

such amounts paid by a Limited Partner will be included in the adjusted tax basis of its Interests. Start-up and organizational expenses are generally amortized for U.S. federal income tax purposes over a fifteen (15) year period.

**Limitation on Deductibility of Capital Losses.** Capital losses generally may be deducted only to the extent of capital gains, except for non-corporate taxpayers who are allowed to deduct \$3,000 of capital losses per year against ordinary income without regard to capital gains. Corporate taxpayers may carry back unused capital losses for three years and may carry forward such losses for five years; non-corporate taxpayers may carry forward unused capital losses indefinitely.

**Tax Treatment of Investments.** In general and except as discussed below, the Access Fund expects that its gains will be treated as capital gain for U.S. federal income tax purposes. Capital gain on assets held for more than one year generally qualify as long-term capital gain.

The Access Fund will recognize ordinary income from the interest income and fees it receives from lending money. Any gain or loss realized on the disposition of debt investments may, depending upon the circumstances of the holder at the time of any such sale, be treated as ordinary or capital. The actual character of the Access Fund's gain or loss on the disposition of loans will depend on several considerations, including whether the holder is treated as a trader or investor, on the one hand, or a dealer, on the other hand. A trader and an investor are persons who buy and sell securities for their own accounts. A dealer, in contrast, is a person who engages in transactions with "customers" rather than for investment or speculation. If the IRS were to characterize any part of a Fund's activities as those of a dealer, such Fund's gain or loss on any "dealer" property would be ordinary income or loss.

The Access Fund expects to recognize ordinary income from accruals of interest on debt investments. The Access Fund may be deemed to hold debt investments with original issue discount ("OID"), which for this purpose includes "payments-in-kind," or PIK, interest. In such case, the Access Fund would be required to include amounts in taxable income on a current basis even though receipt of such amounts may occur in a subsequent year. The Access Fund may also be deemed to hold loans with "market discount." Upon disposition of such an obligation, the Access Fund generally would be required to treat gain recognized as ordinary income to the extent of the market discount that accrued during the period the debt obligation was held by the Access Fund. Elections also may be made where market discount is included in income by the holder during the term of ownership.

In addition, the Access Fund may be deemed to hold "contingent payment debt instruments." In general, all of the Access Fund's income and gains on a contingent payment debt instrument will be ordinary income, including gain on the sale or exchange of a contingent payment debt instrument, regardless of whether the Access Fund holds the instrument as a capital asset. Furthermore, all of the interest income on a contingent payment debt instrument will be treated as OID, regardless of whether the instrument has regular coupons. We cannot predict what portion of the Access Fund's portfolio would consist of contingent payment debt instruments.

Furthermore, there are a number of uncertainties in the U.S. federal income tax law relating to debt restructuring. In general, a "significant modification" of a debt obligation acquired by the Access Fund at a discount is treated as a taxable event to the Access Fund, with the resulting gain or loss measured by the difference between the principal amount of the debt after the modification and the Access Fund's tax basis in such debt before the modification. However, other than for certain "safe harbor" modifications specified in U.S. Treasury Regulations, the determination of whether a modification is "significant" is based on all of the facts and circumstances. Therefore, it is possible that the IRS could take the position that the

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