

relevant. When distributions are made in kind, they will be treated as cash for purposes of applying the distribution provisions.

(b) If any Partner (or an Approved Agent on behalf of a Partner) notifies the General Partner (or other liquidator) that such Partner is prohibited by applicable law or regulation from holding directly the property to be distributed in kind or the holding of such property by such Partner would have a material adverse effect on such Partner, subject to compliance with applicable law, the General Partner (or such liquidator) in its discretion may permit such Partner (or an Approved Agent on behalf of such Partner) to designate any other Person to receive such distribution or may, in lieu of making such distribution in kind to such Partner and to the extent permitted by applicable law, use its good faith efforts to sell such property on such Partner's behalf on terms acceptable to such Partner and, upon such sale, the General Partner shall promptly distribute to such Partner (or to an Approved Agent on behalf of such Partner) the net proceeds (after deducting expenses) of such sale. Such Partner shall hold harmless the General Partner, the Partnership and their respective Affiliates, officers, directors, members, partners, equity holders, managers, employees, representatives and agents from any loss, claim, damage or expense by reason of acts, omissions or errors in judgment taken in connection with such sale.

Section 7.04. Withholding. (a) Notwithstanding anything else contained in this Agreement, the General Partner may in its sole discretion withhold from any distribution of cash or property in kind to any Partner, the following amounts:

- (i) any U.S. federal, state, local or non-U.S. tax required to be withheld;
- (ii) any amounts due from such Partner to the Partnership, the General Partner, the Investment Manager or to any other Person or otherwise attributable to such Partner to the extent not otherwise paid (including such Partner's share of Onshore Feeder Fund Management Fees, indemnification amounts, any Feeder Fund Expenses and any Default amounts or payments);
- (iii) any amounts due from such Partner to the Partnership, the General Partner or the Investment Manager or to any Person (including the General Partner) in respect of the principal amount of (and any interest, fees or other expenses with respect to) any borrowing incurred or advances made as contemplated in this Agreement, in each case to the extent not otherwise paid;
- (iv) any amounts required to pay, or to reimburse (on a net after-tax basis) any Indemnified Person for the payment of, any taxes and related expenses that the General Partner in good faith determines to be properly attributable to such Partner (including non-refundable withholding taxes and interest, pre-estimated liquidated damages and expenses incurred in respect thereof);
- (v) any amounts necessary to maintain appropriate reserves for expenses and liabilities, including the Funding Reserve and any other amounts the General Partner determines in its discretion are necessary to maintain the Partnership in sound financial and cash position for any and all liabilities and obligations; and