

custodians of the percentage of income that is allocable to the Partnership so that the impact of the withholding should only be on the Offshore Fund.

In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the Master Fund has registered with the Service and generally will be required to identify and report information with respect to certain direct and indirect U.S. account holders (including debtholders and equityholders). Limited Partners should consult their own tax advisers regarding the possible implications of these rules on their investment in Interests.

Reporting Requirements

Regulations generally impose an information reporting requirement on a U.S. person's direct and indirect contributions of cash or property to a foreign partnership such as the Master Fund where, (i) immediately after the contribution, the U.S. person owns (directly, indirectly or by attribution) at least a 10% interest in the foreign partnership or (ii) the value of the cash and/or property transferred during the 12 month period ending on the date of the contribution by the transferor (or any related person) exceeds \$100,000. Under these rules, a Limited Partner will be deemed to have transferred a proportionate share of the cash and property contributed by the Partnership to the Master Fund. Furthermore, if a U.S. person was required to report a transfer to a foreign partnership of appreciated property under the first sentence of this paragraph, and the foreign partnership disposes of the property while such U.S. person remains a direct or indirect partner, that U.S. person must report the disposition by the partnership. However, a Limited Partner will not be required to file information returns with respect to the events described in this paragraph if the Partnership complies with the reporting requirements. The Partnership intends to file the required reports with the Service so as to relieve the Limited Partners of these reporting obligations.

Regulations also generally impose a reporting requirement on any U.S. Limited Partner which, at any time during the taxable year of the Master Fund, owns (indirectly or by attribution) more than 50% of the capital or profits of the Master Fund. The General Partner will notify any Limited Partner who owns the requisite indirect interest in the Master Fund and will assist such person in meeting their reporting obligations.

The foregoing discussion is only a brief summary of certain information reporting requirements. Substantial penalties may apply if the required reports are not made on time. Partners are strongly urged to consult their own tax advisers concerning these reporting requirements as they relate to their investment in the Partnership.

Foreign Taxes

It is possible that certain dividends and interest directly or indirectly received by the Partnership from sources within foreign countries will be subject to withholding taxes imposed by such countries. In addition, the Partnership or the Master Fund may also be subject to capital gains taxes in some of the foreign countries where they purchase and sell securities and where they own real estate. Tax treaties between certain countries and the United States may reduce or eliminate such taxes. Where appropriate, the Partnership may set up subsidiaries with respect to certain