Paul Poteat was also a Platinum 10:02:59
employee in 2014; correct? 10:03:02
A. Same answer. 10:03:05
Q. Admit that he was also put 10:03:07
forth as Beechwood's Chief Technology 10:03:10
Officer in 2014. 10:03:12
A. Same answer. 10:03:13
Q. Admit that David Ottensoser was 10:03:14
a Platinum employee and lawyer in 2014? 10:03:17
A. Same answer. 10:03:21
Q. Admit that he was also put 10:03:22
forth as Beechwood's General Counsel in 10:03:24
2014. 10:03:26
A. Same answer. 10:03:26
Q. Admit that Daniel Small was a 10:03:27
Platinum employee in 2014? 10:03:31
A. Same answer. 10:03:32
Q. Admit that Daniel Small was 10:03:33

also put forth as Beechwood's Senior 10:03:37
Secured Collateralized Loans Project 10:03:40
Manager in 2014? 10:03:42
A. Same answer. 10:03:43
Q. And admit that Rick Hogdon was 10:03:46

header
the -- was a friend of Platinum in 2014. 10:03:49
A. Same answer. 10:03:52
Q. And admit that he introduced 10:03:54
Platinum to the Beechwood entities. 10:03:57
A. Same answer. 10:03:58
Q. And admit that he was put forth 10:03:59
as the Beechwood Chief Underwriting 10:04:02
Officer. 10:04:04
A. Same answer. 10:04:05
Q. Admit that Daniel Saks became 10:04:05
B Asset Manager's Chief Investment 10:04:09
Officer after David Levy resigned and 10:04:13
returned full-time to Platinum. 10:04:15
A. Same answer. 10:04:17
Q. And admit that Daniel Saks was 10:04:17
also at that time same time a Platinum 10:04:19
employee. 10:04:22
A. Same answer. 10:04:22
Q. Admit that Naftali Manela was a 10:04:23

Platinum employee in 2014. 10:04:28

A. Same answer. 10:04:30

Q. And admit that Naftali Manela 10:04:30

also provided consulting services to 10:04:34

Beechwood. 10:04:36

header

A. Same answer. 10:04:36

Q. Admit that Eli Rakower was a 10:04:37

Platinum employee in 2014. 10:04:39

A. Same answer. 10:04:41

Q. And admit that Eli Rakower 10:04:41

provided consulting services to 10:04:44

Beechwood. 10:04:46

A. Same answer. 10:04:48

MR. POTTS: I'm going to show 10:05:02

you Exhibit 17, Mr. Nordlicht. 10:05:03

(Whereupon, the above-mentioned 10:05:03

Complaint and Demand for Trial by 10:05:03

Jury was marked Trustee Exhibit 17 10:05:03

for identification.) 10:05:03

CONTINUED EXAMINATION BY MR. POTTS: 10:05:14

Q. We will start on page 32, 10:05:14

paragraph 125. 10:05:22

You see that goes over to page 10:05:31

36 where it becomes a new section. Do 10:05:35

you see that, sir? 10:05:38

A. Same answer. 10:05:38

Q. Please admit that Platinum did 10:05:40

make investments in each one of these 10:05:42

Platinum-linked companies that are set 10:05:45

header

forth in paragraph 125 of Exhibit 17. 10:05:47

A. Same answer. 10:05:51

Q. And admit that Platinum made 10:05:52

these investments -- 10:05:54

MR. POTTS: Strike that. 10:05:55

Q. Admit that Platinum directed 10:05:56

and controlled these investments by 10:05:58

Beechwood in the entities set forth in 10:06:01

paragraph 125 of Exhibit 17. 10:06:03

A. Same answer. 10:06:07

(Whereupon, the above-mentioned 10:06:07

January 23, 2014 e-mail from Mark 10:06:40

Nordlicht to John Hoffman, Jeff 10:06:43

Shulse, Daniel Small and David Levy 10:06:46

was marked Trustee Exhibit 277 for 10:06:46

identification.) 10:06:17

MR. POTTS: Let me show you, 10:06:17

Mr. Nordlicht, Exhibit 277. 10:06:18

CONTINUED EXAMINATION BY MR. POTTS: 10:06:18

Q. Admit that Exhibit 277 is a true and correct copy of a January 23, 2014 e-mail that you sent to John Hoffman, Jeff Shulse, Daniel Small and David Levy.

A. Same answer.

header

Q. Admit that this e-mail demonstrates that you were actively representing that you could control Beechwood's business strategies and financial investments.

A. Same answer.

Q. In particular if you see that in the middle of this e-mail in the second full paragraph under 1 where it says "Freedom Well Services," the second sentence says, quote: "The idea would be to Beechwood Re would actively seek to get into surety business."

A. Same answer.

Q. And that statement is consistent with the fact that you were actually the person directing Beechwood's investments in early 2014?

A. Same answer.

(Whereupon, the above-mentioned e-mail from Mark Nordlicht on May 20, 2014 to John Hoffman and Daniel Small was marked Trustee Exhibit 565 for identification.)

header

MR. POTTS: Let me show you Plaintiff's Exhibit 565, Mr. Nordlicht.

CONTINUED EXAMINATION BY MR. POTTS:

Q. Please admit that Exhibit 565 is a true and correct copy of an e-mail that you sent on May 20, 2014 to John Hoffman and Daniel Small regarding the W&T bid.

A. Same answer.

Q. And please admit that this e-mail shows that you again were directing the type of investments to be made by Beechwood in 2014.

A. Same answer.

Q. For example, you were suggesting that even if Talos did not become the winning bidder for the Black Elk assets that perhaps some other

arrangement could be made with Talos; 10:08:22
correct? 10:08:24
A. Same answer. 10:08:26
Q. And, in fact, you were 10:08:26
suggesting, quote: "For example, 10:08:28

50

header
Beechwood can be 50 million anchor tenant 10:08:31
for any future HY deal he wants to do." 10:08:35
Do you see that, sir? 10:08:38
A. Same answer. 10:08:39
Q. And that's consistent again 10:08:40
with the fact that you were controlling 10:08:42
the investment decisions of Beechwood in 10:08:43
May of 2014? 10:08:45
A. Same answer. 10:08:46
Q. Isn't it also true, 10:08:53
Mr. Nordlicht, that with respect to the 10:08:58
Northstar Offshore equity swap that 10:09:05
occurred in the November 2014 through 10:09:08
spring of 2015 time period that the only 10:09:11
senior secured notes of holders that were 10:09:18
allowed to participate in that swap were 10:09:21
Platinum and Beechwood entities? 10:09:24
A. Same answer. 10:09:25
Q. And, in fact, that was at your 10:09:27

direction in order to take care of the friendly Beechwood entities, that they would be able to swap their Black Elk notes for what would become an equity position in Northstar Offshore LLC;

header correct?

A. Same answer.

Q. And that was done at your direction with the assistance of David Levy; correct?

A. Same answer.

Q. Isn't it also true that as part of the process to obtain the adequate number of consents for the Offer to Purchase and Consent Solicitation that Platinum lent out notes to Beechwood through B Asset Manager?

A. Same answer.

Q. Okay.

(Whereupon, the above-mentioned e-mail chain from Mark Nordlicht to David Levy dated January 2, 2015 was marked Trustee Exhibit 597 for identification.)

MR. POTTS: Mr. Nordlicht, I'm going to show you Exhibit 597.

CONTINUED EXAMINATION BY MR. POTTS:

Q. Is Exhibit 597 a true and correct copy of an e-mail chain from you

header on January 1, 2015 to David Levy in which you're discussing "Northstar preferred assumed by 70 million in Black Elk"?

A. Same answer.

Q. And in that you direct Mr. Levy that 65 million to Northstar is 70 million worth of Black Elk equity bonds; correct?

A. Same answer.

Q. And you see below that that it has 30 Beechwood and 40 PPLO and PPVA; correct?

A. Same answer.

Q. And this is consistent with your direction that the Northstar Offshore swap benefit both Platinum and Beechwood; correct?

A. Same answer.

Q. No other noteholders of

Beechwood -- 10:11:29

MR. POTTS: Sorry, strike that. 10:11:30

Q. No other noteholders of Black 10:11:31
Elk were offered participation in this 10:11:34
equity swap; correct? 10:11:37

header

A. Same answer. 10:11:39

Q. Please admit that Beechwood's 10:11:44
spokesman David Goldman was truthful when 10:11:48
he reported in Exhibit 29 that David Levy 10:11:51
was, quote: "Responsible for Beechwood's 10:11:57
purchase of Black Elk bonds and for 10:12:00
voting them in Platinum's favor, along 10:12:02
with the approval of other covenant 10:12:04
changes." 10:12:06

A. Same answer. 10:12:08

MR. POTTS: Mr. Nordlicht, I'd 10:12:15
like to switch gears to some of the 10:12:16
specific documents that relate to 10:12:19
your attempts to obtain friendly 10:12:22
noteholder votes in early 2014. 10:12:36

Let me show you Exhibit 71. 10:12:52

(Whereupon, the above-mentioned 10:12:55
e-mail from Mark Nordlicht to John 10:12:55
Hoffman, et al., dated 2/4/14 was 10:12:55

marked Trustee Exhibit 71 for identification.) 10:12:55

CONTINUED EXAMINATION BY MR. POTTS: 10:12:57

Q. Exhibit 71 is a true and correct copy of an e-mail you sent on 10:12:57

header February 4, 2014 to a number of people at Black Elk and Platinum with respect to the strategy going forward on Black Elk; right? 10:13:01 10:13:05 10:13:07 10:13:09

A. Same answer. 10:13:10

Q. And it's a true and correct copy of that; right? 10:13:10 10:13:13

A. Same answer. 10:13:14

Q. And in it you set forth the plan of, quote: "The move is going to be to inform bondholders we have sales lined up but we are going to use the proceeds for working capital and for drilling. That will lead to friendlies getting control of bonds at decent prices. Once friendlies have control of bonds, we can then execute with flexibility according to what we would like to do." 10:13:15 10:13:20 10:13:23 10:13:26 10:13:28 10:13:30 10:13:33 10:13:35 10:13:37 10:13:39

Do you see that, sir? 10:13:41

A. Same answer. 10:13:42
Q. And that was the plan that you 10:13:43
implemented, along with David Levy and 10:13:44
Dan Small, to obtain the friendly 10:13:47
noteholders to allow you to do what you 10:13:49

header
would like to do; correct? 10:13:52
A. Same answer. 10:13:53
(Whereupon, the above-mentioned 10:14:09
February 6, 2014 e-mail from Mark 10:14:09
Nordlicht to Jeff Shulse with copies 10:14:12
to Daniel Small and David Levy, was 10:14:16
marked Trustee Exhibit 200 for 10:14:16
identification.) 10:13:58
MR. POTTS: Let me show you 10:13:58
Exhibit 200. 10:14:00
CONTINUED EXAMINATION BY MR. POTTS: 10:14:03
Q. Exhibit 200 is a true and 10:14:03
correct copy of a February 6, 2014 e-mail 10:14:08
that you sent to Jeff Shulse and copied 10:14:11
Daniel Small and David Levy, among 10:14:16
others; correct? 10:14:18
A. Same answer. 10:14:18
Q. At this time period you had 10:14:21
gotten notice that a group of the senior 10:14:23

secured noteholders were represented by 10:14:27
Milbank; right? 10:14:30
A. Same answer. 10:14:32
Q. And they were creating concern 10:14:32
for you with respect to whether or not 10:14:35

header
they would cause a default notice to be 10:14:36
issued under the indenture; right? 10:14:38
A. Same answer. 10:14:40
Q. And in order to fend off these 10:14:41
noteholders that were represented by 10:14:45
Milbank you further implemented the plan 10:14:47
to shift senior secured notes to friendly 10:14:50
hands; correct? 10:14:53
A. Same answer. 10:14:54
Q. And this e-mail, No. 200, is 10:14:55
consistent with that where you say, 10:14:59
quote: "We have 40 percent in friendly 10:15:01
hands that are likely to give us waiver." 10:15:05
Correct? 10:15:07
A. Same answer. 10:15:08
(Whereupon, the above-mentioned 10:15:23
February 6, 2014 e-mail sent by Mark 10:15:23
Nordlicht to John Hoffman, et al. 10:15:23
was marked Trustee Exhibit 11 for 10:15:23

identification.) 10:15:13

MR. POTTS: Mr. Nordlicht, let 10:15:13

me show you Plaintiff's Exhibit 11. 10:15:14

CONTINUED EXAMINATION BY MR. POTTS: 10:15:16

Q. Is Plaintiff's Exhibit 11 a 10:15:16

header

true and correct copy of a February 6, 10:15:22

2014 e-mail that you sent to a number of 10:15:24

individuals? 10:15:27

A. Same answer. 10:15:27

Q. And in it you tell those 10:15:28

individuals that you're close to buying 10:15:30

20 million bonds from MSD; correct? 10:15:33

A. Same answer. 10:15:36

Q. And the 20 million bonds were 10:15:37

the senior secured notes; correct? 10:15:40

A. Same answer. 10:15:41

Q. And what you represented to 10:15:42

those individuals was at that point it 10:15:43

will be, quote: "An easy task to buy 10:15:46

additional 25 if bondholders don't behave 10:15:49

and we can change covenenants at any time 10:15:54

by flipping our bonds to friendlies who 10:15:56

will do right by the company"; correct? 10:15:59

A. Same answer. 10:16:01

21 Q. And that was your intent and 10:16:02
22 the plan that you actually implemented 10:16:03
23 from February through August of 2014? 10:16:05
24 A. Same answer. 10:16:09
25 (Whereupon, the above-mentioned 10:16:19

1 header
2 March 3, 2014 e-mail from Mark 10:16:19
3 Nordlicht to Daniel Small, et al., 10:16:19
4 was marked Trustee Exhibit 13 for 10:16:19
5 identification.) 10:16:11
6 MR. POTTS: Mr. Nordlicht, let 10:16:11
7 me show you Exhibit 13. 10:16:12
8 CONTINUED EXAMINATION BY MR. POTTS: 10:16:16
9 Q. Is Exhibit 13 a true and 10:16:16
10 correct copy of a March 3, 2014 e-mail 10:16:18
11 that you sent to a number of people, 10:16:21
12 including Dan Small? 10:16:24
13 A. Same answer. 10:16:25
14 Q. And in this e-mail you're again 10:16:27
15 talking about what to do if the 10:16:28
16 bondholders call a default under the 10:16:30
17 indenture; correct? 10:16:33
18 A. Same answer. 10:16:34
19 Q. And the advice that you gave 10:16:34
20 these people is that if you can acquire 10:16:37

50 percent you could override the 25 10:16:38
percent of bondholders calling a default; 10:16:42
correct? 10:16:44
A. Same answer. 10:16:45
(Whereupon, the above-mentioned 10:16:19

header
March 7, 2014 e-mail from Mark 10:16:19
Nordlicht to Jeff Shulse was marked 10:16:19
Trustee Exhibit 505 for 10:16:19
identification.) 10:16:52
MR. POTTS: Mr. Nordlicht, let 10:16:52
me show you Exhibit 505. 10:16:53
CONTINUED EXAMINATION BY MR. POTTS: 10:16:56
Q. Is Exhibit 505 a true and 10:16:56
correct copy of an e-mail that you sent 10:16:59
on March 7, 2014 to Jeff Shulse? 10:17:01
A. Same answer. 10:17:05
Q. And in it you discuss what your 10:17:07
plan is if you get a default notice from 10:17:13
what you termed "the group of rogue 10:17:15
bondholders"; correct? 10:17:18
A. Same answer. 10:17:19
Q. And you represent that you can 10:17:20
have a letter today from a larger group 10:17:22
who disagrees with that group of what you 10:17:25

called "rogue bondholders"; right? 10:17:29
A. Same answer. 10:17:32
Q. And that letter would be from 10:17:33
the Platinum entities and the friendly 10:17:35
Beechwood entities that you controlled; 10:17:37

header
right? 10:17:39
A. Same answer. 10:17:39
Q. And you represented that, 10:17:40
quote: "By the end of next week we will 10:17:42
have brand new amendments to the 10:17:45
indenture changing all the covenants." 10:17:47
Correct? 10:17:50
A. Same answer. 10:17:50
Q. And that was your plan, that if 10:17:51
you could get your friendly Platinum 10:17:53
entities and your friendly Beechwood 10:17:55
entities you could change the covenants 10:17:57
to allow Platinum to do whatever it 10:17:59
liked; correct? 10:18:01
A. Same answer. 10:18:02
(Whereupon, the above-mentioned 10:18:02
March 17, 2014 e-mail from Mark 10:16:20
Nordlicht to Jeff Shulse, et al., was 10:16:20
marked Trustee Exhibit 204 for 10:16:20

identification.) 10:18:04

MR. POTTS: Let me show you 10:18:04

Exhibit 204. 10:18:06

CONTINUED EXAMINATION BY MR. POTTS: 10:18:16

Q. Is Exhibit 204 a true and 10:18:16

header

correct copy of an e-mail chain that you 10:18:20

sent on March 17th? 10:18:22

A. Same answer. 10:18:24

Q. And this is after you got 10:18:26

notice from the Milbank noteholders that 10:18:28

they were calling a default; correct? 10:18:32

A. Same answer. 10:18:35

Q. And your response is that you 10:18:37

couldn't even confirm that they own 25 10:18:43

percent of the bonds; correct? 10:18:46

A. Same answer. 10:18:47

Q. But you go on to say: "We know 10:18:48

we have close to 50 percent in friendly 10:18:51

hands." 10:18:53

A. Same answer. 10:18:54

Q. And at that point in time you 10:18:57

were hoping that by putting 50 percent in 10:18:59

friendly hands you could overturn any 10:19:01

default notice from the Milbank 10:19:04

noteholders; correct? 10:19:06

A. Same answer. 10:19:07

(Whereupon, the above-mentioned 10:19:07
March 7, 2014 e-mail from Jeff 10:16:20
Shulse to Mark Nordlicht, et al., 10:16:20

header
was marked Trustee Exhibit 269 for 10:16:20
identification.) 10:19:11
MR. POTTS: Let me show you 10:19:11
Exhibit 269. 10:19:12
CONTINUED EXAMINATION BY MR. POTTS: 10:19:17
Q. Is Exhibit 269 a true and 10:19:17
correct copy of an e-mail that you 10:19:22
received from Jeff Shulse on March 7, 10:19:25
2014? 10:19:28
A. Same answer. 10:19:29
Q. And in this e-mail it shows 10:19:30
that you made a proposal that the 10:19:32
company -- which would essentially be 10:19:36
Platinum -- was willing to use 10:19:39
approximately 29 million of the net 10:19:41
proceeds of the assets sale to pay down 10:19:43
the outstanding principal on the notes 10:19:46
that were held by the Milbank 10:19:48
noteholders; correct? 10:19:51

A. Same answer. 10:19:52

(Whereupon, the above-mentioned 10:19:52
March 9, 2014 e-mail from Mark 10:16:20
Nordlicht to Jeff Shulse was marked 10:16:20
Trustee Exhibit 206 for 10:16:20

header
identification.) 10:19:57
MR. POTTS: Let me show you 10:19:57
Exhibit 206. 10:19:59
CONTINUED EXAMINATION BY MR. POTTS: 10:20:02
Q. Is Exhibit 206 is a true and 10:20:02
correct copy of an e-mail that you sent 10:20:07
on March 9, 2014 to Jeff Shulse regarding 10:20:09
the default notice from the Milbank 10:20:13
noteholders? 10:20:15
A. Same answer. 10:20:15
Q. In that e-mail you again 10:20:16
represent that, quote: "The key number 10:20:18
is friendlies getting to 50 not keeping 10:20:20
them under 25." Correct? 10:20:23
A. Same answer. 10:20:25
Q. And in your opinion, quote: 10:20:26
"The reality is we have all the 10:20:27
leverage"; correct? 10:20:30
A. Same answer. 10:20:30

(Whereupon, the above-mentioned March 11, 2014 e-mail from Mark Nordlicht to Jeff Shulse, et al., was marked Trustee Exhibit 138 for identification.)

header

MR. POTTS: Let me show you Exhibit 138.

CONTINUED EXAMINATION BY MR. POTTS:

Q. Is Exhibit 138 a true and correct copy of an e-mail that you sent on March 11, 2014 to a number of individuals regarding your further attempts to buy bonds for friendlies?

A. Same answer.

Q. And those friendlies were Beechwood entities; correct?

A. Same answer.

Q. And on March 11th you're representing that we, quote: "Are likely to have friendlies buy the bonds as of tomorrow." Correct?

A. Same answer.

Q. And at the same time you thought you were pretty much set to close

Fieldwood, which was in the asset sale 10:21:19
which was potentially being interfered 10:21:21
with, in your opinion, by the Milbank 10:21:23
noteholders; correct? 10:21:25
A. Same answer. 10:21:27

header
(Whereupon, the above-mentioned 10:21:27
March 13, 2014 e-mail chain from Mark 10:16:20
Nordlicht to Jeff Shulse, et al., was 10:16:20
marked Trustee Exhibit 130 for 10:16:20
identification.) 10:21:31
MR. POTTS: Let me show you 10:21:31
Exhibit 130. 10:21:32
CONTINUED EXAMINATION BY MR. POTTS: 10:21:38
Q. Is Exhibit 130 a true and 10:21:38
correct copy of an e-mail chain that you 10:21:40
sent on March 13, 2014? 10:21:44
A. Same answer. 10:21:48
Q. If you see at the bottom, the 10:21:51
bottom e-mail on page 130 [sic], you were 10:21:53
being told by Jeff Shulse, the CFO at 10:21:55
Black Elk, who had been appointed by 10:22:02
Platinum, that there were only two ways 10:22:05
of going forward; correct? 10:22:06
A. Same answer. 10:22:08

21 Q. One was to get Chardan Capital 10:22:02
22 Markets, LLC "to add Section 3.14(d) 10:22:13
23 language to their opinion stating that 10:22:16
24 the residual assets after the transaction 10:22:18
25 are valued at more than $150 million." 10:22:20

1 header
2 Do you see that, sir? 10:22:23
3 A. Same answer. 10:22:24
4 Q. The 150 million is the total 10:22:25
5 amount of the senior secured notes 10:22:26
6 outstanding; right? 10:22:28
7 A. Same answer. 10:22:30
8 Q. Chardan Capital Markets, LLC, 10:22:30
9 who was doing the valuation for the 10:22:33
10 Fieldwood transaction; correct? 10:22:34
11 A. Same answer. 10:22:36
12 Q. And Kerry Propper is the 10:22:37
13 principal of Chardan Capital Markets, 10:22:39
14 LLC; right? 10:22:41
15 A. Same answer. 10:22:42
16 Q. Platinum has done a lot of 10:22:43
17 business with Chardan Capital Markets, 10:22:45
18 LLC and Kerry Propper; right? 10:22:46
19 A. Same answer. 10:22:48
20 Q. And even in this situation 10:22:49

Kerry Propper for Chardan Capital Markets, LLC, said that he, quote: "Seems very uncomfortable and unwilling to do that"; correct?

A. Same answer.

header

Q. So the people doing the valuation of Black Elk for the Fieldwood transaction were unwilling in March of 2014 to say that the residual assets after the transaction were valued at more than $150 million; correct?

A. Same answer.

Q. You actually didn't go that route; correct?

A. Same answer.

Q. Instead you went to the B option in the next bullet point; correct?

A. Same answer.

Q. And what you've got there is a letter from Milbank withdrawing the default notice allowing the Fieldwood transaction to go forward; correct?

A. Same answer.

Q. And what Platinum did was end

up buying additional notes itself and through its friendlies at Beechwood; correct?

A. Same answer.

Q. Mr. Nordlicht, after the

header

closing of the Fieldwood transaction and after the beginning of the movement of senior secured notes into friendly hands Platinum itself tried to amend the Second Supplemental --

MR. POTTS: Strike that.

Q. After -- sorry.

After beginning the movement of the senior secured notes at Black Elk to friendly hands in February and March of 2014, and afternoon closing of the Fieldwood transaction, Platinum itself tried to amend the Indenture for a Second Supplemental Indenture in April and May of 2014; correct?

A. Same answer.

Q. Platinum attempted to amend the Second Supplemental Indenture without a formal consent process; correct?

A. Same answer. 10:24:53
Q. In fact, what Platinum tried 10:24:53
was what you had suggested many times in 10:24:55
February and March of just getting a 10:24:58
one-page consent sent in in order to 10:25:00

header
amend the Indenture; right? 10:25:03
A. Same answer. 10:25:05
Q. And you directed the Platinum 10:25:05
entities to tender offers to -- 10:25:09
MR. POTTS: Strike that. 10:25:13
Q. You directed the Platinum 10:25:14
entities to consent to a Second 10:25:16
Supplemental Indenture which they then 10:25:23
sent to the Bank of New York Mellon who 10:25:24
was the trustee for the senior secured 10:25:26
notes; right? 10:25:28
A. Same answer. 10:25:28
(Whereupon, the above-mentioned 10:25:28
letter to Sean McKessy from Richard 10:25:28
Roth, dated 6/5/15, with attachment 10:25:28
was marked Trustee Exhibit 10 for 10:25:28
identification.) 10:25:33
MR. POTTS: I'd like to show 10:25:33
you Exhibit 10, Mr. Nordlicht. 10:25:35

CONTINUED EXAMINATION BY MR. POTTS: 10:25:39

Q. And what I'm going to turn to 10:25:39

is Attachment A, which I think I 10:25:41

doing-eared for you. 10:25:44

Please admit that you are 10:25:50

header

familiar with and have seen before the 10:25:52

documents under Attachment A, which are 10:25:55

an April 24, 2014 letter signed by Jeff 10:25:57

Shulse, and then attached to that are a 10:26:04

number of beneficial owner consents for 10:26:08

Platinum entities. 10:26:11

A. Same answer. 10:26:12

Q. Admit that these are the 10:26:14

documents that were -- that Platinum 10:26:18

directed be submitted to the Trustee of 10:26:21

the notes in April of 2014 attempting to 10:26:24

amend the Indenture without a formal 10:26:27

consent process. 10:26:29

A. Same answer. 10:26:30

Q. Admit at that time that the 10:26:31

Platinum entities had 93,271,000 10:26:37

principal amount of the notes as of April 10:26:42

2014? 10:26:44

A. Same answer. 10:26:44

Q. The attempt to amend this 10:26:48
Indenture by Platinum in April and May 10:26:55
of 2014 was not successful; correct? 10:26:59
A. Same answer. 10:27:03
Q. In fact, the Trustee refused 10:27:04

header
Platinum's attempt to amend the 10:27:08
Indenture; right? 10:27:10
A. Same answer. 10:27:11
Q. And that process was brought to 10:27:13
your attention to determine what to do in 10:27:16
late May and early June of 2014; right? 10:27:20
A. Same answer. 10:27:23
(Whereupon, the above-mentioned 10:27:23
March 3, 2014 e-mail chain from Mark 10:16:20
Nordlicht to Jeff Shulse, et al., was 10:16:20
marked Trustee Exhibit 361 for 10:16:20
identification.) 10:27:38
MR. POTTS: Let me show you 10:27:38
Exhibit 361. 10:27:40
CONTINUED EXAMINATION BY MR. POTTS: 10:27:45
Q. Is Exhibit 361 a true and 10:27:45
correct copy of an e-mail chain with an 10:27:50
e-mail you sent on June 3, 2014? 10:27:53
A. Same answer. 10:27:57

Q. You see at the bottom of the 10:27:58
first page of Exhibit 361 Jeff Shulse is 10:28:03
informing you, Dan Small and David Levy 10:28:07
that the, quote: "Short answer is the 10:28:10
Trustee refused to sign unless we did the 10:28:13

header
solicitation process. They don't trust 10:28:15
our consents are valid because we have 10:28:17
received a default notice in the past 60 10:28:20
days and we have the behind the scenes 10:28:22
process with various dates on our 10:28:25
consents." 10:28:27
Do you see that, sir? 10:28:28
A. Same answer. 10:28:29
Q. And you were aware that a 10:28:30
formal public consent solicitation 10:28:33
process was going to be required because 10:28:35
the Bank of New York Mellon was not going 10:28:37
to allow you to do it in a non-public 10:28:40
manner; correct? 10:28:43
A. Same answer. 10:28:44
Q. And on June 2nd you responded 10:28:45
"What is the quickest way to end this 10:28:47
process? What are we doing?" Right? 10:28:49
A. Same answer. 10:28:52

Q. And Jeff Shulse advised you, quote: "The quickest way is to do the formal solicitation, get our 51 percent in order, vote it through the DTC/BNY agents and end it."

header

Do you see that, sir?

A. Same answer.

Q. And your reaction to that was no, a lot of O's; right?

A. Same answer.

Q. I guess you were emphatic about that; right?

A. Same answer.

Q. And Jeff Shulse asked you, "Why are we afraid of an open solicitation?" And he says you're, "Probably going to avoid a lawsuit"; right?

A. Same answer.

Q. And your answer to that is, "It's just a waste of money and unnecessary." And then you direct Mr. Shulse not to pay the Trustee the fees that he was due; correct?

A. Same answer.

(Whereupon, the above-mentioned June 3, 2014 e-mail chain from Mark Nordlicht to Jeff Shulse was marked Trustee Exhibit 363 for identification.)

header

MR. POTTS: Let me show you Exhibit 363.

CONTINUED EXAMINATION BY MR. POTTS:

Q. Is Exhibit 363 a true and correct copy of an e-mail chain that you also sent on June 3, 2014?

A. Same answer.

Q. And I'd like to direct your attention to the second page of Exhibit 363, particularly the very top which is your parallel response to Jeff Shulse's e-mail where he talks about the quickest way is to get our 51 percent in order.

Do you see that, sir?

A. Same answer.

Q. And you see your answer is, quote: "There is a disconnect here. No more talking to lawyers. David, you f'd this one up bad for no reason. We will

have one pager signed by 51 percent of bondholders, no trustee necessary. It's fine. We don't need any process. Bondholders are being taken out, this is all moot. Jeff, please don't waste any

header

more time on this."

Do you see that, sir?

A. Same answer.

Q. And that was your position and your direction as of June 2, 2014; correct?

A. Same answer.

Q. Jeff Shulse continued to say that the Trustee was not going to allow a one-pager; correct?

A. Same answer.

Q. And at the end of this e-mail chain at the top you say: "Ok, let me talk to David internally. Thanks." Right?

A. Same answer.

Q. And it was after this that you begrudgingly agreed and came up with the plan for the Platinum entities and the

Beechwood entities to -- to have the 10:31:29
Offer to Purchase and Consent 10:31:32
Solicitation and to vote in favor of the 10:31:34
consent to the Second Supplemental 10:31:39
Indenture; correct? 10:31:42

header
A. Same answer. 10:31:43
MR. POTTS: All right, Mr. 10:31:50
Nordlicht, I'd like to switch to the 10:31:51
black -- to your knowledge of Black 10:31:54
Elk senior management's concerns as 10:31:57
of early July 2014. 10:31:59
Q. In early July of -- 10:32:13
THE WITNESS: Can we take a 10:32:15
ten-minute break, maybe? We've been 10:32:17
going an hour and a half. 10:32:20
MR. POTTS: Certainly, that's 10:32:21
fine. We're off the record. 10:32:22
THE VIDEOGRAPHER: Off the 10:32:23
record 10:32 a.m. 10:32:24
(Whereupon, a brief recess was 10:47:33
taken.) 10:47:36
THE VIDEOGRAPHER: Going back 10:47:36
on the record 10:47 a.m. 10:47:53
This is the beginning of disk 10:47:55

two in the deposition of Mark Nordlicht. 10:47:56

CONTINUED EXAMINATION BY MR. POTTS: 10:47:58

Q. Mr. Nordlicht, we have taken a short break. Are you ready to continue, sir? 10:47:58 10:48:01

header 10:48:02

A. Yes. 10:48:03

Q. Mr. Nordlicht, I'd like to address now your knowledge of Black Elk senior management's concerns about a use of the Renaissance proceeds that were obtained in August of 2014. 10:48:04 10:48:07 10:48:09 10:48:11 10:48:15

It's true, is it not, that Platinum senior management had been asking for a use of sales proceeds plan to be given for quite sometime by July of 2014? 10:48:18 10:48:21 10:48:23 10:48:27 10:48:31

A. On the advice of my counsel I invoke the protections afforded to me by the Fifth Amendment of the U.S. Constitution. 10:48:33 10:48:35 10:48:37 10:48:37

(Whereupon, the above-mentioned July 2, 2014 e-mail chain between Mark Nordlicht and Art Garza was 10:48:37 10:16:20 10:16:20

marked Trustee Exhibit 35 for identification.) 10:16:20 10:48:40

Q. All right. 10:48:40

And in early 2014, in fact, you received an e-mail that we've marked as 10:48:41 10:48:47

header

Exhibit 35 from Art Garza where he specifically addresses the use of sales proceeds from the Renaissance sale; correct? 10:48:49 10:48:53 10:48:55 10:48:57

A. Same answer. 10:48:58

Q. And Exhibit 35 is a true and correct copy of that e-mail; correct? 10:49:00 10:49:03

A. Same answer. 10:49:04

Q. Mr. Garza and others had informed Platinum that until there was a concrete exit strategy for the negative CF Fields that there was never going to be any meaningful advancement of Black Elk; correct? 10:49:05 10:49:13 10:49:16 10:49:17 10:49:21 10:49:25

A. Same answer. 10:49:26

Q. In fact, those were termed "a cancer on our financials"; correct? 10:49:27 10:49:30

A. Same answer. 10:49:32

Q. You never provided nor did you 10:49:33

have anyone from Platinum provide any type of use of sale proceeds to the Black Elk senior management; correct?

A. Same answer.

Q. And the reason that you didn't

header

do that because the intent was not to pay down the creditors or to make other acquisitions but, instead, to repay Platinum's Series E Preferred Equity and that it have a put agreement with New Mountain; correct?

A. Same answer.

Q. And, in fact, the longer term strategy was to strip the Black Elk assets to other Platinum companies; correct?

A. Same answer.

Q. And that longer-term -- that longer-term plan was put into effect when a majority of the remaining assets of Black Elk were put into the Northstar equity swap which Platinum controlled; correct?

A. Same answer.

Q. And what was left after the 10:50:35
Northstar equity swap went to TKN 10:50:36
Offshore; correct? 10:50:40
A. Same answer. 10:50:42
Q. And you're the principal of TKN 10:50:42

header
Offshore; right? 10:50:45
A. Same answer. 10:50:47
MR. POTTS: I'd like to now 10:50:50
turn, Mr. Nordlicht, to the concerns 10:50:52
expressed by Black Elk's senior 10:50:54
management about how Platinum was 10:50:56
interfering with the proper business 10:50:58
running of Black Elk. 10:51:02
CONTINUED EXAMINATION BY MR. POTTS: 10:51:06
Q. You're familiar with John 10:51:06
Hoffman, Black Elk's CEO; correct? 10:51:08
A. Same answer. 10:51:10
Q. You had numerous conversations 10:51:11
with John Hoffman about Black Elk and 10:51:12
other potential business opportunities; 10:51:15
correct? 10:51:17
A. Same answer. 10:51:17
Q. You became aware on July 9, 10:51:19
2014 though that John Hoffman had sent 10:51:22

around a memo revoking delegation of authority for people to send out wire transfers at Black Elk unless it was approved by Jeff Shulse and Keith Hubbard; correct?

header

A. Same answer.

(Whereupon, the above-mentioned July 9, 2014 e-mail from Mark Nordlicht to John Hoffman was marked Trustee Exhibit 32 for identification.)

MR. POTTS: Let me show you what we have marked as Exhibit 32.

CONTINUED EXAMINATION BY MR. POTTS:

Q. Is Exhibit 32 a true and correct copy of an e-mail that you sent John Hoffman on July 9, 2014?

A. Same answer.

Q. And in it you say, "John, I'm coming over now. I don't really understand the objective of the memo you sent out today." Correct?

A. Same answer.

(Whereupon, the above-mentioned

July 9, 2014 memo from John Hoffman 10:52:20
was marked Trustee Exhibit 31 for 10:52:20
identification.) 10:52:17
MR. POTTS: I'm going to show 10:52:17
you Exhibit 31, which is the July 9, 10:52:18

header
2014 memo. 10:52:21
CONTINUED EXAMINATION BY MR. POTTS: 10:52:22
Q. Correct? 10:52:22
A. Same answer. 10:52:23
Q. And in response to your first 10:52:24
e-mail John Hoffman says: "For whatever 10:52:29
reason I've been isolated from 10:52:33
transactions and have been unable to 10:52:35
perform my fiduciary duties. Therefore 10:52:37
in a situation whereby I have been 10:52:39
bypassed, isolated and lacking 10:52:42
communication, I regain control. It is 10:52:44
as simple as that." 10:52:48
Do you see that, sir? 10:52:50
A. Same answer. 10:52:51
Q. And isn't it true that Mr. 10:52:52
Hoffman was expressing to you that he 10:52:54
believed that you and Platinum were 10:52:56
controlling Black Elk as of early -- early 10:52:58

July of 2014? 10:53:02

A. Same answer. 10:53:03

Q. Isn't it true that the reason 10:53:06

that Samuel Salfati was appointed to 10:53:07

Black Elk's Board of Managers was because 10:53:10

header

of your concern of the revocation of 10:53:13

delegation of authority that John Hoffman 10:53:16

sent out on July 9th that's in Exhibit 31 10:53:18

and also because of his refusal to sign 10:53:21

the July 14th written consent that was 10:53:25

presented to the Board of Managers? 10:53:29

A. Same answer. 10:53:30

Q. And, in fact, it was -- 10:53:32

MR. POTTS: Strike that. 10:53:41

Q. In fact, Samuel Salfati was 10:53:42

appointed to the Black Elk Board of 10:53:43

Managers in July on July 22nd; correct? 10:53:46

A. Same answer. 10:53:48

Q. And it was Daniel Small, a 10:53:48

Platinum employee, and Samuel Salfati, a 10:53:51

Platinum employee, that voted as the 10:53:54

Board of Managers members to approve the 10:53:57

Renaissance sale and the wire transfers; 10:53:58

correct? 10:54:00

A. Same answer. 10:54:01

Q. The Renaissance sale closed on 10:54:03 August 15, 2014, which was a Friday; 10:54:16 correct? 10:54:18

A. Same answer. 10:54:19

header

Q. And the day that it closed 10:54:20 Renaissance Offshore sent the wire 10:54:22 transfers to Black Elk; correct? 10:54:25

A. Same answer. 10:54:26

Q. The money therefore was good 10:54:27 and available for Black Elk on the 10:54:29 morning of August 18, 2014; right? 10:54:31

A. Same answer. 10:54:33

Q. On the morning of August 18, 10:54:35 2014 you received, first thing that 10:54:42 morning, an e-mail from Naftali Manela 10:54:47 that set forth the wire instructions for 10:54:51 the Platinum entities who had Series E 10:54:54 Preferred Equity; right? 10:55:00

A. Same answer. 10:55:01

(Whereupon, the above-mentioned 10:55:01 e-mail chain between August 18th and 10:55:18 August 20, 2014 was marked Trustee 10:55:21 Exhibit 50 for identification.) 10:55:08

MR. POTTS: Let me show you 10:55:08
what we have marked as Exhibit 50. 10:55:09
CONTINUED EXAMINATION BY MR. POTTS: 10:55:11
Q. Is Exhibit 50 a true and 10:55:11
correct copy of the e-mail chain, the 10:55:13

header
first one on August 18th on page 2, and 10:55:17
the last one on August 20, 2014? 10:55:20
A. Same answer. 10:55:26
Q. Isn't it true that you were 10:55:31
with the person that directed that the 10:55:32
wire transfers be sent out on August 18, 10:55:34
2014, the first business day after the 10:55:37
closing of the Renaissance sale? 10:55:40
A. Same answer. 10:55:42
(Whereupon, the above-mentioned 10:55:56
e-mail from Mark Nordlicht to Jeff 10:55:56
Shulse dated August 18, 2014 was 10:55:58
marked Trustee Exhibit 48 for 10:55:58
identification.) 10:55:45
MR. POTTS: Let me show you 10:55:45
what we have marked as Exhibit 48. 10:55:46
CONTINUED EXAMINATION BY MR. POTTS: 10:55:48
Q. Is Exhibit 48 a true and 10:55:48
correct copy of an e-mail you sent on 10:55:55

Monday, August 18, 2014 where you state: 10:55:57
"The Board is in agreement to send New 10:56:02
Mountain wire and 50 million to PPBE"? 10:56:05
A. Same answer. 10:56:09
Q. You were not on the Board of 10:56:10

header
Black Elk; correct? 10:56:12
A. Same answer. 10:56:13
Q. And yet you were the person 10:56:14
directing what the Board was in agreement 10:56:15
about; right? 10:56:18
A. Same answer. 10:56:18
Q. And New Mountain was the 10:56:19
company that had the put agreement with 10:56:21
Platinum which Platinum was in default of 10:56:23
because it had only been extended to 10:56:26
August 15; correct? 10:56:28
A. Same answer. 10:56:30
Q. And the reason that you 10:56:30
directed that the wire be sent out on 10:56:31
August 18th was because of that default 10:56:34
under the fourth amendment to the New 10:56:36
Mountain put agreement; right? 10:56:38
A. Same answer. 10:56:39
Q. And in the 50 million that went 10:56:41

21 out that you directed go out was to 10:56:43
22 Platinum Partners Black Elk (Equity); 10:56:45
23 correct? 10:56:48
24 A. Same answer. 10:56:48
25 Q. And that's a wholly-owned sub 10:56:49

1 header
2 of Platinum Partners Value Arbitrage 10:56:51
3 Fund; correct? 10:56:53
4 A. Same answer. 10:56:54
5 Q. And you're the principal and 10:56:54
6 directing, controlling person of Platinum 10:56:56
7 Partners Value Arbitrage Fund LP; 10:56:59
8 correct? 10:57:01
9 A. Same answer. 10:57:01
10 Q. You never really had a 10:57:05
11 conversation with John Hoffman where he 10:57:07
12 gave you consent to send the wires; 10:57:08
13 correct? 10:57:11
14 A. Same answer. 10:57:11
15 Q. The statement in your e-mail 10:57:12
16 of August 18, 2014 is false; right? 10:57:15
17 A. Same answer. 10:57:17
18 Q. And you made that false 10:57:17
19 statement because you were desperate to 10:57:19
20 get the wires out; right? 10:57:20

A. Same answer. 10:57:21

Q. And in desperation to get the 10:57:22 wires out was in the end of your e-mail 10:57:26 where you say, quote: "But send these 10:57:28 wires out already," five exclamation 10:57:31

header marks; correct? 10:57:34

A. Same answer. 10:57:36

Q. You got legal advice -- 10:57:42

MR. POTTS: Strike that. 10:57:45

Q. You understood that sending out 10:57:46 the wires may violate the Prohibited 10:57:48 Distributions provision of the Texas 10:57:51 Business Organizations Code; correct? 10:57:54

A. Same answer. 10:57:57

(Whereupon, the above-mentioned 10:55:56 e-mail from Jeff Shulse to Mark 10:55:56 Nordlicht dated August 18, 2014 was 10:55:58 marked Trustee Exhibit 181 for 10:55:58 identification.) 10:57:58

MR. POTTS: Let me show you 10:57:58 Exhibit 181. 10:58:00

CONTINUED EXAMINATION BY MR. POTTS: 10:58:02

Q. Is Exhibit 181 a true and 10:58:02 correct copy of an e-mail that you 10:58:12

received from Jeff Shulse on Monday August 18, 2014? 10:58:13 10:58:17

A. Same answer. 10:58:19

Q. This e-mail tells you that, quote: "We need to be mindful of this in our planning." Correct? 10:58:20 10:58:24 10:58:27

A. Same answer. 10:58:28

Q. And it's referring to Section 101.206 Prohibited Distributions to Members; correct? 10:58:29 10:58:30 10:58:34

A. Same answer. 10:58:34

Q. Even being told of this you directed that the wire transfers still be made to members of Black Elk; correct? 10:58:35 10:58:37 10:58:39

A. Same answer. 10:58:42

Q. And, in fact, on August 18, 2014 the total liabilities of Black Elk exceeded the total assets of Black Elk; isn't that correct? 10:58:43 10:58:45 10:58:51 10:58:54

A. Same answer. 10:58:55

Q. And therefore you directed that these wire transfers be made in violation of Section 101.206; correct? 10:58:56 10:58:57 10:59:00

A. Same answer. 10:59:03

21 Q. You were warned not to make 10:59:09
22 these wire transfers until everything had 10:59:11
23 been properly papered up; correct? 10:59:14
24 A. Same answer. 10:59:16
25 Q. And even though you had 10:59:17

1 header
2 received that warning you directed that 10:59:19
3 the wire transfers be made in any event; 10:59:20
4 correct? 10:59:23
5 A. Same answer. 10:59:23
6 Q. And in fact earlier the day of 10:59:23
7 August 18, 2014 you had received a 10:59:26
8 telephone conference wire transfer plan 10:59:30
9 invite for late on the afternoon of 10:59:32
10 August 18, 2014; correct? 10:59:35
11 A. Same answer. 10:59:37
12 (Whereupon, the above-mentioned 10:59:45
13 telephone invite wire transfer plan 10:59:45
14 August 18 was marked Trustee Exhibit 10:59:48
15 337 for identification.) 10:59:48
16 CONTINUED EXAMINATION BY MR. POTTS: 10:59:48
17 Q. Is Exhibit 327 a true and 10:59:41
18 correct copy of the telephone invite wire 10:59:43
19 transfer plan that you received on August 10:59:47
20 18? 10:59:49

A. Same answer. 10:59:49

Q. In this you were a required 10:59:52

attendee; correct? 10:59:56

A. Same answer. 10:59:57

Q. And you participated in this 10:59:58

header

call and had received this agenda that's 11:00:00

set forth below it; correct? 11:00:03

A. Same answer. 11:00:04

Q. And you were told that, by Jeff 11:00:05

Shulse, the CFO of Black Elk, that you 11:00:09

had appointed to Black Elk, that he 11:00:11

needed to get the second amendment to the 11:00:13

Indenture finalized with the lawyers and 11:00:17

the Trustee at 9:30 a.m.; do you see 11:00:19

that, sir? 11:00:21

A. Same answer. 11:00:21

Q. And that didn't happen that 11:00:22

day; did it? 11:00:24

A. Same answer. 11:00:25

Q. And he had also said "there 11:00:25

will be Board resolutions and 11:00:27

authorizations and press releases coming 11:00:28

out associated with it, and once approved 11:00:30

we can do anything permitted by the 11:00:32

indenture." 11:00:32

Do you see that, sir? 11:00:34

A. Same answer. 11:00:35

Q. But you went ahead and directed 11:00:36

that the wire transfers be sent out 11:00:38

header

before those Board resolutions and 11:00:40

authorizations occurred; correct? 11:00:42

A. Same answer. 11:00:44

Q. And even though Jeff Shulse 11:00:44

advised you that, quote: "We need to 11:00:46

follow the rules and not get ahead of 11:00:47

ourselves" you went ahead and directed 11:00:49

that those wire transfers be sent; 11:00:52

correct? 11:00:53

A. Same answer. 11:00:53

Q. Therefore you knowingly 11:00:54

violated the Second Amended Indenture 11:00:56

process by sending the wire transfers 11:01:01

before the Indenture had been amended. 11:01:03

A. Same answer. 11:01:05

MR. POTTS: Mr. Nordlicht, I'd 11:01:10

like to talk about Black Elk's 11:01:11

financial status, particularly the 11:01:13

fact that it was teetering or 11:01:16

insolvent throughout 2014. 11:01:20

CONTINUED EXAMINATION BY MR. POTTS: 11:01:20

Q. You understood that, correct, 11:01:23

that Black Elk was insolvent for much of 11:01:24

2014? 11:01:28

header

A. Same answer. 11:01:28

Q. You understood -- 11:01:45

MR. POTTS: Well strike that. 11:01:47

Q. Steve Fuerst was assigned to 11:01:48

Black Elk in order to handle the accounts 11:01:52

payable for Platinum's benefit; correct? 11:01:55

A. Same answer. 11:01:57

Q. And Steve Fuerst later became 11:01:59

the general counsel of Black Elk when 11:02:01

Black Elk's general counsel left in 11:02:04

August of 2014; correct? 11:02:08

A. Same answer. 11:02:09

Q. And Jeff Shulse became the 11:02:11

effective CFO of Black Elk in January of 11:02:13

2014 at Platinum's direction; correct? 11:02:19

A. Same answer. 11:02:21

Q. And one of the first things 11:02:22

that Jeff Fuerst and -- 11:02:23

MR. POTTS: Sorry, strike that. 11:02:27

Q. One of the first things that 11:02:29
Jeff Shulse and Steve Fuerst were to do 11:02:31
was to determine the financial status of 11:02:33
Black Elk in January of 2014; right? 11:02:35
A. Same answer. 11:02:37

header
Q. And based on their evaluation 11:02:39
they informed you that they were putting 11:02:43
the over/under notice of involuntary 11:02:45
bankruptcy at February 19; correct? 11:02:48
A. Same answer. 11:02:51
(Whereupon, the above-mentioned 11:02:51
January 31, 2014 e-mail to David 11:03:04
Levy, Daniel Small and Mark Nordlicht 11:03:09
from Jeff Shulse was marked Trustee 11:03:09
Exhibit 480 for identification.) 11:02:54
MR. POTTS: Let me show you 11:02:54
what we have marked as Exhibit 480. 11:02:55
CONTINUED EXAMINATION BY MR. POTTS: 11:03:00
Q. Is Exhibit 480 a true and 11:03:00
correct copy of a January 31, 2014 e-mail 11:03:03
that went to David Levy, Daniel Small and 11:03:07
yourself? 11:03:10
A. Same answer. 11:03:10
Q. And in it Jeff Shulse says that 11:03:11

he and Steve Fuerst, quote: "Put the over/under on a notice of involuntary bankruptcy filing at February 19th"; correct?

A. Same answer.

header

Q. Also in February of 2014 there were negotiations going on with a company called Per Petro with respect to asset purchases; correct?

A. Same answer.

Q. And isn't it true that the only way Per Petro said that it would buy the assets from Black Elk is if Platinum guaranteed that they wouldn't have any damage in the event of a bankruptcy?

A. Same answer.

(Whereupon, the above-mentioned February 5, 2014 e-mail from Mark Nordlicht to Jeff Shulse, et al., was marked Trustee Exhibit 619 for identification.)

MR. POTTS: Let me show you Exhibit 619.

CONTINUED EXAMINATION BY MR. POTTS:

Q. Is Exhibit 619 a true and correct copy of an e-mail that you sent on February 5, 2014 in which you inform Black Elk and Platinum people that Per Petro, quote: "Want Platinum to

header guarantee they won't have damage in a bankruptcy"?

A. Same answer.

Q. By the end of February 2014 weren't you being advised by Jeff Shulse, the new effective CFO that you had appointed to Black Elk, that bankruptcy is a real possibility and perhaps the most efficient way to deal with the problems at Black Elk?

A. Same answer.

(Whereupon, the above-mentioned February 24, 2014 e-mail from Jeff Shulse to Mark Nordlicht was marked Trustee Exhibit 621 for identification.)

MR. POTTS: Let me show you what we have marked as Exhibit 621.

CONTINUED EXAMINATION BY MR. POTTS:

21 Q. Is Exhibit 621 a true and 11:05:13
22 correct copy of a February 24, 2014 11:05:24
23 e-mail that Jeff Shulse sent to you? 11:05:26
24 A. Same answer. 11:05:30
25 Q. And in the last paragraph isn't 11:05:32

1 header
2 it true that Jeff Shulse informs you, 11:05:35
3 quote: "Today it seems like bankruptcy 11:05:37
4 is a real possibility as that is the most 11:05:39
5 efficient way to deal with math problems 11:05:41
6 and timing problems." 11:05:44
7 A. Same answer. 11:05:47
8 Q. That wasn't in Platinum's plan 11:05:47
9 though at the time, for Black Elk to be 11:05:50
10 in bankruptcy; correct? 11:05:51
11 A. Same answer. 11:05:53
12 Q. In fact, by June of 2014 isn't 11:05:56
13 it true that you believed that Platinum 11:05:58
14 was, in fact, insolvent? 11:06:01
15 A. Same answer. 11:06:05
16 Q. In June of 2014 you had 11:06:07
17 received a debt equity analysis from 11:06:10
18 Samuel Salfati; correct? 11:06:12
19 A. Same answer. 11:06:13
20 Q. And that debt equity analysis 11:06:14

that Samuel Salfati did was part of his 11:06:17
analysis for the potential Lafitte Energy 11:06:19
transaction which would involve both 11:06:23
Northstar Offshore, Radiant and Black 11:06:26
Elk; correct? 11:06:29

header
A. Same answer. 11:06:30
Q. And as part of that debt equity 11:06:30
analysis that Sam Salfati did in early 11:06:32
June 2014 he showed -- his analysis 11:06:35
showed that the total liabilities of 11:06:41
Black Elk exceeded its total assets? 11:06:43
A. Same answer. 11:06:46
Q. Once the Renaissance sale 11:06:46
occurred; correct? 11:06:48
A. Same answer. 11:06:49
Q. In response on June 9th, 2014, 11:06:51
you came up with an oil and gas strategy; 11:06:57
correct? 11:07:00
A. Same answer. 11:07:00
Q. And you shared that oil and gas 11:07:02
strategy with David Levy; right? 11:07:04
A. Same answer. 11:07:06
(Whereupon, the above-mentioned 11:07:06
June 9, 2014 e-mail from Mark 11:05:26

Nordlicht was marked Trustee Exhibit 11:05:26
548 for identification.) 11:07:08
MR. POTTS: Let me show you 11:07:08
what we have marked as Exhibit 548. 11:07:09
11:07:09

header
CONTINUED EXAMINATION BY MR. POTTS: ** 11:07:17
Q. Is Exhibit 548 a true and 11:07:17
correct copy of the e-mail that you sent 11:07:19
on June 9, 2014? 11:07:22
A. Same answer. 11:07:27
Q. Do you see that your oil and 11:07:29
gas strategy includes, quote: "The way I 11:07:31
see it we have legitimate case to argue 11:07:34
against credit holders and current equity 11:07:36
holders of Black Elk that they are 11:07:38
insolvent." 11:07:41
Do you see that, sir? 11:07:42
A. Same answer. 11:07:43
Q. And that was based in part on 11:07:44
your review of the Black Elk financials 11:07:46
and the analysis that had been done 11:07:49
including that by Sam Salfati with 11:07:51
respect to debt equity; correct? 11:07:53
A. Same answer. 11:07:55

21 Q. In fact, one of the concerns on 11:08:01
22 getting the Renaissance deal closed in 11:08:03
23 June and July of 2014 was the concern 11:08:06
24 that Renaissance had over a Black Elk 11:08:10
25 bankruptcy; correct? 11:08:12

1 header
2 A. Same answer. 11:08:13
3 MR. POTTS: Sorry about that. 11:08:41
4 (Whereupon, the above-mentioned 11:08:43
5 June 27, 2014 e-mail from Mark 11:05:26
6 Nordlicht to Jeff Shulse was marked 11:05:26
7 Trustee Exhibit 58 for 11:05:26
8 identification.) 11:08:43
9 MR. POTTS: Let me show you 11:08:43
10 what we have marked as Exhibit 58. 11:08:44
11 CONTINUED EXAMINATION BY MR. POTTS: 11:08:48
12 Q. Is Exhibit 58 a true and 11:08:48
13 correct copy of an e-mail you sent on 11:08:52
14 June 27, 2014 regarding a Renaissance 11:08:55
15 update? 11:08:58
16 A. Same answer. 11:08:59
17 Q. And you see that the e-mail 11:09:00
18 that Jeff Shulse sent to you in the 11:09:04
19 middle of Exhibit 58 informed you that 11:09:06
20 Renaissance was getting advice from V&E 11:09:09

regarding bankruptcy; do you see that, 11:09:13
sir? 11:09:15
A. Same answer. 11:09:15
Q. And, in fact, on the day that 11:09:19
you sent out the wires for the 11:09:22

header
Renaissance sale to New Mountain and the 11:09:22
Platinum entities you were informed by 11:09:26
Black Elk's CFO that you had appointed 11:09:30
that in his opinion that the common 11:09:33
equity of Black Elk was worth zero on 11:09:36
that date; right? 11:09:40
A. Same answer. 11:09:41
(Whereupon, the above-mentioned 11:09:41
August 18, 2014 e-mail from Mark 11:05:26
Nordlicht to David Levy and Daniel 11:05:26
Small was marked Trustee Exhibit 42 11:05:26
for identification.) 11:09:44
MR. POTTS: Let me show you 11:09:44
what we have marked as Exhibit 42. 11:09:45
CONTINUED EXAMINATION BY MR. POTTS: 11:09:45
Q. Is Exhibit 42 a true and 11:09:52
correct copy of an August 18 e-mail that 11:09:54
you sent to David Levy and Daniel Small 11:09:57
that has below it an e-mail from Jeff 11:10:00

Shulse on Monday, August 18 to you, 11:10:04
Daniel Small and David Levy? 11:10:08
A. Same answer. 11:10:10
Q. In this e-mail Jeff Shulse 11:10:12
tells you that the closing of the 11:10:17

header
Renaissance and paying preferreds is the 11:10:19
big liquidity event at Black Elk for 11:10:23
quite sometime; correct? 11:10:26
A. Same answer. 11:10:27
Q. And he follows that with, 11:10:27
quote: "It definitely means the common 11:10:29
equity is worth zero." Correct? 11:10:32
A. Same answer. 11:10:34
Q. Your understanding was that 11:10:34
Black Elk was insolvent as of August 18, 11:10:36
2014; correct? 11:10:39
A. Same answer. 11:10:40
Q. And in fact other Black Elk 11:10:44
employees in, for example, their 11:10:47
resignation letters, informed you and 11:10:51
Black and others at Platinum and the 11:10:55
management of Black Elk that remained 11:10:58
that by August of 2014 that Black Elk was 11:11:02
insolvent; correct? 11:11:09

A. Same answer. 11:11:10

(Whereupon, the above-mentioned 11:11:14
Joseph Bruno's resignation letter was 11:11:14
marked Trustee Exhibit 53 for 11:11:14
identification.) 11:11:14

header

CONTINUED EXAMINATION BY MR. POTTS: 11:11:13

Q. You have seen before Joe 11:11:13
Bruno's resignation letter; correct? 11:11:15

A. Same answer. 11:11:17

Q. And in Joe Bruno's resignation 11:11:18
letter, Exhibit 53, Mr. Bruno says in the 11:11:21
first bullet point on the top of the 11:11:26
second page, quote: "In August 2014, 11:11:28
Black Elk was insolvent owing millions of 11:11:31
dollars"; do you see that, sir? 11:11:35

A. Same answer. 11:11:37

Q. Even after the Renaissance sale 11:11:42
in August of 2014 Black Elk barely 11:11:43
scraped by because of a number of 11:11:48
significant financial troubles that the 11:11:49
company had; right? 11:11:51

A. Same answer. 11:11:52

Q. And your response to -- your 11:11:54
response to those continued troubles of 11:12:06

Black Elk was that that was all the more reason to pay back Platinum's preferred and get the positive field sold to Platinum entities; correct?

A. Same answer.

header

(Whereupon, the above-mentioned October 13, 2014 e-mail from Mark Nordlicht to David Levy was marked Trustee Exhibit 80 for identification.)

MR. POTTS: Let me show you what we have marked as Exhibit 80.

CONTINUED EXAMINATION BY MR. POTTS:

Q. Is Exhibit 80 a true and correct copy of an e-mail that you sent on October 13, 2014?

A. Same answer.

Q. And in it you say, after you're informed of the problems at Black Elk, quote: "All the more reason to pay back preferred and get the positive field sold"; correct?

A. Same answer.

Q. And Jeff Shulse sends an e-mail

on to Daniel Small that says: "With all due respect, some things should just stay in his head"; correct?

A. Same answer.

MR. POTTS: Rather than go

header

through them individually, Mr. Nordlicht, I'd like to talk about kind of en masse your understanding that Black Elk was essentially on life support from March of 2014 onward and provide an example of some of the documents that demonstrate that, okay?

CONTINUED EXAMINATION BY MR. POTTS:

Q. Your understanding from March of 2014 onward was that Black Elk was on of life support; right?

A. Same answer.

Q. And you were informed about a number of problems that were being faced buy Black Elk during that time period because you were perceived as the person directing Black Elk at that time; right?

A. Same answer.

MR. POTTS: I'm going to show you what we have marked as Exhibit 279. (Whereupon, the above-mentioned was marked Trustee Exhibit ^ for

header identification.) MR. POTTS: Exhibit 294. (Whereupon, the above-mentioned was marked Trustee Exhibit ^ for identification.) MR. POTTS: Exhibit 43. (Whereupon, the above-mentioned was marked Trustee Exhibit ^ for identification.) MR. POTTS: Exhibit 218. (Whereupon, the above-mentioned was marked Trustee Exhibit ^ for identification.) MR. POTTS: And Exhibit 224. (Whereupon, the above-mentioned was marked Trustee Exhibit ^ for identification.)

Q. Are these exhibits, 269, 294, 43, 218 and 224 true and correct copies of

documents that you either associate 11:15:07
received as set forth -- as set forth on 11:15:09
these exhibits? 11:15:15
A. Same answer. 11:15:15
Q. All right. In June of 2014 11:15:20

header
isn't it true that Platinum was 11:15:25
considering acquiring Northstar for Black 11:15:31
Elk? 11:15:38
A. Same answer. 11:15:38
Q. And isn't it true that Platinum 11:15:39
directed Black Elk's employees to evaluate 11:15:42
whether or not Northstar should be 11:15:48
acquired? 11:15:51
A. Same answer. 11:15:51
Q. Isn't it true that Black Elk's 11:15:53
employees spent a substantial amount much 11:15:55
time evaluating the Northstar acquisition? 11:15:57
A. Same answer. 11:15:59
Q. Isn't the reason that Black Elk 11:16:00
did that is because you had directed David 11:16:02
Levy to have B Asset Manager provide a 11:16:06
financings letter on June 5th it, 2014 11:16:10
that it would provide financing for the 11:16:13
Northstar it Offshore acquisition? 11:16:16

A. Same answer. 11:16:18
Q. Isn't it true that you sought 11:16:20
out the opinion of John Hoffman as to 11:16:25
whether or not the Northstar acquisition 11:16:27
should occur? 11:16:30

header
A. Same answer. 11:16:31
Q. And in fact on June 20, 2014 you 11:16:32
sent an e-mail to John Hoffman asking if 11:16:37
north /STAFRS a do, is correct. 11:16:39
A. Same answer. 11:16:43
Q. On June 27, 2014 though you 11:16:43
directed David Levy at B Asset Manager to 11:16:46
withdrew the financing letter for Black 11:16:50
Elk's acquisition of Northstar Offshore; 11:16:53
correct? 11:16:55
A. Same answer. 11:16:56
Q. And after the withdrawal of that 11:16:57
financing letter Platinum itself acquired 11:16:59
Northstar without the participation of 11:17:04
Black Elk; correct? 11:17:06
A. Same answer. 11:17:07
Q. After Platinum acquired 11:17:08
Northstar isn't it true that you directed 11:17:20
a swap between Black Elk and Northstar 11:17:24

where Black Elk assets were transferred to Northstar in exchange for a receivable of Black Elk energy Offshore operation bonds?

A. Same answer.

Q. And isn't it true that the only

header

senior secured notes holders that were asked to participate in that Northstar swap were Platinum and Beechwood entities?

A. Same answer.

Q. And isn't it true that you directed that Northstar would issue debt to Black Elk noteholders in exchange for the Black Elk energy Offshore notes?

A. Same answer.

Q. And immediately thereafter you directed that Northstar will deliver the Black Elk energy notes to Black Elk; correct?

A. Same answer.

Q. And then the plan was the very next day that Northstar would exchange the Northstar debt for the preferred equity in Northstar; right?

A. Same answer.

Q. And in that way you were able to shift assets outs of Black Elk to the new company Northstar that Platinum controlled; correct?

A. Same answer.

header

Q. And were also able to exchange out the senior secured notes that Platinum and Beechwood had in Black Elk for Northstar preferred equity; correct?

A. Same answer.

Q. And that was all part of the stripping assets out of Black Elk for the benefit of Platinum at a new entity; correct.

A. Same answer.

Q. Isn't it true that you were aware that such a Northstar/Black Elk transaction would require an opinion letter from counsel?

A. Same answer.

Q. Bake I remember he who have who have was the outside counsel for Black Elk; correct?

A. Same answer.

Q. And you were informed that Baker Hofstedler refused to sign an opinion letter with respect to the Northstar/Black Elk transaction; right?

A. Same answer.

header

MR. POTTS: Let me show you what we have marked as Exhibit 370.

(Whereupon, the above-mentioned was marked Trustee Exhibit ^ for identification.)

Q. Is Exhibit 3 70 a true and correct copy of an e-mail from David Levy on February 19, 2015 to you, among others?

A. Same answer.

Q. And in this you were being provided the statutory analysis related to fraudulent transfers; correct?

A. Same answer.

Q. And after you received this statutory analysis related to fraudulent transfers Baker Hofstedler refused to sign; correct.

A. Same answer.

Q. You asked Jeff Shulse, the CEO

of Black Elk at the time, to sign an opinion letter; correct?

A. Same answer.

Q. Jeff Shulse refused to sign; correct.

header

A. Same answer.

Q. You ask Steve Fuerst, the general counsel of Black Elk, to sign an opinion letter and he refused as well; right?

A. Same answer.

Q. Finally you and David Levy decided to try and obtain an opinion letter from a New York firm; correct?

A. Same answer.

Q. And the New York firm that was chosen was the Morrison Cohen law firm; right.

A. Same answer.

Q. And the Morrison Cohen what you firm has represented Murray Huberfeld in cases in the past; right?

A. Same answer.

Q. And the Morrison Cohen law firm

was not allude to speak with Black Elk in providing its opinion letter; right.

A. Same answer.

Q. And it was only by obtaining this opinion letter from back -- sorry, it

header was only by obtaining this opinion letter from Morrison Cohen that the Northstar/Black Elk transaction went forward; correct?

A. Same answer.

Q. And you and David Levy were the primary people that engineered the Morrison Cohen opinion letter that would not be provided by other law firms; correct?

A. Same answer.

MR. POTTS: I'd like to shift grounds to the TKN Petroleum Holdings LLC; okay.

Q. TKN Petroleum Holdings, LLC was created by Jeff Shulse, or the CFO of Black Elk; correct?

A. Same answer.

Q. Jeff Shulse was the only owner

of TKN Petroleum Holdings LLC; correct? 11:22:21

A. Same answer. 11:22:25

Q. Jeff Shulse never appointed 11:22:26

Samuel Salfati to the Board of directors 11:22:29

of TKN Petroleum Holdings LLC; right? 11:22:32

header

A. Same answer. 11:22:35

Q. After you -- after Jeff Shulse 11:22:37

and Platinum got sideways Platinum Shulse 11:22:40

came up with? 11:22:45

MR. POTTS: Sorry. Strike that. 11:22:46

Q. After Jeff Shulse and Platinum 11:22:50

got sideways in 2015 you and David Levy 11:22:54

came up with a plan to transfer remaining 11:22:58

Black Elk assets from TKN Petroleum 11:23:03

Holdings LLC to a new company called TKN 11:23:08

Offshore; correct? 11:23:12

A. Same answer. 11:23:13

Q. And you and David Levy directed 11:23:14

that a new Delaware company be set up, 11:23:18

TKN Offshore; right? 11:23:21

A. Same answer. 11:23:23

Q. And Jeff Shulse's TKN Petroleum 11:23:24

Holdings, LLC was a Texas limited 11:23:27

liability company; right? 11:23:29

A. Same answer. 11:23:30
Q. You and David Levy informed 11:23:31
Samuel Salfati that he should sign a PSA 11:23:34
between TKN Holdings, LLC, the Shulse 11:23:37
entity and TKN Offshore, your entity; 11:23:43

header
correct? 11:23:46
A. Same answer. 11:23:46
Q. And he did so, right? 11:23:47
A. Same answer. 11:23:48
Q. And that was a fraudulent 11:23:49
transaction; correct? 11:23:51
A. Same answer. 11:23:51
(Whereupon, the above-mentioned 11:23:51
was marked Trustee Exhibit ^ for 11:23:51
identification.) 11:24:10
MR. POTTS: Let me show you 11:24:10
Exhibit 263. 11:24:11
Q. Is exhibit -- 11:24:38
MR. POTTS: Strike that. 11:24:40
Q. Are the attachments to 263 true 11:24:40
it and correct copies of the corporate 11:24:43
documents related to TKN Petroleum 11:24:49
Holdings Offshore LLC? 11:24:51
A. Same answer. 11:24:52

Q. On the second page, is that 11:24:55
David Levy 's signature as the managing 11:25:00
member of TKN Equity, LLC? 11:25:02
A. Same answer. 11:25:05
Q. On the third page is that David 11:25:07

header
Levy 's signature as the managing member 11:25:09
of TKN Equity, LLC? 11:25:10
A. Same answer. 11:25:13
Q. On the next page, is that your 11:25:14
signature as Mark Nordlicht CIO of TKN 11:25:16
Equity, LLC? 11:25:20
A. Same answer. 11:25:22
Q. And were you also as this states 11:25:22
the only member of TKN Equity LLC? 11:25:24
A. Same answer. 11:25:27
Q. And by the date of May 7, 2015 11:25:28
is that your signature Mark Nordlicht TIO 11:25:31
of TKN Equity LLC? 11:25:35
A. Same answer. 11:25:37
MR. POTTS: All right. Let's 11:25:45
take a five-minute break, maybe a 11:25:46
short one. Videotape off the record 11:25:49
1125 a.m. 11:25:52
(Whereupon, a brief recess was 11:34:21

taken.) 11:34:21

THE VIDEOGRAPHER: Back on the record 11:34 a.m. 11:34:21 11:34:39

MR. POTTS: Mr. Nordlicht are you ready to continue, sir. 11:34:41 11:34:43

header

THE WITNESS: Yes. 11:34:45

Q. Mr. Nordlicht, isn't it true that the Platinum Defendants in this case have been able to continue their operations even though the Court has entered a temporary restraining order? 11:34:45 11:34:47 11:34:50 11:34:51 11:34:54

A. On the views of my counsel I invoke the protections /AEU forwarded today me by the fifth amendment of the U.S. Constitution. 11:34:56 11:34:58 11:34:59 11:35:01

Q. Isn't it also true that the Platinum Defendants in case have not suffered any substantial arm nor are they likely to suffer any substantial harm because of continued injunctive relief? 11:35:02 11:35:05 11:35:07 11:35:10 11:35:12

A. Same answer. 11:35:15

MR. POTTS: Subject to any additional information that is produced or any change in Mr. 11:35:18 11:35:20 11:35:22

Nordlicht's invocation of the Fifth I 11:35:24
will adjourn the deposition. 11:35:28
MR. LINDSTROM: We will reserve. 11:35:30
MR. GLUCK reserve subject to the 11:35:33
aforementioned agreement. 11:35:37

header
MR. BROWN: We are off the 11:35:38
record. 11:35:39
THE VIDEOGRAPHER: Off the 11:35:41
record or at 11:35 a.m. this is the 11:35:43
end of disk two in the deposition of 11:35:46
Mark Nordlicht. 11:35:53

[TIME NOTED: TIME]

_____
NAME

_____
Subscribed and sworn to before me this _____ day of _____, 2016

_____
Notary Public

C E R T I F I C A T I O N

I, KATHLEEN PIAZZA LUONGO, a Notary Public for and within the State of New York, do hereby certify that the foregoing witness, ^, was duly sworn on the date indicated, and that the foregoing is a true and accurate transcription of my stenographic notes.

I further certify that I am not employed by nor related to any party to this action.

<%signature%>

KATHLEEN PIAZZA LUONGO

I N D E X

WITNESS

EXAMINATION BY PAGE

E X H I B I T S

PLAINTIFF'S	DESCRIPTION	PAGE
Exhibit 1		
Exhibit 2		
Exhibit 1		
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SUBSCRIBED AND SWORN TO BEFORE ME
THIS ____DAY OF _____, 20__.

_____ _____
(NOTARY PUBLIC) MY COMMISSION EXPIRES:

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION
Case No. 15-34287(MI)
- - - - - - - - - - - - - - - - - - - -x
IN RE: BLACK ELK ENERGY OFFSHORE OPERATING, LLC,

Debtor.

RICHARD SCHMIDT, LITIGATION TRUSTEE,

Plaintiff,

VS. Adversary No. 16-03237
PLATINUM PARTNERS VALUE ARBITRAGE FUND LP, PLATINUM PARTNERS CREDIT OPPORTUNITIES MASTER FUND LP, PLATINUM PARTNERS LIQUID OPPORTUNITIES MASTER FUND LP, AND PPVA BLACK ELK (EQUITY) LLC,

Defendants.

- - - - - - - - - - - - - - - - - - - -x

November 29, 2016
9:03 a.m.

VIDEOTAPED DEPOSITION of DAVID ISAIAH LEVY, taken by Plaintiff, pursuant to Notice, held at the offices of Wilson, Sonsini, Goodrich & Rosati LLP, 1301 Avenue of the Americas, New York, New York, before Kathleen Piazza Luongo, a Notary Public of the State of New York.

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ALSO PRESENT:
James Roberts, Videographer

PROCEEDINGS

THE VIDEOGRAPHER: Good morning. We are now on the record.

Please note that the microphones are sensitive and may pick up whispering and private conversations.

Please turn off all cell phones or place them away from the microphones as they can interfere with the deposition audio.

Recording will continue until all parties agree to go off the record.

My name is Jim Roberts, representing Veritext, with offices in New York City, New York.

Today's date is November 29, 2016. The time is approximately 9:03 a.m.

This deposition is being held at Wilson Sonsini Goodrich & Rosati, located at 1301 Avenue of the Americas, New York City, New York, and is being taken by counsel for the

PROCEEDINGS

Plaintiff.

The caption of the case is In Re: Black Elk Energy Offshore Operations, LLC, Debtor; Richard Schmidt Litigation Trustee, Plaintiff, versus Platinum Partners, et al., Defendants.

This case is held in the U.S. Bankruptcy Court, Southern District of Texas, Houston Division, Case No. 15-34287 (MI).

The name of the witness is David Levy.

Counsel will please state their appearances for the record.

MR. OKIN: Matthew Okin on behalf of the Plaintiff, Richard Schmidt.

MR. SMYSER: Craig Smyser on behalf of Plaintiff and Justin Waggoner on behalf of Plaintiff.

MR. SOMMER: Michael Sommer representing the witness.

MR. GLUCK: Warren Gluck

representing the Liquidators of Platinum Partners Value Arbitrage Fund Limited Partnership.

MR. LINDSTROM: Micah Dortch and Chris Lindstrom representing Platinum Partners Credit Opportunities Master Fund LP and Platinum Partners Liquid Opportunities Master Fund LP.

THE VIDEOGRAPHER: Our court reporter, Kathleen Luongo, also of Veritext will please swear in the witness.

DAVID ISAIAH LEVY,

called as a witness, having first been duly affirmed, was examined and testified as follows:

EXAMINATION BY MR. OKIN:

Q. Good morning, Mr. Levy, my name is Matthew Okin and I represent the Plaintiff, Richard Schmidt, the Litigation Trustee in the Black Elk

Litigation Trust.

We are here to take your deposition. Can you state your full name.

A. David Isaiah Levy.

Q. Have you ever given your deposition before?

A. Yes.

Q. So you understand that I'm going to ask you questions, if you will wait until I finish my question before you give your answer, it makes the transcript a little clearer; okay?

A. Yes.

Q. And if you don't understand something I ask let me know and we will clarify that. I don't want you answering questions if you don't understand them. Okay?

A. Yes.

Q. What is your home address?

A. Based on the advise of my attorney I invoke the protections afforded to me by the Fifth Amendment to

the United States Constitution.

Q. What is your work address?

A. Based on the advice of my attorney I invoke the protections afforded to me by the Fifth Amendment of the United States Constitution.

Q. Are you currently employed by Platinum Partners LP?

A. Same answer.

(Whereupon, the above-mentioned copy of David Levy LinkedIn Profile was marked Trustee Exhibit 390 for identification.)

MR. OKIN: I'm going to show you what we have premarked as Exhibit 390.

CONTINUED EXAMINATION BY MR. OKIN:

Q. Is that an accurate copy of your LinkedIn Profile?

A. Same answer.

Q. Exhibit 390 shows that your current employer is Platinum Partners; is that correct?

A. Same answer.

Q. You've been employed there since June 2006?
A. Same answer.
Q. Prior to that you were at Yeshiva University?
A. Same answer.
Q. Did you graduate from Yeshiva University with a BS degree?
A. Same answer.
Q. Are you now employed or have you ever been employed by Platinum Management New York, LLC?
A. Same answer.
Q. Are you now employed or have you ever been employed by Platinum Liquid Opportunity Management New York, LLC?
A. Same answer.
Q. Are you now employed or have you ever been employed by Platinum Credit Management LP?
A. Same answer.
Q. In those roles for any of those Platinum entities your title was managing director or portfolio manager for those

entities?
A. Same answer.
Q. Isn't it true that as a managing director of Platinum and portfolio manager you were responsible for managing the investments of Platinum Partners Value Arbitrage Fund LP?
A. Same answer.
Q. Similarly, as a managing director and portfolio manager you were responsible for managing the investments of Platinum Partners Liquid Opportunities Master Fund LP?
A. Same answer.
Q. As managing director and portfolio manager part of your job was to manage the investments of Platinum Partners Credit Opportunities Master Fund LP?
A. Same answer.
Q. In addition to being employed by Platinum you were also employed by Beechwood Re Limited?
A. Same answer.

Q. From at least February 1, 2014 through August 21, 2014 you acted as the Chief Investment Officer for Beechwood?
A. Same answer.
Q. And at that time you were also employed by B Asset Management LP?
A. Same answer.
Q. In your job as chief -- and your job at B Asset Management LP was Chief Investment Officer?
A. Same answer.
Q. As a managing director of Platinum you're familiar with the various investments that the Platinum funds have made in businesses?
A. Same answer.
Q. Platinum is a hedge fund operator based here in New York City?
A. Same answer.
Q. Isn't it true that Platinum Partners LP was founded by Murray Huberfeld and Mark Nordlicht?
A. Same answer.
Q. Mr. Huberfeld is your uncle,

isn't he?
A. Same answer.
Q. Platinum Management New York, LLC is the manager and general partner of Platinum Partners Value Arbitrage Master Fund?
A. Same answer.
Q. And Platinum Liquid Opportunity Management New York LLC is the manager and general partner of Platinum Partners Liquid Opportunities Master Fund LP?
A. Same answer.
Q. Platinum Credit Management LP, that's the manager and general partner of Platinum Partners Credit Opportunities Master Fund LP?
A. Same answer.
Q. Now, as part of your duties as managing director you made decisions about how to invest Platinum Partners Value Arbitrage Fund's money?
A. Same answer.
Q. In 2004 much -- and just for shorthand we are going to refer to

Platinum Partners Value Arbitrage fund as PPVA. You'll understand what I mean when I say that?

MR. SOMMER: That's a hard one for him to answer, but I think we understand what you mean by "PPVA."

MR. OKIN: Okay.

Q. In 2004 much of PPVA's funds were invested in the equity of a number of different companies?

A. Same answer.

Q. And one of those investments was Black Elk Energy Offshore Operations, LLC?

A. Same answer.

Q. And for short I'm going to refer to Black Elk Energy Offshore Operations as Black Elk; okay?

MR. SOMMER: Okay.

Q. Now, as a managing director part of your job was to consult with the management of Black Elk regarding the activities?

A. Same answer.

Q. And your job was to make sure that PPVA's investment in those funds was protected?

A. Same answer.

MR. WAGGONER: For clarification of the record, "same answer" refers to the Fifth Amendment invocation and not we understand what PPVA means; correct?

MR. SOMMER: Correct.

CONTINUED EXAMINATION BY MR. OKIN:

Q. And you were involved in managing PPVA's investment in Black Elk throughout 2004 and until the bankruptcy filing in June of 2015?

A. Same answer.

Q. Now, as of January 1, 2004 PPVA's -- PPVA and other Platinum funds owned at least 66 percent of Black Elk's equity?

A. Same answer.

Q. And as of January 2000 -- January 1, 2014, PPVA and other Platinum funds owned as least 85 percent of the

voting membership interest in Black Elk?

A. Same answer.

Q. Now, on January 1, 2014, Platinum had one representative on the Black Elk's Board of Managers?

A. Same answer.

Q. That representative was Daniel Small?

A. Same answer.

Q. You were never a member of the Board of Managers of Black Elk, were you?

A. Same answer.

Q. All of your interactions with Black Elk and its employees were undertaken by you in your role as a managing director of Platinum?

A. Same answer.

Q. You were never actually an officer or employee of Black Elk, were you?

A. Same answer.

MR. SOMMER: I just got an e-mail that someone delivered some documents for you guys, they are out

by reception.

Are you expecting something? Or here to pickup documents from you?

I just got an e-mail from reception: "Is it possible to get a word to Craig Smyser or Jeff Shulse about a pickup of legal documents at the reception?"

Do you want to go stick your head out and see? Probably completely garbled but you can go check it out.

MR. OKIN: Let's just speed this up a little bit.

It may be a process server.

MR. SOMMER: Oh, okay. That would make sense.

Is that for the Harris County action?

MR. SMYSER: Yes.

MR. SOMMER: Okay.

MR. OKIN: All right.

MR. SOMMER: Process server.

MR. SMYSER: Process server?

DAVID LEVY

MR. SOMMER: Yes.

We will deal with that there at the break.

(Whereupon, various e-mail communications were marked Trustee Exhibits 71, 277, 279, 291, 294, 325, 355, 418, 474 and 548 for identification.)

MR. OKIN: These are the extras of the ones that were not previously attached if you guys want to split them up.

MR. SOMMER: Sure.

MR. OKIN: So, Mr. Levy, I'm going to hand you what's marked as Exhibits 71, 277, 279, 291, 294, 325, 355, 418, 474 and 548.

Take a look at them and make sure you're familiar with what's there.

(Witness peruses exhibits.)

CONTINUED EXAMINATION BY MR. OKIN:

Q. Are those all true and correct copies of e-mail communications that

DAVID LEVY

either were sent by or received by you?

A. Same answer.

Q. These e-mails were all located on the Black Elk server. Do you have any reason to doubt that they are authentic e-mails written and delivered on the dates that are indicated on there?

A. Same answer.

Q. And you don't deny that you received the e-mails that indicate they were sent to you?

A. Same answer.

Q. And you were copied on these e-mails because as a managing director of Platinum you were actively involved in directing Black Elk's daily -- daily activities?

A. Same answer.

Q. And you were included on these e-mails because you and other Platinum personnel were directly involved in managing Black Elk's operations from 2014 until the bankruptcy filing?

A. Same answer.

DAVID LEVY

Q. If you'll look at the last in the stack there, it's Exhibit 548, now that's an e-mail that is from Mark Nordlicht that was forwarded to you on or about June 9, 2014; is that correct?

A. Same answer.

Q. You actually received that e-mail?

A. Same answer.

Q. And that is related to a trip that you were going to take to Houston to visit Black Elk?

A. Same answer.

Q. And Mark Nordlicht is sending you a list of items, to-do items, for things to do with regard to the management of Black Elk and the management of its business?

A. Same answer.

Q. And this list that's attached to this e-mail are the list of things to discuss with Black Elk management and to accomplish while you were in Houston?

A. Same answer.

DAVID LEVY

Q. In this e-mail he's got a bullet list of five points. Point number one he says -- he notes that he wants to "Use all proceeds from Renaissance sale and subsequent bond free up you to pay back debt."

Do you see that?

A. Same answer.

Q. That never occurred, did it?

A. Same answer.

Q. Now, in 2013 the CFO of Black Elk was Bruce Koch?

A. Same answer.

MR. OKIN: K-O-C-H.

Q. And Platinum was looking to replace him with somebody new?

A. Same answer.

Q. And at that time Jeff Shulse was the president of Freedom Well Services?

A. Same answer.

Q. Didn't you personally actively recruit Jeff Shulse to come over from Freedom to Black Elk to replace Koch as

the CFO?
A. Same answer.
Q. And Platinum, primarily through your efforts, brought Shulse in to be CFO of Black Elk in January 2014?
A. Same answer.
Q. And, in fact, Platinum made the decision to bring Shulse in as CFO of Black Elk without first discussing it with John Hoffman, the company's CFO -- CEO?
A. Same answer.
(Whereupon, the above-mentioned Document bearing Bates numbers PPVA_2600 - 2604 was marked Trustee Exhibit 5 for identification.)
MR. OKIN: I hand you what we marked as Exhibit 5.
CONTINUED EXAMINATION BY MR. OKIN:
Q. Have you ever seen Exhibit 5 before?
A. Same answer.
Q. Exhibit 5 is, in fact, a string of e-mails between Jeff Shulse and you

and then between Dan Small and Jeff Shulse; is that correct?
A. Same answer.
Q. And you received copies of these of e-mails?
A. Same answer.
Q. Now, these e-mails reflect a series of conversations Jeff Shulse had with you and then with Dan Small regarding his compensation at Black Elk?
A. Same answer.
Q. On page 3 of this Exhibit 5, the e-mail from Jeff Shulse to you dated March 7, 2014, he begins the e-mail by saying that: "You have been the one that has recruited me to Black Elk more than anyone."
That's a correct statement; isn't it?
A. Same answer.
Q. Further down in that same e-mail on page 3 in the third paragraph he says: "It is apparent to me that there are several situations in which

Platinum's goals can be different than Black Elk's related to capital structure and what you want to get accomplished at Platinum and returns to your investors"; do you see that?
A. Same answer.
Q. He meant that what was best for Platinum wasn't necessarily what was best for Black Elk and its creditors?
A. Same answer.
Q. In fact what Jeff Shulse is trying to do through these e-mails that he's negotiating with you is make sure that he gets paid when Platinum gets paid; isn't that what he's trying to do here?
A. Same answer.
Q. Because Jeff Shulse understood that it was possible that if he waited to get paid out of Black Elk that there would be nothing left in Black Elk after Platinum got itself paid?
A. Same answer.
Q. You don't have any reason to

dispute that the e-mails contained in Exhibit 5 are actually authentic and were actually sent; do you?
A. Same answer.
(Whereupon, the above-mentioned five-page e-mail from Jeff Shulse to David Levy dated June 30, 2014 was marked Trustee Exhibit 577 for identification.)
MR. OKIN: I hand you what we have marked as Exhibit 577.
CONTINUED EXAMINATION BY MR. OKIN:
Q. Exhibit 577 is an e-mail that Jeff Shulse sent you on June 30, 2014; is that correct?
A. Same answer.
Q. And actually this is the same e-mail that was the second e-mail in Exhibit 5; isn't it?
A. Same answer.
Q. It just has a date on it indicating when it was sent?
A. Same answer.
Q. Okay.

And this e-mail in the first bullet point on page 1, Mr. Shulse says: "I understand where Platinum is going with the $100 million preferreds and that it is a big deal on many levels for Platinum. It is also not without its challenges and risks to the company and requires a certain amount of buy-in and risk from me."

You understood what Mr. Shulse meant there; didn't you.

A. Same answer.

Q. He meant, and you understood him to mean, that because Platinum was going to pay off its preferreds there was risk to him that he would be breaching his fiduciary duty by paying the preferreds ahead of creditors?

A. Same answer.

Q. And what Mr. Shulse was asking for here was to be paid for preferring Platinum ahead of the creditors of Black Elk; wasn't he?

A. Same answer.

Q. And then at the bottom of page 2 he also says: "I have been your window into a pretty screwed up investment and done everything in my power to advance your interest."

Do you see that?

A. Same answer.

Q. You understood him to mean there that he was favoring Platinum's interests ahead of those of the company, Black Elk's?

A. Same answer.

(Whereupon, the above-mentioned document bearing bates numbers PPVA_3242 - 3243 was marked Trustee Exhibit 42 for identification.)

MR. OKIN: I hand you Exhibit 42.

CONTINUED EXAMINATION BY MR. OKIN:

Q. Now, this is an e-mail or the top e-mail is an e-mail that Mark Nordlicht sent to with a copy to Daniel Small on August 18, 2014?

A. Same answer.

Q. You don't dispute that this is an actual e-mail that was sent on that date; do you?

A. Same answer.

Q. And the e-mail that Mr. Nordlicht is responding to is an e-mail sent on the same date by Jeff Shulse to you, Daniel Small and Mr. Nordlicht; correct?

A. Same answer.

Q. And that e-mail from August 18th -- August 18th is right after the Renaissance sale had closed and right at the time that the payments of the preferreds were being made; that's right, isn't it?

A. Same answer.

Q. And he's asking at that time again to be paid for having furthered the Renaissance sale and the payment of the preferreds ahead of other creditors of Black Elk, isn't he?

A. Same answer.

Q. In that e-mail from Mr. Shulse

in the last sentence he says: "It definitely means the common equity is worth zero and so while I am interested in equity instead of going forward I don't think that alone is the only incentive that is fair given where we are at."

Mr. Shulse believed that after paying the preferreds that the company had zero equity value; didn't he?

A. Same answer.

Q. You don't have any reason to disagree with that conclusion by Mr. Shulse; do you?

A. Same answer.

Q. In fact, after the preferreds had been paid there really was no equity value of Black Elk; was there?

A. Same answer.

(Whereupon, the above-mentioned Document bearing bates numbers PPVA_3281 - 3282 was marked Trustee Exhibit 45 for identification.)

MR. OKIN: I hand you Exhibit

DAVID LEVY

45. This is another e-mail related to Mr. Shulse's request for payment on for his position.

CONTINUED EXAMINATION BY MR. OKIN:

Q. Isn't that correct?

A. Same answer.

Q. This is one he sent to Daniel Small dated August 27, 2004 [sic]. In this one he indicates that he's asking -- that Platinum had offered $250,000 now, meaning August, and another 250 in six months and he's asking for an additional $100,000, 300,000 now and 300 in six months.

Were you aware that that was his request at the time?

A. Same answer.

Q. In the end Platinum eventually paid Mr. Shulse $550,000 for his efforts on their behalf?

A. Same answer.

(Whereupon, the above-mentioned string of e-mails between Jeff Shulse and Hilary McVay, dated February 13,

DAVID LEVY

2015 was marked Trustee Exhibit 255 for identification.)

MR. OKIN: I hand you Exhibit 255.

This is a string of e-mails from February 13, 2015 that you were copied on.

CONTINUED EXAMINATION BY MR. OKIN:

Q. Correct?

A. Same answer.

Q. And this is actually Mr. Shulse letting you know where to wire his first half of his bonus payment?

A. Same answer.

Q. And it shows here that, according to the first e-mail, Mr. Small is e-mailing Hilary McVay, the payroll and benefits manager for Black Elk, saying that the Black Elk Board had approved a 250,000 -- $275,000 payment to Mr. Shulse; correct?

A. Same answer.

Q. And you were part of that decision to award Mr. Shulse $275,000?

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A. Same answer.

Q. And that was for his efforts on behalf of Platinum in getting the preferreds paid; correct?

A. Same answer.

Q. Isn't it true that John Hoffman, the CEO of Black Elk, and Jeff Shulse, the CFO, didn't get along very well?

A. Same answer.

Q. In fact, on three separate occasions Mr. Hoffman attempted to fire Mr. Shulse?

A. Same answer.

Q. And each time that Mr. Hoffman fired Mr. Shulse you or someone at Platinum interceded and put Mr. Shulse back in as CFO?

A. Same answer.

(Whereupon, the above-mentioned string of e-mails between John Hoffman and David Levy dated from July 11 to July 14, 2014 was marked Trustee Exhibit 33 for

DAVID LEVY

identification.)

MR. OKIN: I hand you Exhibit 33.

CONTINUED EXAMINATION BY MR. OKIN:

Q. Now, this is a string of e-mails dated from July 11 to July 14, 2014; correct?

A. Same answer.

Q. And you were copied on these e-mails, in fact, the primary part of it is between you and Mr. Hoffman; correct?

A. Same answer.

Q. And on July 13 Mr. Hoffman e-mails you and says: "Also I need an e-mail please from you telling me to reverse/override my decision on firing Jeff. Then I will honor your demand."

That's Mr. Hoffman telling you that he's not going to reinstate Mr. Shulse unless you order him to do so?

A. Same answer.

Q. And, in fact, that's exactly what you did, didn't you, that same day?

A. Same answer.
Q. That same day on Sunday, July 13, 2004, you said in an e-mail to Mr. Hoffman: "As we discussed please pull back the letter on Jeff"; correct?
A. Same answer.
Q. And, in fact, Mr. Shulse was reinstated as CFO at your direction?
A. Same answer.
Q. At that time you weren't an officer or director of Black Elk; were you?
A. Same answer.
Q. Actually, at this time that you sent this e-mail not only were you a Platinum employee, you were also an employee of Beechwood?
A. Same answer.
Q. And that's what's indicated on the first e-mail in the chain, is it not, the July 11th e-mail that you sent where your signature block shows you and your e-mail address at DLevy@Beechwood.com?
A. Same answer.

Q. And that's because at this time in July of 2014 you were acting as the Chief Investment Officer of Beechwood?
A. Same answer.
Q. While you were at -- you weren't reinstating Mr. Hoffman as the CIO of Beechwood at this time though, were you?
A. Same answer.
Q. In fact you were acting as your -- in your managing director role at Platinum, which you still held in July of 2014?
A. Same answer.
Q. Now, although you reinstated Mr. Shulse at that time you and Mark Nordlicht eventually fired Mr. Shulse from his role as CEO of Black Elk on June 17, 2015?
A. Same answer.
Q. And neither you nor Mark Nordlicht when he fired Mr. Shulse were on the Board of Black Elk, were you?
A. Same answer.

Q. And technically neither of you actually had the authority to fire him although you did?
A. Same answer.
Q. And the reason you and Mark Nordlicht fired Jeff Shulse was because he had objected to your proposed sale of Black Elk's remaining assets to Northstar?
A. Same answer.
Q. And he had complained to you that he thought the transactions were a fraudulent transfer?
A. Same answer.
Q. And as a result of his complaining that he thought the transactions were a fraudulent transfer you and Mark Nordlicht fired him from Black Elk?
A. Same answer.
Q. And you completed the transaction anyway?
A. Same answer.
(Whereupon, the above-mentioned

e-mails from Mr. Fuerst to Jed Latkin and then from Jed Latkin to David Levy and Mr. Nordlicht dated June 18, 2015 was marked Trustee Exhibit 359 for identification.)
MR. OKIN: I hand you what's been marked as Exhibit 359.
I'm short one. Well, actually here.
Q. Exhibit 359 is -- are some e-mails from Mr. Fuerst to Jed Latkin and then from Jed Latkin to you and Mr. Nordlicht on June 18, 2015; is that correct?
A. Same answer.
Q. And Mr. Fuerst and Mr. Latkin are forwarding a letter from Mr. Shulse's lawyer sent to Mr. Latkin on June 17, 2015; correct?
A. Same answer.
Q. And in that letter Mr. Shulse's lawyer makes a number of allegations about him being improperly let go as the company's CEO?

A. Same answer.
Q. Mr. Shulse's allegations in this letter were correct; weren't they?
A. Same answer.
Q. Now, Black Elk had issued a number -- $150 million worth of 13.75 percent senior secured notes; had it not?
A. Same answer.
Q. And those notes were secured by all of the assets in Black Elk; correct?
A. Same answer.
Q. And as of August 14, 2014, PPVA owned $18,321,000 worth of those senior secured notes?
A. Same answer.
Q. And as of August 14, 2014, Platinum Partners Credit Opportunities Master Fund owned $29,582,000 worth of those senior secured bonds; did it not?
A. Same answer.
Q. And as of August 14, 2014, Platinum Partners Liquid Opportunities Master Fund owned $13,711,000 worth of those senior secured bonds; did it not?

A. Same answer.
(Whereupon, the above-mentioned e-mail string between Daniel Small and Jeff Shulse dated 11/25/2014 with attachment was marked Trustee Exhibit 19 for identification.)
(Whereupon, the above-mentioned e-mail from Daniel Small to Jeff Shulse dated 11/25/2014 with attachment was marked Trustee Exhibit 22 for identification.)
MR. OKIN: I hand you Exhibit 19 and Exhibit 22.
CONTINUED EXAMINATION BY MR. OKIN:
Q. Exhibit 19 is an e-mail string ultimately seeking to get a final modification agreement executed by Beechwood and other bond hold service; is it not?
A. Same answer.
Q. And the exhibit to Exhibit 19, Exhibit A to the Modification Agreement, that confirms the amount of the bonds that were actually owned by the various

Platinum entities?
A. Same answer.
Q. And Exhibit 22 is a forward of the actual exhibit that was finalized showing the ownership amounts of the Platinum entities?
A. Same answer.
Q. Now, in addition to Platinum owning the bonds shown on Exhibit A, a number of Beechwood entities owned bonds; correct?
A. Same answer.
Q. In fact, on Exhibit A to Exhibit 19 it shows three entities by the name of BRE WNIC 2013 LTC Primary, BRE WNIC 2013 LTC Sub, and BRE BCLIC Sub. Those are -- those are Beechwood-related entities?
A. Same answer.
Q. And then Beechwood Bermuda International, that's a Beechwood entity; correct?
A. Same answer.
Q. As is BBIL ULICO 2014?

A. Same answer.
Q. And they all owned bonds of Black Elk; did they not?
A. Same answer.
Q. And these are the amounts that they owned even in August of 2014; isn't it?
A. Same answer.
Q. Just to be clear, when I said "bonds" before I was talking about these senior secured notes.
A. Same answer.
Q. Now, at the same time that Platinum and Beechwood owned the amount of bonds we just talked about, Platinum -- the same Platinum funds also owned the majority of Black Elk's Series E Preferred Equity?
A. Same answer.
Q. Now, the Series E Preferred Equity was junior to the senior secured notes; correct?
A. Same answer.
Q. In other words, upon

consummating a sale to Renaissance the terms of the indenture for the notes would not ordinarily allow those sales proceeds to have been used to pay the preferred shareholders without first paying off the bonds; right?

A. Same answer.

Q. But Platinum wanted to make sure that when the Renaissance sale was completed the money was used to pay off its Series E preferred shares; didn't it?

A. Same answer.

Q. And you and Mark Nordlicht worked to arrange it so that the indenture could be amended to allow the preferred shares to be paid first?

A. Same answer.

Q. In order to amend the indenture and allow the Series E to be repurchased first, Platinum had to create the appearance that a majority of the unaffiliated senior secured noteholders had voted in favor of an amendment to the indenture allowing that payment; didn't

it?

A. Same answer.

(Whereupon, the above-mentioned e-mail string between Jeff Shulse and Daniel Small and David Levy dated May 31, 2014 was marked Trustee Exhibit 406 for identification.)

(Whereupon, the above-mentioned e-mail string between Mark Nordlicht and Jeff Shulse dated June 2, 2014 was marked Trustee Exhibit 409 for identification.)

(Whereupon, the above-mentioned e-mail string between Jeff Shulse and Mark Nordlicht dated June 3, 2014 was marked Trustee Exhibit 410 for identification.)

(Whereupon, the above-mentioned e-mail string between Jeff Shulse and Mark Nordlicht dated June 3, 2014 was marked Trustee Exhibit 412 for identification.)

(Whereupon, the above-mentioned e-mail string between Jeff Shulse and

Mark Nordlicht dated June 3, 2014 was marked Trustee Exhibit 413 for identification.)

(Whereupon, the above-mentioned e-mail string between Mark Nordlicht and Jeff Shulse dated June 3, 2014 was marked Trustee Exhibit 417 for identification.)

MR. OKIN: I've just handed you what we've marked as Exhibits 406, 409, 410, 412, 413 and 417.

Take a look at those and make sure you're familiar with them.

(Witness peruses exhibits.)

CONTINUED EXAMINATION BY MR. OKIN:

Q. Now, after you have had a chance to look at those can you confirm that these are all e-mails that you received or that you sent from June 2nd to June 3rd, 2014 discussing the need to conduct a formal solicitation to amend the bond indenture?

A. Same answer.

Q. As those e-mails indicate,

Mark Nordlicht did not want to have Black Elk actually conduct a formal solicitation to amend the indenture; did he?

A. Same answer.

Q. He just wanted to have friendly bondholders control 51 percent of the bonds and sign an amendment consenting -- or signing a consent amending the indenture without a formal vote?

A. Same answer.

Q. And, in fact, he blamed for creating an unnecessary process to formally solicit the amendment?

A. Same answer.

Q. In the end Black Elk did opt to formally solicit its bondholders to amend the indenture; didn't it?

A. Same answer.

Q. Now, under the terms of the indenture the bonds actually held by an entity that controlled Black Elk couldn't be counted in the vote; could it?

A. Same answer.

Q. And, in fact, not only couldn't an entity that directly controlled Black Elk not be counted but any other entities that indirectly controlled it or that had common ownership to it couldn't be counted in the vote; could they?
A. Same answer.
Q. And so because those votes couldn't be counted Platinum needed parties that weren't technically owned by it to own the bond and vote their bonds; didn't it?
A. Same answer.
Q. And the entity through which Platinum chose to manipulate that bond vote was Beechwood and the Beechwood funds that held Platinum -- that eventually owned Black Elk bonds; didn't it?
A. Same answer.
Q. And the reason Mark Nordlicht refers to them in this e-mail as quote, friendly, end quote, is because Platinum, in fact, controlled the way Beechwood

voted those bonds, didn't it?
A. Same answer.
Q. And the reason Platinum controlled the way Beechwood voted those bonds primarily was because you were the Chief Investment Officer of the B Asset Management; weren't you?
A. Same answer.
Q. And you were the one who was at Beechwood who was responsible for actually having Beechwood acquire those bonds, weren't you?
A. Same answer.
Q. And as part of your responsibilities on behalf of Beechwood, you voted those bonds in favor of the amendment to the indenture; did you not?
A. Same answer.
Q. Now, in addition to your position at Beechwood there also are numerous other connections between Platinum and Beechwood; are there not?
A. Same answer.
Q. In fact Mark Nordlicht and Mark

Nordlicht's Family Trust owned a significant percentage of Beechwood's equity; didn't it?
A. Same answer.
Q. And Murray Huberfeld, your uncle, and his family trust also owned a significant portion of Beechwood; didn't they?
A. Same answer.
Q. And, in fact, you and a family trust controlled by you also owned a percentage of Beechwood; didn't you?
A. Same answer.
Q. Combined, the ownership interest of you, Mr. Nordlicht and Mr. Huberfeld and your family trusts owned at least 40 percent of Beechwood's equity; didn't you?
A. Same answer.
Q. And this was during the time period of August 2014 that I'm talking about, just to be clear.
You owned it 40 percent at that time?

A. Same answer.
Q. Now, in addition, Beechwood had at different times represented to the insurance funds that invested with it that it held a $100 million demand note that was available to it to fund cash needs as it went; did it not?
A. Same answer.
Q. And, in fact, that $100 million demand note was a note given to Beechwood by family trust controlled by Mark Nordlicht; wasn't it?
A. Same answer.
Q. And as the Chief Investment Officer at Beechwood you were familiar with that demand note; weren't you?
A. Same answer.
Q. In addition to the ownership of Beechwood, Platinum also placed a number of its executives at Beechwood at different times; did it not?
A. Same answer.
Q. You were both a managing director at Platinum at the same time

that you were the Chief Investment Officer at Beechwood; weren't you?
A. Same answer.
Q. While you were at Beechwood controlling Beechwood's investment in Black Elk's notes you were also still acting as managing director managing Platinum's investment in Black Elk; weren't you?
A. Same answer.
Q. Now, in addition to you at Platinum -- I mean at Beechwood, excuse me -- Daniel Small was also -- also at different times represented himself to be an executive at Beechwood; did he not?
A. Same answer.
Q. And when you left Beechwood to go back to Platinum full-time Daniel Saks, a former Platinum employee, took over in your role as Chief Investment Officer at Beechwood; didn't he?
A. Same answer.
Q. So at your direction as the Chief Investment Officer of Beechwood, on

or about August of 2014 Beechwood acquired approximately $37 million worth of Black Elk senior secured notes; didn't it?
A. Same answer.
Q. And at your direction when Beechwood received the tender offer Beechwood opted not to tender its notes to Black Elk?
A. Same answer.
Q. And under the terms of that tender offer Beechwood could have returned that first $37 million worth of bonds at par value plus interest; correct?
A. Same answer.
Q. But you didn't tender those bonds because it wasn't in Platinum's best interest for Black Elk to have to redeem that $37 million worth of bonds; was it?
A. Same answer.
Q. Instead, at your direction, Beechwood helped -- retained its bonds;

correct?
A. Same answer.
Q. And also at your direction Beechwood voted in favor of the amendment to the indenture; correct?
A. Same answer.
Q. And voted that $37 million in favor of an amendment to the indenture that allowed Black Elk to take the Renaissance sale proceeds, bypass the noteholders and pay the preferred shares; correct?
A. Same answer.
Q. That vote was not in the best interest of Beechwood or Beechwood's investors; was it?
A. Same answer.
Q. In fact, that vote in favor of the amendment to the indenture was motivated by a desire to benefit Platinum and Platinum's investments; correct?
A. Same answer.
Q. And all of this at Beechwood was done at your direction; correct?

A. Same answer.
MR. OKIN: Why don't we take a brief break. I'm going to assemble a few more documents and we'll just take our break now.
MR. SOMMER: Okay.
(Whereupon, a brief recess was taken.)
THE VIDEOGRAPHER: Going back on the record 10:03 a.m.
This is the beginning of disk two in the deposition of David Levy.
(Whereupon, the above-mentioned various e-mails were marked Trustee Exhibits 12, 13, 30, 128, 129, 130, 138, 166, 198, 200, 205, 206, 208, 276, 361, 362, 363, 364 and 464 for identification.)
MR. OKIN: All right, Mr. Levy, before we came back from break I handed you a stack of exhibits. They are Exhibits 12, 13, 30, 128, 129, 130, 138, 166, 198, 200, 205, 206, 208, 276, 361, 362, 363, 364 and

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464.

CONTINUED EXAMINATION BY MR. OKIN:

Q. Have you had a chance to look at them?

A. Same answer.

Q. Since we are back from break why don't you answer the question. You can make your full statement there.

A. Based on the advice of my attorney I invoke the protections afforded to me by the Fifth Amendment to the United States Constitution.

Q. Okay.

After looking at those can you confirm that those are, in fact, all true and correct copies of e-mail communications that were either sent by you or sent to you?

A. Same answer.

Q. And these e-mails were all located on the Black Elk e-mail server.

Do you have any reason to doubt that these are authentic e-mails written and delivered on the dates indicated?

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A. Same answer.

Q. You were included as a recipient on these e-mails.

Do you have any reason to doubt that you actually received the e-mails on the dates indicated?

A. Same answer.

Q. Now, you were copied on these e-mails because as a managing director at Platinum you were actively involved in the offer to purchase and consent solicitation that was sent by Black Elk relating to the senior notes?

A. Same answer.

Q. Now, also on behalf of Platinum, part of your role was to assist in making sure that Black Elk used the more than $97 million of sale proceeds it had from the Renaissance sale to redeem Platinum Series E Preferred Equity?

A. Same answer.

(Whereupon, the above-mentioned e-mail dated August 18, 2014 was marked Trustee Exhibit 48 for

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identification.)

MR. OKIN: I hand you Exhibit 48.

MR. SOMMER: Is this your set?

MR. OKIN: No, it's just color. Put it with those.

CONTINUED EXAMINATION BY MR. OKIN:

Q. That is an e-mail that was sent and you were copied on, on August 18, 2014; correct?

A. Same answer.

Q. And it relates to the forwarding of wiring instructions and the wire of money on the preferred equity to New Mountain Energy?

A. Same answer.

Q. Now, you understood at the time that this related to using the sale proceeds to pay New Mountain Series E Preferred Shares that it received, that it owned?

A. Same answer.

Q. And New Mountain actually held approximately $20 million of Series E

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Preferred Shares?

A. Same answer.

Q. And it bought those shares also subject to a put agreement with Platinum?

A. Same answer.

Q. Actually with PPVA; correct?

A. Same answer.

Q. And it -- the terms of that put required PPVA to repurchase the preferred equity if New Mountain didn't have those shares redeemed by Black Elk by a certain date?

A. Same answer.

Q. And that date had been extended multiple times, had it not?

A. Same answer.

Q. And, in fact, it was extended to right up until that August 18, 2014 wire was about to be sent; hadn't it?

A. Same answer.

Q. And if Black Elk had not redeemed the Series E Preferred Shares at that time, then Platinum would have had to buy New Mountain's shares; would it

not?
A. Same answer.
Q. And it also would have had to pay certain amount of interest and other penalties contained in the put?
A. Same answer.
Q. So payment of New Mountain was of critical importance to Platinum to make sure Platinum didn't have to come out-of-pocket to pay those -- pay that put, didn't it?
A. Same answer.
Q. And part of your job as managing director was to direct Jeff Shulse, the CFO at the time, to make sure that that payment was made to New Mountain?
A. Same answer.
Q. And, in fact, this was important enough to Platinum that in Mark Nordlicht's e-mail to Jeff Shulse he actually uses five exclamation points to emphasize how important it was to make sure that New Mountain got paid on the

18th?
A. Same answer.
(Whereupon, the above-mentioned series of e-mails was marked Trustee Exhibit 50 for identification.)
MR. OKIN: I hand you Exhibit 50.
CONTINUED EXAMINATION BY MR. OKIN:
Q. Now, Exhibit 50 is a series of e-mails with you in the chain and you received these e-mails that you're shown on page 2, there, correct? Forwarding on the additional wire instructions to Jeff Shulse?
A. Same answer.
Q. And that was sent by you on August 18, 2014?
A. Same answer.
Q. And you're forwarding on the wiring instructions for Platinum Partners Credit Opportunities Master Fund LP?
A. Same answer.
Q. And you forwarded it to Jeff Shulse at his personal e-mail address;

didn't you?
A. Same answer.
Q. Why did you send it to Jeff Shulse at his personal e-mail address?
A. Same answer.
Q. Was that to avoid being on the company's server?
A. Same answer.
Q. And when you sent that e-mail to Jeff Shulse you expected that he would then cause Black Elk to pay Platinum Partners Credit Opportunities Master Fund on account of their preferred shares?
A. Same answer.
Q. And by sending that e-mail you understood that you were directing Black Elk through Jeff Shulse to do something that was directly contrary to Beechwood's interest as a bondholder?
A. Same answer.
Q. In addition, by sending that e-mail you understood that you were directing Black Elk through Jeff Shulse to do something that was directly

contrary to the interests of Black Elk; weren't you?
A. Same answer.
Q. Now, the transfer to Platinum Partners Credit Opportunities Fund and the other Platinum funds to pay off the preferred shares, those provided no financial benefit to Black Elk as an entity, did they?
A. Same answer.
Q. Black Elk didn't receive any reasonably equivalent value in exchange for those transfers of the Renaissance sale proceeds to Platinum, did it?
A. Same answer.
Q. And making those transfers to the Platinum entities damaged Black Elk in an amount at least equal to the amount of the transfers made; didn't is?
A. Same answer.
Q. In addition, making the transfers to New Mountain damaged Black Elk at least in the amount that was transferred to New Mountain; didn't it?

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A. Same answer.
Q. And the Black Elk officers who authorized those transfers to the Platinum Funds and New Mountain breached their fiduciary duties to Black Elk when they authorized those transfers; didn't they?
A. Same answer.
Q. The Board members who approved the transfers of those funds to the Platinum funds and --
MR. OKIN: Let me -- I think that's going to be unclear.
Q. The Board members who transferred the Renaissance sale pro -- authorized the transfer of the Renaissance sale proceeds to the Platinum funds and New Mountain breached their fiduciary duties to Black Elk when they authorized those; did they did not?
A. Same answer.
Q. And the officers who took these actions did so at your direction and behest; didn't they?

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A. Same answer.
Q. And they did so at the direction and behest of Mark Nordlicht as well; didn't they?
A. Same answer.
Q. And the Board approved these transfers because at the time that the transfers were approved the Board consisted of at least two members of Platinum's management team; didn't it?
A. Same answer.
Q. And those board members acted in the best interests of Platinum rather than in the best interest of Black Elk when they did that; didn't they?
A. Same answer.
Q. In fact, the transfer of the funds to the preferred shareholders so clearly was a fraudulent transfer that the company's auditors would not sign off on the 2014 audit without putting a note in the financial statement stating that the transfers were likely a fraudulent transfer; isn't that true?

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A. Same answer.
Q. And that's in part why the company never issued a 2014 10-K; isn't it?
A. Same answer.
(Whereupon, the above-mentioned series of e-mails from July 21, 2015 was marked Trustee Exhibit 89 for identification.)
MR. OKIN: I hand you Exhibit 89.
CONTINUED EXAMINATION BY MR. OKIN:
Q. Exhibit 89 is a series of e-mails from July 21, 2015; correct?
A. Same answer.
Q. And it is an exchange of e-mails relating to the issue -- the search for somebody to issue an audit for 2014; isn't it?
A. Same answer.
Q. And you were copied on these e-mails; correct?
A. Same answer.
Q. And this is accurate what Jed

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Latkin writes in his July 21, 2015 e-mail where he lists the specific asks by BDO in order to issue the audit?
A. Same answer.
Q. And it says right there specifically in point number 2 that BDO wanted to state in the notes that they believed this transaction, meaning the Renaissance transaction, violated the indenture and was a preferential payment; is that correct?
A. Same answer.
Q. And, in fact, BDO was correct that it was an improper payment; weren't they?
A. Same answer.
Q. In fact the company was never actually able to find somebody willing to issue a clean audit opinion; was it?
A. Same answer.
(Whereupon, the above-mentioned series of e-mails was marked Trustee Exhibit 37 for identification.)
(Whereupon, the above-mentioned

series of e-mails was marked Trustee Exhibit 230 for identification.)
CONTINUED EXAMINATION BY MR. OKIN:
Q. I just handed you Exhibits 37 and 230. Those are two other e-mails relating to the sale of assets to Renaissance by Black Elk?
A. Same answer.
Q. And you were copied on those e-mails?
A. Same answer.
Q. And those are true and correct copies of the e-mails that were sent on the dates indicated?
A. Same answer.
Q. Now, John Hoffman, the CEO of Black Elk at the time of the Renaissance sale, didn't agree with the use of the proceeds of the sale to pay off preferreds; did he?
A. Same answer.
Q. In fact, he attempted to stop the money from being used to pay the preferreds; didn't he?

A. Same answer.
Q. Now, in addition to the Renaissance sale, you were also involved in Black Elk's investigation into the possibility of buying the assets of Northstar; weren't you?
A. Same answer.
Q. In fact, the company eventually signed a letter or intent to purchase the assets of Northstar; didn't it?
A. Same answer.
Q. And you were aware at the time that Black Elk was looking into the possibility of buying Northstar, didn't you -- weren't you?
A. Same answer.
Q. And the company spent substantial time and money investigating the Northstar assets; didn't it?
A. Same answer.
Q. And Black Elk's personnel spent substantial time of their own doing the due diligence on Northstar; didn't it?
A. Same answer.

Q. And you were aware that all of this was going on, weren't you?
A. Same answer.
Q. In fact, you as the Chief Investment Officer of B Asset Manager provided a commitment to loan money to Black Elk for the acquisition of Northstar; didn't you?
A. Same answer.
(Whereupon, the above-mentioned letter from David Levy to John Hoffman dated June 5, 2014 was marked Trustee Exhibit 56 for identification.)
MR. OKIN: I hand you Exhibit 56.
CONTINUED EXAMINATION BY MR. OKIN:
Q. Exhibit 56 is that commitment from B Asset Manager to Black Elk to finance the purchase of Renaissance, I mean of Northstar; is it not?
A. Same answer.
Q. And you signed that as the president of B Asset Manager LP, didn't

you?
A. Same answer.
Q. And you did that on or about June 5, 2014?
A. Same answer.
Q. And this is a true and correct copy of that commitment letter that you provided?
A. Same answer.
Q. And in that letter B Asset Manager agreed to support Black Elk's proposed bid of $120 million for the acquisition of substantially all the interest of Northstar Offshore; did it not?
A. Same answer.
Q. And after the due diligence was complete and it had been determined that the purchase was worth making, you and Mark Nordlicht decided not to put the assets -- the Northstar assets into Black Elk; didn't you?
A. Same answer.
Q. And at Mark Nordlicht's

direction you withdrew B Asset Manager's commitment to fund the purchase of Northstar by Black Elk; didn't you?

A. Same answer.

(Whereupon, the above-mentioned letter from David Levy to John Hoffman dated June 27, 2014 was marked Trustee Exhibit 57 for identification.)

MR. OKIN: I hand you Exhibit 57.

CONTINUED EXAMINATION BY MR. OKIN:

Q. In fact, Exhibit 57 is your notice to Mr. Hoffman at Black Elk sent on June 27, 2014 informing him that your commitment to fund the acquisition was withdrawn?

A. Same answer.

Q. And you did that because Platinum no longer wanted to have the Northstar assets go into the Black Elk entity; correct?

A. Same answer.

Q. Instead, Platinum purchased the

Northstar assets, didn't it?

A. Same answer.

Q. Platinum didn't have to do any of its own due diligence or investigation into the assets, did it?

A. Same answer.

Q. Because Black Elk had already spent the time and money investigating that purchase; hadn't it?

A. Same answer.

Q. In fact, Platinum and its directors on the Black Elk Board, Daniel Small and Sam Salfati usurped the corporate opportunity of Black Elk to purchase Northstar for itself; didn't it?

A. Same answer.

Q. And you participated in that process through your role at B Asset Manager?

A. Same answer.

Q. By first committing to support the purchase and then withdrawing that commitment when Platinum decided to purchase the assets itself; didn't you?

A. Same answer.

Q. Now, after it became clear that Platinum was going to purchase Northstar for itself, John Hoffman began to wonder whether or not there was a role for him in Black Elk or Northstar or whatever company Platinum was ultimately going to create with these assets; right?

A. Same the answer.

Q. And he actually attempted to tender his resignation, didn't he?

A. Same answer.

Q. Initially he actually called you to let you know that he was going to resign as CEO of Black Elk?

A. Same answer.

Q. And he did that on or about June 27, 2014?

A. Same answer.

Q. And he tendered that resignation to you even though you weren't on the Board of Black Elk, were you?

A. Same answer.

Q. In fact, at that time you were -- you had just signed a commitment letter as president of B Asset Manager agreeing to fund Black Elk's purchase of Northstar; right?

A. Same answer.

(Whereupon, the above-mentioned series of e-mails dated 6/27/2014 was marked Trustee Exhibit 34 for identification.)

MR. OKIN: I hand you Exhibit 34.

CONTINUED EXAMINATION BY MR. OKIN:

Q. Exhibit 34 is a chain of e-mails memorializing those conversations around whether or not John Hoffman was going to leave Black Elk?

A. Same answer.

Q. And the first e-mail in the chain is an e-mail from John Hoffman to you dated June 27, 2014; correct?

A. Same answer.

Q. And you received that e-mail on or about that date?

A. Same answer.
Q. And in it he indicates that the two of you had had a candid discussion and he's setting out some terms on which he wanted to leave Black Elk?
A. Same answer.
Q. And then these other two e-mails on which you were essentially indicate Mr. Hoffman's further discussions of those -- of that desire to leave with Mark Nordlicht?
A. Same answer.
MR. OKIN:
(Whereupon, the above-mentioned document bearing Bates number PPVA_1403 - 1404 was marked Trustee Exhibit 492 for identification.)
MR. OKIN: I hand you 492.
CONTINUED EXAMINATION BY MR. OKIN:
Q. Exhibit 492 are some additional e-mails between Mr. Nordlicht, Mr. Hoffman on which you were copied?
A. Same answer.
Q. And you received copies of

those e-mails on or about June 27, 2014?
A. Same answer.
MR. SOMMER: Is this a good stopping point?
MR. OKIN: Sure, do you have to take your call?
MR. SOMMER: I do.
MR. OKIN: Okay. Let's go off the record.
THE VIDEOGRAPHER: Off the record at 10:26 a.m.
(Whereupon, a brief recess was taken.)
THE VIDEOGRAPHER: We are back on the record 10:53 a.m.
CONTINUED EXAMINATION BY MR. OKIN:
Q. All right, Mr. Levy, so the beginning of the first quarter of 2014 Black Elk was insolvent; wasn't it?
A. Based on the advice of my attorney, I invoke the protections afforded to me by the Fifth Amendment to the United States Constitution.
Q. At the time, in the first

quarter of 2014, it wasn't able to regularly pay its bills as they came due; was it?
A. Same answer.
Q. And in the first quarter of 2014 a fair market value of its assets would have resulted in a lower value than the actual liabilities of Black Elk at that time?
A. Same answer.
(Whereupon, the above-mentioned e-mail from Jeff Shulse to David Levy, dated 1/31/2014 was marked Trustee Exhibit 480 for identification.)
MR. OKIN: I hand you what we have marked as Exhibit 480.
CONTINUED EXAMINATION BY MR. OKIN:
Q. That is an e-mail sent by Jeff Shulse on January 31, 2014; correct?
A. Same answer.
Q. And you were one of the recipients of that e-mail?
A. Same answer.

Q. And you actually received this e-mail on or about January 31, 2014?
A. Same answer.
Q. Now, he sent you, among others, but he sent you specifically this e-mail because you were one of the individuals responsible for managing Black Elk for Platinum at that time; weren't you?
A. Same answer.
Q. And in this e-mail Jeff Shulse notes that as of January 31, 2014 there is an accounts payable balance for accounts over 90 days past due that exceeds $90 million; does he not?
A. Same answer.
Q. Do you have any reason to dispute that that was, in fact, the case on January 1, 2014?
A. Same answer.
Q. And it's a true statement then that Black Elk did not have the money to pay that 90-day past due balance down at that time; did it?
A. Same answer.

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Q. In fact, it didn't even have close to the amount of money to do that; did it?
A. Same answer.
Q. In fact, as indicated in this e-mail, the bills were so far past due that Jeff Shulse and Steve Fuerst thought that an involuntary bankruptcy filing might happen any time within the next three weeks of this e-mail being sent; didn't they?
A. Same answer.
Q. You would agree with me that if your bills are so past due that you expect somebody to put you into an involuntary bankruptcy that wouldn't be paying your bills as they come due; would it?
A. Same answer.
Q. In fact, again as indicated in this e-mail Black Elk even owed $200,000 to Freedom, it's own wholly-owned subsidiary; didn't it?
A. Same answer.

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Q. And that bill to Freedom was more than 150 days old; wasn't it?
A. Same answer.
Q. Now, in this Exhibit 480 Jeff Shulse concludes that Black Elk has to sell large amounts of assets as quickly as possible.
You understood him to mean at that time that if Black Elk didn't sell its assets it wouldn't be able to pay its creditors?
A. Same answer.
(Whereupon, the above-mentioned series of e-mails dated 5/20/2014 was marked Trustee Exhibit 507 for identification.)
MR. OKIN: I hand you Exhibit 507.

CONTINUED EXAMINATION BY MR. OKIN:

Q. Now, this is a string of e-mails in which you were copied from May 20, 2014; correct?
A. Same answer.
Q. And in the original e-mail from

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Jeff Shulse to you, Daniel Small and Mark Nordlicht Mr. Shulse says in the second paragraph: "There are not enough bonds on the short term horizon to cover this kind of deficit."
Doesn't this statement in May of 2014 indicate that there wasn't enough revenue at Black Elk to pay its bills as they came due?
A. Same answer.
Q. And you were aware of the fact that Black Elk couldn't pay its bills as they came due at least as early as when this e-mail was sent; weren't you?
A. Same answer.
Q. And then in the third paragraph Mr. Shulse says: "We will need to discuss some sort of bridge with Platinum."
You understood him to mean there that Platinum was going to have to loan some sort of money to Black Elk in order for it to be able to pay its bills?
A. Same answer.

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Q. Platinum never actually paid -- created any sort of bridge loan for Black Elk, did it, so it could pay its bills?
A. Same an answer.
Q. Instead Platinum arranged for Black Elk to sell a substantial amount of its assets and pay the Series E Preferreds?
A. Same answer.
Q. In the middle e-mail from Mark Nordlicht to Jeff Shulse, Daniel Small and you, Mr. Nordlicht says that he thinks that "we can get out of rent no charge to move."
Did you understand him to mean that he thought Black Elk could just move out and not pay its rent to its current landlord as a way to save money?
A. Same answer.
Q. And then he also references a lot of other payables as well.
Did you understand him again to mean that the company could just not pay a lot of its payables?

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A. Same answer.

Q. And then in the top e-mail in the string from Mr. Shulse to Mark Nordlicht, Daniel Small and you at your Beechwood e-mail address, in the last paragraph Mr. Shulse says: "I'm trying to say that if I need to forecast for significant down time and nine million is the new norm then there are a lot of bigger discussions to have as the math doesn't work at that revenue level."

Did you understand Mr. Shulse to be saying that based on the company's current revenue it was never going to be able to generate enough revenue to pay its expenses as they accrued?

A. Same answer.

Q. Isn't it true that the reserve reports that Black Elk was working from for its oil and gas reserves in 2014 were actually overstated in their value?

A. Same answer.

MR. OKIN: Let's look at Exhibit 218.

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(Whereupon, the above-mentioned series of e-mails dated July 2,2014 - July 6, 2014 were marked Trustee Exhibit 218 for identification.)

CONTINUED EXAMINATION BY MR. OKIN:

Q. Exhibit 218 is a string of e-mails on which you were copied, correct?

A. Same answer.

Q. And they were sent and copied to you on or between July 2nd and July 6th of 2014?

A. Same answer.

Q. In the e-mail on the first page from Jeff Shulse he says, it starts with: "We need to be very careful about an interim reserve report."

Now, isn't it correct that Jeff Shulse believed that because the company didn't have the money to maintain its leases and drill its prospects that were on its reserve report that if the company did an interim report in June of 2014 or July of 2014 that it would have to mark

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many of its reserves down to the PUD level and essentially take it out of the asset category?

A. Same answer.

Q. In fact, much of Black Elk's reserves at this time in July of 2014 were not worth what the reserve report actually showed; isn't that correct?

A. Same answer.

Q. And largely this is because Black Elk doesn't have the cash available that it needs to actually drill the wells that it maintains leases on?

A. Same answer.

Q. Based on your position as managing director of Platinum managing this investment in Black Elk, weren't you aware that as of August of 2014 Black Elk was insolvent?

A. Same answer.

Q. And as of August of 2014, Black Elk, much like it was earlier in the year, was still unable to pay most of its debts as they came due; wasn't it?

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A. Same answer.

Q. In fact, between January and August of 2014 the payable situation at Black Elk only got worse, not better.

A. Same answer.

Q. And, similarly, the asset values prior to the Renaissance sale in August of 2014 only declined further from January to August of 2014; didn't they?

A. Same answer.

Q. And so as a result, just prior to closing the Renaissance sale, Black Elk's assets were worth substantially less than the actual liabilities it had in August 2014; correct?

A. Same answer.

Q. Now, after closing the Renaissance sale and transferring $97 million of sale proceeds to the Series E Preferred Shareholders Black Elk was insolvent at that time as well; wasn't it?

A. Same answer.

Q. That transfer only made Black

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Elk even more insolvent; didn't it?
A. Same answer.
Q. Not only now did Black Elk not have the liquid cash to pay its bills, it had even fewer assets with which it could liquidate assets to pay those bills; didn't it?
A. Same answer.
Q. And because it had taken nearly $200 million worth of assets off the books but retired not nearly that much debt, Black Elk's assets were worth even less and the liabilities had not even been reduced as a result of the Renaissance sale and the payment of the Preferred Shares; isn't that correct?
A. Same answer.
(Whereupon, the above-mentioned e-mail string of October 13, 2014 was marked Trustee Exhibit 80 for identification.)
CONTINUED EXAMINATION BY MR. OKIN:
MR. OKIN: This is Exhibit 80.
Q. This is an e-mail chain on

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which you were copied of e-mails sent on October 13, 2014; correct?
A. Same answer.
Q. And you received these e-mails?
A. Same answer.
Q. In fact, one e-mail here in the chain on page 1, October 13, 2014 at 11:04 p.m. you wrote to the group: "I'm sure you meant to add Steve to this and note it is a privileged communication part of litigation."
You wrote that?
A. Same answer.
Q. Now, this e-mail reflects that Jeff Shulse was concerned because Black Elk might take nothing in its lawsuit against Grand Isle Shipyard and may actually be left with a $5 million payable to Grand Isle?
A. Same answer.
Q. That was your understanding of what he was trying to tell everybody?
A. Same answer.
Q. And that result would have

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actually made Black Elk even more insolvent than it already was; wouldn't it?
A. Same answer.
Q. And that was why Mark Nordlicht responded to this e-mail chain by saying: "All the more reason to pay back preferred and get the positive field sold"; isn't it?
A. Same answer.
Q. You understood that Mark Nordlicht meant that because the company was insolvent and only getting worse it was a good thing Platinum had already cashed out and paid off its preferred shares; wasn't it?
A. Same answer.
Q. Now, it wasn't just Jeff Shulse that wrote the mails and thought that Black Elk was insolvent as a result of the Renaissance sale; isn't that true?
A. Same answer.
Q. Right as the Renaissance sale was about to close, Art Garza, Black

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Elk's Chief Technical Officer, also could see that there was going to be no value left in Black Elk; couldn't he?
A. Same answer.
(Whereupon, the above-mentioned e-mail chain dated July 2, 2014 was marked Trustee Exhibit 35 for identification.)
MR. OKIN: I hand you Exhibit 35.
CONTINUED EXAMINATION BY MR. OKIN:
Q. This is an e-mail chain that was exchanged on or about the time of July 2nd, 2014?
A. Same answer.
Q. Do you know if you ever saw these e-mails?
A. Same answer.
Q. But you can see here looking at the e-mail now that Art Garza was telling Mark Nordlicht that the sale proceeds had to be used to buy new positive cash flow assets since $90 million in annual cash flow was being sold to Renaissance;

right?
A. Same answer.
Q. And that loss of $90 million in positive cash flow was only going to leave Black Elk even less able to service its overly large payables?
A. Same answer.
(Whereupon, the above-mentioned e-mail communications were marked Trustee Exhibits 43, 224, 240, 321, 358, 534, 538 and 547 for identification.)
MR. OKIN: I'm going to hand you a group of e-mails here. It's Exhibits 43, 224, 240, 321, 358, 534, 538 and 547.
CONTINUED EXAMINATION BY MR. OKIN:
Q. These are all e-mails that you received or sent related to Black Elk's declining financial situation?
A. Same answer.
Q. I'm going to give you time to go through them all.
(Witness peruses exhibits.)

Q. So now that you have had a chance to look at all of those, those are actually all authentic e-mails and they were sent and received at or near the time indicated on the e-mails?
A. Same answer.
Q. You don't have any reason to question whether or not they are actual e-mails that you received; do you?
A. Same answer.
Q. In particular, Exhibit 538 and 435 -- I'm sorry, not 435, just 538, excuse me -- in that e-mail Mark Nordlicht and you are communicating on or about May 10th of 2015 about freeing up collateral for plugging & abandonment bonds; is that correct?
A. Same answer.
Q. And the reason Mark Nordlicht and you are so concerned about freeing up cash from these plugging & abandonment bonds is in order to free up the cash and get it out of Black Elk before Black Elk completely craters and goes into

bankruptcy; isn't it?
A. Same answer.
(Whereupon, the above-mentioned e-mail from Daniel Small to Ken Schott dated 12/19/2014 was marked Trustee Exhibit 60 for identification.)
MR. OKIN: Let's just briefly go back to the later part of the Northstar transaction. I've handed you Exhibit 60.
CONTINUED EXAMINATION BY MR. OKIN:
Q. Now, that is a set of e-mails -- or, I'm sorry, one e-mail -- from Daniel Small to a group of people and you're copied on it that was sent on December 29, 2014 [sic]; correct?
A. Same answer.
Q. And here, the subject is "Tax Structure" and what Mr. Small is discussing is the structure for Northstar purchasing Black Elk's assets; correct?
A. Same answer.
Q. And he lays out four steps here for how to exchange Black Elk debt for

Black Elk assets that Northstar holds or that Platinum held and transferred to Northstar; correct?
A. Same answer.
Q. And this is, in fact, what's indicated in this e-mail is in fact the structure that was followed in the way the transaction was completed; is it not?
A. Same answer.
(Whereupon, the above-mentioned was marked Trustee Exhibit 61 for identification.)
MR. OKIN: I hand you Exhibit 61. Exhibit 61 is another string of e-mails, this time from January 28, 2015.
CONTINUED EXAMINATION BY MR. OKIN:
Q. Correct?
A. Same answer.
Q. And this indicates that the actual transaction was completed in -- in the manner discussed in Exhibit 60?
A. Same answer.
Q. And this shows the signing of

the documents on or about January 28, 2015.
A. Same answer.
Q. Now, throughout 2014 and 2015 up until the time of the involuntary bankruptcy in June 2015 you understood that Platinum had members -- it's own employees that were members of the Black Elk Board of Managers; correct?
A. Same answer.
Q. And as we discussed earlier initially that was Daniel Small; correct?
A. Same answer.
Q. And later about the time of the Renaissance sale in August of 2014 Sam Salfati was also put on the Board of Managers; correct?
A. Same answer.
Q. And between them they were able to actually control Black Elk because they had two of the three votes on the Board; didn't they?
A. Same answer.
Q. And you understood that as

members of Black Elk's Board Mr. Small and Mr. Salvati had fiduciary duties to Black Elk?
A. Same answer.
Q. And those duties included a duty of loyalty, a duty of care, a duty of obedience, and a duty to act in good faith as a director of Black Elk; you understood that?
A. Same answer.
Q. Now, as a managing director working with Mr. Small and Mr. Salvati, you assisted Mr. Small and Mr. Salvati in acting in a manner that was contrary to Mr. Small and Mr. Salvati's duties to Black Elk as members of the Black Elk Board; didn't you?
A. Same answer.
Q. You and Mr. Nordlicht, working with Mr. Small and Mr. Salvati, had Mr. Small and Mr. Salvati put Platinum's interests ahead of those of Black Elk; correct?
A. Same answer.

Q. And as a result Mr. Small and Mr. Salvati violated their duty of loyalty to Black Elk; didn't they?
A. Same answer.
Q. And at your direction and encouragement Mr. Small and Mr. Salvati did not always act as Board members of Black Elk as a reasonable and prudent director would act; did they?
A. Same answer.
Q. And, in fact, with your assistance and encouragement their actions -- they took actions that were not in good faith?
A. Same answer.
(Whereupon, the above-mentioned Trustee Original Complaint was marked Trustee Exhibit 657 for identification.)
MR. OKIN: I'm going to hand you Exhibit 657. It's the Trustee's Original Complaint in this lawsuit.
CONTINUED EXAMINATION BY MR. OKIN:
Q. You have had a chance to review

this prior to this deposition?
A. Same answer.
Q. You understand that the Trustee has sued PPVA, Platinum Partners Credit Opportunities Master Fund, Platinum Partners Liquid Opportunities Master Fund, and PPVA Black Elk (Equity) for various different counts?
A. Same answer.
Q. And in the Complaint, starting on page 9 under B, "Black Elk's History" and running all way through -- I'll get it right -- all the way through page 37 at paragraph 103, the Plaintiff makes a number of factual assertions about the history of Black Elk and Platinum's involvement in Black Elk.
You have had a chance to review all those factual assertions?
A. Same answer.
Q. And all of those factual assertions stated between pages 9 and 37 in Exhibit 657, those are all true and correct?

A. Same answer.
Q. Are you aware of any misstatements of facts in those sections of the Complaint?
A. Same answer.
Q. Going on from page 37 in the "Claims For Relief," count 1, the Trustee seeks recovery of a fraudulent transfer paid to each of the Defendants in the lawsuit.
The transfers actually made were fraudulent transfers and should be recovered by the Trustee; shouldn't they?
A. Same answer.
Q. Do you know any reason why they would not be fraudulent transfers?
A. Same answer.
Q. Are you aware of any defenses by any of the Defendants to Count I?
A. Same answer.
Q. Count II is an additional fraudulent transfer claim, this time for constructive trust -- constructive fraudulent -- I'm sorry, constructive

fraud; are you aware of any defenses to Count II?
A. Same answer.
Q. Are you aware of any reason why the Trustee should not recover against all the Defendants based on Count II?
A. Same answer.
Q. Count III is a count for recovery under the Texas Uniform Fraudulent Transfer Act.
Are you aware of any defenses of any of the Defendants to Count III?
A. Same answer.
Q. Do you know of any reason why the Trustee should not recover under Count III against all of the Defendants?
A. Same answer.
Q. Count IV is a count for "Recovery of Avoided Transfers," seeking the return of $97,959,854.79.
Do you know of any reason why the Trustee should not recover the entire sum sought against the Defendants?
A. Same answer.

Q. In Count V the Trustee seeks to establish that Platinum so controlled and dominated Black Elk's operations that Platinum should be responsible for all of Black Elk's debts and obligations.
Do you know of any reason why Platinum should not be held liable for all of Black Elk's debts and obligations?
A. Same answer.
Q. Do you know of any defenses Platinum would have to that cause of action?
A. Same answer.
Q. And lastly, Counts VI and VII seek to disallow the Platinum entities claims against the estate or subordinate those claims.
Do you know of any reason why Platinum's conduct should not result in those claims being disallowed or the claims being subordinated?
A. Same answer.
Q. Do you know of any defenses to those causes of action?

A. Same answer.
(Whereupon, the above-mentioned Trustee's State Court Petition was marked Trustee Exhibit 658 for identification.)
MR. OKIN: I'm going to hand you Exhibit 658. That's a copy of the Trustee's State Court Petition against you and a number of other individuals.
CONTINUED EXAMINATION BY MR. OKIN:
Q. You received a copy of this petition; have you not?
MR. SOMMER: I accepted service of this Complaint this morning. Or is this Harris -- yes, this is the Harris County Complaint; right?
MR. OKIN: Yes, it is.
MR. SOMMER: Yes, I accepted service of this on behalf of Mr. Levy this morning.
MR. OKIN: Okay.
MR. SOMMER: That should be adequate for you in response to your

DAVID LEVY

question.

MR. OKIN: Well, I'm not asking him whether or not he's received service, I'm asking whether he's had a chance to review it.

You can answer.

MR. SOMMER: I'm just telling you that we received it this morning.

MR. OKIN: Okay.

MR. SOMMER: And you may infer whatever you want from that. I'm just telling you service was accepted this morning.

CONTINUED EXAMINATION BY MR. OKIN:

Q. Mr. Levy, have you had a chance to review the contents of Exhibit 658?

A. Same answer.

Q. And have you read the factual allegations contained in Exhibit 658?

A. Same answer.

Q. Aren't the facts and allegations made in Exhibit 58 -- 658 true and correct?

MR. SOMMER: Hold on.

DAVID LEVY

I'm going to object to that because since we were served just this morning and you know my client is going to invoke I think the assumption of your question is erroneous.

But I'm going to continue to have him invoke but the record will reflect that we were served just this morning. So go ahead.

CONTINUED EXAMINATION BY MR. OKIN:

Q. You can answer my question.

A. Same answer.

Q. Do you know of any defenses that you or any of the other Defendants have to the causes of action set out in Exhibit 658?

MR. SOMMER: I object to the question but you can answer.

A. Same answer.

MR. OKIN: I'll pass the witness. Anybody?

MR. LINDSTROM: None from us.

MR. OKIN: All right then we are done.

DAVID LEVY

MR. SOMMER: Thank you.

THE VIDEOGRAPHER: Off the record 11:25 a.m.

This is the end of tape two and concludes the deposition of David Levy.

_____

DAVID LEVY

_____

Subscribed and sworn to before me this ____ day of _____, 2016

_____

Notary Public

CERTIFICATION

I, KATHLEEN PIAZZA LUONGO, a Notary Public for and within the State of New York, do hereby certify that the foregoing witness, DAVID LEVY, was duly sworn on the date indicated, and that the foregoing is a true and accurate transcription of my stenographic notes.

I further certify that I am not employed by nor related to any party to this action.

Kathleen Piazza Luongo

KATHLEEN PIAZZA LUONGO

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WITNESS

David Levy

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Mr. Okin 7-103

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Federal Rules of Civil Procedure

Rule 30

(e) Review By the Witness; Changes.

(1) Review; Statement of Changes. On request by the deponent or a party before the deposition is completed, the deponent must be allowed 30 days after being notified by the officer that the transcript or recording is available in which:

(A) to review the transcript or recording; and

(B) if there are changes in form or substance, to sign a statement listing the changes and the reasons for making them.

(2) Changes Indicated in the Officer's Certificate. The officer must note in the certificate prescribed by Rule 30(f)(1) whether a review was requested and, if so, must attach any changes the deponent makes during the 30-day period.

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