

Name of Offeree

Copy No.

(This offering memorandum does not constitute an offer unless the offeree's name and a memorandum copy number appear above)

# Acceleration Mercury Fund 4X, LP

## A Delaware Limited Partnership

The date of this Confidential Private Offering Memorandum (the "Memorandum")  
is January 15, 2005.

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 January 15, 2005. 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 This Disclosure Document is not to be distributed under any circumstances after September 14, 2005 and will be superseded after that date by a Disclosure Document containing then current information about this program.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 assisting them and their professional Advisers in evaluating the securities offered hereby and are 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.**

**RISK DISCLOSURE STATEMENT**

**YOU SHOULD CAREFULLY CONSIDER WHETHER YOU'RE 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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**NOTICES**

**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 OFFEREE 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 8619 Reseda Blvd., Suite 102, Northridge, California 91324; 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 8619 Reseda Blvd., Suite 102, Northridge, California 91324; 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 1/12<sup>th</sup> 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 Partnership's 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 8619 Reseda Blvd., Suite 102, Northridge, California 91324. 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 8619 Reseda Blvd., Suite 102, Northridge, California 91324; 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 METHODOLOGY**” 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.

### 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, 8619 Reseda Blvd., Suite 102, Northridge, California 91324. 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 remainder 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.

## 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 against the direction of the 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 IX, 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; Euro Yen; 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 IX, 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".

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 include 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 La Verne, 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.

**Litigation:**

With the exceptions noted below, there have been no administrative, civil or criminal litigation against Mercury 4X Fund, LP, Acceleration Capital, Inc., Castle Trading, Inc. ("CASTLE"), or its principals in the last five years, and there are none pending, concluded or on appeal.

On March 1, 2004, NFA's Business Conduct Committee ("BCC") issued a Complaint (#04BCC00001) to CHP Asset Management LLC ("CHP"). The Complaint alleged that CHP Asset Management failed to provide required information to pool participants, failed to maintain required pool records, failed to file a disclosure document with NFA, used misleading promotional material and Mr. Plyam failed to supervise, in violation of NFA Compliance Rules.

On March 3, 2004, NFA's BCC issued a Complaint (#04BCC00003) to Castle Trading, Inc. The Complaint alleged that Castle used deceptive and misleading promotional material, failed to submit promotional material to NFA as required, failed to maintain promotional material records and failed to include the required disclaimer for hypothetical performance. The Complaint also alleged that Castle failed to provide required information regarding security futures products to potential customers, failed to submit such promotional material to NFA prior to use, and failed to establish written Security Future Products procedures, in violation of NFA Compliance Rules. The Complaint further alleged that Castle failed to list a principal with the NFA, failed to properly create and maintain order tickets, accepted checks in Castle's name, failed to meet anti-money laundering requirements and that Castle and Mr. Plyam failed to supervise

On May 5, 2004, NFA's BCC issued a Decision, in both of the above actions, to Castle and CHP accepting their settlement offer in which they neither admitted nor denied the allegations of the Complaint. The BCC ordered that Castle and CHP Asset Management are jointly and severally liable each for a \$10,000 fine. The Decision also ordered that Castle and CHP not use any promotional material unless and until the promotional material has been expressly approved for use by the NFA. Finally, the Decision ordered that Castle and CHP engage the services of a competent and independent third party to conduct four audits of the firm's compliance with all NFA Requirements and prepare reports of those audits within ten days after the close of each such audit. A copy of each audit report must be provided to the NFA promptly after its creation. Castle and CHP is obligated to have the required audits conducted approximately four months, eight months, twelve months, and eighteen months following the issuance of the Decision. This Decision became effective May 20, 2004.

**BREAK-EVEN ANALYSIS**

Selling Price per Unit	\$1,000
Operating Expenses (1)	\$0
Management Fee (2)	\$25

