Acceleration Mercury Fund 4X, LP
A Delaware Limited Partnership

The date of this Confidential Private Offering Memorandum (the “Memorandum”) is October 1, 2003.

This Confidential Private Offering Memorandum comprises Part I to a Pool Disclosure Document of Acceleration Mercury Fund 4X, LP which is required pursuant to CFTC Regulation 4.21(a) (the “Disclosure Document”). The Disclosure Document is a two-part document comprised of the Confidential Private Offering Memorandum of Acceleration Mercury Fund 4X, LP (Part I) and the Statement of Additional Information (Part II), each dated October 1, 2003. The Disclosure Document must be read in its entirety by prospective investors. If not attached to this Memorandum, the Statement of Additional Information is available free of charge from Acceleration Mercury Fund 4X, LP upon request in writing or by calling (818) 998-2435. This Disclosure Document is not to be distributed under any circumstances after July 31, 2004 and will be superseded after that date by a Disclosure Document containing then current information about this program.

Acceleration Capital, LLC
General Partner

Private and Confidential

This Offering Memorandum constitutes an offering of these securities only in those jurisdictions where there may be lawfully offered for sale and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. No securities commission or similar regulatory authority has reviewed this Offering Memorandum or has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. No prospectus has been filed with any such authority in connection with the securities offered hereunder. This Offering Memorandum is confidential and is provided to specific prospective investors for the purpose of assisting them and their professional Advisers in evaluating the securities offered hereby and is not to be construed as a prospectus or advertisement or a public offering of these securities. This fund will be continuously offered.

THE COMMODITY FUTURES TRADING COMMISSION HAS NOT PASSED UPON THE MERITS OF PARTICIPATING IN THIS TRADING PROGRAM NOR HAS THE COMMISSION PASSED ON THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE DOCUMENT.

THE INTERESTS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.
YOU SHOULD CAREFULLY CONSIDER WHETHER YOUR FINANCIAL CONDITION PERMITS YOU TO PARTICIPATE IN A COMMODITY POOL. IN SO DOING, YOU SHOULD BE AWARE THAT FUTURES AND OPTIONS TRADING CAN QUICKLY LEAD TO LARGE LOSSES AS WELL AS GAINS. SUCH TRADING LOSSES CAN SHARPLY REDUCE THE NET ASSET VALUE OF THE POOL AND CONSEQUENTLY THE VALUE OF YOUR INTEREST IN THE POOL. IN ADDITION, RESTRICTIONS ON WITHDRAWALS MAY AFFECT YOUR ABILITY TO WITHDRAW YOUR PARTICIPATION IN THE POOL.

FURTHER, COMMODITY POOLS MAY BE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT, AND ADVISORY AND BROKERAGE FEES. IT MAY BE NECESSARY FOR THOSE POOLS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THIS DISCLOSURE DOCUMENT CONTAINS A COMPLETE DESCRIPTION OF EACH EXPENSE TO BE CHARGED TO THIS POOL ON PAGE 8 AND A STATEMENT OF THE PERCENTAGE RETURN NECESSARY TO BREAK EVEN, THAT IS, TO RECOVER THE AMOUNT OF YOUR INITIAL INVESTMENT, ON PAGES 15 – 16.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE YOUR PARTICIPATION IN THIS COMMODITY POOL. THEREFORE, BEFORE YOU DECIDE TO PARTICIPATE IN THIS COMMODITY POOL, YOU SHOULD CAREFULLY STUDY THIS DISCLOSURE DOCUMENT, INCLUDING A DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, ON PAGES 20-27.

YOU SHOULD ALSO BE AWARE THAT THE COMMODITY TRADING ADVISOR MAY ENGAGE IN TRADING 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. 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 YOUR TRANSACTIONS MAY BE EFFECTED. BEFORE YOU TRADE YOU SHOULD INQUIRE ABOUT ANY RULES RELEVANT TO YOUR PARTICULAR CONTEMPLATED TRANSACTIONS AND ASK THE FIRM WITH WHICH YOU INTEND TO TRADE FOR DETAILS ABOUT THE TYPES OF REDRESS AVAILABLE IN BOTH YOUR LOCAL AND OTHER RELEVANT JURISDICTIONS.
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IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE INTERESTS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT, AND ANY APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS NOT CONTAINED HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THE DELIVERY OF THIS MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF ITS ISSUE.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, A SECURITY IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION IN SUCH JURISDICTION.

INVESTMENT IN THE INTERESTS INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR A SOPHISTICATED INVESTOR FOR WHICH SUCH INVESTMENT DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM AND WHICH FULLY UNDERSTANDS AND IS WILLING TO ASSUME THE RISKS INVOLVED. ONLY A PERSON OR ENTITY WHICH QUALIFIES FOR PURPOSES OF THE ACT MAY INVEST IN THE INTERESTS. NO PERSON WHICH IS NOT CAPABLE INDEPENDENTLY OF EVALUATING ANY INFORMATION CONTAINED IN THIS MEMORANDUM AND THE RISKS INVOLVED IN THE PURCHASE OF THE INTERESTS SHOULD CONSIDER DOING SO.

A PROSPECTIVE PURCHASER OF INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS TAX OR LEGAL ADVICE. THIS MEMORANDUM SHOULD BE REVIEWED BY THE PROSPECTIVE PURCHASER AND ITS INVESTMENT, TAX, LEGAL OR OTHER ADVISERS.

EXECUTIVE OFFICERS AND REPRESENTATIVES OF THE GENERAL PARTNER ARE AVAILABLE TO EACH PROSPECTIVE INVESTOR AND/OR ITS REPRESENTATIVES TO ANSWER QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING OF INTERESTS AND TO FURNISH ANY ADDITIONAL INFORMATION, TO THE EXTENT THAT THEY POSsess OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION SET FORTH HEREIN OR TO ENABLE IT TO EVALUATE THE MERITS AND RISKS RELATING TO THE PURCHASE OF INTERESTS.

BY ACCEPTING RECEIPT OF THIS MEMORANDUM, EACH PROSPECTIVE INVESTOR AGREES NOT TO DUPLICATE OR TO FURNISH COPIES OF THIS MEMORANDUM TO PERSONS OTHER THAN SUCH OFFEREE’S INVESTMENT, TAX, ACCOUNTING OR LEGAL ADVISERS AND AGREES TO RETURN THIS MEMORANDUM TO THE GENERAL
PARTNER PROMPTLY AFTER SUCH TIME AS SUCH OFFEREES IS NO LONGER
CONSIDERING AN INVESTMENT IN THE INTERESTS.

THIS MEMORANDUM DOES NOT CONTAIN AN UNTRUE STATEMENT OF A MATERIAL
FACT OR OMIT TO STATE A MATERIAL FACT NECESSARY TO MAKE THE
STATEMENTS MADE HEREIN, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH
THEY WERE MADE, NOT MISLEADING. IT CONTAINS A FAIR SUMMARY OF THE
MATERIAL TERMS OF DOCUMENTS PURPORTED TO BE SUMMARIZED HEREIN.
SUMMARY

The following summary briefly describes the offering of Interests in Acceleration Mercury Fund 4X, LP and is qualified in its entirety by the detailed information appearing elsewhere in this Memorandum.

The Partnership: Acceleration Mercury Fund 4X, LP is a Delaware limited partnership organized in July 2003. The Partnership’s principal office is at 8949 Reseda Blvd., Suite 224, Northridge, California 91325; its telephone number is (818) 998-2435; facsimile (818) 998-7441.

General Partner: Acceleration Capital, LLC is a Delaware limited liability company, commodity pool operator and the general partner of the Partnership. The Partnership’s principal office is at 8949 Reseda Blvd., Suite 224, Northridge, California 91325; its telephone number is (818) 998-2435; facsimile (818) 998-7441.

General Partner’s Investment: The General Partner may maintain a cash investment in the Partnership equal to or less than 1% of the total contributions of all Partners to the Partnership.

Investment Objective: The Partnership’s investment objective is to seek substantial capital appreciation through investing in and trading commodities, futures, forwards, options and other instruments. Leverage may be used in an attempt to increase the overall return on the Partnership’s capital, but such leverage also may increase the volatility of the Partnership’s returns and the risk of loss. There can be no assurance that the Partnership’s investment objective will be achieved. See “RISK FACTORS.”

Offering: Interests are being privately offered and sold by the Partnership pursuant to an exemption from the registration provisions of the Act provided for in Regulation D and Rule 506. The minimum Interest which may be purchased is $25,000, unless waived by the General Partner. Interests may be purchased as of the close of business on the last business day of each calendar month, subject to certain restrictions. There is no maximum amount of Interests that may be accepted by the Partnership pursuant to this offering.

Break-Even Point: Assuming an investment of $100,000, the break-even point per Interest of initial investment that the Fund must realize during the first year of a participant’s investment to equal all fees and expenses such that the participant will recoup its initial investment at the end of the first year is $5,500.00, or 5.5%. See page 15 for a break-even analysis of the Partnership.

Interest Income: In general, all of the assets of the Partnership are used to engage in commodities, futures, forwards, options or other instrument trading. All of the proceeds from the sale of Interests will be segregated and deposited and maintained either in segregated accounts with the clearing brokers or in other interest-bearing segregated accounts selected by the General Partner and will be used for trading. Funds held at the Broker, in addition to those used for margin purposes, earn interests based on U.S. Treasury Bill rates (or may also be invested directly in U.S. Treasury Bills) and the Partnership receives 100% of the interest income earned on such obligations. See “USE OF PROCEEDS.”

Term: Unless earlier dissolved, the Partnership shall cease doing business on September 31, 2053, and shall thereupon be dissolved.

Additional Capital Contributions: Limited Partners (as hereinafter defined), with the consent of the General Partner, may make additional capital contributions on the last business day of each calendar month.

Allocation of Profits and Losses: Each Limited Partner in the Partnership and the General Partner will have a Book Capital Account (as hereinafter defined) and a Tax Capital Account (as hereinafter defined), the initial balance of each of which will be the amount contributed to the Partnership by such partner. Any
increase or decrease in the Net Asset Value of the Partnership will be allocated among the partners on a monthly basis and will be added to or subtracted from the Book Capital Accounts of the partners in the ratio that each partner’s Book Capital Account bears to all partners’ Book Capital Accounts.

**Net Asset Value:** The Net Asset Value of the Partnership is the Partnership’s total assets including all cash, cash equivalents and other securities (each valued at fair market value), less total liabilities, determined in accordance with generally accepted accounting principles, consistently applied under the accrual method of accounting. Net Asset Value shall reflect all gains and losses (whether realized or unrealized), income and expenses (including the compensation of the General Partner).

**Incentive Allocation:** At the end of each calendar quarter, the General Partner will be paid an Incentive Allocation equal to 20% of the Net New Appreciation, if any, achieved with respect to the Book Capital Account of each Limited Partner.

**Fees and Expenses:**

- **Management Fee.** The General Partner will be paid by the Partnership a monthly management fee equal to the greater of 1/12th of 2.5% (approximately 2.5% annually) of the Net Asset Value of each Limited Partner’s Book Capital Account, or $100.

- **Expenses.** The Partnership is obligated to pay transaction expenses and other trading and investment related expenses. The General Partner will pay for any legal, accounting, administration, auditing, filing, administrative and other regular operating expenses and extraordinary expenses which may occur in the operation of the Partnership’s business.

- **Offering and Organizational Expenses.** The General Partner incurred some organizational and initial offering expenses. The General Partner will not seek reimbursement of these costs and expenses from the Partnership.

**Withdrawals:** Upon the close of business on the last business day of a calendar month, all or a portion of such Interest may be redeemed on 30 days’ prior written notice to the General Partner, subject to certain restrictions. Withdrawals made prior to six calendar months from the day in which an interest is purchased will be subject to an early withdrawal penalty of 2% of the amount withdrawn.

**Distributions:** As is typical of most futures funds, no distributions are anticipated by the Partnership, its capital being conserved for reinvestment in the futures markets.

**Reports and Pricing:** At the end of each month, the General Partner will prepare and send to each partner an unaudited monthly statement that will report the Net Asset Value of the Partnership and any changes therein. For purposes of preparing such statements, the General Partner will price the Partnership’s portfolio based upon the last reported sale prices on the valuation date or if no sales are reported the median between the bid and offer. In addition, following the end of each fiscal year, an audited annual report of the Partnership, certified by the Partnership’s independent auditors, shall be prepared and mailed to each partner.

**Risk Factors:** The investment program of the Partnership involves significant risks. The Partnership is a recently formed entity in a high-risk field, and there is no operating history upon which to evaluate its likely performance. There is no present expectation that a secondary market in the Interests will develop, and there are restrictions on transfers of Interests. Substantial risks are involved in investing in and trading commodities and futures. In addition, investments in options may be subject to greater fluctuation than investments in the underlying instruments. The low margin deposits normally required in futures trading permit an extremely high degree of leverage. Accordingly, a relatively small price movement in a commodity futures contract may result in immediate and substantial profits or losses. The General Partner may use leverage in investing the Partnership’s assets. While this use of leverage may increase the
Partnership’s overall rate of return, it also may increase losses incurred by the Partnership and the volatility of the Partnerships returns. See “RISK FACTORS.”

Conflicts of Interests: Certain inherent and potential conflicts of interests exist in the nature and operations of the Partnership. See “CONFLICTS OF INTEREST.”

Additional Information: Prospective investors desiring further information concerning the terms and conditions of this offering of Interests should contact the General Partner at 8949 Reseda Blvd., Suite 224, Northridge, California 91325. Telephone inquiries may be directed to Yuri Plyam at (818) 998-2435; facsimile (818) 998-7441.

THE PARTNERSHIP

Acceleration Mercury Fund 4X, LP is a Delaware limited partnership organized in July 2003 under the Delaware Revised Uniform Limited Partnership Act, as amended (“Partnership Act”). Acceleration Capital, LLC, a Delaware limited liability company, acts as the general partner of the Partnership. The General Partner will manage the affairs of the Partnership pursuant to the provisions of the Partnership’s Limited Partnership Agreement (attached hereto as Exhibit A). See “THE GENERAL PARTNER” and “CONFLICTS OF INTERESTS.” The business offices of the Partnership and the General Partner are located at 8949 Reseda Blvd., Suite 224, Northridge, California 91325; its telephone number is (818) 998-2435; facsimile (818) 998-7441. The Partnership was formed to provide investors with an opportunity to participate in the General Partner’s investment program that seeks substantial capital appreciation by investing in and trading commodities, futures, forwards, options and other instruments. The General Partner may use leverage in an attempt to increase the overall return on the Partnership’s capital. The investment style utilized by the General Partner can be characterized as aggressive. There can be no assurance that the Partnership’s investment objective will be achieved. See “INVESTMENT METHOLOGLY” and “RISK FACTORS.”

The proceeds of this offering will be applied to the investment objectives of the Partnership. See “SUMMARY OF THE LIMITED PARTNERSHIP AGREEMENT.”

Subscribers whose subscriptions are accepted will become limited partners of the Partnership (“Limited Partners”). A limited partnership was chosen as the investment vehicle because it affords the investors the protection of limited liability.

OFFERING OF INTERESTS

Interests may be purchased as of the close of business on the last Business Day of each calendar month. All capital contributions received from investors will be placed in a separate account at Wells Fargo Bank located at 10225 Balboa, Northridge, California 91325. The amount of each investor’s subscription will be contributed to the Partnership upon the acceptance of the subscription by the General Partner. If a subscription for an Interest is rejected in whole or in part (which is in the sole discretion of the General Partner), the rejected subscription funds or the rejected portion thereof will be returned to the subscriber, within 30 days of the General Partner’s receipt of the subscription. The General Partner will determine whether to accept or reject a subscription as promptly as possible following its receipt.

Commencement of Trading

If subscriptions for at least $500,000 have been accepted by the General Partner, the General Partner may transfer such subscriptions to the Partnership’s trading account. If the Initial Capital of $500,000 has not been reached within the initial Offering Period of October 1, 2003 up to 180 days from the commencement of the private offering of sale of units, the amount contributed would be returned to the Partners with the interest earned within 30 days after the end of this period.
Suitability Requirements

The Partnership is only offering Interests for sale to “accredited investors”, and the General Partner may reject any subscription for an Interest, in whole or in part, for any reason. There is no maximum amount of capital contributions that may be accepted by the Partnership pursuant to this offering of Interests. Participation in the Partnership pursuant to this offering of Interests is limited to Qualified Investors who are defined as, either alone or in conjunction with their respective purchaser representative(s) (as defined in Rule 501 of Regulation D), those who are qualified to invest in the Partnership by (a) their knowledge and acceptance of the risks associated with highly leveraged trading in volatile markets and (b) their financial ability to accept such risks. Interests which are offered hereby should only be purchased by those persons who can afford the possible loss of their entire investment and may only be purchased by those investors who represent and warrant that they are purchasing the Interests for their own account for investment purposes without any present intention to resell, distribute or otherwise transfer or dispose of the Interests.

An organization or entity subscribing for Interests qualifies as an “accredited investor” if it is (A) a bank as defined in Section 3(a)(2) of the Act, (B) a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, (C) a broker or dealer registered pursuant to Section 15 of the Securities and Exchange Act of 1934, as amended (the “1934 Act”), (D) an insurance company as defined in Section 2(13) of the Act, (E) an investment company registered under the Investment Company Act of 1940, as amended (the “IC Act”), (F) a business development company as defined in Section 2(a)(48) of the IC Act, (G) a small business investment company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended, (H) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000, (I) an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser (“Plan Fiduciary”) or an employee benefit plan that has total assets in excess of $5,000,000 or, if the plan is self-directed, with investment decisions made solely by persons who are accredited investors, (J) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended (the “1940 Act”), (K) an organization described in Section 501(c)(3) of the Code, a corporation, a Massachusetts or similar business trust or a partnership, not formed for the specific purpose of acquiring Interests, with total assets in excess of $5,000,000, (L) a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring an Interest, whose purchase is directed by a sophisticated person as described in Rule 502(b)(2)(ii) of Regulation D or (M) an entity of which all of the equity owners are accredited investors.

Generally, to be an “accredited investor,” an investor who is a natural person must (A) have a current net worth, individually or jointly with one’s spouse, in excess of $1,000,000 or (B) have had an individual income in excess of $200,000, or joint income with one’s spouse in excess of $300,000, in each of the two most recent taxable years and reasonably expect to earn the same level of income in the current taxable year.

The General Partner has the discretion to accept subscriptions from up to 35 unaccredited sophisticated investors (a sophisticated investor is one who has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the prospective investment).

Transferability

Prospective investors should note that Interests are not freely transferable. A registration statement covering the Interests has not been filed with the Securities and Exchange Commission under the Act, and no such registration of the Interests by the Partnership is contemplated as of the date of this Memorandum. The Act would prohibit transfer or sale of the Interests in the absence of such registration unless an
exemption to the Act’s registration requirements were applicable to such transfer or sale. In addition, the prior consent of the General Partner is required for the transfer of any Interests.

Capital Contribution

Capital Contributions must be made in cash.

Purchase Procedure

In order to subscribe for an Interest, an investor must complete, execute and date a Subscription Agreement/Power of Attorney and deliver or mail such document to Acceleration Capital, LLC, 8949 Reseda Blvd., Suite 224, Northridge, California 91325. Contributions should be made by check or electronic wire transfer to the designated custodian for credit to Acceleration Mercury Fund 4X, LP

Investors who designate one or more purchase representatives to assist them in evaluating the merits and risks of an investment in the Partnership also must complete and deliver to the General Partner certain purchase representative documentation which may be obtained from the General Partner.

USE OF PROCEEDS

All of the proceeds from the sale of Interests will be segregated and deposited and maintained either in segregated accounts with the clearing brokers or in other interest-bearing segregated accounts selected by the General Partner and will be used for trading. Funds held at the Broker, in addition to those used for margin purposes, may also be invested directly in U.S. Treasury Bills and the Partnership receives 100% of the interest income earned on such obligations. Funds received for the purpose of trading U.S. regulated commodities will be segregated pursuant to the NFA and CFTC regulations. Funds held for the purpose of trading non-U.S. regulated commodity interests will also be held by the clearing brokers in conformance with their ordinary procedures. It is estimated that the percentage of the Partnership’s Net Assets normally committed as margin for commodity futures contracts will average approximately 10% to 25%, but under certain circumstances may be substantially higher. It is estimated that no more than 5% of the trading will be in options on futures, the reminder may be traded in futures, forwards or held in T-Bills. Assets of the Partnership will not be commingled with assets of any other entity.

The minimum that has to be raised before starting trading is $500,000. In case this amount is not reached within 180 days of the initial offering period beginning October 1, 2003, all amounts will be returned to the subscribers with the interests accumulated within 30 days after the end of this period.

INVESTMENT METHODOLOGY

All investment decisions will be made exclusively by the General Partner, in its sole and absolute discretion. The Managing Member will be free to pursue such investment strategies, as it deems fit or appropriate at any given time. The following discussion of investment strategy is intended only to provide an overview of potential strategies which may be used by the Company but which are subject to change as market conditions may warrant.

Trading Strategies

The General Partner has developed and offers to clients an investment vehicle which seeks substantial capital appreciation by investing in and trading commodities, futures, forwards, options and other instruments. As of the date of this Memorandum, the General Partner concentrates its trading in markets which offer high liquidity and low transaction costs.

The General Partner employs quantitative methods used to create its trading systems and risk control systems. The General Partner intends to vary its risk control based on market conditions, volatility and the client’s portfolio. The General Partner may use stop-loss orders against both losing and winning
positions based on technical levels and money market management principles. The utilization of margin shall be closely monitored by the General Partner.

**Investment Program**

The investment program has been designed to deliver high returns. These returns come with higher risk and higher monthly volatility relative to other investment programs offered by the General Partner and its principals.

Although the Investment Program tends to concentrate its trading activities on the futures markets the General Partner places no limitations on the exchanges or markets on which it trades pursuant to the Investment Program.

The General Partner believes that the use of diverse strategies may enhance return and reduce risk. Therefore, the Investment Program allocates its trading to several different models each of which is a separate trading system made up of different types of rules. Each model may trade using a different strategy, time horizon, type of investment, and risk/reward ratio. Performance of each model in the multi-model system is tracked in real time. By acting as an “asset allocator” to these computer models the Investment Program attempts to enhance its risk management and profitability. The General Partner, in its sole discretion, may add or remove, or increase or decrease the allocations to, trading systems employed in trading pursuant to the Investment Program. The Investment Program is an actively traded program. Consequently, the trading activities of clients’ accounts may be quite active and the turnover rate of clients’ portfolios substantial.

**Short term Trading Systems**

The Partnership intends to utilize short-term trading strategies in the Investment Program. These systems will typically hold positions anywhere from one to five days and are designed to capture short term price movements in the market. These short-term systems trade both in the direction of the long-term market trend, and also against the direction of long-term market trend. The systems all use price relationships and patterns to identify market conditions when significant short-term price movements are more likely than normal.

**Long and Medium-Term Trend Following Systems**

The Partnership intends to use medium and long-term trend-following or momentum strategies that are designed to capture medium and long-term large price movements or trends. Each of these strategies uses a slightly different mechanism for determining the start of a potential trend, the optimal entry point, and the exit for each trade. Some of these systems utilize a dynamic risk attenuation mechanism that is designed to reduce the risk of a large loss following large trends.

**Counter-Trend or Mean-Reversion Systems**

The Partnership intends to use counter-trend or mean-reversion strategies that are designed to capture consolidating price movements in choppy markets. These systems identify price levels where the market has reversed its short-term price movement and is likely to return to recent price levels.

**General System Characteristics and Allocations**

All the trading systems which the Partnership intends to use are based on a set of rules derived from an extensive, rigorous and quantitative study of a large database of historical prices; other economic and fundamental data; as well as the General Partner’s own trading experience. These systems have been computer back tested with consistent results and low drawdowns over a wide range of market conditions. All the systems are completely mechanical.
The allocation of the assets to the various component trading strategies is done on a continuous monthly basis using computer models which determine the optimal mix of the various trading strategies based on market performance. These algorithms determine the allocation to each of the component trading strategies which is most likely to deliver a consistent return. The algorithms are tailored specifically to the high return goals of the Acceleration Mercury Fund 4X, LP fund.

All the General Partner’s trading systems perform best when markets exhibit either significant volatility or directional movement.

*Markets to be Traded*

The specific market interests to be traded will be selected from time to time by Acceleration Granite Fund 1X, LP. The fund presently monitors but is not limited to the following world commodity markets: Wheat; Kansas City Wheat; Corn; Soybeans; Soybean Oil; Soybean Meal; Canola; British Pound; Canadian Dollar; Swiss Franc; Euro; Japanese Yen; Euro/Japanese Yen Cross Rate; Australian Dollar; Euro/British Pound Cross Rate; Silver; Platinum; Copper; Gold; Aluminum; Zinc; Nickel; U.S. Treasury Notes; U.S. Treasury Bonds; Australian Bonds; Japanese Bonds; German Bunds; British Gilts; Canadian Bonds; EuroDollar; EuroYen; Euribor; Crude Oil; Brent Crude; Heating Oil; London Gas Oil; Harbor Unleaded Gas; Natural Gas; Cotton; Sugar; London Sugar; Coffee; London Robusta Coffee; Cocoa; London Cocoa; Orange Juice; Live Cattle; Feeder Cattle; Lean Hogs and Pork Bellies.

The markets traded have been chosen for their historical performance, and for their customary liquidity. From time to time Acceleration Granite Fund 1X, LP may trade in less liquid markets. There can never be assurance of liquidity. Execution of a futures contract always anticipates making or accepting delivery. In certain cases Acceleration Capital may determine to accept or to make delivery or market conditions may be as such that an open position cannot be liquidated to avoid delivery.

*Non-U.S. Exchanges and Markets* - The Trading Advisor may engage in trading on non-U.S. exchanges and markets. Trading on such exchanges and markets involves certain risks not applicable to trading on United States exchanges and is frequently less regulated. For example, certain of such exchanges may not provide the same assurances of the integrity (financial or otherwise) of the marketplace and its participants as do United States exchanges. Some non-U.S. exchanges, in contrast to domestic exchanges, are “principals’ markets” in which performance is the responsibility only of the individual member with whom the trader has dealt and is not the responsibility of an exchange or clearing association. Furthermore, trading on certain non-U.S. exchanges may be conducted in such a manner that all participants are not afforded an equal opportunity to execute certain trades and may also be subject to a variety of political influences and the possibility of direct government intervention. Certain markets and exchanges in non-U.S. countries have different clearance and settlement procedures than United States Markets for trades and transactions and in certain markets, there have been times when settlement procedures have been unable to keep pace with the volume of transactions, thereby making it difficult to conduct such transactions. Any difficulty with clearance or settlement procedures may expose the client to losses. Futures traded on non-U.S. markets would also be subject to the risk of fluctuations in the exchange rate between the local currency and the United States dollar and to the possibility of exchange controls. Finally, futures contracts traded on non-U.S. exchanges (other than non-U.S. currency contracts) might not be considered to be “regulated futures contracts” for Federal income tax purposes.

*General*

The General Partner reserves the right to change trading methods and strategies utilized in any of its trading programs (including technical and fundamental trading factors or analyzes, instruments traded, and/or money management principles utilized) at any time without prior notice to or approval by its clients. There can be no assurance that the General Partner’s approach to trading will yield the same results as it has in the past.
These separate and distinct methods of trading will attempt to diversify the Partnership’s portfolio and create a more balanced equity curve due to the distinct nature of the methods, however, the General Partner reserves the right to add specialized portfolios pursuant to its managed account program which trade specific markets or sectors.

The exact details of the General Partner’s trading strategies and trading programs are proprietary and confidential. Therefore, the description of the General Partner’s trading strategies and trading programs in this Disclosure Document is general in nature and not intended to be exhaustive.

**MANAGEMENT OF THE PARTNERSHIP**

The Partnership, Acceleration Mercury Fund 4X, LP, is a Delaware limited partnership formed in July 2003. Acceleration Capital, LLC has been registered with the Commodity Futures Trading Commission (“CFTC”) as a Commodity Trading Advisor (“CTA”) and Commodity Pool Operator (“CPO”) since 09/08/03. Acceleration Capital, LLC has also been registered with the National Futures Association (“NFA”) since 09/08/03. Curtis Faith and Yuri Plyam are both listed principals and registered Associated Persons of Acceleration Capital, LLC since 09/08/03 and associate members of the NFA. Both the Partnership and the General Partner have been formed solely for the purposes stated in this Memorandum and, consequently, have not yet been capitalized beyond certain minimum, immaterial levels.

The General Partner of the Partnership, Acceleration Capital, LLC, will make all the investment decisions for the Partnership. The General Partner will administer the affairs of the Partnership, coordinating and administering all financial activities, including preparation of tax returns, financial statements, and, to the extent deemed advisable or appropriate by the General Partner, special financial reports and monthly statements to Limited Partners. The General Partner has unlimited authority to administer the financial activities of the Partnership.

A major factor in an Investor’s decision to invest in the Partnership is the Investor’s opinion of the managing members (“Managing Members”) of the General Partner. The Managing Members of the partnership are Curtis Michael Faith (Mr. Faith), and Yuri Plyam (Mr. Plyam). They will supervise all the Partnership’s investment and administrative functions. Currently, the managing members have not invested in the pool, but reserve the right to do so in the future.

**Principals of the General Partner**

**Curtis M. Faith** is a managing member of Acceleration Capital, LLC, an investment management company and the General Partner of the Partnership. Mr. Faith is also a partner in Galt Capital, LLP, a U.S. Virgin Islands based investment management partnership, and a managing member of Turtle Trading Software, a software company. Mr. Faith began investing for commodity interests for clients in 1984 when he was selected by Richard J. Dennis, Jr., a speculative trader of futures and options, to invest for his personal accounts, and for personal accounts of Mr. Dennis’ family members using an investment program developed by Mr. Dennis. As his employee, Mr. Faith received extensive training from Mr. Dennis, who personally supervised his investment activities. In 1984 Mr. Faith became self-employed and continued to invest for Mr. Dennis and family members of Mr. Dennis. In May of 1988 Mr. Dennis elected to discontinue his trading program and Mr. Faith stopped his trading of commodity interests at that time.

From May 1988 to the present, Mr. Faith did not invest nor advise others in the investment of commodity interests. From May 1988 to September 2000, he founded and/or worked on the startup team for several enterprise software and technology companies including Borealis Technology Corp as Chairman and CEO, Sierra Software Innovations as President and CEO, Efficient Field Service as a director, One Card, Inc. as Vice President of Marketing, and Scout Fire, Inc. Vice President of Marketing. From June 1999 to April 2001 was a Senior Consultant to Engineering at Icarian, Inc. In January 2002, Mr. Faith became a principal in Galt Capital, LLP, an investment management company. Mr. Faith remains a principal in Galt Capital. See “CONFLICTS OF INTEREST”.

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Prior to working for Mr. Dennis, Mr. Faith worked for Harvard Investment Service, Inc. where he tested computerized investment strategies while attending Worcester Polytechnic Institute.

**Yuri M. Plyam** has been a managing member of CHP Asset Management, LLC, an investment management company and a General Partner of the Partnership, since July 2002. His responsibilities includes system research and development. His duties also include trade execution and pool compliance issues. Mr. Plyam has been the President of Castle Trading, Inc., since January 2000. Mr. Plyam consults many financial research companies on systematic trading system development and implementation techniques. Mr. Plyam earned a Juris Doctorate Degree from the University of LaVerne, from June 1991 through June 1999. He has received several American Juris Prudence awards for his studies in law. Mr. Plyam was a financial analyst for Prudential Realty Group from June 1989 until June 1991. His duties at Prudential Realty Group included research on the stock market and commodities markets. Mr. Plyam worked as a futures broker for Cannon Trading, Inc. from July 1999 to December 1999. His duties at Cannon Trading included trade execution and client solicitation. From December 1999 to August 2000, he worked for Brookstreet Securities, as a futures broker. His duties at Brookstreet Securities included trade execution and client solicitation. In July 2003, Mr. Plyam formed Acceleration Capital, LLC, where he serves as a managing member, his duties include system research and development as well as trade execution and pool compliance issues. See “CONFLICTS OF INTEREST”.

Please see the performance of the Gauss Fund, LP listed on pages 16-17 of this document.

There have never been any material administrative, civil or criminal actions, suits or proceedings brought against the pool operator or any of its principals.

### BREAK-EVEN ANALYSIS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling Price per Unit</td>
<td>$1,000</td>
</tr>
<tr>
<td>Operating Expenses (1)</td>
<td>$0</td>
</tr>
<tr>
<td>Management Fee (2)</td>
<td>$25</td>
</tr>
<tr>
<td>Brokerage Commissions and Trading Fees (3)</td>
<td>$50</td>
</tr>
<tr>
<td>Less Interest Income (4)</td>
<td>$15</td>
</tr>
<tr>
<td>Amount of trading income required for a participant’s Net Asset Value</td>
<td>$60</td>
</tr>
<tr>
<td>at the end of one year to equal the initial selling price per unit. (5)</td>
<td></td>
</tr>
<tr>
<td>Percentage of actual selling price per unit (6)</td>
<td>6.00%</td>
</tr>
</tbody>
</table>

**Explanatory Notes**

1. The General Partner pays for all accounting, legal, and miscellaneous operating expenses incurred.

2. The CPO will receive a monthly management fee equal to 1/12\(^{th}\) of 2.5% of Net Asset Value.

3. Estimated at five percent (5%) of Net Asset Value.

4. The Pool will earn interest on margin deposits with the commodity broker and from the investment of pool assets. Based on approximate current interest rates and rate of investment, interest income is estimated at one and one-half percent (1.5%) of Net Asset Value.
“Net Asset Value” shall mean the Partnership’s total assets including all cash, cash equivalents and other securities (each valued at fair market value), less total liabilities, determined in accordance with generally accepted accounting principles, consistently applied under the accrual method of accounting. Net Asset Value shall reflect all gains and losses (whether realized or unrealized), income and expenses (including the compensation of the General Partner).

(6) Note: As stated earlier a 2% withdrawal penalty will apply for all withdrawals made prior to six calendar months from the day in which an interest is purchased.

**PERFORMANCE INFORMATION**

**THE POOL HAS NOT COMMENCED TRADING AND DOES NOT HAVE ANY PERFORMANCE HISTORY.**

Under CFTC regulations, a CPO must disclose the performance record for all commodity trading accounts of pools directed by the CPO and by any of its principals for at least the previous five years.

One of the General Partner’s principals, Yuri Plyam, is also a principal of CHP Asset Management, LLC which is a Commodity Pool Operator and the general partner of the Gauss Fund LP a Delaware limited partnership organized in June 2002. The performance of the Gauss Fund LP which has had a limited operating history and began trading on January 27, 2003 is included below. The Gauss Fund LP has not followed the trading methods and strategies described under: “INVESTMENT METHODOLOGY”.

| Name of Pool: | Gauss Fund |
| Type of Pool: | Privately Offered |
| Inception of Trading: | January 27, 2003 |
| Aggregate Subscriptions: | $560,938 |
| **Current Net Asset Value: $482,403.69** |
| Worst Monthly Percentage Draw-down: | June 2003 / 10.71% |
| Worst Peak-to-Valley Draw-down: | January 2003 - September 2003 / 31.33% |

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS**

<table>
<thead>
<tr>
<th>MONTH</th>
<th>Rate of Return 2003</th>
<th>Rate of Return 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>JANUARY</td>
<td>1.29%</td>
<td>(0.30%)</td>
</tr>
<tr>
<td>FEBRUARY</td>
<td>(4.39%)</td>
<td>13.49%</td>
</tr>
<tr>
<td>MARCH</td>
<td>(6.05%)</td>
<td>4.55%</td>
</tr>
<tr>
<td>APRIL</td>
<td>1.88%</td>
<td></td>
</tr>
<tr>
<td>MAY</td>
<td>3.16%</td>
<td></td>
</tr>
<tr>
<td>JUNE</td>
<td>(10.71%)</td>
<td></td>
</tr>
<tr>
<td>JULY</td>
<td>(6.00%)</td>
<td></td>
</tr>
<tr>
<td>AUGUST</td>
<td>(8.65%)</td>
<td></td>
</tr>
<tr>
<td>SEPTEMBER</td>
<td>(5.14%)</td>
<td></td>
</tr>
<tr>
<td>OCTOBER</td>
<td>4.48%</td>
<td></td>
</tr>
<tr>
<td>NOVEMBER</td>
<td>(3.95%)</td>
<td></td>
</tr>
<tr>
<td>DECEMBER</td>
<td>3.32%</td>
<td></td>
</tr>
<tr>
<td>YEAR TO DATE TOTAL</td>
<td>-27.64%</td>
<td>18.04%</td>
</tr>
<tr>
<td>COMMENCEMENT OF TRADING</td>
<td></td>
<td>-14.40%</td>
</tr>
</tbody>
</table>

“Draw-down”: Losses experienced by a pool or account over a specified period.

PROSPECTIVE INVESTORS ARE CAUTIONED THAT THE RESULTS SET FORTH IN THE FOLLOWING TABLES ARE NOT INDICATIVE OF THE RESULTS WITH ACCELERATION CAPITAL, LLC MAY ACHIEVE IN THE FUTURE. PAST PERFORMANCE ARE NOT
NECESSARILY INDICATIVE OF FUTURES RESULTS. NO REPRESENTATION IS MADE THAT ACCELERATION CAPITAL, LLC WILL OR IS LIKELY TO ACHIEVE FOR LIMITED PARTNERS PROFITS OR INCUR LOSSES COMPARABLE TO THOSE SHOWN.

INCENTIVE ALLOCATION

At the end of each calendar quarter, the General Partner shall be allotted an Incentive Allocation equal to 20% of the Net New Appreciation of each Limited Partner’s Book Capital Account during each calendar quarter.

If a Limited Partner experiences net losses following the allocation of an incentive to the General Partner, the General Partner will retain all incentives previously allocated, but no further Incentive Allocations will be charged to the Limited Partner until additional Net New Appreciation is achieved.

Net New Appreciation, for the purpose of calculating the Incentive Allocation shall mean the increase, if any, in a Limited Partner’s Book Capital Account over the Limited Partner’s highest prior Book Capital Account from which a profit share was allocated to the General Partner, adjusted for contributions and withdrawals. For purposes of calculating Net New Appreciation, extraordinary expenses and taxes shall be excluded. Once an Incentive Allocation is assessed, it is not refundable even if the Limited Partner incurs losses thereafter.

Prospective investors should note that even though Incentive Allocations are computed and allocable as of the end of each calendar quarter, such Incentive Allocations will accrue monthly. Limited Partners who redeem all or a portion of their Interest as of any date other than the end of a calendar quarter will be charged an Incentive Allocation, if earned, on the amount of the withdrawal. Incentive Allocations will be charged even though the General Partner may not be entitled to an Incentive Allocation had the Interest been held through the end of the calendar quarter on account of losses incurred subsequent to the withdrawal. Incentive Allocations charged on withdrawals or withdrawals prior to the end of the first Calculation Period will be retained by the Partnership and thereafter be allocated to the General Partner. See “CONFLICTS OF INTEREST.”

SUMMARY OF FEES AND EXPENSES

Management Fee

The General Partner will be paid a monthly management fee equal to 1/12th of 2.5% (approximately 2.5% annually) of the Net Asset Value (The “Net Asset Value” of the Partnership shall mean the Partnership’s total assets including all cash, cash equivalents, unrealized gains or losses and other securities (each valued at fair market value), less total liabilities, determined in accordance with generally accepted accounting principles, consistently applied under accrual method of accounting) of each Limited Partner’s Book Capital Account (as hereinafter defined as the beginning of the month equity plus all additions, less all withdrawals, plus earned (or loss if negative) equity on realized and unrealized trades, less commissions and any NFA and Exchange fees and adjusted into US dollars). For the purpose of calculating the management fee, the Net Asset Value of a Limited Partner’s Book Capital Account is determined before reduction for management fees and Incentive Allocations, if any, accrued or payable as of such date.

Transaction Fees

The Partnership will generally be charged a round turn brokerage commission of $6.50 to $10 per contract. See “CONFLICTS OF INTEREST.”
Expenses

The General Partner will be obligated to pay the annual operating expenses on an ongoing basis, including periodic legal, accounting, auditing, filing, administrative and other regular operating expenses and extraordinary expenses, if any, as well as continuing offering expenses. The approximate cost for these annual expenses is approximately $10,000. The General Partner will provide the Partnership with office space, if necessary, and certain support services at no cost to the Partnership. The Partnership, however, will be obligated to pay its other direct and indirect trading related expenses. See “SUMMARY OF THE LIMITED PARTNERSHIP AGREEMENT” and “CONFLICTS OF INTERESTS.”

Organizational Expenses

The General Partner paid for all costs and expenses incurred in the organization of the Partnership and the initial offering of Interests for sale including, without limitation, fees and expenses of the organizers, accountants, printing costs and promotional expenses. The General Partner will not seek reimbursement from the Partnership for these costs and expenses. These expenses included but are not limited to: Legal costs, programming costs, filing fees, accounting costs and administrative costs. The approximate cost for these expenses was approximately $10,000.

CONFLICTS OF INTEREST

The contractual and other arrangements among the Partnership, the General Partner, and their affiliates are subject to various conflicts of interest in their relations with the Partnership. The contractual and other arrangements among the Partnership, the General Partner and their Affiliates have been established by the General Partner and are not the result of arms-length negotiations. Accordingly, prospective investors should carefully consider the following conflicts of interest before purchasing any Interests. The following conflicts of interest do not purport to be a complete or exhaustive explanation of the conflicts involved in this offering. Prospective investors should read the entire investment summary and the exhibits hereto and should ask such questions of and obtain such additional information from the General Partner as they shall deem necessary before deciding to invest in the Partnership.

In evaluating these conflicts of interests, potential investors should be aware that the General Partner has a responsibility to the Limited Partners to exercise good faith and fairness in all dealings affecting the Partnership. In the event that a Limited Partner believes that the General Partner has violated its duty to the Limited Partners, it may seek legal relief for itself, or on behalf of the Partnership under applicable laws and regulations to recover damages from or require an accounting by the General Partner. Limited Partners should be aware that the performance by the General Partner of its responsibilities to the Partnership will be measured by the terms of the Limited Partnership Agreement and applicable law. Limited Partners should be aware that it may be difficult to establish that the Partnership’s trading has been excessive due to the broad trading discretion given to the General Partner under the Limited Partnership Agreement, the authority given to the General Partner to enter into the Limited Partnership Agreement under the Subscription Agreement/Power of Attorney, the exculpatory provisions in the Limited Partnership Agreement and the absence of judicial or administrative standards defining excessive trading.

Introducing Broker/Futures Commission Merchant

The General Partner intends to utilize Refco, Inc. (“Refco”) as the Partnership’s Futures Commission Merchant (“FCM”) and Castle Trading, Inc. as the Partnership’s Introducing Broker (“IB”), an Affiliated IB where Mr. Plyam is an Associated Person. While the commission rates charged to the Partnership are intended to reflect the costs to Castle Trading for the execution, Mr. Plyam will not receive direct benefit in the form of commissions in excess of costs as a result of the introduction and maintenance of an account through the IB. Additionally, the compensation from transaction fees charged by Refco may be greater than the total fees and other benefits provided by other broker/dealer’s for similar services. In addition, other FCM’s may offer other benefits superior to Refco. The General Partner has chosen Refco
because they believe the combination of fees and services offered by Reffco are superior to other providers, however, the General Partner reserves the right to chose a different FCM in the future if they so choose.

**Non-Arms-Length Agreements**

All agreements and arrangements, including those relating to compensation, expense reimbursements and indemnification between the Partnership and among the General Partner and their affiliates, are not the result of arms-length negotiations. The General Partner will determine whether the various Affiliates of the General Partner and the Partnership are, in accordance with the terms of the Partnership Agreement, entitled to exculpation and indemnification.

**Incentive Allocation and Fees**

The structure of the Incentive Allocation may involve a conflict of interest, because it may create an incentive for the General Partner to cause the Partnership to make riskier or more speculative investments than it otherwise would. In some cases, the Incentive Allocation together with the fees charged by the General Partner may be greater than the total fees and other benefits provided by other investment advisers for similar services; in other cases the benefits to the General Partner may be lower.

**Competition with the Partnership from Managed Accounts for Securities Transactions**

The General Partner is free to manage accounts for investors, investment vehicles, itself, its employees, its principals, and their respective families, and is free to trade on the basis of methods similar or identical to those employed by the General Partner in the performance of services for the Partnership, or methods which are entirely independent of such methods. Limited Partners will not be permitted to inspect the records of accounts or any written policies relating to such General Partner or its affiliates, except in the discretion of the General Partner.

It is possible that orders for the account of the General Partner or its principals may be entered in advance of the Partnership for legitimate and explainable reasons such as a neutral order allocation system, a different trading program, or a higher risk level of trading. However, any such proprietary trading is subject to the duty of the General Partner to exercise good faith and fairness in all matters effecting Limited Partners and client accounts, respectively.

**Competition with the Partnership from Affiliates of the General Partner for the Time and Services of the Managing Members**

Mr. Plyam and Mr. Faith, the Managing Members of the General Partner, are involved in other activities in addition to the management of the Partnership. Without limiting the generality of the foregoing, Mr. Plyam and Mr. Faith may become involved in other activities other than the Partnership from time to time. Accordingly, conflicts of interest may arise in the allocation of time to the management of the Partnership. Mr. Plyam and Mr. Faith will devote such time to the affairs of the Partnership as they, within their sole discretion, determine to be necessary for the benefit of the Partnership in accordance with their fiduciary duties.

**Conflicts as to Investment Opportunities**

The General Partner is obligated to use its best efforts to provide the Partnership with continuing and suitable investment opportunities consistent with its investment objectives, policies and strategies; however, the General Partner is not required to present to the Partnership any investment opportunity which has come to its attention, even if such opportunity is consistent with the investment objectives, policies and strategies of the Partnership. Accordingly, the Partnership may not be given the opportunity to participate in certain investments made by the General Partner and its Affiliates. In addition, if the Partnership rejects an investment opportunity for any reason, the General Partner and its Affiliates may accept it. The General Partner will endeavor to resolve conflicts of interest with respect to investment
opportunities in a manner deemed equitable to all to the extent possible under the prevailing facts and circumstances and consistent with the General Partner’s fiduciary duties.

RISK FACTORS

Prospective investors should carefully consider the risks involved in an investment in the Partnership, including but not limited to those discussed below. Many of those risks are discussed more fully elsewhere in this Memorandum. Prospective investors should consult their own legal, tax, and financial advisers as to all these risks and an investment in the Partnership generally.

GENERAL

The transactions in which the Partnership will generally engage involve significant trading risks. No assurance can be given that Limited Partners will realize a profit on their investment. Moreover, each Limited Partner may lose some or all of its investment. Because of the nature of the Partnership’s investment activities, the results of the Partnership’s operations may fluctuate from month to month and from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results in future periods.

Limited Operating History

Although Mr. Plyam has had experience directing discretionary accounts at his Castle Trading, Inc., and through CHP Asset Management, LLC, where he is a principal; and Mr. Faith has had experience directing discretionary accounts for Richard Dennis and his family; the General Partner is a newly formed organization with no operating history. The Partnership is also a newly formed entity with no history of operating performance. See “MANAGEMENT OF THE PARTNERSHIP.”

Reliance on the General Partner

The success of the Partnership will depend on the ability of the Managing Members of the General Partner to develop and implement investment strategies to achieve the Partnership’s investment objectives. The Partnership’s investment performance could be materially adversely affected if any of the Managing Members of the General Partner were to die, become ill or disabled, or otherwise cease to be involved in the active management of the Partnership’s portfolio. Except under specified circumstances, if the General Partner withdraws, is dissolved, or becomes insolvent, the Partnership will be dissolved.

Limited Partners Will Not Participate In Management

Purchasers of the Interests will become Limited Partners in the Partnership and, as such, will not be entitled to participate in the management of the Partnership. The Limited Partnership Agreement and the Partnership Act, however, provide Limited Partners with certain voting and other rights.

Operating Deficits

The expenses of operating the Partnership (including Management Fees payable to the General Partner and operating costs and expenses) could exceed its income, requiring that the difference be paid out of the Partnership’s capital, reducing the Partnership’s investments and potential for profitability. See “SUMMARY OF FEES AND EXPENSES” and “INCENTIVE ALLOCATION.”

INVESTMENT RISKS

All securities investing and trading activities risk the loss of capital. While the General Partner will attempt to moderate these risks, there can be no assurance that the Partnership’s investment and
trading activities will be successful or that Limited Partners will not suffer losses. The following discussion sets forth some of the more significant risks associated with the Partnership’s proposed activities.

**Investments May Be Speculative**

Substantial risks are involved in investing in and trading commodities, futures, forwards, options and other instruments. For this reason, a potential investor in the Partnership should note that the prices of the Partnership’s investments may be highly volatile. Market movements are difficult to predict and are influenced by, among other factors, corporate and industry developments, interest rates, general economic conditions, governmental actions, domestic and international political news, governmental trade and fiscal policies, patterns of trade and other factors. In addition, because the Partnership may invest a significant portion of its assets from time to time on a leveraged basis in either a bullish or bearish position as an outright position speculating on the direction of a market, such speculation may increase the volatility of the Partnerships returns and increases its risk of loss.

**Brokerage Commissions/Transaction Costs**

The Partnership’s activities involve a high level of trading, and the turnover of its portfolio is expected to generate substantial transaction costs. These costs will be borne by the Partnership regardless of its profitability.

**Principal Risk Factors with Forward Contracts**

A portion of the account’s assets may be traded in forward contracts. Such forward contracts are not traded on exchanges and are executed directly through forward contract dealers. There is no limitation on the daily price moves of forward contracts, and a dealer is not required to continue to make markets in such contracts. There have been periods during which forward contract dealers have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the bid and asked price. Arrangements to trade forward contracts may therefore experience liquidity problems. The fund, in trading forward contracts, will be subject to the risk of credit failure or the inability of or refusal of forward contract dealers to perform with respect to its forward contracts.

**Risks of Options Trading**

In seeking to enhance performance or hedge assets, the Partnership may purchase and sell call and put options. Both the purchasing and selling of call and put options entail risks. Although an option buyer’s risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying security. In theory, an uncovered call writer’s loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying security may fall below the exercise price. Successful use of options will depend upon the ability of the General Partner to correctly predict movements in the direction of the underlying security generally.

**Short Selling**

Short sales can, in some circumstances, substantially increase the impact of adverse price movements on the Partnership’s portfolio. 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 Partnership of buying securities to cover the short position.

**Use of Leverage**

The Partnership Agreement authorizes the General Partner, in the General Partner’s sole discretion, to leverage the Partnership’s investment positions. Such leverage, if employed, would increase
both the possibilities for profit and the risk of loss. Under certain circumstances, a FCM may demand an increase in the collateral that secures the borrower’s obligations, and if the borrower were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the borrower’s obligation. If the Partnership were to become subject to liquidation in that manner it could suffer extremely adverse consequences.

Concentration of Investments

The Partnership Agreement does not limit the amount of the Partnership’s capital that may be committed to any single investment. Moreover, the Partnership Agreement imposes no limits on the concentration of the Partnership’s investments and at times the Partnership may hold a relatively small number of positions, each representing a relatively large portion of the Partnership’s capital. Losses incurred in such positions could have a materially adverse effect on the Partnership’s overall financial condition.

General Economic and Market Conditions

The success of the Partnership’s activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Partnership’s investments. Unexpected volatility or illiquidity could impair the Partnership’s profitability or result in losses.

Changes in Investment Strategies

The Limited Partnership Agreement gives the General Partner broad discretion to expand, revise or contract the Partnership’s business without the consent of the Limited Partners. Thus, the investment strategies of the General Partner may be altered without prior approval by, or notice to, the Limited Partners if the General Partner determines that such change is in the best interests of the Partnership. Any such decision to engage in a new activity could result in the exposure of the Partnership’s capital to additional risks that may be substantial. See “SUMMARY OF LIMITED PARTNERSHIP AGREEMENT.”

Limited Liquidity of Some Investments

Some of the investments in which the Partnership invests may be relatively illiquid, either because they are thinly traded, or because they are subject to transfer restrictions. The Partnership may not be able promptly to liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity may therefore be affected. In addition, the value assigned to such securities for purposes of determining Limited Partners’ partnership percentages and determining Net Profits and Net Losses may differ from the value the Partnership is ultimately able to realize.

Most United States commodity exchanges limit fluctuations in certain commodity interest prices during a single day by imposing what are known as “daily price fluctuation limits” or “daily limits.” The existence of “daily price limits” or “daily limits” may reduce liquidity or effectively curtail trading in particular markets. Once the price of a particular contract has increased by the daily limit, it’s likely no new long positions may be added or existing short positions liquidated. Conversely, once the price of a particular contract has decreased by the daily limit, it’s likely no new short positions may be added or existing longs liquidated. Contract prices in various commodities have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the General Partner from promptly liquidating unfavorable positions and subject clients to substantial losses which could exceed the margin initially committed to such trades. Daily limits may reduce liquidity, but they do not limit ultimate losses, as such limits apply only on a day-to-day basis. In addition, even if contract prices have not moved the daily limit, the General Partner may not be able to execute trades at favorable prices if there is only light trading in the contracts involved.
As part of his emergency powers, an exchange or the CFTC can suspend limit trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

The possibility also exists that governments may intervene to stabilize or fix exchange rates, restricting or substantially eliminating trading in the affected currencies.

**Speculative Position Limits**

Insofar as speculative position limits are applicable, all commodity accounts owned, held, managed and controlled by the General Partner, its principal and affiliates (including the account of principal) are aggregated for position limit purposes. The General Partner may manage additional client accounts in the future. The General Partner believes that established position limits will not adversely affect the General Partner’s contemplated trading. However, it is possible that from time to time the trading decisions of the General Partner may have to be modified and positions held or controlled by the General Partner, its principal and affiliates may have to be liquidated in order to avoid exceeding applicable position limits.

**Trading on Non-United States Exchanges Presents Certain Risks**

The General Partner may trade interests on exchanges located outside the United States, where the protections provided by CFTC regulations do not apply. Some foreign commodity exchanges, in contrast to domestic exchanges, are “principals’ markets” in which performance with respect to a commodity interest contract is the responsibility only of the individual member with whom the trader has entered into the contract and not of the exchange or his clearing house, if any. In the case of trading by the General Partner on foreign exchanges, the General Partner’s clients may be subject to the risk of the inability of or refusal by his counter parties to perform with respect to his contracts with the General Partner. The General Partner also may not have the same access to certain trades as do various other participants in foreign markets.

As the General Partner determines its Net Assets in United States dollars, with respect to trading on foreign markets, it will be subject to the risk of fluctuation in the exchange rate between the local currency and dollars and to the possibility of exchange controls.

**Insolvency of the FCMs and Others**

As is required of futures commission merchants (“FCMs”) such as the Commodity Broker, the Commodity Broker segregates all Partnership funds in compliance with CFTC regulations. If the assets of the Partnership were not so segregated, the Partnership would be subject to the risk of the failure of the Commodity Broker. Even given proper segregation, in the event of the insolvency of a Commodity Broker, the Partnership may be subject to a risk of loss of its funds and would be able to recover only a pro rata share (together with all other commodity customers of such Commodity Broker) of assets, such as United States Treasury bills, specifically traceable to the Partnership’s account. In commodity broker insolvencies customers have, in fact, been unable to recover from the broker’s estate the full amount of their “customer” funds. In addition, under certain circumstances, such as the inability of another client of the FCM or the FCM itself to satisfy substantial deficiencies in such other client’s account, a client may be subject to a risk of loss of his funds on deposit with his FCM, even if such funds are properly segregated. In the case of any such bankruptcy or client loss, a client might recover, even in respect of property specifically traceable to the client, only a pro rata share of all property available for distribution to all of the FCM’s clients.

The financial failure of the parties with which the Partnership trades in the forward markets could also result in substantial losses for the Partnership, as the Partnership deals with such persons as principals, and, furthermore, there is no requirement that such parties segregate Partnership funds held by them in respect of such trading.
PARTNERSHIP RISKS

Tax Liability Without Distributions

Partners will be liable to pay taxes on their allocable shares of Partnership taxable income. However, the General Partner does not intend to make significant distributions to the Limited Partners corresponding to profits, but instead intends to re-invest substantially all of the Partnership’s income and gains for the foreseeable future. Taxable income can be expected to differ from Net Profit, primarily because generally only realized gains and losses are considered for income tax purposes, but Net Profit and Net Loss will include unrealized gains and losses. It is possible that sales of appreciated securities in a particular period could cause some Partners to have taxable gain for that period at the same time that unrealized losses result in an overall Net Loss. It will generally be necessary for Partners to pay such tax liabilities out of separate funds or withdrawals from the Partnership. There are limitations on a Partner’s right to withdraw funds from the Partnership. See “OFFERING OF INTERESTS” and “TAX CONSIDERATIONS.”

Limited Liquidity

An investment in the Partnership is relatively illiquid and is not suitable for an investor who needs liquidity. There is no public market for Interests and the Partnership Agreement imposes significant limitations on Limited Partners’ abilities to transfer Interests. In addition, rights to withdraw funds from the Partnership are subject to several limitations. A Limited Partner may withdraw funds upon the close of business on the last business day of each calendar month and then only after giving 30 days’ notice and subject to certain limitations and expenses unless the General Partner consents (which it may decline to do, in its sole and absolute discretion) to a deviation from one or more of such procedures or limitations. The General Partner has the discretion to deliver amounts withdrawn in securities rather than cash. Further, as to all or a portion of a withdrawn amount, the General Partner may establish a segregated portfolio of some of the Partnership’s securities and liquidate those securities for the withdrawing Limited Partner’s account. In either such case, the securities so delivered or segregated may be relatively illiquid and the Limited Partner would bear the risk of a decline in their value after the effective time of his or her withdrawal. These facts, taken together, will significantly affect the liquidity of a Limited Partner’s investment in the Partnership, See “OFFERING OF INTERESTS” and “SUMMARY OF THE LIMITED PARTNERSHIP AGREEMENT.”

Effect of Substantial Withdrawals

Substantial withdrawals by Limited Partners within a short period of time could require the Partnership to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Partnership’s assets and/or disrupting the General Partner’s investment strategy. Reduction in the size of the Partnership could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Partnership’s ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

Potential Mandatory withdrawal

The General Partner may, in its sole discretion at any month-end on 10 days notice, require a Limited Partner to withdraw all or a portion of his or her capital account balance. Such mandatory withdrawal could result in adverse tax and/or economic consequences to such Limited Partner. See “SUMMARY OF THE LIMITED PARTNERSHIP AGREEMENT.”
OTHER RISKS

Tax Considerations

For a more detailed discussion of the income tax considerations associated with an investment in the Partnership, see the discussion below under “TAX CONSIDERATIONS.”

Limitations on Deductions

Tax laws in certain cases may limit a Partner’s ability to deduct certain losses and expenditures allocable to such Partner.

Foreign Investors

The Partnership may be subject to certain reporting and withholding obligations as to foreign investors. Foreign investors should consult with their own advisors regarding the federal, state and foreign income tax consequences of an investment in the Partnership. See “TAX CONSIDERATIONS - FOREIGN INVESTORS.”

Allocations

The Partnership intends to allocate all items of taxable income, gain, loss, deduction and credit among the Partners in a manner that is generally consistent with the economic sharing arrangements. It is currently expected that the Partnership will use a method of allocation that complies with one of the “safe harbors” provided in applicable Treasury Regulations. However, the General Partner retains discretion to allocate items in a manner that deviates from such safe harbor, and there can be no assurance that the Internal Revenue Service will respect such allocations. See “TAX CONSIDERATIONS.”

Possibility of Taxation as a Corporation

It is the General Partner’s belief that under current Federal income tax law, the Partnership will be taxed as a partnership and not as a corporation. This status has not been confirmed by a ruling from, and such opinion is not binding upon, the IRS. No such ruling has been or will be requested. The facts and authorities relied upon by counsel in their opinion may change in the future, including with respect to regulations which may be promulgated under recent amendments to Federal tax statutes. If the Partnership were treated as a corporation for Federal income tax purposes, the income and deductions of the Partnership would be reflected only on its own tax return rather than being passed through to the partners, and income would be taxed to the Partnership at corporate rates. No losses of the Partnership would be allowable as deductions of the partners. In addition, all or a portion of any distributions made by the Partnership to the partners, other than liquidating distributions, would constitute dividends to the extent of the Partnership’s current or accumulated earnings and profits, and the amount of such distributions would not be deductible by the Partnership in computing its taxable income. See “TAX CONSIDERATIONS.”

Possibility of Tax Audits

Under the terms of the allocation provisions in the Limited Partnership Agreement, partners experiencing depreciation in their Book Capital Accounts during the fiscal year may be allocated capital loss for Federal income tax purposes even though the Partnership realized a net capital gain for the year. Conversely, partners experiencing appreciation in their Book Capital Accounts during the fiscal year may be allocated capital gain for Federal income tax purposes even though the Partnership realized a net capital loss for the year. As a result, the Partnership’s method of allocating gain and loss to the partners may enhance the possibility that the Partnership’s tax return and individual partners’ returns might be audited by the IRS. See “TAX CONSIDERATIONS.”
If the Partnership’s tax return were to be audited by the IRS, there can be no assurance that adjustments would not be made to the return as a result of such an audit. The Partnership audit procedures have been simplified and adjustments may be made at the Partnership level that will bind all the partners. A general partner of a partnership is to be designated as the “tax matters partner,” who is to be the Partnership’s primary representative with respect to the IRS and will possess the power to extend the statute of limitations for assessment and collection with respect to such audits for all partners. By executing the Limited Partnership Agreement, the Limited Partners appoint the General Partner to act as the “tax matters partner” of the Partnership. If an audit of the Partnership return results in an adjustment, the Limited Partners’ returns may be audited. Any expenses incurred in an audit of their individual returns must be borne by the Limited Partners. Furthermore, interest charged by the IRS on tax deficiencies is substantial and is compounded daily.

*Other Possible Tax Law Changes*

No assurance can be given that legislative, administrative or judicial changes will not occur which will alter either prospectively or retroactively, the tax considerations or risk factors discussed in this Memorandum. Existing and prospective Limited Partners should seek, and must rely on, the advice of their own tax advisers with respect to the possible impact on their investment of any future proposed tax legislation or administrative or judicial action.

*Regulatory Matters*

*Investment Company Regulation*

The Partnership intends to rely on the provisions of Section 3(c)(1) of the Federal Investment Company Act of 1940 (the “ICA”) to avoid requirements that it register as an “investment company” under and comply with the substantive provisions of the ICA. If the Partnership were registered as an investment company, the ICA would require, among other things, that the Partnership have a board of directors some of whom were unrelated to the General Partner, compel certain custodial arrangements, and regulate the relationship and transactions between the Partnership and the General Partner. Compliance with some of those provisions could possibly reduce certain risks of loss by the Partnership or Limited Partners, although such compliance could significantly increase the Partnership’s operating expenses and limit the Partnership’s investment and trading activities. Interpretations of Section 3(c)(1) are complex and uncertain in several respects and, as a result, there can be no assurance that the Partnership will remain entitled to rely on that Section. If the Partnership were found not to have been entitled to such reliance, it and the General Partner could be subject to legal actions by the SEC and others and the Partnership could be forced to terminate its business under adverse circumstances.

*Private Offering Exemption*

The Partnership intends to offer Interests on a continuing basis without registration under any securities laws in reliance on an exemption for “transactions by an issuer not involving any public offering.” While the General Partner believes reliance on such exemptions is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other partnerships, the scope of disclosure provided, failures to make notices, filings, or changes in applicable laws, regulations, or interpretations will not cause the Partnership to fail to qualify for such exemptions under Federal or one or more states’ laws. Failure to so qualify could result in the rescission of sales of Interests at prices higher than the current value of those Interests, potentially affecting materially the Partnership’s performance and business. Further, even nonmeritorious claims that offers and sales of Interests were not made in compliance with applicable securities laws could materially and adversely affect the General Partner’s ability to conduct the Partnership’s business.
Other

The Partnership and the General Partner will be subject to various other regulations, securities laws and others rules, laws or regulations that could limit some aspects of the Partnership’s operations or subject the Partnership or the General Partner to the risk of sanctions for noncompliance.

Litigation

The Partnership might be named as a defendant in a lawsuit or regulatory action stemming from the activities of the General Partner. In the event that such litigation did occur, the Partnership would bear the additional costs of defending against it, be at further risk if the case were to be lost and may be forced to suspend withdrawals of Interests due to the resulting illiquidity of the Partnership’s investments.

Possible Indemnification Obligations

The Partnership is generally obligated to indemnify the General Partner under the Limited Partnership Agreement against any liability they or their respective affiliates may incur in connection with their relationship with the Partnership.

No Minimum Size of Partnership

The Partnership may begin operations without attaining any particular level of capitalization. At low asset levels, the Partnership may be unable to diversify its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information. It is possible that even if the Partnership operates for a period with substantial capital, Limited Partners’ withdrawals could diminish the Partnership’s assets to a level that does not permit the most efficient and effective implementation of the Partnership’s investment program.

THIS FOREGOING LIST OF CONFLICTS OF INTEREST AND RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING. POTENTIAL INVESTORS SHOULD READ THE ENTIRE MEMORANDUM BEFORE DETERMINING TO INVEST IN THE PARTNERSHIP.

TRANSACTIONAL PRACTICES

General Selection Criteria

In the course of its investment activities the Partnership will incur transaction expenses. The General Partner will have complete discretion in deciding what Futures Commission Merchant (“FCM”) to use and in negotiating rates of compensation. In choosing a FCM, the General Partner will not be required to consider any particular criteria. For the most part, the General Partner will seek the best combination of expenses and execution quality but, as discussed below, the General Partner is not required to select the FCM that charges the lowest transaction cost, even if that FCM provides execution quality comparable to other FCMs. In evaluating “execution quality” historical net prices on other transactions will be a principal factor, but other factors will also be relevant.

Futures Commission Merchant

The General Partner intends to utilize Refco, Inc. ("Refco") as the Partnership’s Futures Commission Merchant ("FCM"). The Partnership may engage additional FCMs in the future. Refco is registered with the Commodity Futures Trading Commission (“CFTC”) as an FCM since June 30, 1982 and is a Member, in good standing, with National Futures Association since July 1, 1982.
The General Partner recommends Refco as a clearing FCM and must, therefore, disclose material litigation against Refco for the previous five years.

On May 24, 1999, Refco settled a CFTC administrative proceeding (In the Matter of Refco, Inc., CFTC Docket No. 99-12) in which Refco was alleged to have violated certain order taking, recordkeeping, and supervisory rules. The CFTC allegations pertained to the period from January 1995 through December 1995 in which Refco took trading instructions from an independent introducing broker/broker-dealer that had discretionary trading authority over approximately 70 accounts. Without any hearing on the merits, and without admitting any of the allegations, Refco settled the proceeding and agreed to payment of a $6 million civil penalty, entry of a cease and desist order, funding of a study on order entry and transmission procedures, and a review of its compliance policies and procedures related to its handling of trades by floor and back office personnel.

Acceleration Capital, LLC intends to use Castle Trading, Inc. as the clients Introducing Broker (“IB”), an Affiliated IB where Mr. Plyam is the President and an Associated Person. Mr. Plyam will not receive direct benefit as a result of the introduction and maintenance of an account through Castle Trading, Inc. Mr. Plyam will not charge more than Refco’s price per contract traded. The compensation from transaction fees charged by Refco may be greater than that total fees and other benefits provided by other broker/dealer’s for similar services

### SUMMARY OF THE LIMITED PARTNERSHIP AGREEMENT

The rights and duties of the General Partner and the Limited Partners are governed by provisions of the Partnership Act and by the Limited Partnership Agreement. Certain features of the Limited Partnership Agreement are outlined below, but reference is made to the Limited Partnership Agreement for complete details of its terms and conditions.

**Management Responsibilities of the General Partner**

Under the terms of the Limited Partnership Agreement, the General Partner is vested with exclusive responsibility for managing the business and the affairs of the Partnership. Limited Partners will not participate in management decisions affecting the Partnership and they will have no voice in the operations of the Partnership. The responsibilities of the General Partner include, without limitation, making all investment decisions for the Partnership, selecting FCMs to execute transactions for the Partnership, determining whether the Partnership will make distributions, administering withdrawals and the admission of Limited Partners, preparing and distributing quarterly and annual reports to the partners, filing reports required by governmental agencies, and administering other matters relevant to the business of the Partnership.

The General Partner also has the power on behalf of the Partnership (a) to purchase, hold, sell, short and trade securities, futures, commodities, options and other instruments (b) to open, maintain and close bank accounts, (c) to appoint other investment managers and/or investment vehicles for the investment of the Partnership’s assets, and (d) generally to act for the Partnership in all matters incidental to the foregoing including the preparation and filing of all Partnership tax returns and the making of such tax elections and determinations as appear to it appropriate.

**Exercise of Rights by Limited Partners**

The Limited Partnership Agreement provides that meetings of the Limited Partners may be called by the General Partner for any matters for which the Limited Partners may vote as set forth in the Limited Partnership Agreement. The General Partner may not withdraw from the Partnership without 90 days’ prior written notice thereof to the Limited Partners.
Sharing of Profits and Losses

Under the terms of the Limited Partnership Agreement, the General Partner has sole discretion as to the distribution of profits, if any, to the Limited Partners. The General Partner does not intend to make a distribution if, in its opinion, the reduction in the amount of assets under management after giving effect to the distribution would not be in the best interests of the Partnership or the Limited Partners. Any distributions made by the Partnership to the partners shall be made in cash or in securities, at the sole discretion of the General Partner, on a pro rata basis based upon the relative balance in each partner’s Book Capital Account as of the last day of the period to which the distribution relates. See “RISK FACTORS” and “CONFLICTS OF INTERESTS.”

Each Limited Partner in the Partnership and the General Partner (individually, a “partner” and collectively, the “partners”) will have a book capital account (“Book Capital Account”) and a tax capital account (“Tax Capital Account”), the initial balance of each of which will be the amount contributed to the Partnership by such partner. Any increase or decrease in the Net Asset Value of the Partnership will be allocated among the partners on a monthly basis and will be added to or subtracted from the Book Capital Accounts of the partners in the ratio that each partner’s Book Capital Account bears to all partners’ Book Capital Accounts.

In general, for Federal income tax purposes, all items of ordinary income and deduction are allocated among the partners in proportion to their relative Book Capital Account balances during the period when such income is earned or such expense is incurred. Capital gain [including gain attributable to Section 1256 contracts (“Section 1256 contracts”) under the Internal Revenue Code of 1986, as amended (the “Code”)] shall generally be allocated among the partners experiencing appreciation in their Book Capital Accounts during the year in proportion to the relative appreciation experienced. Capital loss (including loss attributable to Section 1256 contracts) shall generally be allocated among the partners experiencing depreciation in their Book Capital Accounts during the year in the same manner. See “TAX CONSIDERATIONS.”

Withdrawals

All or a portion of an investor’s Interest may be redeemed upon the close of business on the last business day of each calendar month (“Withdrawal Date”). Withdrawals made prior to six calendar months from the day in which an interest is purchased will be subject to an early withdrawal penalty of 2% of the amount withdrawn. Withdrawals may be subject to certain restrictions and to the establishment of reserves in respect of undetermined and contingent liabilities. The General Partner must receive 30 days’ prior written notice (including by facsimile) of a request for withdrawal. Distribution of the amount of withdrawal shall be made as soon as practicable following said Withdrawal Date; and final settlement of the full amount of such distribution shall be made as promptly as possible after completion of final reconciliation of valuations for the Withdrawal Date (generally not to exceed 120 days after withdrawal).

The General Partner may, in its sole discretion (a) postpone the distribution of any Partnership assets which cannot be properly valued on the withdrawal date until such time when the assets can be properly valued; (b) establish a reserve against any undetermined or contingent liability in an amount deemed reasonable by the General Partner; and (c) amend, modify, liberalize or restrict the terms and conditions of the Limited Partners’ withdrawal privileges to the extent deemed necessary or advisable in connection with any further offerings (public or private) of Interests for sale.

A Limited Partner will be deemed to have withdrawn from the Partnership upon its giving notice of withdrawal of its entire Interest in the Partnership. The withdrawal of a Limited Partner will not terminate the Partnership. It will terminate the interest of the withdrawn partner in the Partnership except that such partner shall have access to the books and records of the Partnership and to such data as may be necessary to give full information with respect to its distributive interest.
The General Partner, in its sole and absolute discretion, may cause the Partnership to purchase and redeem all of the Partnership Interests of any Limited Partner effective any month-end upon ten (10) days prior written notice. The purchase and withdrawal price payable to the Limited Partner after the giving of such notice shall be the value of the Limited Partner’s Book Capital Account on the effective date. A Limited Partner who withdraws all of his Capital Account will be deemed to have withdrawn from the Partnership as a Limited Partner.

Accounts, Records and Reports and Pricing

The books of accounts and records of the Partnership will be maintained using generally accepted accounting principles, and will be open for inspection at the Partnership’s office by any partner at reasonable times and reasonable intervals.

As of the end of each calendar month, the General Partner will prepare and send to each partner an unaudited monthly statement. The General Partner may, but is not required to, disclose to the Limited Partners the investments that the Partnership has made. The monthly statement will report performance of the fund, the value of a Partner’s Capital Account and other information. For purposes of preparing such quarterly statements, the General Partner will price the Partnership’s portfolio of securities based upon the last reported sales prices for such securities or if no sales are reported, the median between the bid and the offer. In addition, as of the end of each fiscal year, an audited annual report of the Partnership shall be prepared and mailed to each partner. This report will contain a Statement of Financial Condition for the fiscal year, information necessary for the preparation of Federal income tax returns and other information. The General Partner may elect to have the first audit period be inception through December 31, 2003.

Liabilities

A Limited Partner’s capital contribution is subject to the risks of the Partnership’s business. However, under the provisions of the Partnership Act, a Limited Partner will not be personally liable for any debts or losses of the Partnership beyond the amount of its capital contribution and profits attributable thereto (if any), plus interest thereon. Each Interest, when issued, will be fully paid and non-assessable. Losses in excess of the Partnership’s assets will be the obligation of the General Partner. It should be noted that a Limited Partner would not be able to exercise any management functions with respect to the Partnership’s operations. See “RISK FACTORS.”

The Limited Partnership Agreement provides that the General Partner and its affiliates shall not be liable to the Partnership or to any of the partners for any act or failure to act taken or omitted by them in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Partnership if such act or failure to act did not involve negligence, misconduct or a breach of fiduciary obligations.

Indemnification

The Limited Partnership Agreement provides that in any threatened, pending or completed action, suit or proceeding to which the General Partner was or is a party or is threatened to be made a party by reason of the fact that it is or was the General Partner of the Partnership, the Partnership shall indemnify, defend, and hold harmless the General Partner and its “affiliates” (as defined below) from and against any loss, liability, damage, cost, expense (including, without limitation, attorneys’ and accountants’ fees and expenses incurred in defense of any demands, claims or lawsuits), judgments and amounts paid in settlement (collectively, “Losses”), incurred by them if the General Partner acted in good faith and in a manner it reasonably believed to be in or not opposed to, the best interests of the Partnership and, provided that the omission, act or conduct that was the basis for such Losses was not the result of misconduct or negligence and was taken or omitted in good faith and in the reasonable belief that it was taken or omitted in, or not opposed to the best interests of the Partnership. Any indemnification under the Limited Partnership Agreement, unless ordered by a court, shall be made by the Partnership only as authorized in the specific case and only upon a determination by independent legal counsel in a written opinion that
The indemnification of the General Partner is proper under the circumstances. To the extent that the General Partner has been successful on the merits or otherwise in defense of any action, claim, suit or proceeding, or issue or matter presented therein, the opinion of independent legal counsel shall not be required and the Partnership shall indemnify them against any Losses incurred by them in connection therewith.

The Partnership may advance funds to the General Partner and its affiliates for legal expenses and other costs incurred as a result of a legal action if the General Partner or its affiliates, as applicable, undertake to repay the advanced funds to the Partnership in cases in which they would not be entitled to indemnification under the Limited Partnership Agreement.

For purposes of indemnification as used in the Limited Partnership Agreement, the term “affiliate” of the General Partner shall mean: (a) any natural person, partnership, corporation, association or other legal entity directly or indirectly owning, controlling or holding with power to vote 10% or more of the outstanding voting securities of the General Partner; (b) any partnership, corporation, association or other legal entity 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote by the General Partner; (c) any natural person, partnership, corporation, association or other legal entity directly or indirectly controlling, controlled by, or under common control with, the General Partner; or (d) any person who is a Managing Member of the General Partner.

In the event the Partnership or the General Partner or any of its affiliates is made a party to any claim, dispute or litigation or otherwise incurs any Losses as a result of or in connection with (a) any Partner’s (or its assignee’s) activities, obligations or liabilities unrelated to the Partnership’s business, or (b) any failure or alleged failure on the part of the Partnership or the General Partner to withhold from income allocated or deemed to be allocated to any Partner or its assignees (whether or not distributed) any amounts with respect to which Federal income tax withholding was required or alleged to have been required, such Partner (or its assignees cumulatively) shall indemnify and reimburse the Partnership and the General Partner for all Losses incurred by the Partnership and the General Partner in connection therewith.

Termination

Unless earlier dissolved, the Partnership shall cease doing business on September 31, 2053 and shall thereupon be dissolved. The Partnership also shall cease doing business and shall be dissolved upon the occurrence of certain other events, including the following:

(a) The insolvency or bankruptcy of the Partnership;

(b) The dissolution or other cessation to exist as a legal entity of the General Partner, at the election of the General Partner or upon the retirement, adjudication of bankruptcy or insolvency of the General Partner, unless a successor general partner has been elected by the Limited Partners or admitted by the General Partner prior to the date of any such event and such successor general partner elects to continue the business of the Partnership.

The Limited Partnership Agreement provides that in the event of the dissolution of or liquidation of the Partnership, its affairs shall be wound up and all assets shall be liquidated as promptly as is consistent with obtaining the fair value thereof and the proceeds therefore shall be applied and distributed in the following order: (a) to the expenses of liquidation and termination and to creditors, in the order of priority as provided by law; and (b) to the partners in accordance with their respective Book Capital Account balances.

Fiscal Year

The Partnership’s fiscal year will end on December 31 of each year.
Arbitration

Any controversy between the General Partner and a Limited Partner arising out of or related to Limited Partner’s Account, or to the Advisory Agreement between the General Partner and the Limited Partner or the breach thereof, shall be settled only by arbitration in accordance with 180.1 - 180.5 of the Commodity Futures Trading Commission regulations. The General Partner agrees to pay any incremental fees that may be assessed in the arbitration proceedings for provision of a mixed panel, unless the arbitrators in a particular proceeding determine that Limited Partner has acted in bad faith in initiating or conducting such proceeding. Any proceeding must be commenced within two years after the transaction or occurrence complained of and the hearing is to be conducted in English and held in California. In such proceeding both Limited Partner and the General Partner waive any right to punitive damages, and if the Limited Partner does not prevail, the Limited Partner shall pay the General Partner’s costs and attorney’s fees. Judgment upon the arbitration award shall be, final and may be entered in any court having jurisdiction thereof.

THESE FORUMS EXIST FOR THE RESOLUTIONS OF COMMODITY DISPUTES: CIVIL COURT LITIGATION, REPARATIONS AT THE COMMODITY FUTURES TRADING COMMISSION (CFTC) AND ARBITRATION CONDUCTED BY SELF-REGULATORY OR OTHER PRIVATE ORGANIZATIONS.

THE CFTC RECOGNIZES THAT THE OPPORTUNITY TO SETTLE DISPUTES BY ARBITRATION MAY IN SOME CASES PROVIDE MANY BENEFITS TO CUSTOMERS, INCLUDING THE ABILITY TO OBTAIN AN EXPEDITIOUS AND FINAL RESOLUTION OF DISPUTES WITHOUT INCURRING SUBSTANTIAL COSTS. THE CFTC REQUIRES, HOWEVER, THAT EACH CUSTOMER INDIVIDUALLY EXAMINE THE RELATIVE MERITS OF ARBITRATION AND THAT YOUR CONSENT TO THE ARBITRATION AGREEMENT BE VOLUNTARY.

BY SIGNING THIS AGREEMENT, YOU: (1) MAY BE WAIVING YOUR RIGHT TO SUE IN A COURT OF LAW; AND (2) ARE AGREEING TO BE BOUND BY ARBITRATION OF ANY CLAIMS OR COUNTERCLAIM WHICH YOU OR CI MAY SUBMIT TO ARBITRATION UNDER THIS PETITION THE CFTC TO INSTITUTE REPARATIONS PROCEEDINGS UNDER SECTION 14 OF THE COMMODITY EXCHANGE ACT WITH RESPECT TO ANY DISPUTE WHICH MAY BE ARBITRATED PURSUANT TO THIS AGREEMENT. IN THE EVENT A DISPUTE ARISES, YOU WILL BE NOTIFIED IF CI INTENDS TO SUBMIT THE DISPUTE TO ARBITRATION. IF YOU BELIEVE A VIOLATION OF THE COMMODITY EXCHANGE ACT “REPARATIONS” PROCEEDING BEFORE THE CFTC, YOU WILL HAVE 45 DAYS FROM THE DATE OF SUCH NOTICE IN WHICH TO MAKE THAT ELECTION.

SEE 17 CFR 180.1 - 180.5

Miscellaneous Provisions

The Partnership may do business with any person, firm or corporation notwithstanding that such person, firm or corporation is a partner or an affiliate of any partners or of the Partnership.

The General Partner is not required to devote its full business time to the Partnership and will continue to have other business interests, including acting in the same or similar capacity for other partnerships or entities.