

distributions to which the Onshore Feeder Fund would otherwise be entitled in an escrow account or causing the withdrawal of the Onshore Feeder Fund from the Master Fund.

Tax Risks of the Onshore Feeder Fund

Reporting and Disclosure of Certain Tax Information. For U.S. federal income tax purposes, the Limited Partners will be treated as partners investing in a partnership, the Onshore Feeder Fund. Because the Onshore Feeder Fund's ability to report to Limited Partners information regarding its income, gains, losses and deductions is dependent upon their receipt of such information from the Master Fund, the Onshore Feeder Fund anticipates that they will not be able to deliver Schedules K-1 to Limited Partners prior to April 15 of each year. Further, the Master Fund expects to deliver Schedules K-1 to the Onshore Feeder Fund in September of each year. Accordingly, Limited Partners will be required to obtain extensions for filing their federal, state and local income tax returns and such filings may be based on estimates.

Tax Risks of the Offshore Feeder Fund

No Treaty Benefits. Because the Offshore Feeder Fund will elect to be treated as a corporation for U.S. federal income tax purposes, Investors that are U.S. residents will not be eligible to claim benefits under any income tax treaties between the United States and countries in which the Offshore Feeder Fund or the Master Fund make investments.

Passive Foreign Investment Companies. The Offshore Feeder Fund will be a PFIC for U.S. federal income tax purposes. Adverse consequences could result for U.S. Holders that are not tax-exempt persons that own an interest in the Offshore Feeder Fund, including Investors that subsequently become U.S. Holders after their initial investment in the Offshore Feeder Fund. Such Investors should consult their own tax advisors as to the U.S. tax implications to them of the PFIC rules. In addition, U.S. Tax-Exempt Investors and Investors that become U.S. Holders may be required to file an annual report with respect to the Offshore Feeder Fund and any of the portfolio companies that are treated as a PFIC.

U.S. Trade or Business Tax Risk. No assurance can be given that the Master Fund (and consequently the Onshore Feeder Fund and the Offshore Feeder Fund) would conduct their investment activities so that they would not be treated as engaged in a trade or business within the United States. If the Master Fund were determined to be engaged in a trade or business within the United States, its effectively connected income would be subject to U.S. federal income tax and possibly to a branch profits tax of 30% as well. The imposition of such taxes would materially affect the Offshore Feeder Fund's ability to make distributions on the Offshore Feeder Fund interests.