

Proprietary and Confidential

account the varying interests of the Partners during such period in accordance with the requirements of Section 706(d) of the Code and the Regulations thereunder.

3. Special Allocations to Reflect Economic Interests.

The General Partner is authorized to modify the allocations otherwise provided for under Article 8 and this Appendix II, including by specially allocating items of gross income, gain, loss, or expense among the Partners, if advised by the Partnership's tax advisors that such modifications or such special allocations will cause the Capital Accounts of the Partners to reflect more closely the Partners' relative economic interests in the Partnership as set forth in Article 7 and Article 10.

4. Tax Allocations.

Except as otherwise provided in the Agreement or this Appendix II or as required by Section 704 of the Code, for tax purposes, all items of income, gain, loss, deduction or credit shall be allocated to the Partners in the same manner as are Net Gains and Net Losses and other items allocated pursuant to Article 8 and the other provisions of this Appendix II; *provided, however*, that if the Carrying Value of any property of the Partnership differs from its adjusted basis for tax purposes, then items of income, gain, loss, deduction or credit related to such property for tax purposes shall be allocated among the Partners so as to take account of the variation between the adjusted basis of the property for tax purposes and its Carrying Value in the manner provided for under Section 704(c) of the Code.

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