

completed form with the Service's Office of Tax Shelter Analysis. The Partnership intends to notify the Partners that it believes (based on information available to the Partnership) are required to report a transaction of the Partnership, and intends to provide such Limited Partners with any available information needed to complete and submit Form 8886 with respect to the Partnership's transactions. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to the Service at its request.

A Partner's recognition of a loss upon its disposition of an interest in the Partnership could also constitute a "reportable transaction" for such Partner requiring such Partner to file Form 8886.

A significant penalty is imposed on taxpayers who participate in a "reportable transaction" and fail to make the required disclosure. The maximum penalty is \$10,000 for natural persons and \$50,000 for other persons (increased to \$100,000 and \$200,000, respectively, if the reportable transaction is a "listed" transaction). Investors should consult with their own advisers concerning the application of these reporting obligations to their specific situations.

State and Local Taxation

In addition to the Federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Partnership. State and local laws often differ from Federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. A Partner's distributive share of the taxable income or loss of the Partnership generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which it is a resident. To the extent the Partnership is engaged in a trade or business, including through the acquisition of an interest in a partnership (such as an MLP) that is itself engaged in a trade or business, a Partner's share of the Partnership's income from that trade or business that is sourced to a particular jurisdiction may cause such Partner to be taxed in that jurisdiction and may cause such Partner to file tax returns in such jurisdiction. Prospective investors should consult their tax advisers with respect to the availability of a credit for any such tax in the jurisdiction in which that Partner is a resident.

The tax laws of various states and localities limit or eliminate the deductibility of itemized deductions for certain taxpayers. As described above, the Master Fund generally expects to be in a trade or business within the meaning of the Code. Accordingly, it is not anticipated that the Partnership's and the Master Fund's expenses associated with such trade or business will be subject to such limitations. However, certain expenses which are not associated with such trade or business may be limited in their deductibility in one or more states or localities. Moreover, there can be no assurance that various states and localities will not treat all of the Partnership's and the Master Fund's expenses, including interest expense, as investment expenses which are subject to such limitations. Prospective investors are urged to consult their tax advisers with respect to the impact of these provisions on the deductibility of certain itemized deductions, including interest expense, on their tax liabilities in the jurisdictions in which they are resident.

One or more states may impose reporting requirements on the Partnership and/or its Partners in a manner similar to that described above in "Tax Shelter Reporting Requirements."