

foundations". Also, there are special considerations which should be taken into account by certain beneficiaries of charitable remainder trusts that invest in the Issuer. Charitable remainder trusts should consult their own tax advisers concerning the U.S. tax consequences of such an investment on their beneficiaries.

#### **Information Reporting and Backup Withholding**

Information reporting to the IRS generally will be required with respect to payments on the Preferred Shares and proceeds of the sale of the Preferred Shares by U.S. Holders other than corporations or other exempt recipients that establish their status as such. A "backup" withholding tax will apply to those payments if such U.S. Holder fails to provide certain identifying information (such as such U.S. Holder's taxpayer identification number).

Backup withholding is not an additional tax. The amount of any backup withholding collected from a payment will be allowed as a credit against the recipient's U.S. federal income tax liability and may entitle the recipient to a refund, so long as the required information is properly furnished to the IRS in a timely manner. U.S. Holders should consult their own tax advisors about any additional reporting requirements that may arise as a result of their purchasing, holding or disposing of Preferred Shares.

#### **Reporting Requirements**

Failure to comply with applicable reporting obligations could result in the imposition of substantial penalties and in some cases can result in an extension of the period during which the IRS may assess taxes. As discussed above, U.S. Holders should consult their tax advisors regarding the possibility of filing "protective" statements with their U.S. federal income tax returns regarding the treatment of the Issuer as a PFIC or CFC and consider the consequences to them if they fail to properly characterize the Issuer as a PFIC or CFC.

*Form 926.* A U.S. Holder (including a U.S. tax-exempt entity) that transfers property (including cash) to the Issuer in exchange for Preferred Shares may be required to file an IRS Form 926 or similar form with the IRS. In the event a U.S. Holder fails to file any required form, it could be subject to a penalty equal to 10% of the fair market value of the Preferred Shares purchased by such U.S. Holder (generally up to a maximum of U.S. \$100,000).

*Form 5471.* A U.S. Holder that is treated as owning (actually or constructively) at least 10% by vote or value of the equity of the Issuer for U.S. federal income tax purposes may be required to file an information return on IRS Form 5471, and provide additional information regarding the Issuer annually on IRS Form 5471 if it is treated as owning (actually or constructively) more than 50% by vote or value of the equity of the Issuer for U.S. federal income tax purposes.

*Form 8886.* A penalty in the amount of \$10,000 in the case of a natural person and \$50,000 in any other case is imposed on any taxpayer that fails to file timely an information return with the IRS with respect to a "reportable transaction" (as defined in Section 6011 of the Code). The rules defining "reportable transactions" are complex and include transactions that result in certain losses that exceed threshold amounts. Prospective investors are encouraged to consult their own tax advisers regarding any possible disclosure obligations in light of their particular circumstances.

*Form 8938.* Certain U.S. Holders that own "specified foreign financial assets" are required to report information relating to an interest in the Preferred Shares, subject to certain exceptions (including an exception for Preferred Shares held in accounts maintained by certain financial institutions) by filing IRS Form 8938 with their annual U.S. federal income tax return. U.S. Holders that are individuals are urged to consult their tax advisers regarding their information reporting obligations with respect to their ownership of Preferred Shares.

*FBAR (FinCEN Report 114).* U.S. Holders, and non-U.S. Holders with certain minimum contacts with the United States, of Preferred Shares may be required to report certain information on United States Treasury FinCEN Report 114 (the "FBAR")