Copy No. ____

BIOSYS CAPITAL PARTNERS, LP

Confidential Private Placement Memorandum

September __, 2014

THE LIMITED PARTNERSHIP INTERESTS IN THE FUND DESCRIBED HEREIN (THE "INTERESTS") HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OF THE UNITED STATES OF AMERICA (THE "U.S.") OR THE SECURITIES LAWS OF ANY OTHER COUNTRY OR JURISDICTION. THE ISSUER IS RELYING ON EXEMPTIONS FROM SUCH REGISTRATION OR QUALIFICATION. INVESTORS MAY BE REQUIRED TO HOLD THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. OTHER IMPORTANT RISK FACTORS ARE EXPLAINED IN DETAIL IN THIS DOCUMENT. NO GOVERNMENTAL AUTHORITY HAS APPROVED, DISAPPROVED, ENDORSED, OR RECOMMENDED THIS OFFERING. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THIS DISCLOSURE, NOR WHETHER IT IS COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS ILLEGAL. SEE APPENDIX A — CERTAIN SECURITIES LAW MATTERS FOR INVESTORS.

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THIS "MEMORANDUM") DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE INTERESTS AS TO ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. WITHIN THE U.S. THIS OFFERING IS MADE AS A PRIVATE PLACEMENT PURSUANT TO SECTION 4(2) OF THE SECURITIES ACT, AND ONLY TO PARTIES THAT ARE "ACCREDITED INVESTORS" AS DEFINED IN RULE 501(A) OF REGULATION D UNDER THE SECURITIES ACT. OUTSIDE THE U.S., THIS OFFERING IS MADE PURSUANT TO REGULATION S UNDER THE SECURITIES ACT, ONLY TO PARTIES THAT ARE NOT "U.S. PERSONS" AS DEFINED IN SUCH REGULATION, AND PURSUANT TO EXEMPTIONS FROM APPLICABLE SECURITIES LAWS OF OTHER COUNTRIES ("NON-U.S. SECURITIES LAWS"). SEE APPENDIX A — CERTAIN SECURITIES LAW MATTERS FOR INVESTORS.

THIS MEMORANDUM IS NOT A PROSPECTUS OR AN ADVERTISEMENT, AND THE OFFERING IS NOT BEING MADE TO THE PUBLIC.

THIS OFFERING IS MADE IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND NON-U.S. SECURITIES LAWS AS DESCRIBED ABOVE. THE FUND DOES NOT INTEND TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT OR ANY NON-U.S. SECURITIES LAWS IN THE FUTURE. THERE CURRENTLY IS NO PUBLIC OR OTHER MARKET FOR THE INTERESTS AND THE GENERAL PARTNER OF THE FUND (THE "GENERAL PARTNER") DOES NOT EXPECT THAT ANY SUCH MARKET WILL DEVELOP. ALL OF THE INTERESTS, WHETHER ACQUIRED WITHIN THE U.S. OR OUTSIDE THE U.S. WILL BE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144 UNDER THE SECURITIES ACT AND THEREFORE MAY NOT BE TRANSFERRED BY A HOLDER THEREOF WITHIN THE U.S. OR TO A "U.S. PERSON" UNLESS SUCH TRANSFER IS MADE PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT, PURSUANT TO AN EXEMPTION THEREFROM, OR IN A TRANSACTION OUTSIDE THE U.S. PURSUANT TO THE RESALE PROVISIONS OF REGULATION S. MOREOVER, THE INTERESTS MAY BE TRANSFERRED ONLY WITH THE CONSENT OF THE GENERAL PARTNER AND THE SATISFACTION OF CERTAIN OTHER CONDITIONS.

THE INTERESTS ARE SPECULATIVE AND PRESENT A HIGH DEGREE OF RISK. SEE SECTION VII — CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS. INVESTORS IN THE FUND ("INVESTORS") MUST BE PREPARED TO BEAR SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND ABLE TO WITHSTAND A TOTAL LOSS OF THE AMOUNT INVESTED.

THE FUND IS EXPECTED AND INTENDED TO PURSUE A VENTURE CAPITAL STRATEGY. SEE SECTION VII — CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS.

THE INTERESTS ARE BEING OFFERED SUBJECT TO VARIOUS CONDITIONS, INCLUDING: (A) WITHDRAWAL, CANCELLATION OR MODIFICATION OF THE OFFER WITHOUT NOTICE; (B) THE RIGHT OF THE GENERAL PARTNER TO REJECT ANY SUBSCRIPTION FOR AN INTEREST, IN WHOLE OR IN PART, FOR ANY REASON; AND (C) THE APPROVAL OF CERTAIN MATTERS

BY LEGAL COUNSEL. EACH PROSPECTIVE INVESTOR IS RESPONSIBLE FOR ITS OWN COSTS IN CONSIDERING AN INVESTMENT IN AN INTEREST. NEITHER THE GENERAL PARTNER NOR THE FUND SHALL HAVE ANY LIABILITY TO A PROSPECTIVE INVESTOR WHOSE SUBSCRIPTION IS REJECTED IN WHOLE OR IN PART.

THE INFORMATION SET FORTH IN THIS MEMORANDUM IS CONFIDENTIAL AND INCLUDES TRADE SECRETS THE DISCLOSURE OF WHICH WOULD CAUSE HARM TO THE FUND, THE GENERAL PARTNER AND OTHER PARTIES. RECEIPT AND ACCEPTANCE OF THIS MEMORANDUM SHALL CONSTITUTE AN AGREEMENT BY THE RECIPIENT THAT THIS MEMORANDUM SHALL NOT BE REPRODUCED OR USED FOR ANY PURPOSE OTHER THAN IN CONNECTION WITH THE RECIPIENT'S EVALUATION OF AN INVESTMENT IN AN INTEREST. THIS MEMORANDUM IS THE PROPERTY OF THE GENERAL PARTNER AND, EXCEPT AS HELD BY A LIMITED PARTNER OF THE FUND, MUST BE RETURNED UPON REQUEST.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OR TO GIVE ANY INFORMATION WITH RESPECT TO THE FUND, THE GENERAL PARTNER, OR THE INTERESTS, OTHER THAN AS CONTAINED IN THIS MEMORANDUM, THE FUND'S AGREEMENT OF LIMITED PARTNERSHIP (THE "PARTNERSHIP AGREEMENT"), THE SUBSCRIPTION AGREEMENT TO BE EXECUTED BY EACH INVESTOR, OR AN OFFICIAL WRITTEN SUPPLEMENT TO THIS MEMORANDUM APPROVED BY THE GENERAL PARTNER. PROSPECTIVE INVESTORS ARE CAUTIONED AGAINST RELYING UPON INFORMATION OR REPRESENTATIONS FROM ANY OTHER SOURCE. NOTWITHSTANDING THE FOREGOING, A PROSPECTIVE INVESTOR MAY RELY UPON WRITTEN RESPONSES TO ITS INQUIRIES THAT ARE CLEARLY MARKED BY AN OFFICER OF THE GENERAL PARTNER AS INTENDED TO BE RELIED UPON BY SUCH PROSPECTIVE INVESTOR.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THIS MEMORANDUM AS INVESTMENT, LEGAL OR TAX ADVICE AND THIS MEMORANDUM IS NOT INTENDED TO PROVIDE THE SOLE BASIS FOR ANY EVALUATION OF AN INVESTMENT IN AN INTEREST. PRIOR TO ACQUIRING AN INTEREST, A PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN LEGAL, INVESTMENT, TAX, ACCOUNTING, AND OTHER ADVISORS TO DETERMINE THE POTENTIAL BENEFITS, BURDENS AND OTHER CONSEQUENCES OF SUCH INVESTMENT. IN PARTICULAR, IT IS THE RESPONSIBILITY OF EACH INVESTOR TO ENSURE THAT THE LEGAL AND REGULATORY REQUIREMENTS OF ANY RELEVANT JURISDICTION OUTSIDE THE U.S. ARE SATISFIED IN CONNECTION WITH SUCH INVESTOR'S ACQUISITION OF AN INTEREST.

EXCEPT AS OTHERWISE DETERMINED BY THE GENERAL PARTNER OR ITS AFFILIATES, NO ACTION HAS BEEN OR WILL BE TAKEN IN ANY JURISDICTION OUTSIDE THE UNITED STATES THAT WOULD PERMIT AN OFFERING OF THESE SECURITIES, OR POSSESSION OR DISTRIBUTION OF OFFERING MATERIAL IN CONNECTION WITH THE ISSUE OF THESE SECURITIES, IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IT IS THE RESPONSIBILITY OF ANY PERSON WISHING TO PURCHASE THESE SECURITIES TO SATISFY ITSELF AS TO FULL OBSERVANCE OF THE LAWS OF ANY RELEVANT TERRITORY OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY SUCH PURCHASE, INCLUDING OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER APPLICABLE FORMALITIES.

CERTAIN DOCUMENTS RELATING TO THE FUND WILL BE COMPLEX OR TECHNICAL IN NATURE, AND PROSPECTIVE INVESTORS MAY REQUIRE THE ASSISTANCE OF LEGAL COUNSEL TO PROPERLY ASSESS THE IMPLICATIONS OF THE TERMS AND CONDITIONS SET FORTH THEREIN. LEGAL COUNSEL TO THE FUND AND THE GENERAL PARTNER WILL REPRESENT THE INTERESTS SOLELY OF THE FUND AND THE GENERAL PARTNER. NO LEGAL COUNSEL HAS BEEN ENGAGED BY THE FUND OR THE GENERAL PARTNER TO REPRESENT THE INTERESTS OF PROSPECTIVE INVESTORS. EACH PROSPECTIVE INVESTOR IS URGED TO ENGAGE AND CONSULT WITH ITS OWN LEGAL COUNSEL IN REVIEWING DOCUMENTS RELATING TO THE FUND.

EXCEPT WHERE OTHERWISE SPECIFICALLY INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE HEREOF. NEITHER THE SUBSEQUENT DELIVERY OF THIS MEMORANDUM NOR ANY SALE OF INTERESTS SHALL BE DEEMED A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS, PROSPECTS OR ATTRIBUTES OF THE FUND SINCE THE DATE HEREOF. ALL DUTIES TO UPDATE THIS MEMORANDUM ARE HEREBY DISCLAIMED. EXCEPT AS EXPRESSLY STATED TO THE CONTRARY THEREIN, ANY OFFICIAL SUPPLEMENT OR UPDATE TO THIS MEMORANDUM SHALL BE DEEMED TO ADDRESS ONLY THE SPECIFIC SUBJECT MATTER THEREOF AND SHALL NOT BE DEEMED A REPRESENTATION THAT THERE HAS BEEN NO OTHER CHANGE IN THE AFFAIRS, PROSPECTS OR ATTRIBUTES OF THE FUND SINCE THE DATE HEREOF.

THIS MEMORANDUM SUPERSEDES ALL PRIOR VERSIONS. FROM AND AFTER THE DATE OF THIS MEMORANDUM, PRIOR VERSIONS OF THIS MEMORANDUM MAY NOT BE RELIED UPON.

NOTHING CONTAINED HEREIN IS, OR SHOULD BE RELIED UPON AS, A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE FUND. STATEMENTS, ESTIMATES, TARGETS AND PROJECTIONS WITH RESPECT TO SUCH FUTURE PERFORMANCE SET FORTH IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS MADE BY THE GENERAL PARTNER WHICH MAY OR MAY NOT PROVE TO BE CORRECT. NO REPRESENTATION IS MADE AS TO THE ACCURACY OF SUCH STATEMENTS, ESTIMATES, TARGETS AND PROJECTIONS. SIMILARLY, NOTHING CONTAINED HEREIN IS, OR SHOULD BE RELIED UPON AS, A PROMISE OR REPRESENTATION AS TO THE EXTERNAL CONDITIONS AND CIRCUMSTANCES UNDER WHICH THE FUND WILL OPERATE (INCLUDING, WITHOUT LIMITATION, OVERALL MARKET CONDITIONS, TECHNOLOGY DEVELOPMENTS AND OTHER MATTERS OUTSIDE THE CONTROL OF THE GENERAL PARTNER). OVERALL, PROSPECTIVE INVESTORS MUST NOT RELY UPON ANY MATTERS DESCRIBED IN THIS MEMORANDUM THAT ARE NOT WHOLLY WITHIN THE CONTROL OF THE GENERAL PARTNER. EVEN WITH REGARD TO MATTERS WHOLLY WITHIN THE CONTROL OF THE GENERAL PARTNER, THE ACTIVITIES UNDERTAKEN BY THE GENERAL PARTNER IN MANAGING THE FUND MAY DIFFER FROM THOSE DESCRIBED IN THIS MEMORANDUM DUE TO UNEXPECTED EXTERNAL CONDITIONS OR OTHERWISE. THIS MEMORANDUM DOES NOT SUBJECT THE GENERAL PARTNER TO BINDING OBLIGATIONS. ONLY THOSE OBLIGATIONS EXPRESSLY SET FORTH IN A DEFINITIVE AGREEMENT EXECUTED BY THE GENERAL PARTNER SHALL BE BINDING UPON THE GENERAL PARTNER.

PROSPECTIVE INVESTORS ARE CAUTIONED NOT TO RELY UPON ANY INFORMATION IN THIS MEMORANDUM REGARDING THE PAST PERFORMANCE OF THE GENERAL PARTNER, ITS MEMBERS OR THEIR RESPECTIVE AFFILIATES AS INDICATIVE OF THE FUTURE PERFORMANCE OF THE FUND. PAST PERFORMANCE DOES NOT ENSURE FUTURE PERFORMANCE.

CERTAIN OF THE FACTUAL STATEMENTS MADE IN THIS MEMORANDUM ARE BASED UPON INFORMATION FROM VARIOUS SOURCES BELIEVED BY THE GENERAL PARTNER TO BE RELIABLE. THE GENERAL PARTNER, ITS OFFICERS, THE FUND AND THEIR RESPECTIVE AFFILIATES HAVE NOT INDEPENDENTLY VERIFIED ANY OF SUCH INFORMATION AND SHALL HAVE NO LIABILITY ASSOCIATED WITH THE INACCURACY OR INADEQUACY THEREOF.

EACH INVESTOR THAT ACQUIRES AN INTEREST WILL BECOME SUBJECT TO THE FUND'S PARTNERSHIP AGREEMENT AND AN APPLICABLE SUBSCRIPTION AGREEMENT. IN THE EVENT ANY TERMS OR PROVISIONS OF SUCH PARTNERSHIP AGREEMENT OR SUBSCRIPTION AGREEMENT CONFLICT WITH THE INFORMATION CONTAINED IN THIS MEMORANDUM, SUCH PARTNERSHIP AGREEMENT OR SUBSCRIPTION AGREEMENT SHALL CONTROL.

THIS MEMORANDUM CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE

MEANING OF SECTION 27A OF THE SECURITIES ACT. THESE STATEMENTS INCLUDE THE PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS, INCLUDING PLANS AND OBJECTIVES RELATING TO FUTURE GROWTH OF THE FUND. THE FORWARD-LOOKING STATEMENTS INCLUDED HEREIN ARE BASED ON CURRENT EXPECTATIONS THAT INVOLVE NUMEROUS RISKS AND UNCERTAINTIES IDENTIFIED IN THIS MEMORANDUM. ASSUMPTIONS RELATING TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY AND MANY OF WHICH ARE BEYOND THE FUND'S CONTROL. ALTHOUGH THE FUND BELIEVES THAT THE ASSUMPTIONS UNDERLYING THE FORWARD-LOOKING STATEMENTS ARE REASONABLE, ANY OF THE ASSUMPTIONS COULD BE INACCURATE AND, THEREFORE, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS MEMORANDUM WILL PROVE TO BE ACCURATE. IN LIGHT OF THE SIGNIFICANT UNCERTAINTIES INHERENT IN THE FORWARD-LOOKING STATEMENTS INCLUDED HEREIN, THE INCLUSION OF SUCH INFORMATION SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE FUND OR ANY OTHER PERSON THAT THE FUND'S OBJECTIVES AND PROJECTIONS WILL BE ACHIEVED.

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I. EXECUTIVE SUMMARY[1]

Biosys Capital Partners, LP (the "Fund" or "Biosys") is a venture capital fund formed to make non-controlling investments in growth-stage companies in the healthcare and life sciences sectors. The Fund combines the investment experience of Boris Nikolic in the technology and healthcare sectors with several anticipated unique features, including:

- Access to a broad network of scientists within universities such as Harvard, Stanford and MIT.
- Access to industry experts and venture capitalists including, for example, close cooperative relationships with Khosla Ventures and ARCH Venture Partners.
- Support from Bill Gates, who we expect to be a significant investor through associated entities which have already provided funding for the first warehoused investment of Biosys.

The Fund is offering its limited partnership interests for investment. The minimum capital commitment is $10 million, subject to the right of the General Partner (as hereinafter defined) to waive this minimum for qualified investors. Subject to the right of the Fund to extend this offering, this offering will terminate eighteen (18) months from the date of the initial closing of the Fund, or on such earlier date as all of the limited partnership interests offered hereby are sold.

The Fund has invested and intends to continue investing primarily in private companies at the intersection of technology and life sciences and does not plan to invest in traditional drug-discovery, diagnostic, and medical-device companies.

At $7 trillion, health care represents one of the largest segments of global GDP. In the United States, health care is a $2.8 trillion industry, comprising 17 percent of GDP, and one that continues to face tremendous challenges. Expenditures have grown at an unsustainable rate of 3.5 times GDP growth since 1960, yet these high healthcare expenditures have not led to better outcomes when compared to other developed countries. There are enormous levels of waste and fraud with some estimated annual waste of $600 billion.

Regulatory changes are creating new markets but also leading to costly administrative and technology hurdles. New technologies are opening up the availability of medical information to both medical providers and consumers. These changes and challenges have resulted in an industry that is focused on cost-containment, quality of outcomes, and patient experience with an unprecedented level of intensity. In this environment, there are enormous opportunities for new products and businesses. Specifically, technology will fundamentally change the way medicine is practiced, by both generating additional data as well as analyzing existing data. A few key trends are leading this change:

- *Low-cost DNA sequencing that enables better diagnostics and personalized treatment*. The cost of sequencing a human genome has declined faster than Moore's law, going from $10 million in 2007 to $10,000 in 2011 and $1,000 in 2014. Illumina, the leader in next-generation

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[1] **LL Note to Draft: The Fund will provide attributions/citations for the currently unattributed facts and figures in the final turn of the Memorandum.**

DNA sequencing, estimates a $20 billion addressable market for sequencing technology and applications. McKinsey & Company estimates that genomics will have an economic impact of up to $1.6 trillion on global GDP by 2025.

- *Smart sensors and remote-monitoring technologies that enable health and disease management as well as efficient healthcare delivery.* In 2013, 45 million health-and-fitness-oriented wearable devices were shipped, and mobile health is already an $8 billion market. 170 million health-and-fitness-oriented devices are expected to be shipped in 2017, and the global mobile health market is expected to be worth $59 billion by 2020. This is an opportunity not just for consumer-oriented devices but also for transformative technologies for monitoring patients and practicing medicine.

- *Digitization of medical records, as well as other investment in healthcare information technology (IT), that enables the development of new digital-health platforms.* More than 50 percent of doctors' offices and 80 percent of hospitals now have electronic health records (EHRs). The U.S. healthcare IT market is expected to be worth $23 billion by 2017.

The combination of new technologies, inefficient markets, and other market dynamics – such as an additional 25 million people entering the U.S. healthcare system as a result of the Affordable Care Act, consumerization of healthcare, prevalence of high deductible plans and promotion of accountable-care organizations (ACOs) – creates a unique opportunity for a new generation of companies with transformative technologies and business models to generate significant financial value. These companies have the potential to change the practice of medicine from being focused on treatment to being focused on prevention and detection, as well as becoming increasingly personalized.

The Fund is seeking capital commitments from qualified investors. The Fund is being organized to continue the already successful investment strategy of Boris Nikolic, David Schwarz, Peter Corsell and Hayes Nuss (the "Principals") by:

- Focusing exclusively on breakthrough technology ideas with applications in the healthcare industry.
- Tracking evolving trends in the industry through research and meetings with key industry participants.
- Being a leading authority in the sector, with an informed view of companies that meet the Fund's investment criteria.

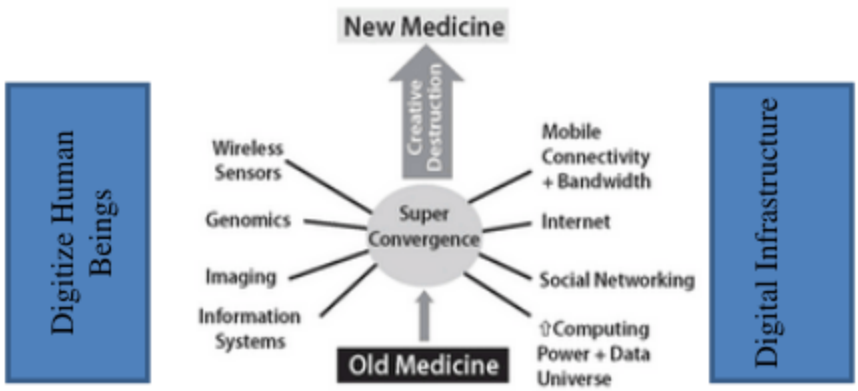
The Principals bring together unique and complementary skill sets in technology and healthcare, which positions the Fund to leverage the trends noted above for making investments. The Fund's competitive strengths include access to the highest quality companies and experts, solid investment experience in the technology and healthcare sectors, and both scientific and financial expertise. The strategies and resources that the Principals have used to make investments in the past will be directed in an effort to achieve superior returns for investors in the Fund.

II. MARKET OPPORTUNITY AND ENVIRONMENT

In the past ten years technology and big data have profoundly affected multiple industries, such as retail, finance, communication, and entertainment. The impact has been especially acute in complex industries with inefficiencies driven by either a historic lack of data or fragmentation of data in multiple silos. The healthcare sector, however, has thus far been largely unaffected by this technology and big-data revolution. Recent advances in DNA sequencing, sensor and communication technology as well as digitization of health data have created an opportunity for technology to penetrate the healthcare sector. Technology adoption in the U.S. healthcare system is further supported by dynamics such as spiraling healthcare costs, high level of inefficiencies and an improving regulatory and reimbursement landscape.

Innovative technologies and tools will fundamentally change the way medicine is practiced either by generating additional data or by helping to structure and analyze existing data. The availability of data and tools to analyze data should lead to the practice of medicine moving from being treatment oriented to being prevention and detection oriented, while becoming increasingly personalized.

Transformation of Medicine[2]



Although in an early stage, this transformation of healthcare is already under way. Global digital healthcare data is expected to increase 50 times, from 500 petabytes in 2012 to 25,000 petabytes by 2020.[3] McKinsey & Company estimates that big-data solutions could lead to up to $450 billion in reduced healthcare spending in the United States. Oliver Wyman estimates that the emergence of new patient-centered healthcare delivery models will eliminate $500 billion in spending and shift $1 trillion in value to such new models.

[2] Source: Eric Topol - Creative Destruction of Medicine

[3] Source: IBM

Key Emerging Technology Trends in Healthcare

A few key trends will enable companies to build successful businesses by leveraging technology and big data in healthcare and life sciences:

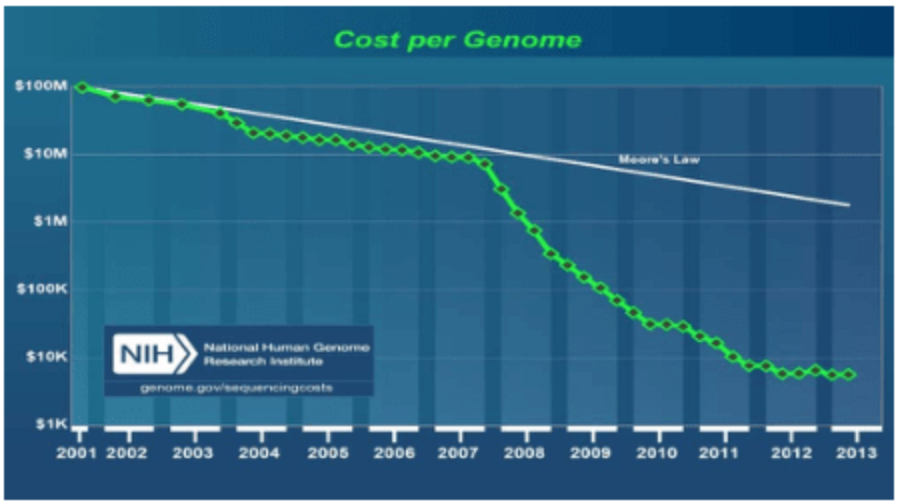
1. Costs and Speed of DNA Sequencing

The Human Genome Project began in 1990 and took 13 years and approximately $3 billion to map the first human genome. Since then there has been significant improvement in both speed as well as cost of DNA sequencing. Today a human genome can be sequenced in a day for $1,000.

The rise of molecular medicine is a classic technology-based transformation similar to the advent of the digital information era. Advances in semiconductor technology drove down the cost of computing, which allowed a growing number of users to apply powerful computing technology to routine activities. This growing user base attracted innovators to create additional applications and uses, which further expanded the applicable user population, creating a virtuous cycle. In the case of DNA sequencing, technology improvements are occurring at an even faster rate.

Fast and affordable DNA sequencing will lead to fundamental changes in disease diagnosis and treatment. DNA sequencing will allow better diagnosis of underlying molecular causes of diseases and also over time lead to personalized treatment.

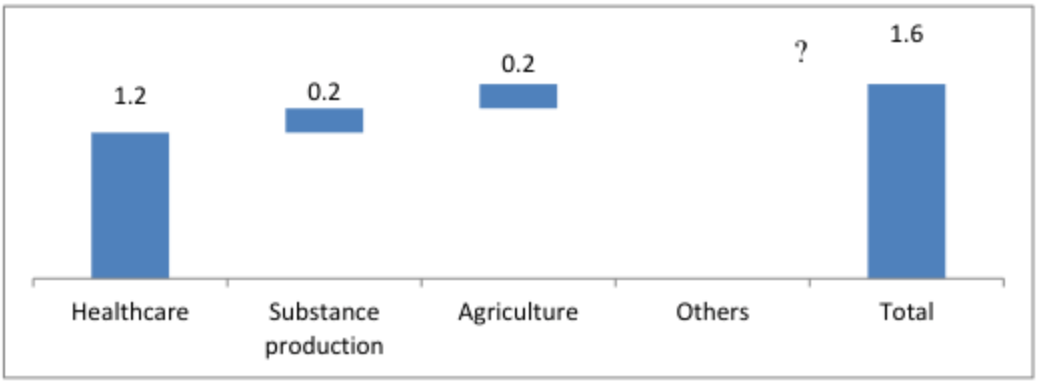
DNA Sequencing Cost per Human Genome (30x coverage)[4]



Illumina estimates a $20 billion addressable market for sequencing technology and applications. McKinsey & Company estimates that genomics will have a positive economic impact of up to $1.6 trillion on global GDP by 2025.

[4] Source: National Institute of Health

Economic Impact of Genomics in 2025 ($ trillion)[5]



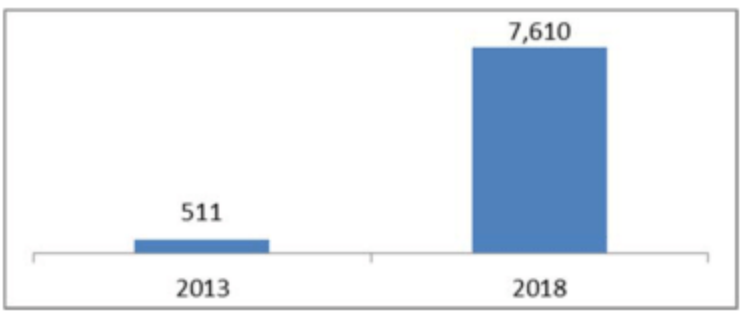
Molecular Diagnostics

Scientists have already discovered molecular causes/links to a number of diseases over the past 20 years. The Online Mendelian Inheritance in Man (OMIM) database contains more than 5,000 conditions with known associations to genomic factors. Similarly, the Catalogue of Somatic Mutations in Cancer (COSMIC) database has information on 1.6 million mutations in 522 genes that are associated with various forms of cancer.

As researchers continue to find the molecular basis for various rare and common diseases, DNA sequencing is expected to enable a new disease taxonomy whereby diseases are characterized based on cell biology rather than the traditional system of diagnosis via symptoms or point of origin. Molecular profiling based on this taxonomy will allow for highly precise and accurate diagnostics.

Molecular diagnostics has seen initial success in the fields of cancer as well as pre-natal diagnostics, and was already a $511 million market in 2013. The sequencing-based molecular-diagnostics market is expected to grow at a compound annual growth rate of 72 percent to reach $7.6 billion in 2018.

Clinical Next-Generation Sequencing Market ($ million)[6]



[5] McKinsey & Company: Disruptive technologies

[6] Source: BCC research, July 2013

Molecular profiling will also enable better prognosis and risk predictions with the highest impact in cancer, a disease that is driven entirely by complex DNA changes.

Next Generation Drug Development and Personalized Medicine

As research leads to the creation of large data sets linking molecular profiles to diseases, drug discovery and development is expected to also undergo a dramatic change. Better understanding of diseases and their progressions, based on molecular information, should lead to many more drug targets. These drugs may have smaller addressable markets, given that they will be targeted at patients with particular molecular profiles. However, molecular profiling should also make it easier to select patients for clinical trials and to prove the efficacy of drugs in the target market at lower cost.

As a result, drug discovery and development will change from an expensive process relying on blockbuster drugs to a more efficient process, with lower development costs, focused on smaller patient populations where the drugs will be more effective. Together, these changes have the potential to reduce drug-development capital requirements and allow start-up companies to engage in drug discovery.

Although personalized medicine is in the early stages of development, impressive initial successes have been reported, particularly in the field of cancer. More than 800 targeted therapies are either available or in the pipeline to target specific cancers.[7]

2. **Smart Sensors and Remote-Monitoring Devices**

Smart sensors and remote-monitoring devices allow the collection of data for applications such as health management, as well as better healthcare delivery. These devices now enable the monitoring of numerous health parameters in ways that were not possible before. Not only is it possible to monitor various health parameters much faster and cheaper, it can be done more frequently, which can provide more accurate and reliable insight.

We see the first wave of these devices in the form of various fitness devices directed at consumers that allow them to better manage their health through continuous tracking and analysis. Such devices have the potential to lead to a reduction in long-term health complications and associated costs.

Remote-monitoring systems, on the other hand, make healthcare delivery more efficient by reducing patients' in-hospital bed days, improving the targeting of nursing-home care and outpatients' physician appointments and cutting visits to the emergency department. Real-time monitoring helps healthcare providers identify who is at risk and what can be done to prevent more serious conditions from developing.

Several trends have converged leading to an explosive growth in sensors for healthcare applications:

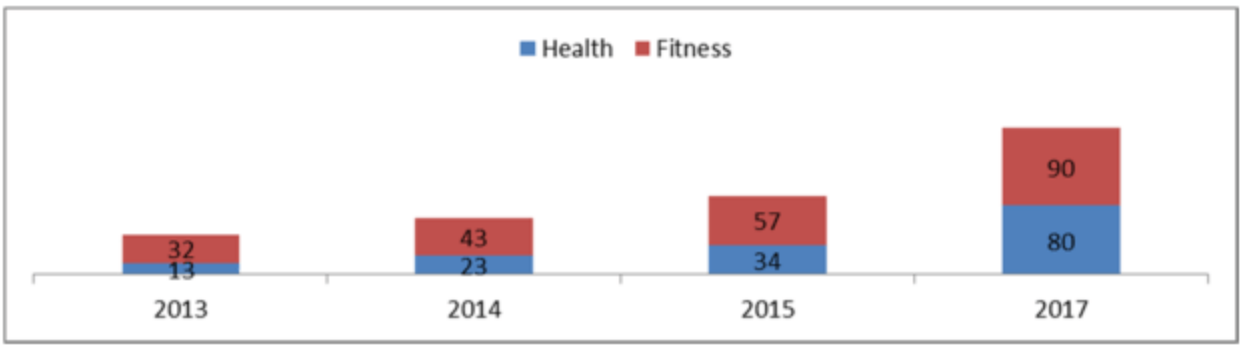
- *Increased smartphone penetration*. 148 million people (62 percent of mobile-phone users) in

[7] [redacted]

the United States owned a smartphone as of November 2013.[8] This new tool has led to a rapid increase in people who monitor their health and access health-related information.

- *Technology advancements*. Sensors are becoming smaller, affordable, and more accessible. Material science has advanced to create wearable sensors that can take measurements passively. Wireless communication allows data to be transmitted securely and accessed globally. Data storage is cheap and secure. Increased computing power with cloud computing enables data analysis where previously impossible, providing medical practitioners and consumers with more accurate and reliable insight.
- *Chronic diseases*. An aging population in the United States has led to more than 130 million patients suffering from chronic diseases such as diabetes, congestive heart failure, and hypertension. Treatment for such chronic diseases accounts for more than 75 percent of health-system costs. Remote-monitoring systems can be highly useful to manage patients who suffer from such chronic diseases[9].

Health and Fitness Oriented Wearable Devices Shipped (millions)[10]



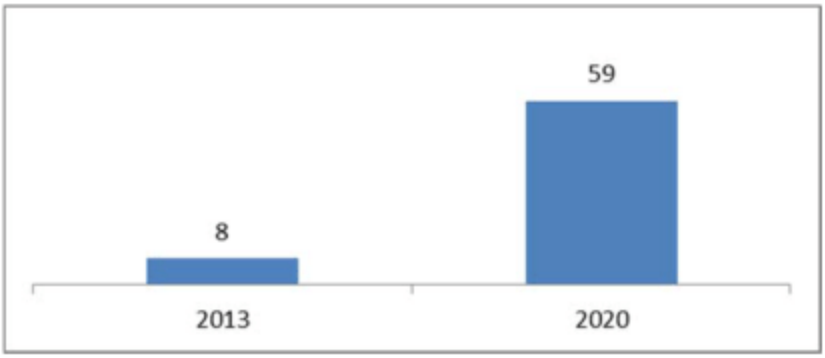
The market is not limited to wearable devices alone. Increasing penetration and the computation capabilities of smartphones have led to rapid development in the number of health-and-fitness-oriented applications and devices that reside within or connect to smartphones.

[8] Source: Comscore

[9] Source: CDC

[10] Source: BCC research, February 2014

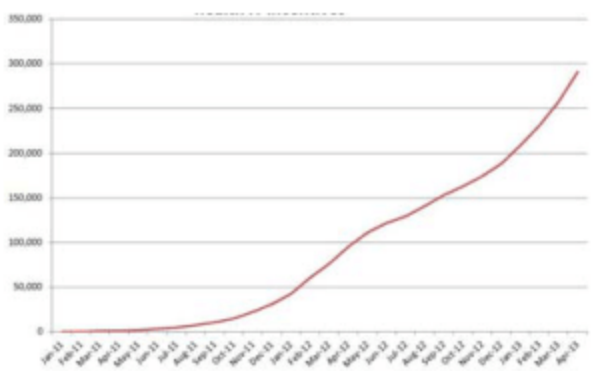
Global Mobile Health Market (Devices, Applications, Services, and Therapeutics; $ billion)[11]



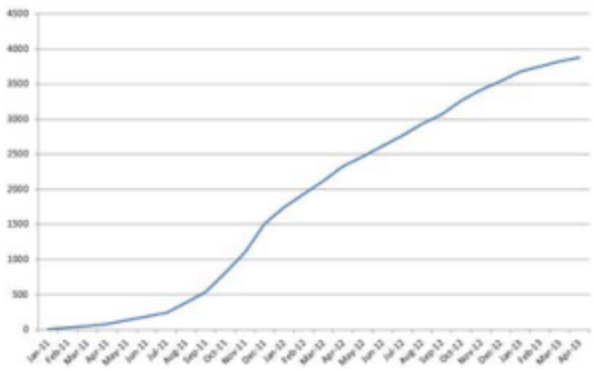
3. **Digital Health Platforms**

The past three to four years have seen a rapid increase in IT penetration in doctors' offices and hospitals. The progress has been most significant in the field of electronic health records (EHRs), with more than 50 percent of doctors' offices and 80 percent of hospitals now having EHRs.[12]

Physicians/other providers with basic EHR[12]



Eligible hospitals with basic EHR[12]



Government policy and reform has been one of the key drivers behind this adoption. Some of the policies adopted in the Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009 have played an important role in the creation of a digital-health ecosystem by accelerating the development of necessary healthcare IT infrastructure:

- More than $17 billion of incentives for hospitals and providers to use electronic health records.
- Another $2 billion to support healthcare IT infrastructure as well as other training and research.

[11] Source: Allied market research Nov-2013

[12] Source: http://www.hhs.gov/news/press/2013pres/05/20130522a.html

This continued digitization of medical and other health data has led to an opportunity for companies to use this data for various applications:

- Providing real-time data access to doctors as well as patients.
- Assisting patients in managing their health.
- Connecting doctors and patients.
- Monitoring things like epidemics and adverse events.
- Improving clinical trials.
- Streamlining processes and reducing administrative costs.

Healthcare IT is expected to be a $23 billion market in the United States by 2017.[13]

Trends Supporting Adoption of Technology in Healthcare

Additional market dynamics have created an environment that is expected to support the adoption of innovative solutions in the U.S. healthcare market:

1. **Large and Unsustainable Healthcare Spending in the United States**

According to the World Health Organization, about $7 trillion was spent on global healthcare in 2011. At more than 10 percent, this represents one of the largest sectors of global GDP.[14]

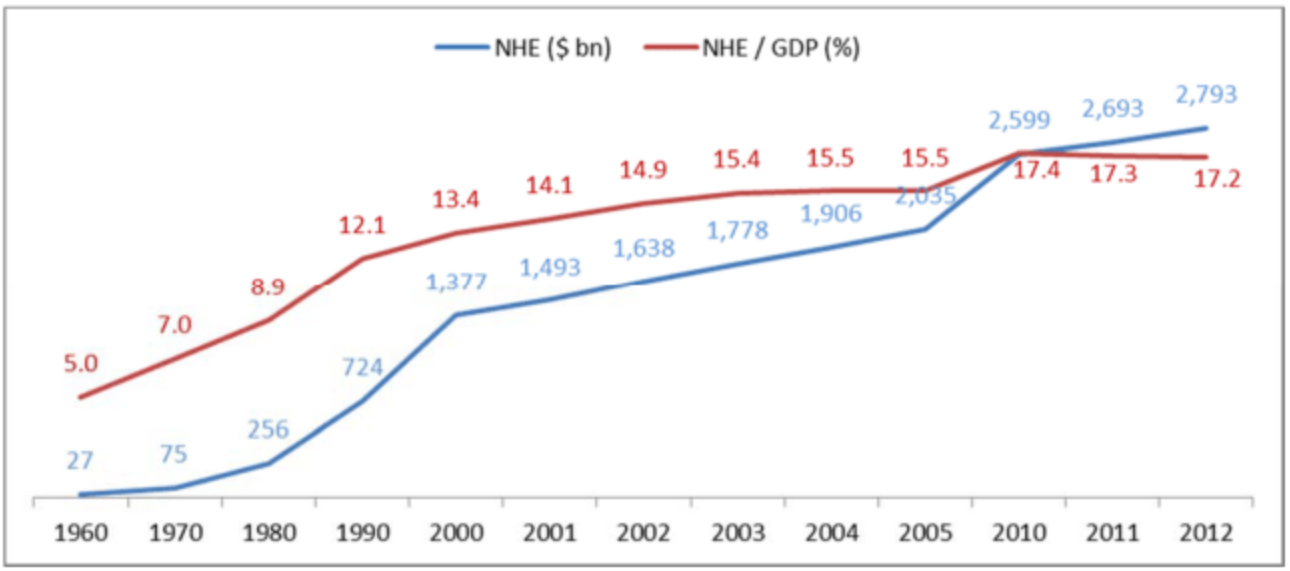
At $2.8 trillion in 2012, healthcare spending in the United States is the highest of any country globally and represents 17.2 percent of U.S. GDP.[15] Moreover, healthcare expenditures have been growing consistently and grew faster than GDP in 44 of the 52 years since 1960. During this period, healthcare expenditures grew cumulatively by 103 times compared with GDP growth of 30 times.

[13] Source: Research and Markets' North American Healthcare IT Market Report 2013-2017

[14] Source: World Health Organization Global Health Expenditure Database

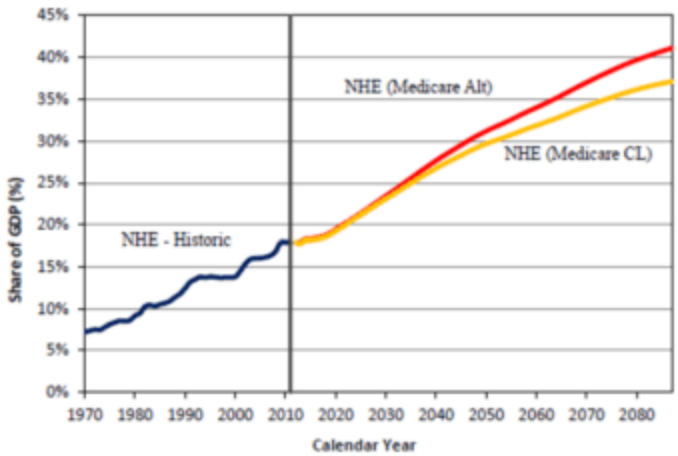
[15] Source: CMS NHE data for 2012

US Healthcare Spending ($ billion) and Share of GDP (%)[16]



Despite a modest decline in the growth rate in recent years, healthcare continues to account for a very high portion of U.S. GDP. The Centers for Medicare and Medicaid (CMS) estimates healthcare spending in the United States will reach $5 trillion in 2022 and represent about 20 percent of GDP. Long term CMS expects healthcare costs could reach 35-40 percent of GDP.

U.S. Healthcare Spending as % of GDP[17]



The high level of healthcare spending and its seemingly relentless growth are problematic for the United States. Public spending on healthcare—primarily through the Medicare and Medicaid

16 Source: CMS NHE data for 2012

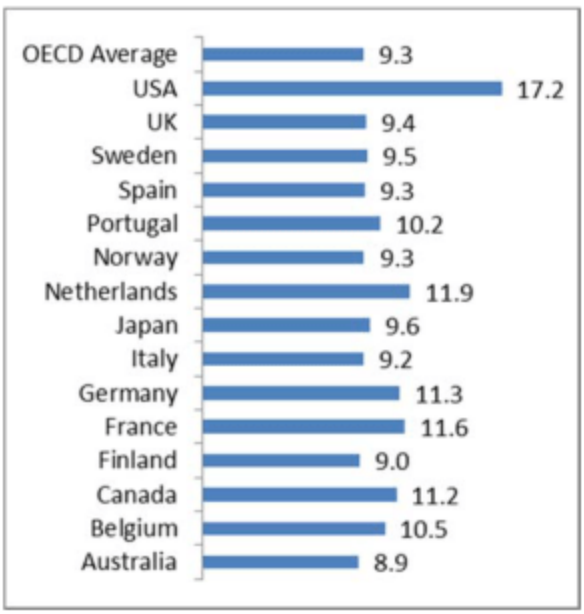
17 Source: CMS – June 2013

programs—is crowding out other state and national priorities, including education, social security, national defense, and deficit reduction. High healthcare costs for private employers inhibit the hiring of workers and add upward pressure on the prices of goods and services. Similar problems associated with rising healthcare costs may also be observed in other developed countries.

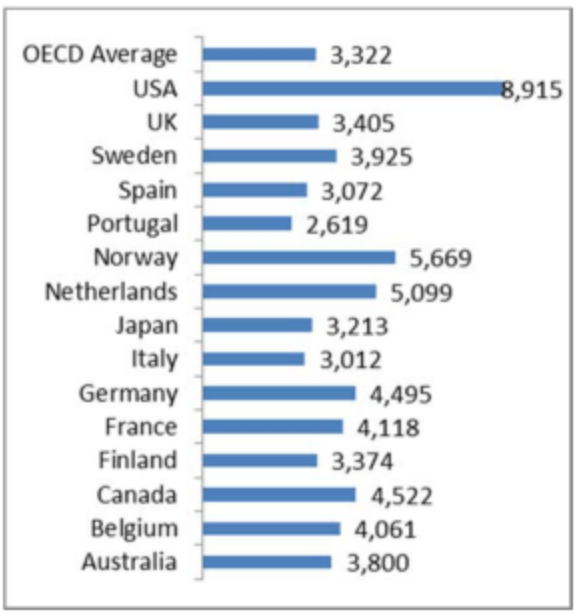
2. Inefficiencies in U.S. Healthcare

The United States spends more money on healthcare than any other nation, whether measured in terms of per-capita spending or spending as a percentage of GDP. McKinsey & Company estimates that the U.S. expenditure on healthcare is $600 billion (or 3.7 percent of GDP) more than the expected benchmark for a nation of its size and wealth.

Healthcare Expenditure / GDP %[18]:



Healthcare expenditure per capita ($ PPP)[18]:



However, high healthcare spending has not translated into better outcomes, with Americans having a lower life expectancy than the OECD average.

[18] Source: CMS 2012 data for US, OECD 2011 data for rest

Healthcare Spending Per Capita vs. Life Expectancy at Birth[19]

3. Regulatory and Reimbursement Progress

Regulation and reimbursement will continue to be important drivers in the success of healthcare companies. In the past few years, the Food and Drug Administration (FDA) and insurance companies have supported technology-based innovation in the healthcare space.

On the regulatory front, the FDA has shown its support for technology-based innovation through various actions:

- Granting de-novo 510(k) approval[20] to Illumina's Miseq next-generation sequencing platform.
- Granting 510(k) approval to the iPhone-based ECG-monitoring devices
- Laying out clear guidelines for the categories of mobile applications that it would seek to regulate (the FDA has already approved more than 100 health applications).[21]
- Having extensive dialog with industry on the regulation of molecular tests while allowing them to operate as Laboratory Developed Tests (LDTs).
- Starting an expedited Program for Serious Conditions (17 breakthrough therapy designations have been granted already).

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[19] OECD 2011 data

20 510(k) approval is the FDA section that allows for the approval of Class II medical devices. Class II devices are medical devices that require approval but unlike Class III devices are not required to sustain life or implanted within the human body.

[21] Source: [redacted]

In addition, other governmental agencies are also increasingly working with the FDA. The National Institutes of Health (NIH) created the Accelerating Medicines Partnership (AMP) as a new model for spurring development of drugs toward FDA approval.

On the reimbursement front, several factors favor companies providing innovative healthcare solutions:

- Consumerization of healthcare means that patients play an increasingly important role in their treatment. Patients pay $328 billion (11.7 percent) of healthcare expenditures out-of-pocket. Private health insurance provided an additional $917 billion: initiatives such as high-deductible health plans are increasingly shifting the burden of healthcare costs onto consumers.
- New models such as ACOs reward providers for positive patient outcomes and give providers incentives to use the most cost-effective solutions.
- Value-based payments for specific health outcomes are helping to align incentives among providers, consumers, and health plans. Some outcomes, such as prevention of hospital re-admissions and shortening of sick time, demonstrate cost effectiveness and the justification to invest in the future of sensor-based technologies.

III. INVESTMENT STRATEGY

Philosophy

The Fund has invested and intends to continue investing in companies at the intersection of technology, medicine, and life sciences. Technology and big data will play a major role in resolving inefficiencies in the health care system. Recent advances in DNA sequencing, sensor and communication technology, and the digitization of health data create an opportunity to dramatically reduce inefficiencies in diagnosis, treatment, and the delivery of health care. These advances will provide opportunities for companies with transformative technologies and business models to create significant financial value.

The Fund aims to achieve superior, risk-adjusted returns by targeting and investing in companies with proven technology and low regulatory and reimbursement risks. Typical investments are expected to be approximately $10 million in primary, secondary and tertiary offering rounds of companies based primarily in the United States. The Fund intends that its exits will take the form of initial public offerings or mergers and acquisitions and will be timed to maximize investor returns with expected holding periods of five (5) to seven (7) years.

Investment Criteria

The Fund will typically look for the following key characteristics in target companies while considering an investment:

1. Strong Chief Executive Officer and Team

The primary and most important asset of a company is its people. In particular, strong and capable leadership is essential not only for retaining and motivating key employees but also for turning good ideas and products into profitable enterprises. The Fund places considerable emphasis on the chief executive officer (CEO) and the senior management team with a focused analysis of their ability to manage people, background, integrity, underlying motivations, and overall ambitions and vision.

2. Significant and Proven Technology Advantage within Well-defined Strategic Areas

The Fund seeks to invest in companies with transformational technology representing a new diagnostic or therapeutic approach or innovative service-delivery capabilities, rather than in incremental improvements to existing products or technologies. The Fund further seeks to invest in companies where the underlying technology and its superiority has been established.

3. Commercial or Clear Path to Commercialization

A number of healthcare companies struggle with regulation and reimbursement, which can have a negative impact on returns. Biosys has focused and will continue to focus on companies that are already generating commercial sales or have a clear path to commercialization with low regulatory and reimbursement risks. Consequently traditional healthcare risks of clinical efficacy, regulatory approval and reimbursements are minimized.

4. Large Addressable Market

Biosys has sought and will continue to seek target companies focused on large markets in terms of the number of people who can be impacted by the technology, whether through physicians or directly to consumers. The Fund has sought and will continue to seek target companies that are preparing to launch already successful products or services to the global healthcare market.

IV. INVESTMENT PROCESS

Deal Sourcing

Deal sourcing is a strategic focus for the Fund, which includes identifying the right companies and creating the opportunity to invest in them. The Fund's access to the highest quality and well-differentiated deal flow is one of its key strengths.

The Principals have received and expect to continue to receive referrals from several unique sources including: founders of technology and healthcare companies that the Principals have previously invested in or know; investment funds that value the Principals' technical and strategic knowledge; and entities associated with one of Biosys's anticipated first investors, Bill Gates.

The Principals have longstanding relationships with leading entrepreneurs, inventors, scientists, academicians, pharmaceutical and biotech company executives and physicians. Additionally, they have strong relationships with public and global health organizations, foundations, national scientific bodies and organizations, insurers and other corporate payers. These networks provide Biosys access to the highest quality entrepreneurs and companies. The Principals' past experience of co-investing and relationship building with top-tier venture investors allows the Fund to gain exposure to promising companies in their portfolios.

The Principals' relationship network and sources of referrals not only provide access to companies, but also add unique insights for the evaluation of potential investments.

Biosys has researched and will continue to research target industry sectors extensively, while closely tracking private companies that fit the Fund's investment criteria. The Principals will maintain very close relationships with key decision makers of the companies that are tracked.

The international network of the Principals brings together valuable flows of information, perspective on opportunities and resources that are highly beneficial to portfolio companies. As a result, Biosys expects to receive interest from inventors, company founders, management teams and shareholders who are looking for high-quality, knowledgeable investors.

Due Diligence

A rigorous due-diligence process has been and will continue to be applied to each potential investment, because a detailed and well-executed due diligence of critical risks is key to investment success.

The complementary skill sets and backgrounds of the Principals allow them to identify opportunities as well as critical issues and risks. Biosys will work closely with the Principals' network of founders, scientists, academics, pharmaceutical and biotech company executives, and physicians to evaluate investment opportunities. In the due-diligence process an emphasis has been and will continue to be placed on understanding and evaluating the following:

1) *Management*. A strong and experienced management team is the key to a company's success. We will spend considerable time and energy on knowing the management team and assessing their quality.

2) *Underlying science and technology*. Considerable time will be spent understanding the underlying science of the company and the resulting technical advantage. The Principals will utilize their extensive network of science and domain experts to better understand the technology advantage and risks.

3) *Market potential, business model, and competition*. Biosys will extensively research the size and growth prospects of a company's target market and conduct interviews with existing or potential customers to understand their perspective. Given the Principals' extensive network, they should be able to speak to most of the players in a particular space to evaluate threats from existing or new competitors before deciding upon an investment

4) *Intellectual property (IP).* Biosys will engage experienced attorneys in specific fields to validate freedom-to-operate and exclusivity position and to identify blocking IP.

Portfolio Management

The Fund will actively engage in frequent dialog with the key management team of its portfolio companies. Historically, the Principals have dedicated, and expect to continue dedicating, significant time to develop deep relationships with key decision makers in the Fund's portfolio companies.

We expect that the Fund's Portfolio companies will appreciate the Principals' previous experience in investing and monitoring the industry, as well as their strong connections globally. Where appropriate, the Principals will provide advice and introductions to the Fund's portfolio companies.

The Principals will typically take a board-observer seat and/or ask for regular updates on business progress from the Fund's portfolio companies. Board participation, regular updates, and active monitoring of other available information regarding portfolio companies and their competitors will allow Biosys to remain up-to-date on the growth and competitive environment of the Fund's investments.

The Fund will seek to increase its stake in a portfolio company if the asset is performing at or above expectations and if the valuation is consistent with return expectations.

Biosys's strategy for exiting an investment is expected to take the form of an initial public offering (IPO) or a merger or acquisition. In cases where the Fund receives public securities in an IPO, the Investment Committee (as hereinafter defined) will decide on the timing of their sale or distribution.

V. INVESTMENT COMMITTEE

The investment team will initially be composed of Boris Nikolic, Hayes Nuss, Peter Corsell and David Schwarz (the "Investment Committee"). We expect that Boris will lead the sourcing, diligence, evaluation and monitoring of portfolio investments. We expect that Hayes will support with investment analysis and due diligence as well as manage the fund accounting, finance, compliance and all administrative and operational infrastructure. We expect that Peter and David will support Biosys with sourcing, strategic advice, due diligence and negotiations. The Fund may add new investment professionals as needed, from time to time.

Boris Nikolic

Boris Nikolic is a Managing Director of the General Partner of Biosys. Most recently, Dr. Boris Nikolic served as Chief Advisor for Science and Technology to Bill Gates at bgC3, the private office of Bill Gates, and at the Bill & Melinda Gates Foundation (BMGF). Dr. Nikolic joined the BMGF in October 2007 and bgC3 in April 2010.

Dr. Nikolic has led select for-profit and not-for-profit investment activities at the aforementioned Gates-affiliated organizations. On the for-profit side, Dr. Nikolic has led investments in various life-science/IT/healthcare companies such as Foundation Medicine and Research Gate, served on the board of directors of Schrodinger, and monitored Nimbus. On the not-for-profit side, Dr. Nikolic co-managed BMGF's $1.5 billion strategic-investment pool, focused on program-related investments in health. Dr. Nikolic focused on biotechnology investments specifically and pioneered direct-equity investments of BMGF in companies with platform technologies such as Liquidia, Genocea, Visterra, Atreca, and Anacor. At BMGF, Dr. Nikolic also led the discovery program of the novel mHealth, diagnostics platform technologies, molecular diagnostics point-of-care applications, and vaccination and surveillance technologies.

Dr. Nikolic received his MD from Zagreb Medical School and his clinical training from the University's Medical Center, University of Zagreb, Croatia. In 1994, Dr. Nikolic joined the Harvard Graduate Program in Immunology. Subsequently, Dr. Nikolic continued to serve in roles of increasing authority including a postdoctoral fellowship in transplantation immunology, Instructor in Surgery, and Instructor in Medicine to Assistant Professor in Medicine at Harvard Medical School. Between 2002 and 2007, he led an advanced immunology laboratory for tolerance induction/stem-cell transplantation in the Renal Unit of the Department of Medicine at Massachusetts General Hospital/Harvard Medical School.

His academic research at Harvard focused on the field of immunogenetics and translational immunology. Dr. Nikolic received numerous national and international awards and managed international teams of scientists. He has been selected as a field expert scientist for peer review committees, study sections, and professional associations. In addition, he has served as an advisor for private-equity and venture-capital firms, evaluating numerous medical diagnostics and biotechnology companies.

Dr. Nikolic is the author of more than 70 articles, patents, and patent applications, and he is co-founder of several biotechnology companies including IMDx, Inc., which is focused on developing and distributing FDA-approved rapid molecular and serological diagnostic products and services that link

diagnostics with therapeutics, and Aquatrove, Inc., which is focused on developing unique conception-promoting and infertility diagnostics products.

Hayes Nuss

Hayes Nuss, a Managing Director of the General Partner of Biosys, was formerly Managing Director for Risk Management and Analytics and a Principal at Strategic Investment Group, an investment management firm with $32 billion in client assets. Nuss rose from analyst to Principal in eight years based on his talent for finance, management, and business operations forensics, which he used in due diligence of potential investments, for tailoring portfolio strategies to the needs of clients and in overseeing the redevelopment of the firm's investment infrastructure.

Nuss' ability to analyze and optimize business operations was a hallmark of his career at Strategic, where he employed innovative methods to research and perform due diligence on potential investments for client portfolios. His training as an aerospace engineer, his problem-solving and forensic experience for the US Navy, in addition to his MBA and financial experience, equipped him with a broad range of processes and perspectives for evaluating business effectiveness and growth potential.

As a member of the investment committee at Strategic Investment Group, Nuss was responsible for developing client-specific investment policies, risk management, investment analytics and technology. He applied the same analytic eye to his corporate clients to help shape their retained earnings strategies. With clients such as the Cleveland Clinic and Dignity Health, Nuss dug deep into client business practices to help them align their investment strategy with business risks and objectives.

Nuss also managed most aspects of Strategic's investment infrastructure and developed new processes and systems that enhanced operations from the front to back office of the firm. Additionally, he developed innovative and industry-leading investment management applications for portfolio analysis and risk management, including tools to assess total portfolio risk across multiple asset classes, and simulations to model complex portfolio dynamics for the assessment of liquidity and tail risk.

Nuss received a BS in aerospace engineering from Virginia Polytechnic Institute and State University (VA Tech), a ME in mechanical engineering from the University of Virginia (UVA) and a MBA in finance from the Wharton School at the University of Pennsylvania.

Peter L. Corsell

Peter L. Corsell, a Venture Partner of the General Partner of Biosys, is an entrepreneur known for building successful technology companies that address longstanding social challenges. MIT's Technology Review recognized him as one of the world's top innovators under age 35, the World Economic Forum named him a Young Global Leader in 2010, and he is a member of the Council on Foreign Relations.

Corsell has a successful track record of taking new ventures from concept through the product

development and capital formation process to commercial viability. He developed GridPoint, a provider of energy management technology, from initial prototype in 2004 into an established cleantech leader and a pioneer in the Internet of Things. More recently, he has built and capitalized Hubub, inStream and Clearpath – all companies developed around signature digital products.

Corsell has managed multiple equity and debt financings for technology companies and has raised over $300 million in operating capital for his businesses. He has fostered a diversified stable of investors, ranging from major institutions to high net worth individuals to corporations. Most recently, he secured a major investment from Canada's largest communications company.

Corsell is known for building creative relationships that unlock new value for stakeholders. He has close marketing partnerships with Goldman Sachs, Bell Canada, Univision and others, and he has developed first-of-their-kind digital tools that turn customers into sales and marketing partners. In the process of building companies around new hardware and software products, Corsell has built expertise in the patent application and intellectual property protection process. He has also attracted and led senior executives from top companies including Berkshire Hathaway, Microsoft, Siemens, Accenture, Yahoo!, Bell Canada, Ciena, Neustar and Xcel Energy.

Corsell brings the perspective of a successful practitioner to the Investment Committee, helping to evaluate prospective portfolio companies, structure equity investments, and assess operational effectiveness. He also serves as a resource to the Fund's partner entrepreneurs, drawing on his experience and expertise to address the challenges and opportunities faced by growth stage companies.

Earlier in his career, Corsell served with the U.S. Department of State in Havana, Cuba, and as a political analyst at the Central Intelligence Agency. He holds a BSFS degree from the Edmund A. Walsh School of Foreign Service at Georgetown University.

David M. Schwarz

David M. Schwarz is a Venture Partner of the General Partner of Biosys. His lifelong passion for the science and art of complex problem solving has made him an internationally acclaimed master planner and architect, as well as highly successful investor. During his career he has both developed the master plan for a major American city and provided strategic advice to top quartile private equity and investment firms.

One of the foremost practitioners of "contextual" architecture, Schwarz is president of David M. Schwarz Architects. He leads, orchestrates and reviews the design process of all the firm's projects. His plans are known for incorporating the maximization of revenue into building design processes, and his work includes designs for two of the most profitable sports venues in the US: The Ballpark at Arlington and The American Airlines Center, both in North Texas.

In his investment advisory roles, Schwarz is known for offering simplified, straightforward solutions for structuring financial transactions. With 24 years as a fund investor, he has a track record of identifying young management talent, investing at the early stage and staying closely engaged over time to help develop both the manager and the portfolio.

Schwarz is also an active investor in venture-stage private companies in a wide variety of sectors, including technology, entertainment, and real estate. Schwarz is a highly-engaged and experienced investor, diagnosing and testing companies' financial structures, business models and business strategy.

Schwarz received his bachelor's degree at St. John's College in Annapolis, MD and earned his master's degree at Yale University. Schwarz's featured work includes The Nancy Lee and Perry R. Bass Performance Hall, Cook Children's Medical Center, Yale Environmental Science Center, and the Schermerhorn Symphony Center. He is Chairman of Yale School of Architecture's Dean Council. He is the Chairman of the Vincent J. Scully Prize Fund Endowment for the National Building Museum, which is among the most prestigious awards in urban design.

VI. SUMMARY OF PRINCIPAL TERMS OF THE FUND

The Fund	Biosys Capital Partners, LP, a Delaware limited partnership ("Biosys" or the "Fund").
Investment Objective	To make non-controlling investments in private companies in the healthcare and life-sciences industry with a valuation of less than $750 million. The Fund expects to primarily invest in companies headquartered in North America.
General Partner	Biosys Capital Management, LLC, a Delaware limited liability company (the "General Partner").
Minimum Capital Commitment:	$10 million, provided that the General Partner reserves the right to waive this minimum from qualified investors ("Limited Partners" and collectively with General Partner the "Partners").
General Partner's Capital Commitment	The General Partner, its members and/or their affiliates will commit to invest in the Fund a sum equal to the lesser of (i) $15 million and (ii) ten percent (10%) of the aggregate capital commitments made by Limited Partners (other than members of the General Partner and/or their affiliates) to the Fund (the capital commitments of the Partners being referred to as the "Capital Commitments"). The General Partner may transfer such capital between and among the Fund, any Alternative Investment Vehicle (as defined below), and any Parallel Fund (as defined below).
Investor Suitability	Each Limited Partner must be a "qualified purchaser" as defined in the Investment Company Act of 1940, as amended, and must meet certain other financial and suitability criteria established by the General Partner. The relevant qualifications will be set forth in subscription documents subsequently distributed to potential investors by the Fund, which documents must be completed by each prospective investor. The General Partner reserves the right to reject any subscription in its sole discretion.
Term	The Fund's term will terminate on the tenth anniversary of the Initial Closing (as defined below); provided that the General Partner may extend the term of the Fund for up to two additional one-year periods with the approval of more than 50%-in-interest of the Limited Partners (based on their respective Capital Commitments).
Investment Period	The Partners will have no obligation to make capital contributions to fund new investments after the fifth anniversary of the Final Closing

	Date (unless such period is extended under very limited circumstances described in the Partnership Agreement); provided, however, that, after the end of such period (the "Investment Period") the Partners will have a continuing obligation to make contributions to finance portfolio investments which were in process as of the end of the Investment Period, to finance follow-on investments, to pay Fund expenses and as otherwise set forth in the Partnership Agreement; provided that capital contributions called by the General Partner with respect to follow-on investments after the end of the Investment Period will not exceed the lesser of (i) 20% of the aggregate Capital Commitments of the Partners to the Fund, and (ii) the aggregate unfunded Capital Commitments of the Partners to the Fund as of such time.
Bridge Financings	The Fund may provide interim financing or guarantees to one or more target companies ("Bridge Financing") in order to facilitate the Fund's investment in such companies. All Bridge Financings will be (i) senior to the permanent investment of the Fund in the target company, (ii) bear interest or carry other compensation at amounts determined to be appropriate by the General Partner, and (iii) have a final maturity of not more than one year. Any Bridge Financing which has not been repaid, sold to or refinanced by a third party within one year will be treated in the same manner as the Fund's other investments for all purposes.
Advisor	The Advisor will provide advisory services to the Fund, including investigating, structuring and negotiating potential Investments, monitoring investments post-acquisition, and advising the Fund with respect to disposition opportunities. The advisory services will be provided under the terms and conditions of an Advisory Agreement entered into by and among the Partnership and the Advisor.
Investment Committee	The General Partner will select a four-member investment committee which will meet (i) on a regular basis in order to review market conditions and the Fund's investment strategy and (ii) at such other times as necessary to provide consideration and approval of proposed Investments of the Fund. See Section V – Investment Committee.
Management Fee	The Fund will pay the Advisor an annual Management Fee of 2.0% of the Fund's aggregate Capital Commitments, payable in advance on a quarterly basis from the Initial Closing until the fifth anniversary of the Final Closing Date. Thereafter, the Management Fee will be reduced to 2.0% of the cost basis of all investments held by the Fund at the commencement of each fiscal quarter, as reduced by any write-offs. With few exceptions as more fully described in the Partnership Agreement, the Management Fee will be reduced by fees received by the General Partner, the Advisor or any Principal or any affiliate thereof from the companies in which the Fund invests or co-investment

opportunities (as described below). Until the Fund makes its first investment, the Management Fee will be paid directly by the Limited Partners to the Advisor (which payments will reduce their unfunded Capital Commitments).

Carried Interest Rate 20%, as described in greater detail under the heading "Distribution Priorities" below.

Timing of Distributions The General Partner intends that investment proceeds generally, net of any provision for income taxes and expenses (including tax distributions to the General Partner), will be distributed as soon as practicable after receipt thereof. The General Partner intends that current cash receipts ("Current Income") from dividends, interest and other non-tax distributions from the Fund's investments net of income taxes and expenses (including tax distributions to the General Partner) will be distributed at least annually.

Distribution Priorities Each distribution of investment proceeds from the sale of all or a portion of a Fund investment or the receipt of current cash from dividends, interest and other non-sale cash distributions from a Fund investment shall be apportioned among the Partners as follows. The amount apportioned to the General Partner (and its affiliates, including any Limited Partners that are affiliates of the General Partner) shall be distributed to the General Partner (and such affiliates), and the other Partners' apportioned share of any distribution shall be distributed as follows:

1. Return of Capital Contributions: First, 100% to the Partners until each Partner has received cumulative distributions from the Fund equal to the aggregate capital contributions to the Fund made by such Partner; and
2. 80/20 Split: Thereafter, 80% to the Partners and 20% to the General Partner.

If distributions in accordance with the above distribution priorities in any given year would not result in the General Partner receiving amounts at least equal to the income taxes imposed on it or its direct or indirect equity owners with respect to the Fund's taxable income allocated to the General Partner, tax distributions may be made to the General Partner as further described in the Partnership Agreement. Any distributions of Current Income will be made to and among the Partners in the same priority as the Fund's proceeds from the sale of its investments.

General Partner's Clawback If at the time the Fund is liquidated the General Partner's cumulative distributions (exclusive of the General Partner's distributions in respect of the General Partner's committed capital) exceed the General Partner's applicable Carried Interest distribution (as determined above under

	"Distribution Priorities"), the General Partner will refund such excess distributions provided that the General Partner shall not be required to refund an amount in excess of the cumulative distributions (exclusive of the General Partner's distributions in respect of the General Partner's committed capital) received by the General Partner less taxes paid or deemed paid by the General Partner in respect of its carried interest. The obligations of the General Partner under this General Partner's Clawback will be severally guaranteed by the members of the General Partner.
Partner Giveback Obligation	In addition to any requirements of applicable law, until the third anniversary of a distribution (or thereafter with regard to a proceeding pending on such date) the General Partner may require a Partner to return distributions made to such Partner for the purpose of meeting the Partner's pro rata share of partnership liabilities and obligations, including any indemnity obligations, as further described in the Partnership Agreement; provided, however, that the aggregate amount of distributions which a Partner may be required to return shall not exceed an amount equal to 30% of such Partner's Capital Commitment.
Allocation of Profit and Loss	The Fund will establish and maintain a capital account for each Partner. All items of income, gain, loss, and deduction will be allocated to the Partners' capital accounts in a manner generally consistent with the distribution provisions outlined above.
Capital Calls	In general, the Partners will make capital contributions in respect of their Capital Commitments on an "as needed" basis, on ten (10) calendar days' notice.
Excuse, Exclusion and Withdrawal	A Limited Partner may be excused from funding an investment if its participation would otherwise violate a law or regulation to which it is subject. The General Partner may exclude a Limited Partner from participating in an investment if the General Partner determines in good faith that a significant delay, extraordinary expense or materially adverse effect on the Fund or any of its affiliates, any portfolio company or future investments is likely to result from such Limited Partner's participation. The excused or excluded Limited Partner's unfunded Capital Commitment will not be reduced as a result of any excuse or exclusion and the General Partner may issue new calls for further capital contributions to the other Limited Partners to the extent of their unfunded Capital Commitments. A Limited Partner may be required to withdraw from the Fund if, in the reasonable judgment of the General Partner, by virtue of that Limited Partner's Interest in the Fund: (i) assets of the Fund may be characterized as plan assets for purposes of ERISA or the plan asset

regulations under ERISA; (ii) the Fund or any Partner may be subject to any requirement to register under the Investment Company Act of 1940, as amended; or (iii) a significant delay, extraordinary expense or material adverse effect on the Fund or any of its affiliate, any portfolio company, or any prospective investment is likely to result.

Initial and Subsequent Closings

An initial closing of the Fund (the "Initial Closing") will be held once the General Partner determines that a sufficient minimum amount of commitments has been obtained. Subsequent closings may occur at the discretion of the General Partner; provided that such closings shall occur no later than eighteen months following the date of the Initial Closing (the "Final Closing Date").

Limited Partners admitted (and existing Limited Partners increasing their Capital Commitments) subsequent to the Initial Closing will pay their pro rata share of all funded Capital Commitments which have been applied to any investments then held by the Fund, Management Fees, and certain expenses, plus interest thereon at an annual rate equal to 1-month LIBOR + 6% (such interest being referred to herein as the "Additional Amount"). Such amounts will be allocated and distributed to previously admitted Partners or the Advisor, as applicable. Amounts so distributed to previously admitted Partners (other than any portion of the Additional Amount) will be restored to such Partners' unfunded Capital Commitments and be subject to recall during the Investment Period.

If the General Partner, in its discretion, determines that a pro rata capital contribution from Limited Partners at a subsequent closing would not appropriately reflect a material change in the value of the investments then held by the Fund (due to the occurrence of a Write-Up Event or otherwise), the General Partner may adjust the capital contribution required to be made by Limited Partners at such subsequent closing to appropriately reflect such change in value.

A "Write-Up Event" shall mean, with respect to a portfolio company, (a) a primary issuance of securities equivalent to at least $1 million in value by such portfolio company at a valuation that is greater than the Acquisition Value of the Fund's investment in such portfolio company, (b) a secondary transaction representing the sale of at least one-half of one percent (0.5%) of the fully diluted capital stock of such portfolio company or a series of related secondary transactions at least one-twentieth of one percent (0.05%) each, where the weighted-average purchase price of such transactions implies a portfolio company valuation that is greater than the Acquisition Value of the Fund's investment in such portfolio company, or (c) another event (such as an impending sale of part or all of the stock or assets of such portfolio

company) that, in the General Partner's sole discretion, establishes a valuation for such portfolio company that is greater than the Acquisition Value of the Fund's investment in such portfolio company. For each investment in a portfolio company, the Fund's "Acquisition Value" shall mean the post-money valuation of the applicable portfolio company at the time of such investment increased by an amount equal to interest thereon at rate equal to one month LIBOR + 6%.

Use of Proceeds

The proceeds of this offering will be used to (i) pay certain costs associated with the offering; (ii) pay the Management Fee (as hereinafter defined), and (iii) provide the Fund with an amount of funds with which to identify and evaluate companies, assets or businesses with a view to making appropriate investments. After deducting expenses associated with this Offering, the proceeds of this offering will only be sufficient to identify and evaluate a finite number of assets and businesses, and additional funds may be required to finance any investment to which the Fund may commit.

Borrowings and Guarantees

Generally, the General Partner on behalf of the Fund and its subsidiaries may borrow funds and enter into credit, financing, or refinancing arrangements as it determines to be appropriate. In this regard, the General Partner may cause the Fund to provide one or more guarantees in connection with any such debt of the Fund or its subsidiaries.

The General Partner may enter into one or more subscription facilities in order to provide the Fund with adequate working capital and satisfy the short-term needs of the Fund. Any such subscription facility may be secured by the unpaid Capital Commitments of the Partners (and the General Partner may assign to the lender the right to draw upon such unpaid Capital Commitments of the Partners). In connection with a subscription facility, each Limited Partner agrees to provide certain information, acknowledgments, and assurances to the lender.

The General Partner may elect to give one or more tax-exempt Limited Partners the opportunity, upon at least two business days' notice, to make a contribution of capital to the Fund on the date of or prior to any borrowing by the Fund in the amount equal to such tax-exempt Limited Partner's pro rata share of such borrowing, and such tax-exempt Limited Partner shall not participate in such borrowing.

Advisory Committee

An Advisory Committee of at least three, but no more than seven, members will be appointed by the General Partner (the "Advisory Committee"), all of whom shall be representatives of the Limited Partners.

The Advisory Committee will have the authority to approve or

	disapprove certain transactions and to waive certain investment restrictions, as described in the Partnership Agreement, but generally will have no other power to participate in the Fund's management. The Advisory Committee will not necessarily represent the interests of all Limited Partners, and the members of the Advisory Committee may be subject to conflicts of interest. See Section VII – Certain Investment Considerations and Risk Factors — Conflicts of Interest.
Diversification Limit	Without the prior approval of the Advisory Committee, the Fund will not make an investment in a portfolio company, if, as a result, the Fund would have invested (on a net basis after taking into account any distributions received by the Fund with regard to such investment that represent a return of capital) more than the greater of (i) twenty percent (20%) of the aggregate Capital Commitments in such portfolio company (or its affiliates) (including any related Bridge Financings), or (ii) $20 million in the aggregate in such portfolio company; provided that, for purposes of these limitations, there shall be disregarded any portion of a follow-on investment by the Fund that merely represents the Fund's "pro rata" share of a financing round, with such "pro rata" share determined based upon the Fund's percentage ownership of the portfolio company's outstanding equity immediately prior to such investment.
Early Termination	The Fund may be dissolved at any time upon the vote of 80%-in-interest of the Limited Partners (based on their respective Capital Commitments).
Transfer of Interests and Withdrawal	A Limited Partner may not sell, assign, or transfer any interest in the Fund without the prior written consent of the General Partner, which may be given or withheld in the General Partner's sole and absolute discretion. Further, a Limited Partner generally may not withdraw any amount from the Fund.
Expenses	The General Partner, the Advisor, and any of their affiliates will pay all of their own normal operating expenses (including employee salaries and benefits, rent, communications and travel) and any legal, accounting, filing and other fees and expenses incurred in connection with the General Partner's or the Advisor's registration and ongoing compliance with any applicable regulatory requirements as further described in the Partnership Agreement. The Fund will pay all other expenses including, without limitation: (i) organization and syndication costs (collectively "Organizational Expenses") (up to a maximum of $500,000), (ii) the Management Fee, (iii) legal, accounting, audit, custodial, consulting and other professional fees, (iv) consulting fees relating to services rendered to the Fund that could not reasonably have been rendered by the General Partner in the

ordinary course of its activities, (v) all costs and expenses associated with the purchase (or attempted purchase), holding or sale or exchange or other disposition of portfolio securities or other Fund assets, including, but not by way of limitation, placement and finder's fees paid to third-parties unaffiliated with the General Partner related to the acquisition or disposition of Fund assets, transfer, capital and other taxes, duties and fees and travel costs associated with evaluation, monitoring or disposition of portfolio securities, (vi) research expenses, (vii) fees and expenses of investment advisers and independent consultants unaffiliated with the General Partner that are incurred in investigating and evaluating investment opportunities, acquiring and disposing of Fund assets and maintaining and monitoring the Fund's assets, (viii) banking, brokerage, broken-deal, registration, qualification, finders, depositary and similar fees or commissions, (ix) expenses associated with meetings of the Limited Partners and the Advisory Committee, (x) insurance premiums, indemnifications, costs of litigation and other extraordinary expenses, (xi) costs of financial statements and other reports to Partners as well as costs of all governmental returns, reports and other filings, (xii) interest and other expenses relating to any indebtedness of the Fund, (xiii) amounts paid to or for the benefit of portfolio companies, (xiv) advertising and public notice costs, (xv) insurance costs and expenses relating to protection against liability for loss and damage which may be occasioned by the activities to be engaged in by the Fund, including, for the avoidance of doubt, indemnity payments and premiums for insurance protecting the Fund and any indemnitees from liabilities to third persons in connection with the Fund's business and affairs and E&O or similar insurance coverage, (xvi) the fees, costs and expenses (including due diligence costs) incurred in connection with investigating, negotiating, acquiring, holding, selling or exchanging of investments (including fees and expenses of lawyers, accountants, consultants, brokers, finders and investment bankers and other financing sources), (xvii) all organizational expenses relating to any Feeder Funds (as hereinafter defined), and (xviii) any other expenses not listed in the preceding clauses (i) through (xvii) that are reasonably related to the activities of the Fund.

Key Persons

If Boris Nikolic or Hayes Nuss ceases to provide advice to the Fund or fail to devote such time and effort as is reasonably necessary to oversee the Fund's affairs, the Investment Period shall be suspended and the Limited Partners will not be required to make any additional capital contributions to finance investments in new portfolio companies. The General Partner shall have twelve months from the date of such suspension to prepare and present a plan regarding the future management of the Fund and obtain the approval of such plan from the Advisory Committee. If such approval is obtained, the suspension shall

be lifted and the Investment Period shall be extended by the amount of time during which the Investment Period was suspended.

Successor Fund

Without the prior consent of the Advisory Committee, no Principal shall commence investing on behalf of another pooled investment vehicle (or managed account) with the same investment objectives as the Fund until the earlier of (a) the expiration or earlier termination of the Investment Period, (b) the date on which at least 70% of the Fund's Capital Commitments have been invested, expended, committed and/or reserved for future investments in existing portfolio companies and for reasonably anticipated Fund expenses (at which time the Fund shall be deemed to be "Fully Invested"), and (c) the dissolution of the Fund; provided that this limitation shall not apply to any Parallel Funds, any co-investment vehicle, or any Alternative Investment Vehicle (as defined below).

Parallel Funds

The General Partner may form one or more limited partnerships or other investment vehicles or investment advisory programs to invest in parallel with the Fund (each a "Parallel Fund") in order to comply with securities laws or to address tax, legal, regulatory, policy, investment restriction or similar issues of investors. To the extent practicable, and subject to any changes or adjustments as are necessitated by the legal, tax, regulatory or other considerations applicable to the Fund or to one or more of the Parallel Funds, each Parallel Fund shall invest in every investment made by the Fund (other than short-term investments, as determined by the General Partner) at the same time and on substantially the same terms as the Fund.

Alternative Investment Vehicles

For legal, tax, or regulatory reasons, the General Partner may determine that it is in the best interests of the Partners that an investment be made through an alternative investment vehicle (an "Alternative Investment Vehicle"). The General Partner will have the authority to create such vehicles in such circumstances and cause some or all of the Partners' indirect interests in such investment to be held through such an alternative vehicle. For purposes of calculating the Carried Interest, any investments held in an alternative vehicle will be treated as if held by the Fund.

Feeder Funds

Limited Partners may indirectly invest in the Fund through feeder funds ("Feeder Funds") that are intended to serve as collective investment vehicles which address certain of their investment considerations. The organizational and formation expenses associated with Feeder Funds will be borne by the Fund.

Co-Investment

The General Partner may, but will be under no obligation to, provide co-investment opportunities to one or more Limited Partners and/or third

	parties (including persons or entities of strategic commercial importance). With the prior approval of the Advisory Committee and subject to the restrictions set forth in the Partnership Agreement, (i) the Fund may co-invest in companies in which the General Partner, the Principals or any affiliates of the General Partner or the Principals have previously invested; and (ii) the General Partner may offer the Principals, and/or any affiliates of the General Partner or the Principals the opportunity to co-invest with the Fund.
Exclusivity:	From the initial closing of the Fund until the earlier of (x) the expiration or earlier termination of the Investment Period, and (y) such time after the Final Closing Date as the Fund is Fully Invested, each Principal shall offer investment opportunities that satisfy the Fund's investment criteria first to the Fund and any Parallel Funds (and among them based on their relative Capital Commitments); provided, however, that (a) any investment opportunity in excess of what the General Partner determines is appropriate for the Fund may be offered to co-investors as further described in the Partnership Agreement, (b) the General Partner may allocate an investment between the Fund and a successor fund, in equal amounts or on such other basis as the General Partner determines to be reasonable under the circumstances and (c) a Principal need not offer to the Fund or any Parallel Funds any investment opportunity in entities in which the Principal acquired an investment interest prior to the Initial Closing.
Side Letters	The General Partner, on its own behalf or on behalf of the Fund, may enter into letter agreements or other similar agreements (commonly referred to as "side letters") with one or more of the Fund's investors which provide such investor(s) with additional and/or different rights than other investors in the Fund.
Default	A Limited Partner that defaults in any required payment in respect of its Capital Commitment shall be subject to the remedies set forth in the Partnership Agreement.
Removal of General Partner and Early Termination of Investment Period for Cause:	Limited Partners (other than any Limited Partners that are affiliates of the General Partner) representing at least two-thirds in interest of the Partners (based on their respective Capital Commitments) will have the right to remove the General Partner and to terminate the Investment Period for "Cause" (provided that such termination shall not affect the Fund's obligation to fund amounts which it or any affiliate was contractually obligated to fund prior to such termination). "Cause" is defined as (i) a breach by the General Partner of its obligation to make a required capital contribution or fund expenses as required and such breach remains uncured for more than ten (10) business days, (ii)

	the General Partner has committed a material violation of applicable securities laws (as established by a court or regulatory authority of competent jurisdiction in a final determination) which has a material adverse effect on the business of the Fund or the ability of the General Partner to perform its duties under the terms of the Partnership Agreement, or (iii) the General Partner or any Principal commits an act constituting fraud, bad faith or willful misconduct in connection with the performance of his/its duties under the terms of the Partnership Agreement as established by a court of competent jurisdiction in a final judgment or upon an admission by the General Partner or Principal, as applicable, in a settlement of any lawsuit. The General Partner generally has thirty days to cure the events constituting Cause and shall be deemed to have cured any conduct of Principals constituting Cause if the employment of the person whose conduct gave rise to such event constituting Cause is terminated, and the Fund is indemnified by the General Partner and made whole for any liabilities, losses or expenses caused by such conduct.
Removal of General Partner without Cause	Limited Partners (other than any Limited Partners that are affiliates of the General Partner) representing at least eighty percent (80%) in interest of the Partners (based on their respective Capital Commitments) will have the right to remove the General Partner at any time without Cause.
Reports	Limited Partners will receive semi-annual unaudited summary financial information as well as annual audited financial statements of the Fund. In addition, each Limited Partner will be provided annually a pro-forma IRS Schedule K-1 and such other information as may reasonably be requested by such Limited Partner as necessary for the completion of U.S. federal income tax returns.
Amendments	Except for certain limited circumstances, the Partnership Agreement may only be amended by the General Partner with the consent of a majority in interest of the Limited Partners (other than any affiliated Partners, the Principals, members of the Investment Committee, and any affiliates of any of them).
Legal Counsel	Locke Lord LLP will represent the General Partner and the Fund (but will not represent any Limited Partner) in connection with the organization of the Fund and the operation of the Fund.

VII. CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS

An investment in the Fund involves a high degree of risk, and is suitable only for investors of substantial means who have no immediate need for liquidity of the amount invested and who can afford a risk of loss of all or a substantial part of such investment. In addition to factors set forth elsewhere in this Memorandum, prospective investors should carefully consider the following.

Risks Associated with Portfolio Investments

Identifying and participating in attractive investment opportunities and assisting in the success of healthcare and life sciences companies is difficult. There is no assurance that the Fund's investments will be profitable, and there is a substantial risk that the Fund's losses and expenses will exceed its income and gains. Any return on investment to the Limited Partners will depend upon successful investments made on behalf of the Fund by the General Partner. There generally will be little or no publicly available information regarding the status and prospects of portfolio companies. Many investment decisions by the General Partner will be dependent upon the ability of the Fund's Investment Committee to obtain relevant information from non-public sources, and the General Partner often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the General Partner's control. Typically, the Fund will hold minority positions in portfolio companies or acquire securities that are subordinated vis-à-vis other securities as to economic, management or other attributes. Specifically, the Fund may invest in common or "ordinary" shares instead of preferred shares of a company (which would be typical of other venture capital and private equity funds) and therefore the Fund may not have a "liquidation preference" that would otherwise provide downside price protection for the Fund's investment. Portfolio companies will generally have limited histories of operations and may have substantial variations in operating results from period to period, face intense domestic and international competition, and experience failures or substantial declines in value at any stage. Such companies may have a history of operating losses and may not be able to operate profitably or sustain positive cash flow in future periods. Portfolio companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms. The Fund's investment in such companies may be diluted in multiple rounds of portfolio company financing, either because the Fund's capital is limited or because the Fund's investment concentration limits have been met.

Until an IPO (if such an IPO occurs), the Fund will be limited in its ability to transfer securities in a private company or otherwise monetize its investment because of legal and contractual transfer restrictions. The public market for healthcare and life sciences companies may be extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of the Fund to dispose of investments, even after an IPO (if any), and the value of investment securities on the date of sale or distribution by the Fund. In particular, the receptiveness of the public market to IPOs by the Fund's portfolio companies may vary dramatically from period to period. An otherwise successful portfolio company may yield poor investment returns if it is unable to consummate an IPO at the proper time. Even if a portfolio company effects a successful public offering, the Fund or the portfolio company's securities typically will be subject to a contractual "lock-up," securities laws or other restrictions which may, for a material period of time, prevent the Fund or the Limited Partners from

disposing of such securities. Similarly, the receptiveness of potential acquirers to the Fund's portfolio companies will vary over time and, even if a portfolio company investment is disposed of via a merger, consolidation or similar transaction, the Fund's stock, security or other interests in the surviving entity may not be marketable. There can be no guarantee that any portfolio company investment will result in a liquidity event via public offering, merger, acquisition or otherwise, and there is a significant risk that the Fund's investments will yield little or no return. Generally, the investments made by the Fund will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. At the time of the Fund's investment, a portfolio company may lack one or more key attributes necessary for success. Many or most of the Fund's portfolio companies will be dependent for their success upon the development, implementation, marketing and customer acceptance of new technologies that can be rendered obsolete or otherwise unattractive at any time. In most cases, investments will be long term in nature and may require many years from the date of initial investment before disposition. It is likely that the Fund will still hold some illiquid securities at the time of the Fund's dissolution, with the result that such securities may be distributed in-kind or sold for a price that reflects their illiquid nature.

Risks Related to the Fund's Investment Pipeline

Biosys has a current pipeline of potential investments that may be suitable for the Fund and that are in various stages of examination, due diligence review and negotiation (together, the "Pipeline Deals"). Notwithstanding the Fund's expectations with regard to the Pipeline Deals, until binding transaction agreements are signed for such investments and the transactions close, there can be no assurance that any Pipeline Deal will become an investment of the Fund. It is the General Partner's experience that investments currently being examined (or even investments not currently under consideration) can proceed at an extremely fast pace. Consequently, investors may be required to make capital contributions equal to some or all of their total Capital Commitment soon after their admission into the Fund, and because of the blind pool nature of the Fund and as further described below, other than as provided in this Memorandum and any supplement hereto, no additional information will be provided to potential investors or Limited Partners of the Fund about any such investments. Although it is anticipated that by the Fund's Final Closing Date no Pipeline Deal will exceed the amount raised in this offering, there can be no assurance that the Fund will raise the intended maximum offering amount described in this Memorandum. Because of the potential for high concentration of investments, a loss with respect to even one investment may have a significant impact on the returns of the Fund as a whole. Each of the Pipeline Deals is subject to the risks described elsewhere in this Section VII.

Because prospective investors in the Fund are not being provided with the identity or certain other information (including industry segment, valuation and financial information) of the Pipeline Deal companies, investors will not have the opportunity to conduct any of their own due diligence or investment analysis with respect to that investment. Investors will be making an investment decision to invest in the Fund (and to participate indirectly in any Pipeline Deal that is completed by the Fund) without such information and analysis, recognizing that the performance of the Pipeline Deal company could have a material impact on the performance of the Fund.

Risks Related to Investments in Emerging Countries

While the General Partner generally intends to cause the Fund to invest in companies based in the United States, the Fund may also invest in companies based in other countries, including emerging countries that have legal and regulatory environments that are significantly different from those of the United States or Western Europe. Specifically, investments in such companies may be subject to (i) economic, market, political and local risks related to the governmental systems in such countries, (ii) the risk of nationalization, expropriation, or confiscation of company property by the government; (iii) the risk that future company growth may be limited because the emergence of a domestic consumer class is still at an early stage and because of the country's heavy dependence on exports; (iv) the risk that legal judgments may be more difficult to obtain and/or enforce because the country's legal system is still developing; and (v) the risk of acts of terrorism and geopolitical conflict disrupting company operations and growth. See also risks related to foreign currency exchange rate fluctuations, — Functional Currency, below.

Risks Related to Co-Investment

Subject to the approval of the Advisory Committee and the restrictions set forth in the Partnership Agreement, the Fund may co-invest in companies in which the General Partner, the Principals or any affiliates of the General Partner or the Principals have previously invested. Because such earlier investments may have been made at prices and on terms different from those of the Fund's investment, the Fund's investment could be beneficial to the holders of the earlier investments but not to the Fund. In addition, subject to the approval of the Advisory Committee and the restrictions set forth in the Partnership Agreement, the General Partner may offer the Principals, and/or any affiliates of the General Partner or the Principals the opportunity to co-invest with the Fund. Each of these situations present a conflict of interest in that the interests of the General Partner, the Principals or their affiliates may differ from the interests of the Fund. The General Partner will seek to resolve such conflicts in a way that is fair to all parties, but there can be no assurance that such conflicts will be resolved in a manner that is most favorable to the Fund and its Partners. The General Partner may also offer certain significant Limited Partners and third parties (including persons or entities of strategic commercial importance) the opportunity to co-invest with the Fund. Such co-investments may only benefit those participating co-investors, and not all of the Partners, and there is a potential for additional conflicts of interest between the Fund and such co-investors since they may have diverging interests.

Long-Term Investment

An investment in the Fund requires a long-term commitment. The Fund may choose to hold its investments for longer than the anticipated five (5)- to seven (7)-year holding period that is described in Section III of this Memorandum. Until such time that any investment is liquidated, the Fund will continue to bear certain risks incumbent with holding such investments.

Limited Transferability of Interests

The Fund's Partnership Agreement and applicable securities laws will impose substantial restrictions upon the transferability of Fund interests. Except as provided in the Partnership Agreement, a Limited Partner's interest in the Fund generally may be transferred only with the consent of the General

Partner. Transferees will be bound by all applicable provisions of the Partnership Agreement including, without limitation, provisions governing the transfer of Fund interests. There is no public or other market for Fund interests and it is not expected that such a market will develop.

Withdrawals

Except for the mandatory withdrawals for legal reasons, a Limited Partner will not be permitted to withdraw from the Fund or otherwise cease to be a Limited Partner without the consent of the General Partner, which consent may be granted or withheld in the General Partner's sole and absolute discretion. The General Partner may require a Limited Partner to withdraw in whole or in part under circumstances set forth in the Partnership Agreement.

Upon withdrawal of a Limited Partner, the General Partner generally may (as set forth in greater detail in the Partnership Agreement), in its sole discretion, liquidate the withdrawing Limited Partner's Fund interest by: (i) causing the Fund to distribute to the withdrawing Limited Partner, in cash or in kind, or by means of a promissory note, a redemption amount equal to the withdrawing Limited Partner's capital account balance (amounts payable in kind generally will be paid ratably in proportion to the value of each security held by the Fund and may be paid by designating restricted securities to be distributed on a delayed basis); or (ii) selling the withdrawing Limited Partner's Fund interest and remitting the proceeds to such withdrawing Limited Partner.

Competition

The business of investing in healthcare and life sciences companies is highly competitive. The Fund and the General Partner will be competing with other new and established funds and investment organizations with more substantial resources and experience. Moreover, the volume of attractive investment opportunities varies greatly from period to period. There can be no assurance that the Fund will be able to make investments on attractive terms, and it is possible that the Fund's term will expire before the Fund has invested all of its available capital.

Changes in Environment

The Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Fund operates is expected to undergo substantial changes, some of which may be adverse to the Fund. The General Partner will have the exclusive right and authority (within limitations set forth in the Fund's Partnership Agreement) to determine the manner in which the Fund shall respond to such changes, and Limited Partners generally will have no right to withdraw from the Fund or to demand specific modifications to the Fund's operations in consequence thereof. Prospective investors are particularly cautioned that the investment sourcing, selection, management and liquidation strategies and procedures exercised by the Investment Committee may not be successful, or even practicable, during the Fund's term. Within the limitations set forth in the Fund's Partnership Agreement, the General Partner will have the right and authority to cause the Fund's investment sourcing, selection, management and liquidation strategies and procedures to deviate from those described in this Memorandum.

Reliance on Key Personnel

The success of the Fund is substantially dependent on certain key individuals. Should one or more key individuals become incapacitated or in some other way cease to participate in the Fund, its performance could be adversely affected.

Reliance on Individual Members of the Investment Committee

The Fund will be particularly dependent upon the efforts, experience, contacts and skills of the individual members of the Investment Committee. The loss of any such individual could have a material, adverse effect on the Fund, and such loss could occur at any time due to death, disability, resignation or other reasons. Moreover, the members of the Investment Committee will not be required to devote their time and attention exclusively to the Fund. Additional persons may be admitted to the Investment Committee at any time and the Limited Partners will have no control over that decision. The Limited Partners will not be permitted to evaluate investment opportunities or relevant business, economic, financial or other information that will be used by the General Partner in making decisions.

Composition and Fund Management Experience of the Investment Committee

Some or all of the members of the Investment Committee may lack substantial prior experience managing an investment fund such as the Fund and/or working with other Investment Committee members. There can be no assurance that their experience in making investments through other vehicles will result is satisfactory returns for the Fund.

Prior investments made by the Investment Committee and described in this Memorandum were made by such individuals in connection with prior organizations with which they were affiliated. Accordingly, the investment performance of such individuals may have benefited from assets of such organizations, such as goodwill, proprietary databases, industry contacts and the ability to consult with colleagues. Assets of such other organizations generally will be unavailable to the General Partner, with potentially adverse consequences for the future investment performance of such individuals.

Any prior experience that members of the Investment Committee may have in making investments of the type expected to be made by the Fund necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that the Investment Committee will be able to duplicate prior levels of success.

The General Partner may appoint or admit certain persons to advisory or other committees or boards intended to assist the General Partner by providing advice, industry contacts, deal flow, technical expertise or other benefits. Under most circumstances, such persons will have no contractual or other obligation to continue as members of such committees or boards or to provide any particular benefits. In evaluating an investment in the Fund, prospective investors should not depend upon any specific benefits accruing to the General Partner or the Fund in respect of any such advisory or other committees or boards or the members thereof.

While this Memorandum refers to an anticipated investment by entities associated with Bill Gates, there is no guarantee that such entities will ultimately make an investment in the Fund or, if they do, that the Fund will benefit from its association with Mr. Gates.

Individuals that are members of the Investment Committee may actually conduct their affairs (including, without limitation, their participation in the General Partner) through one or more wealth management, estate planning, tax planning, liability limiting or regulatory compliance entities. The use of such entities may, among other potential consequences, limit the ability of the Limited Partners to obtain direct recourse against such individuals in the case of breach of any duty or obligation.

Reliance on Third Parties

The General Partner and the Fund may require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, bankers, brokers, custodians, consultants (including "finders" and similar persons engaged to assist with the development and exploitation of portfolio deal flow, as well as "experts" and similar persons engaged to assist with the assessment of technologies, markets and other matters) and various other persons or agents. The General Partner and its affiliated management/advisory entities may also utilize the services of non-executive directors who provide such services on a professional basis and are not primarily part of any single venture capital/private equity firm. Failure by any of these third parties to perform their duties or otherwise satisfy their obligations to the Fund could have a material adverse effect upon the Fund. Except as otherwise provided in the Fund's Partnership Agreement, the fees and costs associated with such third parties will be paid by the Fund.

Limited Partner Defaults

Limited Partners generally will not contribute the full amount of their Capital Commitments to the Fund at the time of their admission to the Fund. Instead, they will be required to make incremental contributions pursuant to capital calls issued by the General Partner from time to time. Limited Partners that fail to satisfy capital calls in a timely manner generally will be subject to significant penalties as described in the Partnership Agreement. Nevertheless, Limited Partners may default upon capital calls for a variety of reasons including their own insolvency, bankruptcy or subjective determination that default is more attractive than compliance. In addition, under certain circumstances, some Limited Partners may be excused from making capital contributions under the terms of the Fund's Partnership Agreement or applicable law. Any failure by Limited Partners to make timely capital contributions in respect of their Capital Commitments may impair the ability of the Fund to pursue its investment program, force the Fund to borrow, or cause other damage. Non-defaulting Limited Partners may be required to contribute relatively more to the Fund upon such a default than they would otherwise, but subject always to the maximum amount of their Capital Commitments. Under certain circumstances, the a Limited Partner may be required to repay to the Fund all or a part of certain distributions made to such Limited Partner. For instance, the General Partner may require a Limited Partner to return distributions made to such Partner for the purpose of meeting such Partner's pro rata share of the Fund's obligations or liabilities, including indemnity obligations. See Partner Giveback Obligation in Summary of Principal Terms of the Fund above.

Reserves

In managing the Fund, except as otherwise limited under the Partnership Agreement, the General Partner may establish reserves for follow-on investments, operating expenses (including Management Fees payable to the Advisor), Fund liabilities, and other matters. Estimating the amount necessary for such reserves will be difficult, particularly because follow-on investment opportunities will be directly tied to the success and capital needs of portfolio companies. Inadequate or excessive reserves could have a material adverse effect upon the investment returns to the Limited Partners. For example, if reserves are inadequate, the Fund may be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilution. If reserves are excessive, the Fund may decline attractive investment opportunities or hold unnecessary amounts of capital in money market or similar low-yield accounts.

Dilution

Following the Fund's initial closing, the General Partner will be authorized to admit additional Limited Partners (or accept increased Capital Commitments from existing Limited Partners) until the Final Closing Date. Except as otherwise provided in the Partnership Agreement, for purposes of allocating Fund profit and loss, all Capital Commitments made prior to the Final Closing Date will be treated as if made at the Fund's initial closing. In consequence, additional Limited Partners (or existing Limited Partners that increase their Capital Commitments) may effectively "buy into" the Fund during the fundraising period at a price that does not necessarily reflect changes in the value of the Fund's assets subsequent to the initial closing.

Conflicts of Interest

The Fund will be subject to various potential conflicts of interest. Under certain circumstances, the Fund may invest in companies in which members of the Investment Committee (including affiliates of the General Partner) have a pre-existing interest. Further, members of the Fund's management team may commence investing on behalf of another pooled investment vehicle (or managed account) that has investment objectives that are substantially similar to those of the Fund on the date on which the Fund is deemed to be Fully Invested (i.e. at least seventy percent (70%) of the total commitments have been invested in or committed and/or reserved for investments). Provisions contained within the Fund's Partnership Agreement that authorize the General Partner and members of the Investment Committee to engage in investment, management or other activities separate and apart from, or alongside with, the Fund, or to cause the Fund to make investments in respect of which members of the Investment Committee (including affiliates of the General Partner) have conflicting interests, will override certain common law and statutory fiduciary duties that would apply in the absence of such provisions and (in particular) may place the Limited Partners in a materially less favorable position than if the Investment Committee and its members engaged in no activities other than managing the Fund or were otherwise subject to unmodified fiduciary duties to the Fund and the Limited Partners. For example, such provisions may enable the members of the Investment Committee to direct attractive investment opportunities to persons other than the Fund or to place themselves in a conflict situation pursuant to which they are incentivized to exercise voting rights in respect of specific portfolio securities in a manner that harms the Fund but benefits other investment funds/persons with which such members are associated. The Fund's Partnership Agreement will contain certain

protections for Limited Partners against conflicts of interest faced by the General Partner and the Investment Committee, but will not purport to address all types of conflicts that may arise. Moreover, as a practical matter, it may be difficult for Limited Partners to subject the behavior of the General Partner and the members of the Investment Committee to close scrutiny.

Under the Partnership Agreement, certain transactions that involve conflicts of interest between the General Partner and the Fund may be submitted to the Advisory Committee for resolution. However, the Advisory Committee will not necessarily represent the interests of all the Limited Partners and the members of the Advisory Committee may themselves be subject to various conflicts of interest (including as investors in other entities related to Investment Committee members or as participants in other investments giving rise to interests that are adverse to the Fund or other Limited Partners). In general, the Limited Partners will not be entitled to control the selection of Advisory Committee members or to review the actions or deliberations of the Advisory Committee.

During the Fund's term, many different types of conflicts of interest may arise and this Memorandum does not purport to identify all such conflicts. Limited Partners ultimately will be heavily dependent upon the good faith of the General Partner and the members of the Investment Committee.

Risks relating to conflicts of interest are not limited to conflicts affecting the General Partner or members of the Investment Committee. The Limited Partners are expected to have widely differing interests on a variety of tax, regulatory, business, investment profile and other issues. Certain significant investors in the Fund have previously invested with the Investment Committee through other vehicles. As a result, such investors may have interests that are more allied with the General Partner than other Limited Partners. Such factors, among others, may give rise to a number of risks that certain Limited Partners will not act in a manner consistent with the best interests of the Limited Partners as a group or the best interests of the Fund itself. For example, a Limited Partner may decline to provide its consent to an action by the Fund or the General Partner due to goals or incentives that are unique to such Limited Partner and in conflict with the interests of the Fund or other Limited Partners. Furthermore, conflicts of interest among the Limited Partners likely will make it impracticable for the General Partner to manage the affairs of the Fund in a manner that is viewed as optimal by all Limited Partners, and the General Partner will be under no obligation to do so. In general, prospective investors should assume that the General Partner will not take their unique interests into account when managing the Fund's affairs.

In assessing the impact of provisions of the Fund's Partnership Agreement that purport to limit, modify or eliminate certain fiduciary duties of the General Partner or its members, prospective investors are cautioned against assuming that such provisions will apply, under all circumstances, as written. The laws governing partnerships and investment activities are complex and, in certain cases, do not permit investor protections to be overridden by a contract such as the Fund's Partnership Agreement. Thus, under certain circumstances, Limited Partners may have greater rights than would be apparent from a straightforward reading of the Fund's Partnership Agreement. In connection with any such circumstance, prospective investors and Limited Partners are urged to consult with their own legal counsel. The purpose of this paragraph is not to minimize the concerns of prospective investors regarding conflicts of interest, nor is it intended to undermine the cautions and considerations described elsewhere in this Memorandum. Rather, this paragraph is intended solely to caution prospective investors against assuming the efficacy of limitations on their rights. It should be noted

that the considerations identified in this paragraph are not limited to provisions that purport to limit, modify or eliminate fiduciary duties (and, indeed, under specific circumstances, such considerations may apply to nearly every provision of the Fund's Partnership Agreement).

Placement Agents

The General Partner in the future may agree to compensate one or more third parties facilitating investments in the Fund. Such compensation to a placement agent or such third parties ("Placement Fee") may be based on the Capital Commitments of the Limited Partners and investment representatives of a placement agent or such third parties will have an incentive to recommend the Fund interests to prospective investors. Employees of a placement agent or such third parties may be directly compensated based on an investor's decision to invest in the Fund interests.

If a Placement Fee is payable with respect to a potential investor, such investor may receive additional disclosures about the placement agent or third party facilitating investments in the Fund and the arrangements with such placement agent or third party in a supplement to this Memorandum.

Economic Interest of General Partner

Because the percentage of profits distributed to the General Partner will exceed the capital contribution percentage of the General Partner, the General Partner may have an incentive to make investments that are riskier or more speculative than if the General Partner received allocations on a basis identical to that of the Limited Partners or were compensated on a basis not tied to the performance of the Fund.

Side Agreements

In accordance with common industry practice, the General Partner may enter into one or more "side letters" or similar agreements with certain Limited Partners pursuant to which the General Partner grants to such Limited Partners specific rights, benefits or privileges that are not made available to Limited Partners generally. Such side letters may grant certain Limited Partners economic and other terms that are substantially more favorable than those granted to other Limited Partners.

Capital Calls

Capital calls will be issued by the Fund from time to time at the discretion of the General Partner, based upon the General Partner's assessment of the needs and opportunities of the Fund. To satisfy such calls, Limited Partners may need to maintain a substantial portion of their Capital Commitments in assets that can be readily converted to cash. Except as specifically set forth in the Fund's Partnership Agreement, each Limited Partner's obligation to satisfy capital calls will be unconditional. Without limitation on the preceding sentence, a Limited Partner's obligation to satisfy capital calls will not in any manner be contingent upon the performance or prospects of the Fund or upon any assessment thereof provided by the General Partner. Notwithstanding the foregoing, the General Partner will not be obligated to call 100% of the Limited Partners' Capital Commitments during the Fund's term.

Distributions in Kind

Although the General Partner intends to distribute cash rather than marketable securities, the Fund may from time to time distribute portfolio company marketable securities to the Partners. Except as specifically provided in the Fund's Partnership Agreement, such distributions will be made solely at the discretion of the General Partner.

Distributed securities may be subject to a variety of legal or practical limitations on sale. In particular, immediately following a distribution of securities, trading volume may be insufficient to support sales by the Partners without such sales triggering a price decline which makes it difficult or impossible for all Partners to sell such securities at the distribution price. Nevertheless, the distribution price of such securities will be established under the provisions of the Fund's Partnership Agreement and will not be adjusted to reflect actual sale prices obtained by the Partners.

No Assurance of Confidentiality

As part of the subscription process and otherwise in their capacity as Limited Partners, investors will provide significant amounts of information about themselves to the General Partner and the Fund. Under the terms of the Fund's Partnership Agreement as well as applicable laws, such information may be made available to other Limited Partners, third parties that have dealings with the Fund, and governmental authorities (including by means of securities laws-required information statements that are open to public inspection).

Concentration of Investments

The Fund's portfolio will be concentrated in a limited number of companies in the healthcare and life sciences sector, increasing the vulnerability of the portfolio as compared with a portfolio that is more diversified over a larger number of companies and industries.

Functional Currency

The functional currency of the Fund will be U.S. dollars. Capital commitments of the Partners, capital contributions, and distributions of cash generally will be stated, made or payable in U.S. dollars. An investor whose functional currency is not U.S. dollars will bear substantial risks associated with fluctuating currency exchange rates, particularly with regard to capital contributions that may not become due for several years. The Fund may make investments denominated in currencies other than the dollar, in which case the Fund's investment will be subject to risks associated with fluctuating currency exchange rates, which the Fund may or may not seek to hedge against.

Key Individuals May Be Based Outside of Investor's Home Jurisdiction

Certain of the members of the Investment Committee may reside outside the home jurisdiction of an investor and have a substantial portion of their assets outside that jurisdiction. Therefore, it may be difficult to serve process or subpoenas or enforce a judgment obtained in that jurisdiction against those persons.

Limited or No Control over Portfolio Companies

The General Partner generally will not seek control over the management of the portfolio companies in which the Fund invests, and the success of each investment generally will depend on the ability, expertise and success of the company founder(s) and other senior management of the portfolio company. The Fund will often invest in companies in which other private investment funds have made equity investments. In many cases, the Fund typically may not have the right to designate a member of the board of directors of its portfolio companies, with the result that other investors may have more influence in decisions made by and affecting portfolio companies. In some instances, the Fund will grant a proxy to vote its securities to portfolio company founders or chief executive officers. The mere fact that the General Partner disagrees with decisions made by other investors in a portfolio company likely will not trigger any particular ability of the Fund to dispose of its investment in such portfolio company, with the result that the value of the Fund's investment in a portfolio company may be materially impacted by the decisions of other investors. The Fund's portfolio companies will face a number of business challenges, risks and uncertainties, with respect to which the Fund will be entirely dependent on company management. Conversely, the Fund's Partnership Agreement will not require that members of the General Partner serve as officers or directors of portfolio companies, and there can be no assurance that the General Partner will have a legal right to influence the management of any portfolio company or companies.

Material Non-Public Information

By virtue of the Fund's status as a significant shareholder of a portfolio company, or in their capacity as directors of a portfolio company, members of the Investment Committee may become subject to duties which adversely affect the Fund. For example, the Fund may be unable to sell or otherwise dispose of portfolio securities if a member of the Investment Committee is in possession of material, non-public (i.e., "inside") information relating to the issuer thereof. Nevertheless, the Fund's Partnership Agreement will not preclude members of the Investment Committee from advising portfolio companies and acquiring material, non-public information regarding portfolio companies.

In general, if there is a conflict between the duties of the General Partner or a member of the Investment Committee to a portfolio company and such person's duties to the Fund or the Limited Partners, such person's fiduciary duties to the portfolio company will prevail.

Litigation Risks

The Fund will be subject to a variety of litigation risks, particularly if one or more portfolio companies face financial or other difficulties during the term of the Fund's investment. For example, it is anticipated that individual members of the Investment Committee may actively assist portfolio companies in differing capacities (including, without limitation, by serving as officers, directors, or advisors). The Fund may also participate in portfolio company financings at implicit portfolio company valuations lower than the valuations implicit in preceding rounds of financing, vote portfolio company shares in a manner contrary to the interests of other shareholders, or be exposed to flow-through liability for portfolio company debts and obligations (e.g., under laws governing liability for environmental damage). In the event of a dispute arising from any of the foregoing activities (or other activities relating to the operation of the Fund or the General Partner), it is possible that the Fund, the

General Partner, or the members of the Investment Committee may be named as defendants. Under most circumstances, the Fund will indemnify the General Partner and Investment Committee members for any costs they incur in connection with such disputes. Beyond direct costs, such disputes may adversely affect the Fund in a variety of ways, including by distracting the General Partner and harming relationships between the Fund and its portfolio companies or other investors in such portfolio companies.

To the extent set forth in the Fund's Partnership Agreement, Limited Partners may be required to return distributions previously received by them from the Fund in order to enable the Fund to make indemnification payments to indemnified persons.

More generally, Limited Partners may be required to return distributions previously received by them from the Fund to the extent required by applicable law. Such a return obligation may occur, for example, if the Fund makes a distribution at a time when it is technically insolvent or otherwise unable to satisfy the claims of creditors.

Overall, the multinational nature of the Fund and its related parties may make litigation more complex and costly, and may limit the effectiveness and/or enforceability of legal judgments.

Regulatory Concerns

The Fund will be subject to a variety of securities laws and other types of governmental regulation that may limit the scope of its operations or impose material compliance costs and other burdens.

While the General Partner believes that the Fund will not be subject to the registration requirements of the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"), there can be no assurance that this belief is, or will continue to be, correct. If the Fund were subject to such registration requirements, the Fund's performance could be materially adversely affected.

The General Partner is not registered as an investment adviser, or included within the registration of an affiliated investment adviser, under the Advisers Act, in reliance upon the exemption from registration available to managers exclusively of "venture capital funds" as set forth in Section 203(l) of the Advisers Act. In consequence, the General Partner generally is not subject to certain restrictions, disclosure requirements and other obligations set forth in the Advisers Act that are applicable to registered investment advisers, although the General Partner may become subject to such restrictions, requirements and obligations in the future. The General Partner anticipates that it similarly will be exempt from corresponding restrictions, requirements and obligations arising under other applicable laws.

Under the Fund's Partnership Agreement, the General Partner will be authorized to manage and conduct the affairs of the Fund in a manner that is intended to cause the Fund to qualify as a "venture capital fund" under Rule 203(l)-1 of the Advisers Act. Should the General Partner elect to manage and conduct the affairs of the Fund in such manner, the Fund's investment and other activities may be constrained. For example, the General Partner may limit the Fund's use of currency and other hedging transactions, investments in securities of publicly traded companies, investments in non-convertible debt instruments, use of leverage, use of holding vehicles jointly owned with other entities, and

guarantees of portfolio company indebtedness. Similarly, the General Partner may cause the Fund to dispose of disqualifying assets earlier than otherwise would be the case. Thus, as an overall matter, the Fund may experience materially less flexibility in the conduct of its affairs relative to a fund that does not seek to qualify as a "venture capital fund." The General Partner similarly may elect to qualify the Fund under corresponding provisions of other applicable laws, thereby giving rise to corresponding considerations in respect of such other laws.

For the avoidance of doubt, and without regard to the General Partner's status under the Advisers Act or any other laws, the General Partner hereby provides notice that the Fund is intended and expected to pursue a venture capital strategy. Any references in this Memorandum or otherwise to the Fund as having "private equity" attributes are intended solely to address customary usage that places "venture capital" within the broader range of "private equity" and are not intended to indicate that the Fund will pursue a strategy other than a venture capital strategy.

The General Partner is not registered, and believes that it is not otherwise regulated, as a commodity pool operator under rules issued by the United States Commodity Futures Trading Commission (the "CFTC"). Accordingly, the General Partner believes that it generally is not subject to certain restrictions, disclosure requirements and other obligations applicable to registered or unregistered commodity pool operators under CFTC rules, although the General Partner may become subject to such restrictions, requirements and obligations in the future. Under the Fund's Partnership Agreement, the General Partner will be authorized to manage and conduct the affairs of the Fund in a manner that (i) avoids classification of the Fund as a commodity pool and/or (ii) qualifies the General Partner for exemption from registration as a commodity pool operator, in each case under CFTC rules. Should the General Partner elect to manage and conduct the affairs of the Fund in such manner, the Fund's investment and other activities may be constrained. For example, the General Partner may limit the Fund's use of hedging transactions such as currency or interest rate swaps and thereby expose the Fund to greater risks with regard to changes in currency exchange or interest rates than if the Fund took a more flexible approach to hedging.

In general, the General Partner will seek to minimize the degree of governmental regulation and oversight to which the General Partner and the Fund are subject. While it is anticipated that this approach will reduce compliance and other costs, this approach will also eliminate a variety of investor protections (including certain protections arising under the Securities Act, the United States Securities Exchange Act of 1934, the Investment Company Act, the Advisers Act and comparable provisions of non-U.S. law) that would be available if the General Partner and the Fund were subject to greater governmental regulation and oversight. In particular, prospective investors are cautioned against assuming the applicability of investor protections generally associated with public offerings of securities. This Memorandum is not a "prospectus" and does not purport to describe or otherwise address all material considerations relating to an investment in the Fund.

To the maximum extent permitted by applicable law, the General Partner and the Fund (together with their respective related persons) hereby disclaim any duties, obligations, or status as an advisor, finder, agent, broker or dealer on behalf or in respect of any person in connection with such person's actual or proposed investment in the Fund.

Limited Access to Information

The rights of Limited Partners to information regarding the Fund and its portfolio companies will be specified, and strictly limited, in the Fund's Partnership Agreement. In particular, it is anticipated that the General Partner will obtain certain types of material information that will not be disclosed to Limited Partners. For example, the General Partner may obtain information regarding portfolio companies (e.g., via members of the Investment Committee serving as advisors to, or officers/directors of, portfolio companies) that is material to determining the value of securities issued by such portfolio companies. Such information may be withheld from Limited Partners in order to comply with duties to such portfolio companies or otherwise to protect the interests of such portfolio companies or the Fund.

Decisions by the General Partner to withhold information may have adverse consequences for Limited Partners in a variety of circumstances. For example: (a) a Limited Partner that seeks to sell its interest in the Fund may have difficulty in determining an appropriate price for such interest; (b) decisions by the General Partner to withhold information may make it difficult for Limited Partners to subject the General Partner to rigorous oversight; and (c) each communication from the General Partner to one or more Limited Partners must be interpreted in light of the realistic possibility that the General Partner is in possession of undisclosed information relating to the Fund or its portfolio companies that could be material to a comprehensive assessment of such communication. Overall, prospective Investors should not expect the Fund to be operated with the same degree of "transparency" as a publicly traded corporation.

Exculpation and Indemnification

The Fund's Partnership Agreement will contain provisions that relieve the General Partner and members of the Investment Committee, members of the Advisory Committee, and their respective stockholders, partners, members, officers, directors, employees, agents or any affiliates of the aforesaid of liability for certain improper acts or omissions. For example, the General Partner and Investment Committee members generally will not be liable to the Limited Partners or the Fund for acts or omissions that constitute ordinary negligence. Under certain circumstances, the Fund may even indemnify the General Partner and members of the Investment Committee against liability to third parties resulting from such improper acts or omissions.

Furthermore, the General Partner will be structured as a limited liability entity and the individual members of the Investment Committee generally will not be personally liable for the General Partner's debts and obligations. In consequence, Limited Partners may have little or no recourse to the personal assets of the individual members of the Investment Committee even if the General Partner breaches a duty to the Limited Partners or the Fund.

Notwithstanding any applicable provisions of the Fund's Partnership Agreement, Limited Partners may have, or be entitled to, rights, claims, causes of action or remedies that cannot be waived or forfeited under applicable law. In particular, Limited Partners should consult with their own legal counsel before concluding that any particular claims against the General Partner or its members have been waived or forfeited by virtue of the Fund's Partnership Agreement or otherwise.

Taxation

Risks associated with tax matters are discussed below under the heading "Certain Material U.S. Federal Income Tax Considerations," which prospective investors should read carefully. Prospective investors are urged to consult their own tax advisors with respect to their own tax situations and the effects of an investment in the Fund.

This Memorandum does not contain tax disclosure relating to potential home jurisdictions of the Fund's portfolio companies. Moreover, tax laws change on a frequent and unpredictable basis. Prospective investors should assume that home tax laws will have a significant impact upon the operations and financial performance of the Fund and may even impose direct obligations (such as return filing obligations) upon Limited Partners.

ERISA

Each prospective employee benefit plan investor is urged to read the section entitled "Certain ERISA Considerations" below and consult with its own legal counsel regarding ERISA matters. Without limitation, a prospective investor that is a fiduciary under ERISA should carefully consider whether an investment in the Fund would be consistent with its fiduciary duties.

Legal Counsel

Documents relating to the Fund, including the subscription agreement to be completed by each investor as well as the Fund's Partnership Agreement, will be detailed and often technical in nature. Legal counsel to the Fund will represent the interests solely of the General Partner and the Fund, and will not represent the interests of any investor. Moreover, under the Fund's Partnership Agreement, each investor will be required to waive any actual or potential conflicts of interest between such investor and legal counsel to the Fund. Accordingly, each investor is urged to consult with its own legal counsel before investing in the Fund or making any other decisions regarding Fund matters.

In advising as to matters of law (including matters of law described in this Memorandum), legal counsel to the Fund has relied, and will rely, upon representations of fact made by the General Partner and other persons. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete. Legal counsel to the Fund generally has not undertaken and will not undertake independent investigation with regard to such representations. Legal counsel's representation of the General Partner and the Fund is and will be limited to specific matters and will not address all legal or related matters that may be material to the General Partner or the Fund. Moreover, legal counsel has not undertaken to monitor the compliance of the General Partner or the Fund with any laws, regulations, agreements or other matters. It will be the responsibility of the General Partner to monitor such compliance and to obtain the advice of counsel as the General Partner deems necessary or appropriate.

Locke Lord LLP ("Locke Lord") acts as legal counsel to the General Partner. In connection with the offering of Interests and subsequent advice to the General Partner, Locke Lord will not be representing Limited Partners. No independent legal counsel has been retained to represent the Limited Partners. Locke Lord's representation of the General Partner is limited to specific matters as to which it has

been consulted by the General Partner. There may exist other matters that could have a bearing on the Fund as to which Locke Lord has not been consulted. In addition, Locke Lord does not undertake to monitor compliance by the General Partner and its affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does Locke Lord monitor ongoing compliance with applicable laws. In the course of advising the General Partner, there are times when the interests of the Limited Partners may differ from those of the General Partner and the Fund. Locke Lord does not represent the Limited Partners' interests in resolving these issues. In reviewing this Memorandum, Locke Lord has relied upon information furnished to it by the General Partner and has not investigated or verified the accuracy and completeness of information set forth herein concerning the Fund.

Factual Statements/Track Record Information

Certain of the factual statements made in this Memorandum are based upon information from various sources believed by the General Partner to be reliable. The General Partner and the Fund have not independently verified any of such information and shall have no liability for any inaccuracy or inadequacy thereof. No party (including legal counsel to the Fund and the General Partner) has been engaged to verify the accuracy or adequacy of any of the factual statements contained in this Memorandum. In particular, neither legal counsel nor any other party has been engaged to verify any statements relating to the experience, track record, skills, contacts or other attributes of the members of the Investment Committee or to the anticipated future performance of the Fund.

Investors are cautioned about relying upon information within this Memorandum that presents, or is based upon, valuations of private company securities or securities that are otherwise subject to limitations on marketability (such as underwriters' lock-ups or restrictions associated with a board of directors position held by a member of the Investment Committee). It is difficult to determine the true fair market value of such securities, and the General Partner's ability to present information regarding the value of specific companies may be impaired due to contractual or fiduciary obligations to those companies or other third parties, with the result that the General Partner (like many other participants in the venture capital/private equity industry) often is called upon to determine valuations based upon reasonable estimates or various "rules of thumb" common within the industry. While all such information in this Memorandum is presented by the General Partner in good faith, there can be no assurance that explicit or implicit valuations of such securities reflect true fair market value (or even all of the information in the possession of the General Partner). Similar considerations apply to securities that are otherwise marketable, but held in such large amounts that they could not be sold without overwhelming market demand or otherwise influencing market prices.

Investment track record and other background information presented in this Memorandum with respect to members of the Investment Committee is not comprehensive. In particular, the information set forth in this Memorandum should not be interpreted as an exhaustive presentation of outcomes of investments with which such persons have been involved, their professional and other accomplishments, or their business experience.

Investors in the Fund will not participate in any of the prior investments described in this Memorandum. There can be no guarantee that the investments to be made by the Fund will be profitable or will have returns comparable to those prior investments. Performance data labeled

"Gross IRRs" and "Gross Multiples" do not reflect any fees, expenses and carried interest payable, which may be substantial.

During the term of the Fund, the General Partner will provide to the Limited Partners reports and other information regarding the condition and prospects of the Fund and its portfolio companies. The General Partner's duties, obligations and liability to the Limited Partners with respect to the content, completeness and accuracy of such information will be determined solely under the Fund's Partnership Agreement.

Definitive Terms and Conditions

Portions of this Memorandum describe specific terms and conditions expected to be set forth in the Fund's Partnership Agreement. The actual terms and conditions set forth in the Partnership Agreement may vary materially from those described in this Memorandum for a variety of reasons including negotiations between the General Partner and prospective Limited Partners prior to the Fund's initial closing as well as formal amendments to the Partnership Agreement following such closing. Moreover, the Partnership Agreement will contain highly detailed terms and conditions, many of which are not described fully (or at all) in this Memorandum. In all cases, the Fund's Partnership Agreement will supersede this Memorandum. Prospective investors are urged to carefully review the Fund's Partnership Agreement and the rules governing amendments set forth in the Partnership Agreement.

Deemed Consent Upon Failure to Respond

Pursuant to the Fund's subscription agreement, a person subscribing for an interest in the Fund generally authorizes the General Partner to execute the Fund's definitive Partnership Agreement on the investor's behalf. It is possible that (due to negotiation with other investors or otherwise) the precise terms and conditions of the Partnership Agreement may be modified between the date on which an investor executes and delivers its subscription agreement and the date of the Fund's initial closing. Under the terms of the subscription agreement, an investor generally will be deemed to have consented to such modifications unless the investor notifies the General Partner of its objection within a specified period of time. Similarly, under the terms of the Fund's Partnership Agreement, the General Partner may require that the Limited Partners respond within five (5) business days to the General Partner's request for consent or approval to an amendment to the Partnership Agreement, or an election, waiver or similar action under the Partnership Agreement, and a Limited Partner that fails to respond with an affirmative objection within such period of time will be deemed to have granted such consent or approval. In any such case, an investor or Limited Partner may experience a significant change to its rights and obligations under the Partnership Agreement merely by failing to affirmatively object within a specified time period. Accordingly, investors and Limited Partners are urged to pay close attention to all communications from the General Partner.

Industry-Specific Terminology

Investors are cautioned that certain terms and phrases of common usage within the venture capital/private equity industry may be misleading to those unfamiliar with such usage. In particular, individuals who participate in the management of a fund often are referred to, in a colloquial sense, as

"managing partners" or "general partners" even though they are not actually partners of any partnership. The Fund is a limited partnership, the General Partner of the Fund is a limited company and individuals participating in the management of the Fund through the General Partner will be members of such limited company. It is not intended that the Fund will have any general partner other than the General Partner or that any actual general partnership will in any manner be associated with the formation, operation, dissolution or termination of the Fund. Prospective investors must not presume or rely upon the existence of any actual legal entities other than the Fund and the General Partner. With respect to all matters involving industry specific terminology, prospective investors are urged to consult with their own legal and other advisors.

Additional Risks for Investors in Second or Later Closings

On or before the Final Closing Date, the Fund may admit additional Limited Partners or accept increased Capital Commitments from existing Limited Partners at one or more additional closings. Except as otherwise provided in the Partnership Agreement, the fact that certain Capital Commitments may be attributable to closings held after the initial closing will generally be disregarded for purposes of allocating Fund profits and losses (i.e., all Capital Commitments will be treated as if made at the initial closing).

Except as otherwise provided in the Partnership Agreement, a Limited Partner that is admitted to the Fund, or increases its Capital Commitment, after the initial closing will be required to immediately contribute that portion of its entire Capital Commitment that it would have been required to contribute if such entire Capital Commitment had been made at the initial closing. In addition, under the conditions described in the Summary of Principal Terms of the Fund above, a later-admitted Limited Partner may be required "buy-in" to Fund investments at their values as of such subsequent closing (determined in the manner set forth in the Partnership Agreement). This "buy-in" amount will not increase the later-admitted Limited Partner's Capital Commitment. However, if the Fund's initial investments appreciate in value before the Fund's Final Closing Date, later-admitted Limited Partners may have a smaller relative interest in such investments than earlier-admitted Partners with the same sized Capital Commitment. Events that could cause significant appreciation in value, and hence such an adjustment in ownership interests, include, but are not limited to, the closing of a new round of financing by the issuer of the relevant portfolio securities or a secondary transaction, in each case higher than the price paid by the Fund for such portfolio securities.

Following the Fund's initial closing, the Fund will engage in a variety of investment and investment-related activities. In connection with such activities, the Fund and the General Partner likely will obtain confidential information regarding actual or potential portfolio companies. The General Partner and the Fund generally will not disclose such information to prospective investors in connection with their consideration of an investment in the Fund. As a more general matter, any person considering an investment in the Fund (including an existing Limited Partner that is considering an increase to its Capital Commitment) subsequent to the Fund's initial closing should assume that the General Partner and the Fund will be in possession of information (such as information relating to actual or prospective portfolio companies, to actual or prospective Limited Partners, or to other matters arising subsequent to such initial closing) which information both: (a) would be material to such person's evaluation of an investment in the Fund; and (b) will not be disclosed to such person by the General Partner or the Fund in connection with such evaluation. The General Partner and the Fund explicitly disclaim any

obligation to update this Memorandum to include (or otherwise inform prospective investors of) any such information.

Under some circumstances, a person considering an investment in the Fund may be provided with copies of the Fund's financial statements for periods following the initial closing. Any such person is cautioned that it will be inherently difficult to determine the value of private company securities held by the Fund and that, accordingly, it would be inappropriate to interpret any information set forth in such statements as a representation or warranty regarding the true fair market value of any such securities.

Additional Risks for Investors in Parallel Funds

References in this Memorandum to the "Fund" are to Biosys Capital Partners, LP, a Delaware limited partnership (the "Delaware Partnership"). In addition, the General Partner or an affiliate may organize one or more limited partnerships, other investment vehicles, other investment advisory programs or other entities to invest in parallel with the Delaware Partnership in order to facilitate investment by certain investors (depending on applicable legal and/or tax requirements). These parallel investment vehicles may be created with a legal structure which may be the same or different from that of the other Parallel Funds, but will have substantially the same economic terms.

Each of the Parallel Funds will generally invest proportionately, based on their respective Capital Commitments, in all investments, on substantially the same terms and conditions subject to any restrictions applicable to such Parallel Fund.

The General Partner may also form, or consent to the formation of, special purpose entities to invest in the Fund ("Feeder Funds"), which will invest on the same terms as other Limited Partners, except for certain "look-through" provisions relating to voting, exceptions to the obligation to make capital contributions, and default.

Investors in Parallel Funds are cautioned that the limited partnership or operative agreements of such Parallel Funds may contain terms and conditions that deviate significantly from those described in this Memorandum or in the Fund's Partnership Agreement. Nevertheless, prospective parallel fund investors are urged to carefully consider the risk factors, legends and other disclosure materials in this Memorandum, many or most of which will apply in corresponding manner to the Parallel Funds.

Feeder Funds

Limited Partners may invest in the Fund through Feeder Funds that are intended to address certain of their investment considerations. Some or all of the Feeder Funds may constitute "plan assets" for purposes of ERISA. However, ERISA's fiduciary standards and prohibited transaction limitations should not impose significant regulatory or compliance burdens on the Feeder Funds. This is because the Feeder Funds will invest their assets exclusively in the Fund (except for assets necessary for the payment of fees and expenses, which may be invested in certain short-term investments for cash management purposes) and all other investment management activities will be conducted at the Fund, which is not anticipated to be deemed plan assets. In addition, certain persons with responsibility for

the Feeder Funds' assets will be bonded to the extent required by ERISA and prohibited from exercising discretion to cause the Fund to engage in transactions with affiliates of the General Partner.

When Investing in the Fund through a feeder fund, each Partner subject to ERISA will, by making a capital contribution to the feeder fund, be deemed to direct the General Partner or manager of the feeder fund to invest the amount of such capital contribution in the Fund and acknowledge that during any period when the underlying assets of the feeder fund are deemed to constitute "plan assets" under ERISA, the General Partner, or manager of the feeder fund will act as a custodian with respect to the assets of such Partner but is not intended to be a fiduciary for purposes of ERISA. Prospective Limited Partners subject to ERISA should refer to Section VIII – Certain Tax and ERISA Considerations.

Prospective Limited Partners such as pension funds that are subject to the provisions of ERISA should consult with their counsel and advisors as to the provisions of ERISA applicable to an investment in the Fund.

VIII. CERTAIN TAX AND ERISA CONSIDERATIONS

Certain Material U.S. Federal Income Tax Considerations

For the purposes of the following discussion, references to the "Partnership" shall mean the Fund, which is organized as a Delaware limited partnership. Investors participating in a Parallel Fund other than the Fund should consult their own tax advisers.

The following summary outlines certain material U.S. federal income tax considerations relating to an investment in the Partnership by U.S. Investors (as defined herein) and, to a limited extent, Non-U.S. Investors (as defined herein). This summary does not contain a complete discussion of the federal tax aspects of an investment in the Partnership and is intended only to provide general information for investors that hold their interests in the Partnership as a capital asset and is not intended as a substitute for careful tax planning. This summary does not address the tax considerations that may be relevant to investors subject to special treatment under the Internal Revenue Code of 1986, as amended (the "Code"), including, without limitation, U.S. expatriates, brokers or dealers in securities, tax-exempt entities (except to the limited extent discussed below), regulated investment companies, real estate investment trusts, insurance companies, personal holding companies, or persons who acquire an interest in the Partnership in connection with the performance of services. Such persons should consult with their own tax advisors as to the U.S. federal income tax consequences of an investment in the Partnership, which may differ substantially from those described herein. This summary also does not address any U.S. estate, alternative minimum, state or local, or foreign (except to the limited extent discussed below) tax consequences of an investment in the Partnership. If a partnership owns an interest in the Partnership, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of such partnership and the Partnership.

As used herein, the term "U.S. Investor" means an investor that, for U.S. federal income tax purposes, is (a) a citizen or resident of the U.S., (b) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the U.S. or of any political subdivision thereof, (c) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (d) a trust that is subject to the supervision of a court within the U.S. and the control of one or more U.S. persons or that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person. The term "Non-U.S. Investor" means any investor that is not a U.S. Investor and who, in addition, is not (x) a partnership or other fiscally transparent entity, (y) an individual present in the U.S. for 183 days or more during a taxable year who meets certain other conditions, or (z) subject to rules applicable to certain expatriates or former long-term residents of the U.S.

The following discussion is based upon current provisions of the Code, existing and currently proposed Treasury Regulations under the Code (the "Treasury Regulations"), legislative history, administrative rulings and judicial decisions, any of which could be changed by legislation or otherwise. Thus, no assurance can be given that changes, including retroactive changes, will not be forthcoming which would affect the accuracy of any statements herein. Prospective investors should be aware that, although the Partnership intends to adopt positions it believes are in accord with current interpretations of the U.S. federal income tax laws, the Internal Revenue Service ("IRS") may not agree with the tax

positions taken by the Partnership and that, if challenged by the IRS, the Partnership's tax positions might not be sustained by the courts.

In view of the foregoing, each prospective investor should consult its own tax advisor regarding all U.S. federal, state, local and foreign income and other tax consequences of an investment in the Partnership, with specific reference to such investor's own particular tax situation and recent changes in applicable law.

Partnership Status

It is intended that the Partnership will be treated for U.S. federal income tax purposes as a partnership and not as an association, taxable mortgage pool or publicly traded partnership (a "PTP") taxable as a corporation. A partnership is a PTP if interests in the partnership are traded on an established securities market or are readily tradable on a secondary market. The General Partner intends to operate the Partnership so it will not be treated as a PTP. The Partnership intends to obtain and rely on appropriate representations and undertakings from each Limited Partner in order to ensure that the Partnership is not treated as a PTP.

The discussion below assumes that the Partnership will be treated as a partnership for U.S. federal income tax purposes. No application has been or is contemplated to be made to the IRS for a ruling on the classification of the Partnership for U.S. federal income tax purposes.

Taxation of Partnership and Limited Partners

As a partnership, the Partnership is not itself subject to U.S. federal income tax. Each Partner will be required to take into account, in the Partner's taxable year during which a taxable year of the Partnership ends such Partner's distributive share of all items of Partnership income, gain, loss, deduction, or credit for such taxable year of the Partnership. A Partner must take such items into account even if the Partnership does not make any distributions to such Partner during its taxable year. Consequently, a Limited Partner may recognize taxable income during a period in which the Partner receives no distribution from the Partnership or experiences an economic loss or even when such income has not yet been received by the Partnership.

Limitations on Deductibility of Partnership Deductions and Losses

A Limited Partner is allowed to deduct its allocable share of Partnership losses (if any) only to the extent of such Limited Partner's adjusted tax basis in its Interest at the end of the taxable year in which the losses occur. In addition, Limited Partners who are individuals, trusts, or certain closely held corporations could be subject to various limitations on their ability to deduct their allocable share of deductions and losses of the Partnership against other income. Such limitations include those relating to "passive losses" (as defined under Section 469 of the Code), amounts "at risk" (as defined under Section 465 of the Code), "investment interest" (as defined under Section 163 of the Code), and miscellaneous itemized deductions (under Sections 67 and 68 of the Code). Because of some of these limitations, it is possible that in a situation in which the Partnership has losses, certain Partners may not be able to use those losses against other income they may have. Also, if the Partnership has losses from some activities and income from different activities, certain Partners may not be able to net such Partnership losses against such Partnership income.

The Partnership generally intends to take the position for U.S. federal income tax purposes that its operations and activities constitute an investment activity rather than the active conduct of a trade or business. As a result, the Management Fee, together with certain other Partnership expenses, will likely be treated as "miscellaneous itemized deductions" of the Partnership for U.S. federal income tax purposes. For U.S. federal income tax purposes, individuals and certain trusts and estates that hold interests in the Partnership may deduct such expenses in a taxable year only to the extent that their aggregate miscellaneous itemized deductions for the year exceed 2% of their adjusted gross incomes for the year. Thus, in the case of certain Limited Partners, all or a portion of the above expenses may not be deductible in certain taxable years.

In addition, individuals, estates and trusts are now subject to a Medicare tax of 3.8% on "net investment income" (or undistributed "net investment income," in the case of estates and trusts) for each taxable year, with such tax applying to the lesser of such income or the excess of a person's adjusted gross income (with certain adjustments) over a specified threshold ($250,000 for married individuals filing jointly; $125,000 for married individuals filing separately and $200,000 for other individuals). Net investment income includes net income from interest, dividends, annuities, royalties, rents and net gain attributable to the disposition of investment property. It is anticipated that net income and gain attributable to an investment in or disposition of interests in the Partnership will be included in a Partner's "net investment income." Prospective investors should consult their own tax advisors regarding the impact of the 3.8% Medicare tax.

Considerations Regarding Non-U.S. Investments

The Partnership may own stock or securities of non-U.S. corporations. The discussion below is only a brief summary of some of the tax issues that may apply in such case. Each prospective investor should consult with its own tax advisors regarding the tax consequences to it of such stock or securities ownership by the Partnership.

Non-U.S. entities in which the Partnership invests could be treated as "controlled foreign corporations" ("CFCs"), or "passive foreign investment companies" ("PFICs") for U.S. tax purposes. An investment in a CFC or PFIC could cause a U.S. Investor to recognize income prior to the receipt of distributions from the CFC or PFIC, or in the case of a PFIC require the U.S. Investor to pay an interest charge on the tax associated with distributions or sales of stock. U.S. Investors could also be taxable in whole or in part at ordinary income rates rather than the currently more favorable capital gains rates upon the sale of stock of a CFC or PFIC. Generally, the Code provides for certain U.S. federal income tax elections (such as the "qualified electing fund" election under Section 1295 of the Code with respect to PFICs) that could mitigate some of the adverse tax consequences of holding interests in foreign companies; however, the Partnership can provide no assurance that any foreign portfolio company will provide the information necessary for a U.S. Investor to make any such election.

U.S. Investors that own (directly or through the Partnership) stock in foreign corporations, including CFCs and PFICs, are subject to special reporting requirements under the Code. Each prospective investor should consult with its own tax advisor regarding such reporting requirements.

Foreign Tax Credit Limitations

The Partnership's income or gains may be subject to withholding, net income or other taxation in jurisdictions where the investments are located; the applicability of any such taxes are not addressed in this Memorandum.

With respect to creditable foreign taxes paid on the income or gains of the Partnership, U.S. Investors may be entitled to claim either a foreign tax credit, or, subject to limits generally applicable to all deductions, a deduction for their share of such foreign taxes. However, the rules for determining eligibility for and limits on foreign tax credits are extremely complex and depend on a number of factors that are unique to each U.S. Investor's particular circumstances. For example, a credit for foreign taxes is subject to the limitation that it may not exceed the U.S. Investor's federal tax (before the credit) attributable to its total foreign source income in the relevant category. Furthermore, foreign taxes paid by a foreign corporation in which the Partnership holds a direct or indirect equity investment generally cannot be claimed as a credit by a U.S. Investor unless the U.S. Investor is a corporation that is treated as owning (actually or constructively) at least 10% of the voting stock of the foreign corporation and certain other conditions are satisfied. U.S. Investors should consult with their own tax advisors regarding all aspects of the rules applicable to foreign tax credits and the potential availability of foreign tax credits to them with respect to the income or taxes of the Partnership.

Tax-Exempt Investors

A U.S. Investor that is a tax-exempt entity is generally exempt from U.S. federal income tax on its income, except to the extent of its unrelated business taxable income ("UBTI"). UBTI is defined generally as the gross income derived from any trade or business that is regularly carried on by the tax-exempt entity and unrelated to its exempt purposes, less any directly connected deductions, and subject to certain modifications. If a tax-exempt entity is an investor in an entity treated as a partnership for U.S. federal income tax purposes that incurs income that would be UBTI if incurred directly by the tax-exempt entity, the tax-exempt entity's distributive share of such partnership's income constitutes UBTI. For the purposes of computing UBTI, the Code generally excludes from gross income certain investment income, including gain or loss from the sale or other disposition of property (other than property that constitutes inventory or that is held primarily for sale in the ordinary course of a trade or business, referred to as "dealer property"), dividends, interest, and certain rents from real property. In addition, UBTI includes "unrelated debt-financed income," which generally is defined as any income derived from property in respect of which there is "acquisition indebtedness," even if the income would otherwise be excluded in computing UBTI. Thus, if a tax-exempt investor has acquisition indebtedness with respect to its Interests, it may incur UBTI with respect to the Partnership's investments.

Each prospective tax-exempt U.S. Investor is urged to consult with its tax advisor as to the applicability of the rules relating to UBTI and the implications to it of an investment in the Partnership .

Non-U.S. Investors

The federal income tax treatment of a Non-U.S. Investor investing in the Partnership is complex and will vary depending upon the circumstances of the Non-U.S. Investor and the activities of the Partnership. If the Partnership is deemed to be engaged in a U.S. trade or business, then a Non-U.S. Investor will be subject to federal income tax each year on its distributive share of the taxable income of the Partnership deemed to be effectively connected with a U.S. trade or business ("ECI"), as if such investor were a U.S. person, regardless of whether the Partnership makes any cash distributions (and certain corporate Non-U.S. Investors could be subject to an additional 30% branch profits tax, subject to reduction by treaty). The Non-U.S. Investor will also be required to file a U.S. federal income tax return. The Partnership will be required to withhold, generally at the highest graduated rate that the Non-U.S. Investor would be subject to if the investor were a U.S. person, on a Non-U.S. Investor's allocable share of any taxable income of the Partnership that is ECI (whether or not such income is distributed). Such withholding tax may be claimed as a credit against such Non-U.S. Investor's substantive U.S. tax liability. Non-U.S. Investors should be aware that the Partnership anticipates that it will be engaged in a U.S. trade or business and that it will incur ECI.

In addition, to the extent that the Partnership realizes U.S. source fixed, determinable, annual or periodical income (such as U.S. source interest and dividend income) that is not ECI, the Non-U.S. Investor's allocable share of such income generally will be subject to a 30% withholding tax unless the Non-U.S. Investor completes and files Form W-8ECI (Certificate of Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected with the Conduct of a Trade or Business in the United States). This form must be filed with the Partnership annually for each year in which the Non-U.S. Investor is a Partner. Such withholding tax may be reduced or eliminated with respect to certain types of such income under an applicable income tax treaty between the U.S. and the Non-U.S. Investor's country of residence or under the "portfolio interest" rules contained in Code Section 871 or 881, provided that the Non-U.S. Investor provides proper certification as to its eligibility for such treatment. If a Non-U.S. Investor has filed a Form W-8ECI to claim exemption from the 30% withholding, that Partner is deemed to have "effectively connected" income subject to withholding, and the Partnership will be required to withhold as described above.

Notwithstanding the foregoing, a Non-U.S. Investor's share of the net gain recognized upon the disposition by the Partnership of a United States real property interest would be treated for U.S. federal income tax purposes as if it were effectively connected with a U.S. trade or business, with consequences as described below. The term "United States real property interest" generally includes (i) shares of stock in a U.S. corporation that does not have a publicly traded class of stock outstanding if fifty percent (50%) or more of the value of the corporation's business assets and interests in real property at any point during the preceding five years consisted of interests in U.S. real property, (ii) shares of stock in a United States corporation that does have a publicly traded class of stock outstanding where (A) the corporation satisfies the real property ownership test described in clause (i), above, and (B) the Partnership held (directly or pursuant to certain attribution rules) more than five percent (5%) of the outstanding stock of any publicly traded class of shares or held shares of non-publicly traded stock with a fair market value, as of the date of the stock's acquisition, greater than that of five percent (5%) of the publicly traded class of the corporation's stock with the lowest fair market value and (iii) an interest in real property located in the United States. While the Partnership

currently does not intend to acquire or dispose of assets that qualify as United States real property interests, there can be no assurance that shares of portfolio company stock will not so qualify.

Non-U.S. Investors intending to rely on a tax treaty between the U.S. and their jurisdiction of residence should also be aware that there are various limitations, both under U.S. domestic law and certain tax treaties, on the ability of a Non-U.S. Investor to claim the benefits of a tax treaty.

Non-U.S. Investors generally will be personally liable to the Partnership with respect to any withholding tax not satisfied out of their share of any distributions by the Partnership.

Each Non-U.S. Investor is urged to consult with its own tax advisers regarding U.S. federal, state and local and foreign tax treatment of an investment in the Partnership.

Partner Information Reporting Requirements

The U.S. tax rules impose certain information reporting requirements on U.S. Investors who (a) own, directly or indirectly, more than certain threshold amounts of capital interests or profits interests in foreign entities treated as partnerships for U.S. federal income tax purposes, such as the Partnership or a foreign company into which the Partnership invests, or (b) contribute, in their capacity as partners, more than $100,000 to a non-U.S. partnership, such as the Partnership or a foreign company into which the Partnership invests, during any twelve-month period, or (c) hold certain assets, including "specified foreign financial assets" (which include interests in non-U.S. entities such as the Partnership), in excess of certain threshold amounts. In certain circumstances, U.S. Investors may be required to file reports annually.

Other Reporting and Withholding Requirements

The Foreign Account Tax Compliance Act ("FATCA"), imposes withholding taxes on certain types of payments made to "foreign financial institutions" and certain other non-U.S. entities unless additional certification, information reporting and other specified requirements are satisfied. Failure to comply with the new reporting requirements could result in a 30% withholding tax being imposed on certain "Withholdable Payments." For this purpose, subject to certain exceptions, the term "Withholdable Payment" generally means (i) any payment of interest, dividends, rents, and certain other types of generally passive income if such payment is from sources within the United States, and (ii) any gross proceeds from the sale or other disposition of any property of a type which can produce interest or dividends from sources within the United States (including, for example, stock and debt of U.S. corporations). Current guidance provides that such withholding and information reporting obligations generally will apply to payments made after June 30, 2014 (in the case of certain passive payments) and to payments made after December 31, 2016 (in the case of certain sales proceeds). It is likely that distributions to certain Non-U.S. Investors would include amounts characterized as Withholdable Payments. Accordingly, such Non-U.S. Investors may be required to comply with the certification, reporting and other requirements of FATCA with respect to their interests in the Partnership and should consult their own tax advisers regarding this new legislation.

Non-U.S., State and Local Taxes

In addition to the U.S. federal income tax consequences described above, prospective investors should consider potential non-U.S. and U.S. state and local tax consequences of an investment in the Partnership, including the likelihood that investors will be required to file tax returns and pay tax in jurisdictions where the Partnership, its subsidiaries, or portfolio companies hold real property, do business or are organized. The Partnership and other entities through which it invests may be subject to non-U.S. and U.S. state or local income or similar taxes, including non-U.S. and U.S. state or local tax withholding or reporting requirements.

Prospective investors should consult their own tax advisers for further information about U.S. federal, state and local, non-U.S. and other tax consequences of investing in the Partnership.

Certain ERISA Considerations

The advice set forth below was not intended or written to be used, and it cannot be used, by any taxpayer for the purpose of avoiding United States federal tax penalties that may be imposed on the taxpayer. The advice was written to support the promotion or marketing of the transaction(s) or matter(s) addressed herein. Each taxpayer should seek advice based upon the taxpayer's particular circumstances from an independent tax advisor. The foregoing language is intended to satisfy the requirements under the regulations in Section 10.35 of Circular 230.

The United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on employee benefit plans (as defined in Section 3(3) of ERISA) subject to the provisions of Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification. In addition, ERISA requires the fiduciary of an ERISA Plan to maintain the indicia of ownership of the ERISA Plan's assets within the jurisdiction of the United States district courts. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed above under "Investment Strategy," the fact that the Fund has no history of operations, none of the Fund's investments have been selected as of the date of the Memorandum and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of Interests.

Section 406 of ERISA and Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to non-deductible excise taxes and other penalties and liabilities under ERISA and the Code, and the transaction might have to be rescinded.

Governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to local, state or other federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before purchasing an Interest.

The Plan Assets Regulation. The United States Department of Labor has issued a regulation, 29 CFR Section 2510.3-101 (as modified by Section 3(42) of ERISA, the "Plan Assets Regulation"), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, and Section 4975 of the Code. Under the Plan Assets Regulation, if a Plan invests in an "equity interest" of an entity (which is defined as an interest in an entity other than an instrument that

is treated as indebtedness under applicable local law and which has no substantial equity features) that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that "benefit plan investors" hold less than 25% of the equity interests in the entity. The Interests in the Fund would constitute an "equity interest" in the Fund for purposes of the Plan Assets Regulation, and the Interests will not constitute "publicly offered securities" for purposes of the Plan Assets Regulation. In addition, the Fund will not be registered under the Investment Company Act.

The 25% Limit. Under the Plan Assets Regulation, and assuming no other exemption applies, an entity's assets would be deemed to include "plan assets" subject to ERISA on any date if, immediately after the most recent acquisition of any equity interest in the entity, 25% or more of the value of any class of equity interests in the entity is held by "benefit plan investors" (the "25% Limit"). For purposes of this determination, the value of equity interests held by a person (other than a benefit plan investor) that has discretionary authority or control with respect to the assets of the entity or that provides investment advice for a fee with respect to such assets (or any affiliate of such a person) is disregarded. The term "benefit plan investor" is defined in the Plan Assets Regulation as (a) any employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to the provisions of Title I of ERISA, (b) any plan that is subject to Section 4975 of the Code and (c) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (to the extent of such plan's investment in the entity). Thus, while the assets of the Fund would not be considered to be "plan assets" for purposes of ERISA so long as the 25% Limit is not exceeded, no assurance can be given that the 25% Limit will not be exceeded at all times. The Fund has not yet determined whether to rely on this aspect of the Plan Assets Regulation.

Operating Companies. Under the Plan Assets Regulation, an entity is an "operating company" if it is primarily engaged, directly or through a majority-owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital. In addition, the Plan Assets Regulation provides that the term operating company includes an entity qualifying as a real estate operating company or a venture capital operating company ("VCOC"). An entity will qualify as a VCOC if (i) on its initial valuation date and on at least one day during each annual valuation period, at least 50% of the entity's assets, valued at cost, consist of "venture capital investments," and (ii) the entity, in the ordinary course of business, actually exercises management rights with respect to one or more of its venture capital investments. The Plan Assets Regulation defines the term "venture capital investments" as investments in an operating company (other than a VCOC) with respect to which the investor obtains management rights. "Management rights" are defined as contractual rights directly between the investor and an operating company to substantially participate in, or substantially influence the conduct of, the management of the operating company. The "initial valuation date" is the date on which an entity first makes an investment that is not a short-term investment of funds pending long-term commitment. An entity's "annual valuation period" is a pre-established period not exceeding 90 days in duration, which begins no later than the anniversary of the entity's initial valuation date.

If the 25% Limit is exceeded, the General Partner intends to operate the Fund in a manner that will enable the Fund to qualify as a VCOC or to meet such other exception as may be available to prevent

the assets of the Fund from being treated as assets of any investing Plan for purposes of the Plan Assets Regulation. Accordingly, the General Partner believes, on the basis of the Plan Assets Regulation, that the underlying assets of the Fund should not constitute "plan assets" for purposes of ERISA. However, no assurance can be given that this will be the case.

If the Fund's assets are deemed to constitute "plan assets" under ERISA, certain of the transactions in which the Fund might normally engage could constitute a non-exempt "prohibited transaction" under ERISA or Section 4975 of the Code. In such circumstances, the General Partner, in its sole discretion, may void or undo any such prohibited transaction, and may require each Limited Partner that is a "benefit plan investor" to withdraw from the Fund upon terms that the General Partner considers appropriate. In addition, if the Fund's assets are deemed to be "plan assets," the General Partner may be considered to be a fiduciary under ERISA.

A fiduciary of an ERISA plan or other plan that proposes to cause such entity to purchase an Interest should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of ERISA.

The sale of an Interest to a Plan is in no respect a representation by the Fund, the General Partner or any other person associated with the offering of Interests that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Form 5500. Plan administrators of ERISA Plans that acquire an Interest in the Fund may be required to report compensation, including indirect compensation, paid in connection with the ERISA Plan's investment in the Fund on Schedule C of Form 5500 (Annual Return/Report of Employee Benefit Plan). The descriptions in this Memorandum of fees and compensation, including the fees paid to the General Partner, are intended to satisfy the disclosure requirement for "eligible indirect compensation," for which an alternative reporting procedure on Schedule C of Form 5500 may be available.

IX. ADDITIONAL INFORMATION

Prior to the consummation of the offering, the General Partner will provide to each investor and such investors' representatives and advisers, if any, the opportunity to ask questions and receive answers concerning the terms and conditions of this offering and to obtain additional information which the General Partner may possess or can obtain without unreasonable effort or expense that is necessary to verify the accuracy of the information furnished to such prospective investor. Any such question should be directed to:

Mr. Boris Nikolic
1107 1st Avenue, Apt. 1305
Seattle, WA 98101
(425) 503-9166

Appendix A – Certain Securities Law Matters for Investors

NOTICE TO RESIDENTS OF BRAZIL

THIS PRIVATE PLACEMENT HAS NOT BEEN AND WILL NOT BE REGISTERED WITH THE "COMISSÃO DE VALORES MOBILIÁRIOS" (THE BRAZILIAN SECURITIES COMMISSION). THE INTERESTS MAY NOT BE OFFERED OR SOLD IN THE FEDERATIVE REPUBLIC OF BRAZIL EXCEPT IN CIRCUMSTANCES THAT DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION OF SECURITIES UNDER BRAZILIAN LAWS AND REGULATIONS. THIS MEMORANDUM MAY NOT BE REPRODUCED OR USED FOR ANY PURPOSE OTHER THAN THIS PRIVATE PLACEMENT, NOR PROVIDED TO ANY OTHER PERSON OTHER THAN THE RECIPIENT.

NOTICE TO RESIDENTS OF LUXEMBOURG

THIS MEMORANDUM DOES NOT CONSTITUTE A PUBLIC OFFER OR SOLICITATION IN LUXEMBOURG AND ACCORDINGLY SHOULD NOT BE CONSTRUED AS SUCH. AS A RESULT, THE LUXEMBOURG REGULATORY AUTHORITIES HAVE NEITHER REVIEWED NOR APPROVED THIS MEMORANDUM. NEITHER THIS MEMORANDUM NOR ANY FORM OF APPLICATION, ADVERTISEMENT OR OTHER MATERIAL MAY BE DISTRIBUTED OR OTHERWISE MADE AVAILABLE TO THE PUBLIC IN OR FROM, OR PUBLISHED IN THE GRAND DUCHY OF LUXEMBOURG EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFER. TO THE EXTENT THIS MEMORANDUM IS CIRCULATED IN LUXEMBOURG, IT IS TO BE CONSIDERED AS USED IN RELATION TO A PRIVATE PLACEMENT ONLY.

THE INFORMATION CONTAINED IN THIS MEMORANDUM IS RESTRICTED TO SOPHISTICATED OR INSTITUTIONAL INVESTORS. IT IS PERSONAL TO EACH SUCH PERSON AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON OR TO THE PUBLIC GENERALLY TO SUBSCRIBE FOR OR OTHERWISE ACQUIRE THE INTERESTS. DISTRIBUTION OF THIS MEMORANDUM OR OF THE INFORMATION CONTAINED IN THIS MEMORANDUM TO ANY PERSON OTHER THAN SOPHISTICATED OR INSTITUTIONAL INVESTORS IS UNAUTHORIZED AND ANY DISCLOSURE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE PARTNERSHIP IS PROHIBITED.

NOTICE TO RESIDENTS OF MEXICO

THIS OFFER HAS NOT BEEN REVIEWED OR APPROVED BY THE MEXICAN BANKING AND SECURITIES COMMISSION (*COMISIÓN NACIONAL BANCARIA Y DE VALORES*). THIS OFFER IS ONLY BEING DISTRIBUTED AND DIRECTED TO YOU BECAUSE YOU HAVE REPRESENTED TO US THAT YOU ARE EITHER A (I) PERSON WHO IS OUTSIDE OF THE UNITED MEXICAN STATES; OR (II) A QUALIFIED OR INSTITUTIONAL INVESTOR AS DEFINED BY THE MEXICAN SECURITIES EXCHANGE LAW (*LEY DEL MERCADO DE VALORES*) AND ITS APPLICABLE REGULATIONS, INCLUDING THE GENERAL PROVISIONS APPLICABLE TO ISSUERS OF SECURITIES AND OTHER MARKET

PARTICIPANTS (*DISPOSICIONES DE CARÁCTER GENERAL APLICABLES A LAS EMISORAS DE VALORES Y A OTROS PARTICIPANTES DEL MERCADO DE VALORES*) PUBLISHED IN THE FEDERAL OFFICIAL GAZETTE ON MARCH 19, 2003 (AS AMENDED). IF YOU DO NOT QUALIFY IN EITHER (I) OR (II) ABOVE, YOU SHOULD NOT ACT OR RELY ON THIS OFFER TO SELL SECURITIES OR ANY OF ITS CONTENTS. PLEASE NOTE THAT ACTING OR RELYING ON ITS CONTENTS SHALL BE DEEMED AS A CONFIRMATION OF YOUR REPRESENTATION THAT YOU QUALIFY IN EITHER (I) OR (II) ABOVE.

NOTICE TO RESIDENTS OF SWITZERLAND

NONE OF THE PARTNERSHIP, THE GENERAL PARTNER OR THE INVESTMENT ADVISER HAS BEEN LICENSED BY THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY (THE "FINMA") FOR DISTRIBUTION TO NON-QUALIFIED INVESTORS PURSUANT TO ARTICLE 120 PARA. 1 TO 3 OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES OF 23 JUNE 2006, AS AMENDED ("CISA"). ACCORDINGLY, PURSUANT TO ARTICLE 120 PARA. 4 CISA, THE INTERESTS MAY ONLY BE OFFERED AND THIS MEMORANDUM MAY ONLY BE DISTRIBUTED IN OR FROM SWITZERLAND TO QUALIFIED INVESTORS AS DEFINED IN THE CISA AND ITS IMPLEMENTING ORDINANCE. FURTHER, THE INTERESTS MAY BE SOLD UNDER THE EXEMPTIONS OF ARTICLE 3 PARA. 2 CISA. INVESTORS IN THE INTERESTS DO NOT BENEFIT FROM THE SPECIFIC INVESTOR PROTECTION PROVIDED BY CISA AND THE SUPERVISION BY THE FINMA IN CONNECTION WITH THE LICENSING FOR DISTRIBUTION.

THE INTERESTS ARE NOT PUBLICLY OFFERED WITHIN THE MEANING OF ARTICLE 652A OF THE SWISS CODE OF OBLIGATIONS. AS A CONSEQUENCE, THIS MEMORANDUM IS NOT A PROSPECTUS WITHIN THE MEANING OF THIS PROVISION AND MAY THEREFORE NOT COMPLY WITH THE INFORMATION STANDARDS REQUIRED THEREUNDER. THIS MEMORANDUM IS NOT A LISTING PROSPECTUS ACCORDING TO ARTICLE 27 ET SEQ. OF THE LISTING RULES OF THE SIX SWISS EXCHANGE AND MAY THEREFORE NOT COMPLY WITH THE INFORMATION STANDARDS REQUIRED THEREUNDER OR UNDER THE LISTING RULES OF ANY OTHER SWISS STOCK EXCHANGE.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

THE PARTNERSHIP IS AN UNREGULATED COLLECTIVE INVESTMENT SCHEME UNDER SECTION 238 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 AND, AS SUCH, THIS MEMORANDUM MAY ONLY BE DISTRIBUTED TO INVESTMENT PROFESSIONALS UNDER ARTICLE 19 OF THE FSMA 2000 (FINANCIAL PROMOTION) ORDER 2005 OR TO HIGH NET-WORTH COMPANIES UNDER ARTICLE 49 OF THE ORDER OR TO ANY OTHER PERSON TO WHOM A PROMOTION MAY LEGALLY BE MADE. NO OTHER PERSON MAY ACT ON THIS MEMORANDUM AND NO INVESTMENT WILL BE ACCEPTED FROM SUCH

OTHER PERSONS. THIS MEMORANDUM MAY NOT BE CIRCULATED TO ANY PERSON WITHOUT THE CONSENT OF THE GENERAL PARTNER.

NOTICE TO RESIDENTS OF THE UNITED STATES OF AMERICA

THE LIMITED PARTNERSHIP INTERESTS IN THE FUND OFFERED HEREBY (THE "INTERESTS") HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD IN THE U.S. OR TO "U.S. PERSONS" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. HEDGING TRANSACTIONS INVOLVING THE INTERESTS MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.
YOU SHOULD MAKE YOUR OWN DECISION AS TO WHETHER THIS OFFERING MEETS YOUR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL. NO FEDERAL OR STATE SECURITIES COMMISSION HAS APPROVED, DISAPPROVED, ENDORSED, OR RECOMMENDED THIS OFFERING. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THIS DISCLOSURE, NOR WHETHER IT IS COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS ILLEGAL.

NO STATE ADMINISTRATOR HAS REVIEWED THIS DISCLOSURE. THE ISSUER IS RELYING ON AN EXEMPTION FROM REGISTRATION OR QUALIFICATION. INVESTORS MAY BE REQUIRED TO HOLD THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. OTHER IMPORTANT RISK FACTORS ARE EXPLAINED IN DETAIL IN THIS DOCUMENT. THE NATURE OF THE OFFERING'S RISK REQUIRES THAT INVESTORS MEET MINIMUM ASSET/INCOME CONDITIONS.

FOR FLORIDA RESIDENTS ONLY:

THE SECURITIES BEING OFFERED HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES. IF SALES ARE MADE TO FIVE OR MORE FLORIDA PURCHASERS, EACH SUCH SALE IS VOIDABLE BY THE PURCHASER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER OR AN ESCROW AGENT, OR WITHIN THREE DAYS AFTER AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER.

FOR NEW HAMPSHIRE RESIDENTS ONLY:

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE NEW HAMPSHIRE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER NEW HAMPSHIRE RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION

MEANS THAT THE NEW HAMPSHIRE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

PRIVACY NOTICE TO U.S. INVESTORS

IN THE NORMAL COURSE OF ITS FORMATION, OPERATION AND DISSOLUTION, THE FUND WILL COLLECT AND DISCLOSE CERTAIN PRIVATE INFORMATION ABOUT ITS LIMITED PARTNERS. PERSONAL FINANCIAL INFORMATION ABOUT THE LIMITED PARTNERS, SUCH AS THEIR NAMES, ADDRESSES, SOCIAL SECURITY NUMBERS, ASSETS AND INCOMES, WILL BE OBTAINED FROM SUBSCRIPTION AGREEMENTS AND OTHER DOCUMENTS. OTHER PERSONAL INFORMATION ABOUT THE LIMITED PARTNERS, SUCH AS CAPITAL ACCOUNT BALANCES, ACCOUNT DATA AND INFORMATION ABOUT THEIR PARTICIPATION IN OTHER INVESTMENTS, WILL BE OBTAINED IN THE COURSE OF TRANSACTIONS BETWEEN THE LIMITED PARTNERS AND THE FUND OR ITS AFFILIATES.

EXCEPT AS DESCRIBED BELOW, THIS PRIVATE INFORMATION WILL BE DISCLOSED ONLY AS PERMITTED BY APPLICABLE LAW TO THE FUND'S AFFILIATES AND SERVICE PROVIDERS, INCLUDING THE FUND'S ACCOUNTANTS, ATTORNEYS, BROKER-DEALERS, CUSTODIANS, TRANSFER AGENTS, AND ANY OTHER PARTIES WHOSE SERVICES ARE NECESSARY OR CONVENIENT TO THE FORMATION, OPERATION OR DISSOLUTION OF THE FUND. ANY PARTY RECEIVING PRIVATE INFORMATION ABOUT THE LIMITED PARTNERS PURSUANT TO THE PRECEDING SENTENCE WILL BE AUTHORIZED TO USE SUCH INFORMATION ONLY TO PERFORM THE SERVICES REQUIRED AND AS PERMITTED BY APPLICABLE LAW. NO PARTY RECEIVING A LIMITED PARTNER'S PERSONAL INFORMATION WILL BE AUTHORIZED TO USE OR SHARE THAT INFORMATION FOR ANY OTHER PURPOSE.

WITH RESPECT TO PERSONNEL OF THE FUND AND ITS AFFILIATES, ACCESS TO PRIVATE INFORMATION ABOUT THE LIMITED PARTNERS WILL BE RESTRICTED TO INDIVIDUALS WHO REQUIRE SUCH ACCESS TO PROVIDE SERVICES TO THE FUND AND THE LIMITED PARTNERS. THE FUND WILL MAINTAIN PHYSICAL, ELECTRONIC, AND PROCEDURAL SAFEGUARDS THAT COMPLY WITH FEDERAL REGULATIONS TO GUARD PRIVATE INFORMATION ABOUT ITS LIMITED PARTNERS.

IN ALL EVENTS, THE FUND MAY DISCLOSE LIMITED PARTNER INFORMATION: (A) TO OTHER LIMITED PARTNERS AS REQUIRED OR PERMITTED UNDER THE PARTNERSHIP AGREEMENT; AND (B) AS OTHERWISE REQUIRED BY APPLICABLE LAW.

THE FOREGOING PRIVACY NOTICE REFLECTS A PRIVACY POLICY THAT HAS BEEN ADOPTED BY THE GENERAL PARTNER. IT MAY BE UPDATED FROM TIME TO TIME UPON NOTICE TO THE LIMITED PARTNERS.

FOR OTHER PROSPECTIVE NON-U.S. INVESTORS

OTHER PROSPECTIVE NON-U.S. INVESTORS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS AND TAX CONSEQUENCES WITHIN THE COUNTRIES OF THEIR CITIZENSHIP, RESIDENCE, DOMICILE AND PLACE OF BUSINESS WITH RESPECT TO THE ACQUISITION, HOLDING OR DISPOSAL OF THE INTERESTS, AND ANY FOREIGN EXCHANGE RESTRICTIONS THAT MAY BE RELEVANT THERETO. IT IS THE RESPONSIBILITY OF ANY INVESTOR WISHING TO PURCHASE INTERESTS TO SATISFY ITSELF AS TO THE FULL OBSERVANCE OF THE LAWS OF ANY RELEVANT TERRITORY OUTSIDE THE UNITED STATES IN CONNECTION WITH SUCH PURCHASE, INCLUDING THE PROCUREMENT OF ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS AND THE OBSERVATION OF ANY OTHER APPLICABLE FORMALITIES. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO OR SOLICITATION OF ANYONE IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED.