

make a “qualified electing fund” (“**QEF**”) election; however, there can be no assurance that the information necessary to make such election will be provided by the relevant entity. U.S. Holders may be required to file an annual report with respect to any entity in which the Master Fund invests that is treated as a PFIC. In addition, Investors that are U.S. corporations will not be eligible for the dividends received deduction with respect to dividends received from non-U.S. corporations.

**Certain Transactions and Foreign Currency Gain or Loss.** The Master Fund may engage in hedging, foreign currency and derivative transactions that may have special timing, character and source rules for U.S. federal income tax purposes. Further, if the Master Fund makes an investment or obtains financing denominated in a currency other than the U.S. dollar, then it may recognize gain or loss attributable to fluctuations in such currency relative to the U.S. dollar. The Master Fund may also recognize gain or loss on such fluctuations occurring between the time it obtains and disposes of the non-U.S. currency, between the time it accrues and collects income denominated in a non-U.S. currency or between the time it accrues and pays liabilities denominated in a non-U.S. currency. Such gains or losses generally will be treated as ordinary income or loss.

**Tax-Exempt Investors.** The Master Fund may (i) invest in operating entities that are transparent for U.S. federal income tax purposes, (ii) generate unrelated debt-financed income if it borrows funds, or (iii) generate some income, for example, from break-up fees or transaction fees, each of which activities may cause Investors that are pension plans, Keogh plans, individual retirement accounts, tax-exempt institutions and other tax-exempt Limited Partners (“**U.S. Tax-Exempt Investors**”) to have UBTI.

Interests in the Onshore Feeder Fund are being offered only to U.S. taxable Investors and U.S. Tax-Exempt Investors that are willing to receive material amounts UBTI. If an investor is a Non-U.S. Holder for U.S. tax purposes, that investor should not invest in the Onshore Feeder Fund since adverse tax consequences could result for the Investor. U.S. Tax-Exempt Investors that are not willing to receive material amounts UBTI and Non-U.S. Holders should, if eligible, consider an investment in the Offshore Feeder Fund. One or more offshore vehicles may be organized to accommodate certain qualified non-U.S. Investors and U.S. Tax-Exempt Investors who do not wish to receive UBTI.

**Tax Elections.** The Code provides for optional adjustments to the basis of Onshore Feeder Fund property upon distributions of Onshore Feeder Fund property to an Investor and transfers of Interests, including transfers by reason of death, provided that an election has been made pursuant to section 754 of the Code. As a result of the complexities and added expense of the tax accounting required to implement such an election, and because such election, once made, is irrevocable, the General Partner currently does not intend to make such an election. Accordingly, any benefits that might be available to the Investors by reason of such an election will not be available to an Investor.

Although the Onshore Feeder Fund has no present intention of making an election under section 754 of the Code, section 754 adjustments may nevertheless be mandatory under certain circumstances and could affect the amount of a U.S. Holder’s distributive share of gain or loss recognized by the Onshore Feeder Fund on a disposition of its assets.