

Exhibit 16

DEMARCHE ASSOCIATES, INC.
HEDGE FUND MANAGER QUESTIONNAIRE

Part I - Overall Organization

Name of Firm: Sterling Stamos
Address: 575 Fifth Avenue, 40th Floor
City, State, Zip: New York, NY 10017
Phone: (212) 485-4370 Fax: (212) 485-4371
Contact: Rick Stockton/Kevin Okimoto Title: Client Relations
Date: September 1, 2005 Email rstockton@sterlingstamos.com/
kokimoto@sterlingstamos.com

1. Organizational structure of firm (please include an organizational history and a description of the relationship of your firm/division to parent and affiliate companies):

Sterling Stamos Capital Management, L.P. ("Sterling Stamos") is a registered investment adviser with the core investment objective of producing superior risk-adjusted returns regardless of market conditions. Informed by an endowment approach and a global macroeconomic perspective, the firm invests across five major asset classes: fixed income, absolute return, equities, real assets, and private equity.

With offices in Menlo Park and New York City, Sterling Stamos Capital Management, L.P. has over \$2.2 billion in assets under management as of August 1, 2005.

2. Please describe the ownership structure of your firm. Kindly include the top five ownership positions and their percentage held. Describe any anticipated changes in firm ownership. Please provide a schedule detailing the percentages of the firm which are owned by active employees.

[Discuss with Jared]

3. Does your firm have an ownership succession plan, i.e. buy-sell agreement? If yes, please describe how the plan works, noting if there is a valuation formula in place and whether the plan covers death, disability, retirement, voluntary or involuntary termination, etc.

[Discuss with Jared]

4. How much does your organization have in assets under management? Please detail amounts managed in various product areas, e.g. domestic equities, domestic fixed, hedge fund, private equity, etc.

As of August 1, 2005, Sterling Stamos had over \$2.2 billion in assets under management.

Asset Class	AUM as of August 1, 2005
Fixed Income	Opening August, 2005
Absolute Return	\$2.12B
Equities	\$23.9M

Real Assets	Opening October, 2005
Private Equity	\$56M

5. Identify any governmental registrations (*please provide most recent registration copy, i.e., SEC Form ADV*):

In June, 2005, Sterling Stamos became a Registered Investment Advisor. The General Partner and Management Company are exempt from registration as a Commodity Pool Operator with the Commodity Futures Trading Commission under Rule 4.13(a) 3 and 4.13(a) 4. A copy of the Form ADV, Part II is attached.

6. Does your firm have any pending litigation? Yes No
If yes, please explain:

7. Does your firm have any previous judgments/investigations? Yes No
If yes, please explain:

8. Is your hedge fund organization covered by errors and omissions insurance? If yes, how much? List any other insurance types and amounts of coverage.

[update with KB]

Sterling Stamos does not carry Errors & Omissions insurance.

9. What is your total number of employees? Who are the key people in your organization? Kindly provide a brief description of their responsibilities, experience, and tenure.

The currently has 45 employees. The investment team is lead by the firm's CEO, Peter Stamos, and is supported by an experienced team of thirteen (13) professionals. The investment team includes four portfolio managers, five research analysts, two risk managers, and an administrative assistant. The team shares the responsibility of sourcing, due diligence, selection, and monitoring of the Portfolio Managers. Shown below are the names and backgrounds of the primary portfolio decision makers for Sterling Stamos:

Peter S. Stamos is the CEO of the Management Company and the Managing Member of the General Partner. Mr. Stamos is ultimately responsible for all investment decisions for Sterling Stamos. Previously, he was the CEO of Stamos Associates, Inc. (SAI), a healthcare and technology company that was acquired by Perot Systems, Inc. In addition, he was the Senior Vice President of Channelpoint, Inc.

Before founding SAI, Mr. Stamos was the Chief of Staff and Chief Economist for US Senator Bill Bradley. He was also a Principal with Booz Allen & Hamilton, a Senior Management Consultant with McKinsey & Company, and the Managing Partner of the Doblin Group.

In addition to his private and public sector work, Mr. Stamos taught economics at both Harvard University – where he received the Allen Young Award for Teaching Excellence – and at Stanford University, where he was an occasional guest lecturer at the Graduate School of Business. Mr. Stamos serves on several boards and advisory boards, including the board of Stanford University Hospitals

and Clinics, where he is Chairman of the Investment Committee and a member of the Finance and Audit Committees.

Mr. Stamos received a DPhil from Oxford University, where he was a Rhodes Scholar, and a JD with honors from Harvard Law School. He earned BA degrees in economics and political science from Stanford University, where he was a Truman Scholar, received the Sterling Award, and was elected to *Phi Beta Kappa* with honors and distinction.

Ashok Chachra is the Senior Portfolio Manager for Sterling Stamos and is responsible for portfolio manager sourcing, due diligence, risk management, and ongoing portfolio monitoring. Prior to joining Sterling Stamos, he was a Senior Business Analyst with McKinsey & Company, focusing on assignments in the financial services and healthcare industry sectors.

Mr. Chachra earned a BS in business administration with university honors from Carnegie Mellon University.

Michael Kastner, Managing Director, has 18 years of Investment Management experience and is responsible for management and oversight of the firm's fixed income platform. Previously, Mr. Kastner spent seven years with Deutsche Bank, New York as Head of Taxable Fixed Income Portfolio Management and an Investment Policy Committee Member. While in those roles, he actively managed approximately \$12 billion in assets and chaired the Fixed Income Strategy Group. He was also Director of Fixed Income and Foreign Exchange, Americas Region at NatWest-Coutts & Co. Mr. Kastner's previous experience also includes positions with Société Générale and Chicago Research and Trading. He has been recognized for his work by leading industry publications and is a published author of several articles on fixed income management technique. Mr. Kastner is frequently quoted in leading financial publications, including The Wall Street Journal and the Financial Times and has appeared on CNBC and Bloomberg Television and Radio.

Mr. Kastner earned an MBA in finance from George Washington University and a BA in business and English from Towson University. He is a Chartered Financial Analyst, President of the Treasury Securities Luncheon Club, member of the Socially Responsible Investing committee of the New York Society of Security Analysts, and a member of the Educational Advisory Board of the International Securities Market Association, London.

David G. Hood is Managing Director, Real Assets. Mr. Hood is jointly responsible for operations, staffing, and acquisitions, as well as directing and arranging investment capital for all investment activities in the Sterling Stamos Real Asset Fund. Prior to joining Sterling Stamos, Mr. Hood worked as an investment principal with Seagate Properties, a local Bay Area real estate investor. In 2002, Mr. Hood joined Carmel Partners as a Principal, primarily responsible for capital formation and investor relations, and successfully helped launch and raise a \$215 million first-time, institutional real estate fund in less than 18 months. Prior to his tenure at Carmel, Mr. Hood co-founded Rosenberg Hood Ventures ("RHV"), a San Francisco-based commercial real estate investment entity that acquired, developed, and controlled over 750,000 square feet of San Francisco office/parking complexes. From 1994 to 1997, Mr. Hood was a founding principal and a senior executive at Lone Star Opportunity Fund, where he played a key role in the company's fundraising, acquisition, financing, and management, during which time they acquired and managed over \$1 billion in real estate and real assets. Mr. Hood was also a founding member of Lone Star's predecessor company, Brazos Fund, a Robert M. Bass sponsored investment entity that acquired over \$3 billion in real estate assets. From

1985 to 1992, Mr. Hood worked as a Partner at several real estate development companies including Trammell Crow, Hillman Properties, and Barker Interests. A Trustee of Sunny Hills Children's Garden and Marin Primary & Middle School, Mr. Hood also works with the City of Hope and Omega Boys Club.

Mr. Hood holds a BA from Stanford University and an MBA from Harvard Business School.

Verna Kuo is Managing Director, Real Assets. Ms. Kuo is jointly responsible for operations, staffing, and acquisitions, as well as directing and arranging investment capital for all investment activities in the Sterling Stamos Real Asset Fund. Prior to joining Sterling Stamos, Ms. Kuo co-managed the \$2-3 billion global real estate and natural resources portfolio for Stanford University's endowment at the Stanford Management Company. At Stanford, Ms. Kuo developed and executed an asset class strategic plan and sourced, underwrote, and managed Stanford's investments in all sectors of real estate and natural resources, including public REITS, direct real estate assets, commingled funds, and direct oil and gas assets. She has served on multiple fund advisory boards and is an active member of the Pension Real Estate Association (PREA) and the Urban Land Institute (ULI). She was the 2002 Annual PREA Conference Co-Chair and the 2004 and 2005 NMS Real Assets Roundtable Co-Chair. Prior to working for Stanford, Ms. Kuo was actively involved in international and domestic politics and nonprofit management. In particular, she worked for the National Democratic Institute in Nepal, the Clinton-Gore campaign, and as a founding program officer at the United States Corporation for National Service.

Ms. Kuo holds a BA and an MBA from Stanford University.

[include Catherine Lee for private equity?]

10. Please provide a description of your investment professionals' compensation program. Kindly include percentages achievable through salary and bonus as well as carried interest and equity participation, etc. at various levels. Describe any anticipated changes in your compensation program.

All Sterling Stamos employees are salaried, with an opportunity for a discretionary bonus. Bonus levels range from 10% of salary to 100% of salary (specific details of compensation can be addressed in separate conversations). There have been no material changes to the compensation structures since the firm's inception in June of 2002.

[confirm with Gillian that this hasn't changed.]

- 11.(a) Hedge fund professional staff (#):

Screening / Acquisition	4 (Peter, Ashok, Cathy Tse, Johnny)
Investment Management	2 (Peter, Ashok)
Research	5 (Rohit, Angella, Ashok Raju, Michelle, Deanna)
Portfolio Mgmt	2 (Ashok, Peter)
Finance/Mktg./Client Service	13 (7 for Finance; 6 for Client Relations)
Legal/Compliance	3 (Jared, Laurie, Harris)
Other professionals (please describe)	12 Operations & Administration (Chris, Erica, Jennifer O'Neill, Maria, Roxana, Warren, Gillian, Ilan, Ivannia, James, Lloyd, Spiro)
Total Professionals	41 (triple-counts Peter & Ashok)

11.(b) Total Number of Hedge fund employees: 41

12.(a) Number of investment professionals gained/lost:

	Gained	Lost
1999	<u>n/a</u>	<u>n/a</u>
2000	<u>n/a</u>	<u>n/a</u>
2001	<u>n/a</u>	<u>n/a</u>
2002	<u>3 (Peter, Ashok, Ellen)</u>	<u>0</u>
2003	<u>1 (Ted)</u>	<u>0</u>
2004	<u>5 (Cathy Tse, Rohit, Angella, Catherine Liu, Johnny)</u>	<u>0</u>
2005	<u>4(Catherine Lee, Mike Kastner, Dave Hood, Verna Kuo)</u>	<u>2 (Ted, Ellen)</u>

12.(b) Kindly list the senior management and/or investment professionals who have left the firm in the last three years. Describe their responsibilities and reason(s) for departure. [asked Gillian to review for any changes.]

Tom Olds (June 2002 – August 2002). Position: Manager. Reason for departure: Pursue personal interests outside of the firm.

Noreen Harrington (October 2002 – July 2003). Position: Chief Investment Officer. Reason for departure: Pursue personal interests outside of the firm.

Derek S. Daley (January 2003 – October 2003). Position: General Counsel, Partner. Reason for departure: Pursue personal interests outside of the firm.

Scott Whitcher (January 2004 – January 2005). Position: Investor Relations, Partner. Reason for departure: Pursue personal interests outside of the firm.

Ted Conrads (August 2003 – January 2005). Position: Senior Analyst. Reason for departure: Pursue personal interests outside of the firm.

Catherine Liu (February 2004 – March 2005). Position: Senior Analyst. Reason for departure: Pursue personal interests outside of the firm. Relocate to West Coast from New York.

Jeremy Glaser (February 2005 – June 2005). Position: General Counsel and Sr. Vice President for Business Development. Reason for departure: Pursue personal interests outside of the firm.

Contact information available upon request.

12.(c) Please list the senior management and/or investment professionals who have joined the firm in the last three years. Indicate the reason(s) they were hired. [asked Gillian to review for any changes.]

Chris Stamos (December 2003 – Present). Position: Chief Operating Officer. Reason for hire: Manage and build out firm operations.

Cathy Tse (March 2004 – Present). Position: Manager, Capital Appreciation Funds. Reason for hire: Manage the Capital Appreciation Funds.

Kevin Barcelona (April 2004 – Present). Position: Chief Financial Officer. Reason for hire: Manage finance and fund administration groups.

Rohit Kumar (July 2004 – Present). Position: Associate. Reason for hire: Focus on risk management across all investment vehicles.

Angella Rainford (August 2004 – Present). Position: Associate. Reason for hire: Analyst for Capital Appreciation Funds.

John Lee (November 2004 – Present). Position: Manager, Capital Preservation Funds. Reason for hire: manage the Capital Preservation Funds.

Catherine Lee (January 2005 – Present). Position: Private Equity Manager. Reason for hire: Launch the Private Equity Fund of Funds Product.

Michael Kastner (June 2005 – Present). Position: Managing Director, Fixed Income. Reason for hire: management and oversight of the firm's fixed income platform.

David Hood (June 2005 – Present). Position: Managing Director, Real Assets. Reason for hire: Launch the Sterling Stamos Real Asset Fund.

Verna Kuo (July 2005 – Present). Position: Managing Director, Real Assets. Reason for hire: Launch the Sterling Stamos Real Asset Fund.

Michelle Ruvolo (July 2005 – Present): Position: Analyst. Reason for hire: Focus on risk management across all investment vehicles.

Deanna Ho (May 2005 – Present). Position: Associate. Reason for hire: Analyst for the Capital Preservation Funds.

Ashok Raju (August 2005 – Present). Position: Associate. Reason for hire:

13. Please provide three-year hedge fund business plan (*include maximum capacities at current staff levels – are there any expansion needs?*):

We anticipate closing the absolute returns portion of our business to new limited partners by January 1, 2006. For those limited partners wanting to make additional contributions and who are invested in our funds by December 31, 2005, we will prioritize securing capacity with our managers in select vehicles.

In order to support our clients, we will be building out our client relations staff in New York as well as California.

14. Hedge fund investment participation offered: **Assets (\$)**

<input checked="" type="checkbox"/>	Fund of Funds	\$2.12B
<input type="checkbox"/>	Separate Accounts - Discretionary	_____
<input type="checkbox"/>	Separate Accounts - Advisory	_____
<input type="checkbox"/>	Co-Investment	_____
<input type="checkbox"/>	Open-end Commingled Funds	_____
<input type="checkbox"/>	Closed-end Commingled Funds	_____
<input type="checkbox"/>	Other _____	_____
<input type="checkbox"/>	Other _____	_____

15. Total hedge fund assets under management:

	Firm	Security Fund	Security Offshore Fund
12/31/2002	\$49M	\$15M	N/A
12/31/2003	\$330M	\$97M	N/A
12/31/2004	\$1,200M	\$358M	\$47M
08/01/2004	\$2,120M	\$549M	\$370M

16. Hedge fund client distribution (total assets under management): [SS to provide - data should be across all funds]

	Assets (\$)	# of Clients
Corporate	_____	_____
Public	_____	_____
Taft-Hartley	_____	_____
Endowments/Foundations	_____	_____
Taxable	_____	_____
Individual	_____	_____
Other	_____	_____

17. Hedge fund client distribution (by mandate type): [SS to provide - data should be across all funds]

	Assets (\$)	# of Clients
Separately Managed Discretionary	_____	_____
Non-Discretionary	_____	_____
Taft-Hartley	_____	_____
Commingled fund of funds	\$1,200mm	_____
Other _____	_____	_____
Other _____	_____	_____

18. Number of hedge fund clients gained/lost: [SS to provide - data should be across all funds]

	Gained	Lost
1999	_____	_____
2000	_____	_____
2001	_____	_____

2002	_____	_____
2003	_____	_____
2004	_____	_____

[Could be something similar to this but for all funds: Sterling Stamos has gained all 100 investors since 10-01-02 (launch of Funds to outside investors). Less than five investors have made total redemptions from the Security Fund, L.P. since inception; these redemptions made up less than \$5 million in total assets.]

19. Hedge fund diversification (total assets under management): [SS to provide – data should be across all funds]

	Current value (\$)	% of total
Merger Arbitrage	_____	_____
Convertible Arbitrage	_____	_____
Risk Arbitrage	_____	_____
Fixed Income Arbitrage	_____	_____
Long/Short Equity	_____	_____
Equity Market Neutral	_____	_____
Short Selling	_____	_____
Distressed Securities	_____	_____
Foreign Exchange	_____	_____
Market Timing	_____	_____
Value	_____	_____
Growth	_____	_____
Emerging Markets	_____	_____
Macro Investing	_____	_____
Opportunistic	_____	_____
Other _____	_____	_____
Other _____	_____	_____
Other _____	_____	_____
Other _____	_____	_____

20. Kindly categorize above allocations under the following major hedge fund strategies. [SS to provide – data should be across all funds]

	Current Value (\$)	%	Range
Directional Trading	_____	_____	_____
Relative Value	_____	_____	_____
Specialist Credit	_____	_____	_____
Stock Selection	_____	_____	_____

21. Hedge fund investment size (total assets under management): [SS to provide – data should be across all funds]

	Current value (\$)	% of total
\$1 - \$5 million	_____	_____
\$6 - \$10 million	_____	_____
\$11 - \$20 million	_____	_____
\$21 - \$50 million	_____	_____
\$51 - \$100 million	_____	_____
Over \$100 million	_____	_____

22. Please provide chronology of all hedge fund products previously offered:

N/A

Year	Name and Type (direct, limited partnership, Fund of funds, etc)	Discretionary/ Non-Discretionary	Cumulative Return (thru 9/30/03)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

23. Hedge fund products currently offered:

All funds listed below are funds of funds.

Name	Current Value (8/01/05)	% of Total	Status
Sterling Stamos Liquidity Fund, L.P.	\$61M	3.0%	Open
Sterling Stamos Liquidity (Offshore) Fund, Ltd.	\$93M	4.6%	
Sterling Stamos Security Fund, L.P.	\$550M	27.1%	
Sterling Stamos Security (Offshore) Fund, Ltd.	\$370M	18.2%	
Sterling Stamos Security Fund – Friends & Family, L.P.	\$52M	2.6%	
Sterling Stamos Security Fund – Select, L.P.	\$33MM	1.6%	
Sterling Stamos Security (Offshore) Fund – Select, Ltd.	\$212M	10.4%	
Sterling Stamos Levered (Offshore) Fund, Ltd.	\$139M	6.8%	
Sterling Stamos Growth Fund, L.P.	\$278M	13.7%	
Sterling Stamos Growth (Offshore) Fund,	\$92M	4.5%	

Ltd.			
Sterling Stamos Acceleration Fund, L.P.	\$107M	5.3%	
Sterling Stamos Acceleration (Offshore) Fund, Ltd.	\$20M	1.0%	
Sterling Stamos Legacy Fund, L.P.	\$24M	1.2%	

24. Hedge fund services currently offered:

- Recommend & purchase partnership investments
- Recommend & purchase direct investments
- Full investment due diligence
- Negotiating terms and conditions
- Monitoring
- Recommend and sell partnership investments
- Valuation
- Policy & procedures implementation
- Education
- International capabilities (please describe)
- Other (please describe)

25. Does the company have any SEC registered funds?

Sterling Stamos is currently not registered with any regulatory agencies.

26. Does the company maintain a written risk management policy? If yes, provide a copy.

See attached Exhibit I (Risk Management Summary – November 2004).

27. Does the firm maintain a firm wide risk management system including operational, legal, reputation and business risks? Please describe [left msg for Jared]

Risk is managed through diversification across strategy, sub-strategy, and fund manager. In addition, risk is managed through close monitoring of managers and peer group analysis.

- Portfolio Management Redundancy – One of the most effective ways to manage key man risk is to develop portfolio management redundancies within the firm. Sterling Stamos currently has eight full-time Portfolio Team members who are responsible for manager identification, due diligence, ongoing monitoring, and strategy research. While Peter Stamos is responsible for all final investment decisions of the firm, Ashok Chachra is responsible for all day-to-day decisions relating to the portfolio. In addition to the input they receive from the Portfolio Team, Mr. Stamos and Mr. Chachra rely on Ellen Horing, Senior Portfolio Advisor, who has ten years of fund-of-funds portfolio management experience, to help position the portfolio to capitalize on investment opportunities in various market environments. This team constantly monitors the hedge fund industry, as well as economic and market developments to formulate our approach to asset allocation. The firm holds formal market review meetings with the Portfolio Team once a month to discuss the economy, markets, and investments. This formal approach stimulates group discussions on economic / investment opportunities and allows the whole team to contribute to the development of a macroeconomic perspective on the portfolio, thus reducing our dependence on any one key individual. In addition to the input provided by each member of the Portfolio Team, we also receive input from outside participants and advisors during the monthly Market Calls.
- Reliance Upon Underlying Fund Managers Macroeconomic Perspective – Although Sterling Stamos develops a macroeconomic approach to capitalize on investment opportunities, the firm relies heavily

on the perspective developed by each underlying hedge fund manager in the portfolio. The fund-of-fund structure has the advantage of leveraging the long track records and experience of each manager to position their portfolio as they see fit in changing market environments. Potential investors should feel comfortable that a fund-of-fund structure reduces the dependence on any one key man having too much control over actual trading decisions and portfolio positioning. Rather than relying upon one key man to make all investment decisions, the firm relies upon approximately 37 of the brightest minds in the business to make sound investment decisions.

- Allocation Shifts – From an allocation perspective, the primary guidelines are established for the fund to hit its target risk/return objectives. Given the lock up requirements of underlying hedge fund managers, allocation changes in a fund-of-fund structure are typically made over a period of time. As a result, allocation shifts driven by the firm’s perspective on the macroeconomic environment are more tactical than strategic. This investment structure again reduces the dependence on any one key individual to make investment decisions on a daily basis.
- Alignment of Interests and Family Assets – Finally, it is important to remember the origins of the firm. Sterling Stamos was created to develop an institutional approach to managing the assets of the Katz, Wilpon, and Stamos families. The firm manages the families’ assets in its funds, so Mr. Stamos’ incentives are aligned with the success of the firm and, ultimately, the management of his own family’s assets.

28. Is the fund administration performed in-house? [SS to provide]

- What are the tasks of the fund administration?
- How often does the firm calculate/estimate the NAVs of the products?
- Does an independent party review those calculations?
- What systems are used for the fund administration?

29. How much of the firm's or partners' money is invested in the firm's products?

Approximately 20% of the key principals’ liquid net worth is invested in the Fund.

30. Do you employ a dedicated risk manager?

Rohit Kumar is responsible for risk management. Mr. Kumar is supported by analyst Catherine Liu, and both report to Ashok Chachra.

31. Are there any conflicts of interests the investor should be aware of?

Certain inherent conflicts of interest may arise as the General Partner and the Management Company provide investment management and other services to other investment Partnerships operated by the Firm. In addition, Ellen Horing provides investment management services to her own fund of funds. Such other accounts may have investments with certain Portfolio Managers utilized by the Partnership. To the extent that such Portfolio Managers limit the amount of assets and accounts that they will manage, Sterling Stamos may be required to choose between the Partnership and such other clients in allocating assets to such Portfolio Managers. In addition, one or more of the Portfolio Managers may be affiliated with the General Partner.

Completed by: _____ Title: _____
Signature: _____ Phone: _____

Date: _____ Fax #: _____

DEMARCHE ASSOCIATES, INC.
HEDGE FUND MANAGER QUESTIONNAIRE

Part II - Vehicle Specific

Name of Firm: Sterling Stamos

1. Please list your current hedge fund product(s) available for investment:

Product	Vehicle Type
Sterling Stamos Security Fund, LP _____	Fund of Funds _____
_____	_____
_____	_____

2. Name of vehicle: Sterling Stamos Security Fund, L.P.

3. Inception date of vehicle: October 2002

4. Legal structure of vehicle (i.e., fund-of funds; open-end commingled, etc.)
 Fund of funds

5. Does the investment manager, as specified in the legal documents, qualify as an ERISA fiduciary?
 Yes No *If no, please explain.*

Sterling Stamos became a Registered Investment Advisor with the SEC in June of 2005. We also expect to be a registered QPAM in the first quarter of 2006.

6. Please describe your investment performance objective. Include the risk/return objectives of this product. What is your preferred benchmark for this product? To which universe of performance should this product be compared? Kindly explain your preferences.

The Security Fund is an alternative to fixed income investments. This fund is structured through a multi-manager portfolio of hedge funds that seeks to achieve an annual return of 8 – 10% with low annual volatility of 2 – 4%. For performance comparison purposes, we feel that the Security Fund should be compared to the Lehman Aggregate Bond Index for volatility measure, and the HFRX Relative Value for performance.

7. What is your philosophy regarding the use of leverage?

The Security Fund, L.P. does not employ leverage at the fund of funds level. Some select underlying strategies do use leverage (such as fixed income arbitrage). Sterling Stamos does not impose any strict limits on leverage in connection with underlying managers, however, the firm has not does not foresee using any managers with greater than 15 times leverage.

8. What is your philosophy regarding transparency for clients, consultants, etc.? How is information made available (i.e. monthly, quarterly reports, web site, etc.?)

Sterling Stamos has trust-based relationships with its LPs, and as such, openly shares all appropriate underlying hedge fund manager information with its LPs. Many hedge fund of funds are resistant to disclosing the names of the underlying Portfolio Managers in their funds. Sterling Stamos is committed to providing as much information to its investment partners as practicable, including the names and the strategies of its underlying Portfolio Managers.

9. Vehicle size:

a.	If existing vehicle:	12/31/99	
		12/31/00	
		12/31/01	
		12/31/02	\$15 MM
		12/31/03	\$97 MM
		12/31/04	\$358 MM

- b. What are the minimum and maximum investments accepted?

The minimum initial subscription by an investor is \$5 million. The General Partner has full discretion to accept lesser amounts. Limited Partners may make additional capital contributions of at least \$1 million, also subject to the discretion of the General Partner to accept lesser amounts.

- c. What is the maximum size this fund will be allowed to reach?

We do not anticipate that the Security Fund LP will exceed \$1.75 Billion.

- d. If proposed vehicle: N/A

At what \$ level will initial investment be made: _____

Subscription period (if applicable): _____

List all known closings, committed capital and number of investors.

10. Please indicate the professional team members serving on this product. Indicate any changes since product inception. Kindly detail team responsibilities, experience, tenure with your firm and tenure on this product. Please indicate any other products on which this team or members of this team have responsibilities. What percentage of this team's time will be spent managing this product?

Please see response to #9 in Part I.

11. What are the team incentives? How are they tied to the success of this product?

Please see response to #10 in Part I.

12 Investment professionals (this vehicle):
Screening/Acquisition staff 4 _____
Investment managers 2 _____
Portfolio managers 1 _____
Mktg/Client service 6 _____
Other _____

13. Current number of clients: 157 _____

14. Clients gained/lost: See below

Sterling Stamos has gained all 157 investors since 10-01-02 (launch of Funds to outside investors).
Nine investors have made total redemptions from the Security Fund, L.P. since inception as follows:

	Gained		Lost	
	\$	#	\$	#
2001	_____	_____	_____	_____
2002	_____	_____	_____	_____
2003	_____	_____	550,000	1
2004	_____	_____	2,450,000	3
YTD 2005	_____	_____	2,200,000	5

15. Current number of investments, if established vehicle: 34 _____
Expected number of investments, if new vehicle: N/A _____

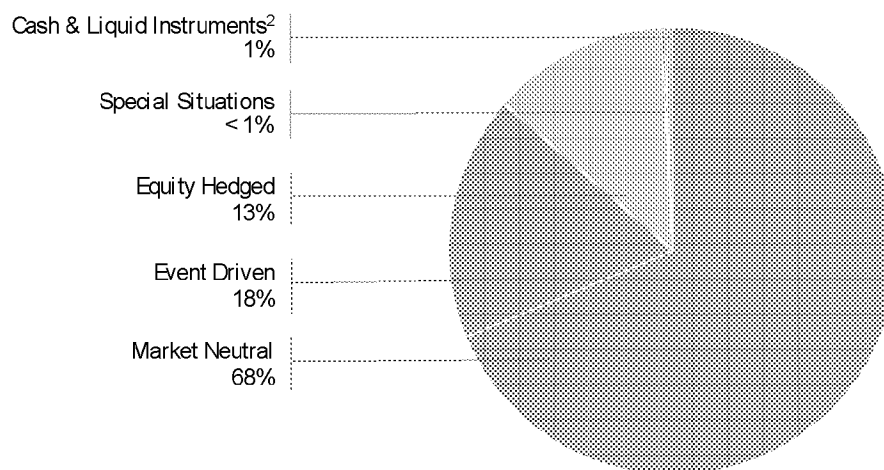
16. Investment allocations: (use estimates, targets or ranges if new vehicle)

	Current value (\$)	%	Range
Mkt. Neut - Options Arbitrage	38,700,000 _____	7.1% _____	_____
Mkt. Neut - Convertible Arbitrage	1,000,000 _____	0.2% _____	_____
Mkt. Neut - ABS	23,700,000 _____	4.4% _____	_____
Mkt. Neut - Loan Origination	90,800,000 _____	16.7% _____	_____
Mkt. Neut - FI Arb	23,800,000 _____	4.4% _____	_____
Mkt. Neut - MBS Arb	3,200,000 _____	0.6% _____	_____
Mkt. Neut - Stat Arb	68,700,000 _____	12.6% _____	_____
Mkt. Neut - Multi Strat	89,400,000 _____	16.5% _____	_____
Mkt. Neut FOF - Security Select	30,150,000 _____	5.5% _____	_____
Event Driven - Distressed	85,900,000 _____	15.7% _____	_____
Event Driven L/S Credit	8,800,000 _____	1.7% _____	_____
Event Driven - Merger Arb	1,100,000 _____	0.2% _____	_____
Event Driven - Event	1,600,000 _____	0.3% _____	_____
Equity - L/S Multi FOF	70,700,000 _____	12.9% _____	_____

Special Sits	3,600,000_____	0.7%__	_____
Reserve Cash Management	3,200,000_____	0.6%__	_____
Other _____	_____	_____	_____
Other _____	_____	_____	_____
Other _____	_____	_____	_____
Other _____	_____	_____	_____

17. Kindly categorize above allocations under the following major hedge fund strategies

STRATEGY ALLOCATION
(As of July 1, 2005)



18. Investment sizes included: (use estimates, targets or ranges if new vehicle)

	Current value (\$)	%	Range
\$0 - \$5 million	171,000,000__	34.06%_	_____
\$6 - \$10 million	39,000,000__	7.78%_	_____
\$11 - \$20 million	63,000,000__	12.55%_	_____
\$21 - \$50 million	177,000,000__	35.24%_	_____
\$51 - \$100 million	52,000,000__	10.37%_	_____
Over \$100 million	_____	_____	_____

19. Ten largest investments (or funds): (use estimates, targets or ranges if new vehicle)

	Current Value (\$)	%	Range
D.E. Shaw	57.8 MM	10.6	_____
Fortress	52.6 MM	9.7	_____

Sterling Stamos Growth Fund	49.6 MM	9.1
Ascot	38.7 MM	7.1
Gabriel Capital	36.2 MM	6.7
Perry	36.2 MM	6.7
Farralon	34.8 MM	6.4
Sterling Stamos Security Sel	30.1 MM	5.5
Long Horizons	24.3 MM	4.5
Cerberus Partners	21.3 MM	3.9

20. Use of leverage: Average: _____ Range: _____

The Security Fund, L.P. does not employ leverage at the fund of funds level.

21. Describe the contribution process.

The minimum initial subscription by an investor is \$5 million, subject to the discretion of the General Partner to accept lesser amounts. Limited Partners may make additional capital contributions of at least \$1 million, subject to the discretion of the General Partner to accept lesser amounts.

22. Describe your redemption process and any investor liquidity issues.

Generally, each Limited Partner has the right, upon 90 days' prior written notice to the General Partner, to withdraw all or any portion of such Limited Partner's capital account as of the last day of the fourth full fiscal quarter following the date such capital account was established (the "Lock-Up Period"), and thereafter as of the last day of any fiscal quarter. Distributions of withdrawal proceeds will generally be made within 30 days after the applicable Withdrawal date.

23. Describe governance, if applicable.

Sterling Stamos Security Fund, L.P. (the "Partnership") is a Delaware limited partnership organized in June 2002 to operate as a private investment partnership for the benefit of U.S. taxable investors. The Partnership commenced operations on July 1, 2002 under its former name, SP Capital Fund II, L.P.

SSP Associates GP, LLC, a Delaware limited liability company, serves as the general partner of the Partnership (the "General Partner"). Mr. Peter S. Stamos controls the General Partner through its managing member and is primarily responsible for the management of the Partnership's investment portfolio. Sterling Stamos Capital Management, L.P., a Delaware limited partnership that is controlled by Mr. Stamos through its general partner, provides management and administrative services to the Partnership (the "Management Company").

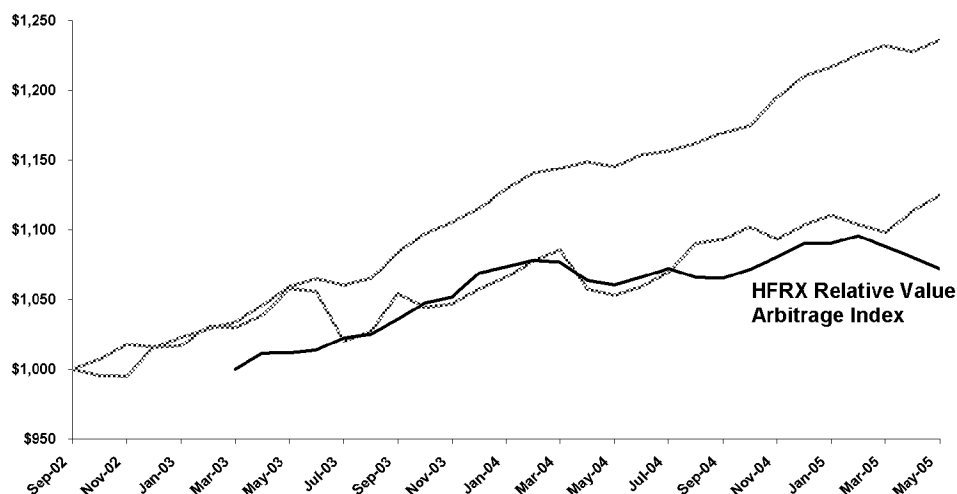
24. Describe your investment philosophy for this product. Where should it fall on the risk/return spectrum? Do you view it as a substitute for a particular traditional asset class? Does it fit into an array of various risk/return products you offer?

Since opening to investors in October 2002, the Fund has generated strong risk-adjusted returns, and more importantly, has demonstrated an ability to preserve capital during tumultuous market conditions. From inception through May 31, 2005, the Fund has generated an annualized net return of 8.25%, an annualized standard deviation of 1.82%, and an annualized Sharpe ratio of 2.9 (with a risk

free rate of 3.0%). The Fund targets investment returns, net of all fees and expenses, of between 8% and 10% and annual volatility between 2% and 4%, although no assurances can be given that these targets will be met for any given period.

The Fund has been structured primarily to generate moderate absolute returns, regardless of equity and fixed income market conditions. Many investors view the Fund as an alternative, or complement, to fixed income exposure. Given that the Fund has been constructed to be absolute return oriented, it may be true that no ideal “benchmark” exists. However, for comparison purposes, it is useful to show relevant comparative indices or proxies when evaluating performance. The chart below shows how the Fund has performed versus the Lehman Brothers Aggregate Bond Index and the Merrill Lynch 3-Month Treasury Bill Index since it opened to outside investors in October 2002.

SECURITY FUND PERFORMANCE ¹



Notes:

1. The Lehman Aggregate Bond and Hedge Fund Research, Inc. (“HFRX”) Relative Value Arbitrage Indices are intended to represent comparable benchmarks for the Sterling Stamos Security Fund, LP (the “Security Fund”). The Lehman Aggregate Bond Index has historically had similar volatility characteristics as the Security Fund. It should be noted that the underlying securities of the Lehman Aggregate Bond Index and the Security Fund are materially different. The HFRX Relative Value Arbitrage Index, launched April 1, 2005, has similar underlying investment strategies as the Security Fund which includes market neutral, fixed income arbitrage, convertible arbitrage, and other conservative absolute return strategies. It should be noted that the Security Fund also includes allocations to strategies which are not represented in the HFRX Value Arbitrage Index. These indices are provided for illustrative purposes only, are unmanaged, and reflect reinvestment of income and dividends. The Lehman Aggregate Bond Index does not reflect the impact of fees or expenses. The HFRX Relative Value Arbitrage Index is net of fees and expenses. Investors cannot invest directly in an index. Comparisons to indices have limitations because indices have volatility and other material characteristics that may differ from a particular hedge fund.
2. Chart constructed using actual net performance figures for the period October 2002 - May 2005. Sterling Stamos Security Fund performance is net of all fees and expenses.

25. Please discuss Unrelated Business Taxable Income. How likely is it that investors will be exposed to UBTI?

Investors in the Security Fund are exposed to UBTI. Since inception the exposure has been 14% of book income on average.

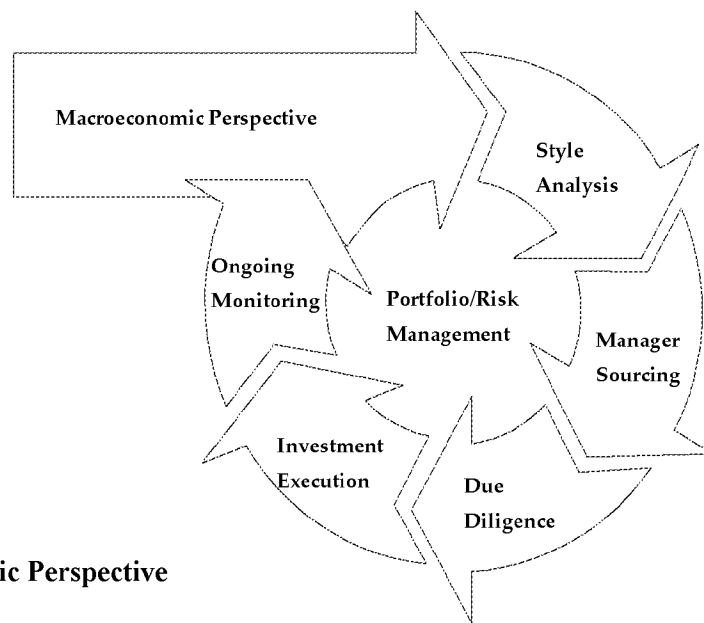
26. Describe any databases or other deal flow sources, such as placement agents, used in your selection process. How many funds do you monitor?

While we certainly maintain relationships with placement agents to potentially assist us in the manager sourcing and selection process, we have not acted on a recommendation from a placement agent in the past 12 months. The current number of managers we have monitored over the past 12 months is approximately 200. Our active pipeline of managers we are monitoring and potentially interested in, which spans all sectors in the Security Fund, is approximately 10.

27. What is your screening process to get to your “investible” universe? What are the quantitative criteria for your “working” list?

Identification and Evaluation of Portfolio Managers

The Fund has combined strict guidelines, discipline, and a consistent approach in its evaluation of prospective Portfolio Managers. The process begins with a forward-looking approach to allocate assets across hedge fund strategies, as depicted below, beginning with an overall macroeconomic and sector analysis:



Macroeconomic Perspective

Sterling Stamos CEO Peter Stamos, an economist by background, serves in various board and advisory roles to elite academic, political, and philanthropic institutions in connection with investment and economic policy. It is within these board and advisory forums that Mr. Stamos is able to engage in dialogue with many of the most progressive and influential thinkers of our time regarding global economic dynamics.

Integrating the insights of Mr. Stamos, the investment team also identifies and tracks key macro economic trends based upon fundamentals, technicals, and liquidity. These results are the foundation in determining the potential investment opportunities and risks among investment asset classes and geographies.

Style Analysis

The macroeconomic policy is a key input to the style analysis. Taking into account a macroeconomic/market sector view, the investment team determines the directional portfolio concentrations to specific hedge fund strategies based on the macroeconomic opportunity set and various risk analyses. The investment team's macroeconomic/sector view continuously evolves.

Manager Sourcing

Prospective Portfolio Managers are identified and sourced through multiple channels, including, but not limited to, internal contacts, industry contacts, strategic contacts, industry events, and commercial databases. The investment team leverages its unique network of hedge fund managers and contacts in order to gain capacity and achieve desired portfolio construction.

Due Diligence

The investment team actively employs rigorous up-front due diligence on prospective Portfolio Managers and applies the same rigor to the ongoing monitoring of Portfolio Managers already in the Fund.

Transparency of the underlying Portfolio Managers is critical, particularly because Sterling Stamos attempts to provide a high degree of transparency to its investment partners. Position level details of Portfolio Managers, as well as performance and risk metrics, are typically accessible to the investment team on a periodic basis (weekly or monthly).

Prospective Portfolio Managers are analyzed both on a quantitative and qualitative basis. A sample of the evaluation criteria are listed below:

- **Quantitative Analysis:** The investment team filters the broad universe of hedge fund managers to identify what it believes are "best in class" Portfolio Managers by evaluating quantitative factors such as:
 - Historical performance statistics
 - Performance attribution
 - Portfolio exposure
 - Volatility analysis
 - Leverage impact
 - Diversification
 - Correlation with various market and portfolio factors
- **Qualitative Analysis:** The investment team also evaluates several qualitative factors. For each Portfolio Manager allocation, the investment team must first establish an understanding of the Portfolio Manager and his or her strategy, team, and approach. Through multiple face-to-face meetings, the investment team seeks to analyze various aspects of the Portfolio Manager's business including:
 - Quality, reputation, and consistency of the management team
 - Demonstrated superior investment skills
 - Operational capabilities and stability
 - Decision-making processes
 - Transparency and openness
 - Clearly articulated and repeatable investment strategy
 - Consistency of past returns and assets under management

- Amount of personal investment
- Other intangible considerations

The investment team's objective is to construct a "basket" of Portfolio Managers, a hedge fund of funds, which collectively implements a wide range of diverse strategies, markets, and asset classes in order to mitigate the exposure to any one strategy, market, or asset class. The investment team carefully considers the impact of an allocation to a new Portfolio Manager on the risk/return characteristics of the overall portfolio.

Investment Execution and Monitoring

The investment team develops the strategy, sub-strategy, Portfolio Manager, and portfolio construction recommendations. Investment decisions are made via entire investment team consensus, with Peter Stamos having final decision-making authority.

The asset class and strategy associated with the underlying Portfolio Manager is monitored on an ongoing basis to determine market opportunities and key events. Monthly or bi-monthly performance is compared with the performance of the associated market/asset class to monitor Portfolio Manager performance against the opportunity set. Regression, style drift, stress-test scenario, and value-at-risk analyses are performed at both the Fund level and the Portfolio Manager level. The investment team conducts regular conference calls with each underlying fund manager to discuss market conditions and fund performance.

The investment team will generally withdraw the Fund's capital from a Portfolio Manager that it believes has deviated from its stated investment strategy, or that consistently underperforms versus its peers.

Portfolio Risk Management

Sterling Stamos uses a broad set of risk management tools as part of its ongoing portfolio monitoring. The investment team constantly monitors and maintains portfolio exposure limits to strategies, managers, and geography. Portfolio Managers' monthly returns are compared with the performance of respective markets and asset classes. A sample of additional quantitative elements of risk management utilized by the investment team is described below:

Individual Risk	<ul style="list-style-type: none"> ▪ Standard deviation ▪ Maximum drawdown ▪ 95%/ 99% VaR
Liquidity Risk	<ul style="list-style-type: none"> ▪ Liquidity-adjusted 95% VaR ▪ Autocorrelation analysis/ Runs test ▪ Redemption terms/ minimum holding period ▪ Liquidity profile (days needed to liquidate portfolio)
Concentration and Leverage Risk	<ul style="list-style-type: none"> ▪ Leverage (risk-based as well as financial) ▪ Concentration analysis (average, Top 5, Top 10)
Contribution to Portfolio Risk	<ul style="list-style-type: none"> ▪ Average correlation with other funds ▪ VaR attribution ▪ Beta with HFRI FoF
Market Risk	<ul style="list-style-type: none"> ▪ Correlation with major risk factors ▪ Asset-based returns analysis
Stress Period Risk	<ul style="list-style-type: none"> ▪ Stress period analysis (historical or based on style analysis) ▪ Downside Beta with HFRI FoF

28. Describe your investment process detailing fund age, size, strategy, sector and individual investment constraints, as well as allocation approach, due diligence process, and internal decision-making approaches. What is the number of funds that reach your “approved” list status?

Please see above.

29. Please discuss your approach to portfolio construction. How do you establish targets, limits, or ranges for directional trading, relative value, specialist credit, and stock selection strategies? Are risk models, optimization, or other quantitative techniques employed?

Please see above answer to #27 for a discussion regarding our approach to monitoring portfolio risk.

30. What are the limits for the number of funds in the portfolio?

On average there have been about 25 underlying investment managers in the Security Fund, L.P. The fewest investment managers held was 12, which was the fund makeup at its launch. The maximum number of underlying managers held is 34, which represents the current makeup of the Security Fund L.P.

31. What size position (% of total capitalization) do you purchase in an investment (partnership?)

The size of our position in a direct fund manager is often limited to that manager’s capacity. Because we are looking to invest only in an exclusive group of managers whom we consider to be the best in their respective sector, our size of individual investments is restricted by our ability to participate with those managers. That said, the maximum % of total capitalization we will have with any one individual manager is 15% of the portfolio. We rarely hit that 15% limit, however, and will only come close to that level if and when we receive capacity in a manager that is difficult to get an allocation to, at which point we will take the capacity that is available. A typical core position in our portfolio will be in the 7% to 9% range.

32. Please address the following issues:

_____ Lead investor

_____ Closed or blue chip fund access

_____ Follow on and brand name versus first time groups

Our strategy is to invest with the managers that add the most value within their respective sub-categories. We subscribe to a rigorous method of manager analysis and due diligence, and have an extremely high hurdle that our managers must clear before we make our informed decision to invest. Because of this approach, many managers we invest with are now closed to new capital. We will always make an allocation to any fund that meets our criteria for investing if we can get capacity.

33. Describe your portfolio monitoring and risk management strategies. Please address:

_____ Risk/return objectives	_____ Transparency
_____ Variance from objectives	_____ Fund turnover
_____ Optimization	_____ Audit process
_____ Risk Models	

Please see above for a discussion regarding portfolio monitoring procedures.

34. Describe your process for ongoing monitoring of the individual funds within the portfolio.

Please see above.

35. What is your sell discipline? Under what circumstances would a fund be sold? What level of turnover should be anticipated?

Continuous evaluation via weekly risk meetings, bi-monthly conference calls, and quarterly visits to the managers serve to constantly support our conviction in our underlying managers. When there is a true violation of the original criteria for hiring a particular manager into the portfolio (business risk is increasing, personnel changing, increasing opaqueness, a shift in investment strategy, etc.), then the manager may have its allocation reduced or pulled altogether. The portfolio team must always have strong conviction that the manager would be hired again today – the portfolio team is always a “buyer” or a “seller” of underlying portfolio managers.

36. What is your policy for allocating commitments among client accounts? Please address any conflict of interest issues regarding direct or co-investment programs.

As of December 2004, no more than 30% of the Fund’s capital is allocated to any single sub-strategy. The risk-mitigating benefits of diversification are evident in the Fund, as the underlying sub-strategies have low correlations to each other. Sterling Stamos continually reviews its Fund asset allocation to determine the optimal portfolio mix for the current investment environment.

37. Please address any conflict of interest (existing or potential) between your firm’s activities, services performed for other clients, personal investment activity, etc.):

Certain inherent conflicts of interest may arise as the General Partner and the Management Company provide investment management and other services to other investment Partnerships operated by the Firm. In addition, Ellen Horing provides investment management services to her own fund of funds. Such other accounts may have investments with certain Portfolio Managers utilized by the Partnership. To the extent that such Portfolio Managers limit the amount of assets and accounts that they will manage, Sterling Stamos may be required to choose between the Partnership and such other clients in allocating assets to such Portfolio Managers. In addition, one or more of the Portfolio Managers may be affiliated with the General Partner.

38. Does the Fund of Funds hold any of the company's own funds?

Yes. The Security Fund is currently invested in the Security Select Fund.

38. List all fees associated with vehicle (include both fund-of-funds and partnership fees where applicable):

Acquisition	none_____
Management	1% per annum_____
Disposition	none_____
Incentive	5% with a 5% high water mark_____
Other (please describe)	_____

39. Please provide quarterly performance history for this product. If it is a new vehicle, provide performance of a similar representative portfolio.

	2002	2003	2004	2005
January		0.70%	1.29%	0.53%
February		0.59%	0.97%	0.78%
March		0.46%	0.31%	0.49%
April		1.19%	0.41%	-0.34%
May		1.28%	-0.29%	0.66%
June		0.52%	0.72%	0.80%
July		-0.44%	0.24%	
August		0.46%	0.49%	
September		1.77%	0.63%	
October	0.71% ¹	1.23%	0.46%	
November	1.04%	0.75%	1.66%	
December	-0.19%	0.88%	1.27%	
YTD	1.56%	9.79%	8.51%	

Unaudited net returns

Source: Sterling Stamos analysis.

1. October 2002 marks the official offering date to outside investors.

40. Please provide quarterly performance history for other products that have been offered by your firm.
See attached – Sterling Stamos Year-To-Date Net Performance Results.

Completed by:	_____	Title:	_____
Signature:	_____	Phone:	_____
Date:	_____	Fax #:	_____

Glossary

Convertible Arbitrage:	Long a convertible bonds and short the underlying equity thereby monetizing the embedded option.
Distress Securities:	In situations of defaults and bankruptcies, investing long in bank debt while shorting the common stock or unsecured bonds of companies under financial stress.
Equity Market Neutral:	Use statistical arbitrage and pairs trading strategies to exploit pricing anomalies in the market or use equal allocations of long and short positions to reduce market exposure.
Long/Short Equity:	Combined long and short equity positions to control the systematic risk in a portfolio in order to focus on stock selection. Leverage usage can approach 100%.
Macro Funds:	Utilize fundamental and technical analysis to evaluate currencies, interest rates, equities, and commodities in the cash and derivative markets. Take positions based on economic trends. Leverage is employed opportunistically.
Merger Arbitrage:	A long position in a target company and a short position in the acquiring company in order to capture the deal spread. May also take inverse positions in order to profit from unsuccessful mergers and a widening of the deal spread.
Relative Value Funds:	Speculation whether price differentials will narrow or widen.
Sector Funds:	Specialize in particular segments of the equity markets such as technology, healthcare of small cap stocks.

Glossary

Strategy	Description	Sub-Strategies
Directional Trading:	Directional trading strategies are based upon speculation of market direction in multiple asset classes. Both model-based systems and subjective judgement are used to make trading decisions. Least predictable, most notoriety.	Discretionary Trading Macro Trading Systems Trading
Relative Value:	Relative value strategies focus on spread relationships between pricing components of financial assets. Market risk is kept to a minimum. Many managers use leverage to enhance returns.	Convergence Arbitrage Merger Arbitrage Statistical Arbitrage
Specialist Credit:	Specialist credit strategies are based around lending to credit sensitive issuers. Funds in this strategy conduct a high level of due diligence in order to identify relatively inexpensive securities.	Distressed Securities Positive Carry Private Placements
Stock Selection:	Stock selection strategies combine long and short positions, primarily in equities, in order to exploit under and overvalued securities. Market exposure can vary substantially.	Long Bias No Bias Short Bias Variable Bias