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VIKING GLOBAL EQUITIES LP

A Delaware Limited Partnership

CONFIDENTIAL MEMORANDUM

August 2011

General Partner:

Viking Global Performance LLC
55 Railroad Avenue
Greenwich, CT 06830
United States of America

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION (THE "CFTC") IN CONNECTION WITH POOLS WHOSE PARTICIPANTS ARE LIMITED TO QUALIFIED ELIGIBLE PERSONS, AN OFFERING MEMORANDUM FOR THIS POOL IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE CFTC. THE CFTC DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A POOL OR UPON THE ADEQUACY OR ACCURACY OF AN OFFERING MEMORANDUM. CONSEQUENTLY, THE CFTC HAS NOT REVIEWED OR APPROVED THIS OFFERING OR ANY OFFERING MEMORANDUM FOR THIS POOL.

YOU SHOULD ALSO BE AWARE THAT THIS COMMODITY POOL MAY TRADE FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE U.S., INCLUDING MARKETS FORMALLY LINKED TO A U.S. MARKET, MAY BE SUBJECT TO REGULATIONS WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION TO THE POOL AND ITS PARTICIPANTS. FURTHER, U.S. REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-U.S. JURISDICTIONS WHERE TRANSACTIONS FOR THE POOL MAY BE EFFECTED.

CONFIDENTIAL MEMORANDUM

VIKING GLOBAL EQUITIES LP

Viking Global Equities LP (the "Partnership") is a Delaware limited partnership organized in October 1999 to operate as a private investment partnership for the benefit of qualified taxable U.S. investors. From time to time, the Partnership may also admit certain tax-exempt U.S. investors (and entities substantially controlled by certain tax-exempt U.S. investors) as Limited Partners (as defined herein). Interests in the Partnership ("Interests") are sold only to persons that are "qualified purchasers," as defined in the Investment Company Act of 1940, as amended (the "Company Act") (generally, natural persons owning \$5 million or more in "investments" and entities owning \$25 million or more in "investments"), and meet other suitability requirements. As of June 30, 2011, the Partnership had net assets of approximately \$4.6 billion.

Viking Global Performance LLC (the "General Partner"), a Delaware limited liability company, is the general partner of the Partnership. The General Partner's executive committee (the "Executive Committee") is responsible for the operation and management of the General Partner. The current members of the Executive Committee are O. Andreas Halvorsen, David C. Ott and Thomas W. Purcell, Jr.

The General Partner also serves as (i) the investment manager to Viking Global Equities III Ltd. (the "Offshore Fund"), a Cayman Islands exempted company, and (ii) the general partner of Viking Global Equities II LP (the "Employee Fund"), a Delaware limited partnership. The Offshore Fund is an investment vehicle for qualified tax-exempt U.S. investors and non-U.S. investors and the Employee Fund is an investment vehicle for employees of the Management Company (as defined below). The Offshore Fund and the Employee Fund each follow an investment program substantially similar to that of the Partnership.

Viking Global Investors LP, a Delaware limited partnership (the "Management Company", and together with the General Partner and its affiliates, "Viking"), provides certain administrative and investment management services to the Partnership, subject to the overall supervision of the General Partner. Accordingly, references herein to the General Partner, to the extent relating to investment management services, shall be deemed to include the Management Company.

In addition, the Management Company provides certain administrative and investment management services to the Offshore Fund, the Employee Fund, Viking Long Fund III Ltd., a Cayman Islands exempted company, Viking Long Fund Intermediate L.P., a Cayman Islands exempted limited partnership, Viking Long Fund Master Ltd., a Cayman Islands exempted company, and Viking Long Fund LP, a Delaware limited partnership (collectively with Viking Long Fund III Ltd., Viking Long Fund Intermediate L.P. and Viking Long Fund Master Ltd., the "Long Funds"). The members of the General Partner's Executive Committee also serve as members of the executive committee of the general partner of the Management Company, and, in such capacity, are responsible for the operation and management of the Management Company.

Prospective limited partners should carefully read this Confidential Memorandum. The contents of this Confidential Memorandum, however, should not be considered legal or tax advice, and each prospective limited partner should consult its own counsel and advisers as to all matters concerning an investment in the Partnership.

There will be no public offering of the Interests. No offer to sell (or solicitation of an offer to buy) will be made in any jurisdiction in which such offer or solicitation would be unlawful.

This Confidential Memorandum has been prepared solely for the information of the person to whom it has been delivered on behalf of the Partnership and may not be reproduced or used for any other purpose. Any reproduction or distribution of this Confidential Memorandum, in whole or in part, or the disclosure of its contents, without the prior written consent of the General Partner, is prohibited and all recipients agree they will keep confidential all information contained herein and not already in the public domain and will use this Confidential Memorandum for the sole purpose of evaluating a possible investment in the Partnership. Notwithstanding anything to the contrary herein, each investor (and each employee, representative or other agent of such investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of (i) the Partnership and (ii) any of its transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to the investor relating to such tax treatment and tax structure, it being understood that "tax treatment" and "tax structure" do not include the name or the identifying information of the Partnership or a transaction. This Confidential Memorandum is accurate as of its date, and no representation or warranty is made as to its continued accuracy after such date. Each person accepting this Confidential Memorandum agrees to return it to the General Partner promptly upon request and to notify the General Partner promptly upon receipt of any request for its production or provision. By accepting this Confidential Memorandum, each prospective investor agrees to the foregoing.

The Partnership is not currently, and is not expected to be, registered as an investment company under the Company Act. The Partnership relies on the exclusion provided in Section 3(c)(7) of the Company Act, which permits investment companies to sell their interests, on a private placement basis, to "qualified purchasers" as defined under Section 2(a)(51) of the Company Act. Accordingly, the Partnership is not required to adhere to certain investment policies under the Company Act. The Management Company is registered as an investment adviser under the Investment Advisers Act of 1940, as amended. The General Partner is registered as a "commodity pool operator" with the CFTC and is a member of the National Futures Association. In connection therewith, the General Partner has claimed an exemption with respect to the Partnership from certain of the CFTC's disclosure, reporting and recordkeeping requirements pursuant to Rule 4.7 under the Commodity Exchange Act, as amended.

* * *

INTERESTS IN THE PARTNERSHIP ARE SUITABLE ONLY FOR SOPHISTICATED INVESTORS (A) THAT DO NOT REQUIRE LIQUIDITY FOR THEIR INVESTMENTS, (B) FOR WHOM AN INVESTMENT IN THE PARTNERSHIP DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM AND (C) THAT FULLY UNDERSTAND AND ARE WILLING TO ASSUME THE RISKS INVOLVED IN THE PARTNERSHIP'S INVESTMENT PROGRAM. THE PARTNERSHIP'S INVESTMENT PRACTICES, BY THEIR NATURE, INVOLVE A SUBSTANTIAL DEGREE OF RISK.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY UPON THEIR OWN EXAMINATION OF THE PARTNERSHIP AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE INTERESTS HAVE NOT BEEN FILED WITH OR APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION ("SEC") OR ANY OTHER GOVERNMENTAL AGENCY OR REGULATORY AUTHORITY OR ANY NATIONAL SECURITIES EXCHANGE. NO SUCH AGENCY, AUTHORITY OR EXCHANGE HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL MEMORANDUM OR THE MERITS OF AN INVESTMENT IN THE LIMITED PARTNERSHIP INTERESTS OFFERED HEREBY. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. (SEE "INVESTMENT PROGRAM" AND "CERTAIN RISK FACTORS.")

NO OFFERING LITERATURE OR ADVERTISING IN WHATEVER FORM SHALL BE EMPLOYED IN THE OFFERING OF THE INTERESTS EXCEPT FOR THIS CONFIDENTIAL MEMORANDUM, STATEMENTS CONTAINED HEREIN AND SUCH OTHER MARKETING MATERIALS AS MAY BE APPROVED BY THE GENERAL PARTNER. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATION, OR GIVE ANY INFORMATION, WITH RESPECT TO THE INTERESTS, EXCEPT THE INFORMATION CONTAINED HEREIN AND IN SUCH MARKETING MATERIALS.

THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

MORGAN STANLEY FUND SERVICES USA LLC (THE "ADMINISTRATOR") IS AVAILABLE FOR A DISCUSSION OF THE TERMS AND CONDITIONS OF THIS OFFERING AND WILL PROVIDE ANY ADDITIONAL INFORMATION, TO THE EXTENT IT POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, NECESSARY TO VERIFY THE INFORMATION CONTAINED IN THIS CONFIDENTIAL MEMORANDUM. PLEASE DIRECT INQUIRIES TO THE INVESTOR SERVICES DEPARTMENT AT THE ADMINISTRATOR (TEL. NO. 914-225-8885).

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VIKING GLOBAL EQUITIES LP

INVESTMENT PROGRAM

General

The Partnership's overall objective is to achieve maximum capital appreciation commensurate with reasonable risk. In pursuing this objective, the General Partner uses fundamental analysis to select investments primarily in equity securities, but also in debt, credit, derivative and other financial instruments (as described below under "Other Instruments").

The Partnership invests in companies located around the world that operate in a wide range of industries. The General Partner seeks to increase the performance of the Partnership while mitigating general market risk, by employing a hedged approach, taking short positions[1] as well as long positions. The General Partner expects that the Partnership will maintain a relatively low Net Exposure (as defined below) and, consequently, believes that over sustained periods of time the performance of the Partnership will be more a function of investment selection than of movements in broad market averages. Over the long term, the General Partner aims to achieve returns in the Partnership that are higher than those implied by broad market indices (*e.g.*, the S&P 500 Index or MSCI World Index) while assuming less risk than that inherent in a market portfolio.

The General Partner believes it has a number of competitive advantages that are essential to executing the investment program of the Partnership successfully, including:

- A team of investment professionals who (i) have worked together for several years, (ii) have complementary industry expertise, (iii) have extensive experience investing on a global basis and (iv) have extensive experience shorting stocks;
- Long-standing familiarity with many companies and company management teams;
- A commitment to research-intensive, fundamental analysis as the basis for investment selection;
- A disciplined approach to shorting individual stocks, rather than a general reliance on index futures, as a means of reducing risk and increasing performance; and
- A disciplined and rigorous framework in which to monitor and manage risk.

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[1] A short position involves the sale of a security that the Partnership does not own in the expectation of purchasing the same security at a later date at a lower price. Accordingly, a short position creates income as the price of the security declines and creates losses as the price of the security increases. A short position has a theoretical risk of unlimited loss.

Investment Process

As a part of its fundamental approach to investment selection, the General Partner generally performs a number of tasks that may include the following: interviews with a company's management team; background checks on key members of the management team; discussions with a company's customers and competitors; a detailed review of a company's products and services; and consultation with industry experts. In addition, the General Partner analyzes a company's financial information, paying particular attention to its assets, return on capital, consistency of earnings growth, internal revenue growth and free cash-flow generation. This investigation and analysis typically are used to develop a multi-year financial model forecasting a company's earnings and cash flow per share and prospective growth rates. In the case of structured and asset-backed securities, the investment process includes, among other things, detailed analysis of the assets underlying the security or structured product to predict cash flows and default rates upon which to estimate the value of the instrument.

The General Partner primarily considers the long-term prospects of a company when selecting long investments for the Partnership. Long positions generally are taken in companies having strong management teams with a demonstrated track record of creating shareholder value. Examples of companies that may be candidates for long investments include:

- Companies with relatively predictable and consistent earnings growth, sustainable competitive advantages and high returns on capital (provided that such companies are, in the opinion of the General Partner, reasonably valued);

- Companies that, in the past, have had poor or inconsistent track records but that are undertaking restructuring programs usually brought about by new management teams. Such programs often involve the sale of non-core businesses, significant cost cutting and share repurchases; and

- Highly cash-generative companies that may have limited growth prospects but are using their cash intelligently for debt reduction, share repurchases or acquisitions.

Short positions constitute an integral component of the Partnership's investment program. These positions are intended to contribute positively to the performance of the Partnership as well as to mitigate the effects of a major stock market decline. Because of the possibility of unlimited loss when taking short positions, the General Partner gives careful consideration to the risk of loss should the short investment thesis prove incorrect.

Companies that fall within the categories below are examples of short position candidates:

- Poorly managed companies that have either flawed business models or ill-conceived business strategies, neither of which are readily apparent to the market;

- Companies that are secular market share losers due to uncompetitive cost structures, inferior products or products threatened by a new technology. The General Partner believes that these companies can be attractive short candidates even when commonly viewed as "cheap" based on their historical price-earnings ratios;

- Companies at which aggressive accounting practices or fraud are masking unattractive economic models, declining growth rates or acquisition-related problems;

- Cyclical companies that are misperceived as growth companies, and accorded growth valuations, during a period of cyclical strength when the General Partner expects that growth will slow; and

- Companies that are experiencing erosion in their competitive positions or a material slowdown in their growth rates but are nonetheless highly regarded by Wall Street.

Diversification, Leverage and Hedging

The General Partner believes that diversification is beneficial to the Partnership's portfolio. Therefore, based on the market value of each position, a given long position typically accounts for no more than 8% of the Partnership's net assets, and no short position typically accounts for more than 5% of the Partnership's net assets. The Partnership's portfolio aims to be diversified as a whole and also within broad industry groups and geographic regions. Diversification by industry and geography is intended to be accomplished through the broad definition of the Partnership's universe of potential investments, although the General Partner does not manage industry and geographic concentrations to any particular targets.

The General Partner uses leverage to magnify the effects of its investment selections. The General Partner may obtain leverage by: borrowing money against the Partnership's long positions (margin debt) in order to purchase additional long positions; borrowing securities in connection with short positions; purchasing options; entering into "swap" agreements or other investment contracts to provide long exposure; entering into securities lending arrangements and repurchase ("repo") financing transactions. The General Partner and the Partnership may also employ additional methods of obtaining leverage in the future, including potentially by borrowing money from other sources or issuing debt securities. The leverage of the Partnership, as measured by its Gross Exposure,[2] generally will remain below 250%. The General Partner believes that the increased risk that accompanies the use of leverage

[2] The "Gross Exposure" of the Partnership is defined as the value of its long positions plus the value of its short positions divided by the Partnership's net assets. For example, if the Partnership has net assets of $100 and has long positions valued at $120 and short positions valued at $80, the Partnership would have a Gross Exposure of 200% ([$120+$80] / $100).

is sufficiently offset by the disciplined use of short positions. Net Exposure (a measure of a portfolio's exposure to fluctuations in the market)[3] of the Partnership generally will remain below 60%. Fluctuations in Net Exposure of the Partnership typically result from changes in individually selected long and short positions and not from efforts by the General Partner to time the market. Broader market conditions, however, may impact the proportion of attractive long-investment and short-selling opportunities that can be identified, and thereby indirectly affect the Partnership's Net Exposure levels.

Other Instruments

In addition to investing in equity securities, the Partnership invests in debt and credit instruments. Debt instruments may be publicly traded or privately issued obligations and may include, among other things: senior secured floating-rate loans (in particular, leveraged loans), second-lien loans, fixed-rate obligations, bonds and other debt obligations including high-yield bonds, bridge loans and debt obligations of stressed, distressed and bankrupt issuers, and credit derivatives. The General Partner believes that company-specific, fundamental research is applicable to the foregoing types of corporate instruments. In addition, the Partnership may invest in non-corporate instruments such as asset-backed securities, structured products, preferred instruments and derivatives thereof, to the extent that the General Partner believes that such investments are predicated on its core competencies in valuation, mathematical modeling and industry research. These instruments may be backed by mortgages, credit-card or auto loans, or other claims, and may be purchased in tranches that range from very junior to very senior in their recovery rights. The Partnership may also make use of over-the-counter and exchange-traded instruments relating to equities and equity indices (including, without limitation, derivative instruments such as options, swaps and futures), principally as a means of quickly and temporarily adjusting the risk profile of the Partnership. The Partnership may also hold cash and cash equivalents.

From time to time, the Partnership may invest in non-U.S. currencies, sovereign fixed income securities or physical commodities, or derivatives related to such instruments. These instruments will typically be considered as a hedge against inflation, currency or other risks, but may be purchased to execute an investment thesis as well. The Partnership also may

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3 The "Net Exposure" of the Partnership is defined as the value of its long positions less the value of its short positions divided by the Partnership's net assets. Using the example provided for the definition of Gross Exposure, the Partnership would have a Net Exposure of 40% ([$120-$80] / $100). Net Exposure can be viewed as an approximate measure of the Partnership's exposure to fluctuations in the market. For example, if the market declines 10% and each investment in the Partnership's portfolio declines 10% at a time when the Partnership's Net Exposure is 40%, the net assets of the Partnership will decline 4% (the Partnership will lose $12 (10% of $120) on its long positions while gaining $8 (10% of $80) on its short positions). If the Partnership's portfolio is not exactly correlated to the general market, the impact of a general decline in the market on the Partnership would differ from the foregoing example. Factors that would contribute to a deviation from the hypothetical example above include: differences in the betas of the Partnership's long positions and short positions, disproportionate sector weightings relative to the market or a breakdown in expected correlations among securities during market discontinuities.

acquire equity securities that are not publicly traded. These securities may be issued by private companies or may be privately issued securities of public companies.

The Partnership may also invest a portion of its assets in other third-party managed vehicles and structures, including in situations where doing so may be necessary to obtain exposure to a particular investment, as deemed appropriate by the General Partner. Managers of such vehicles or structures may charge management fees or apply performance compensation, which will be in addition to the fees and compensation payable by or allocable from the Partnership to the Management Company or the General Partner, as applicable.

The investment program of the Partnership is speculative and entails substantial risks. Because market risks are inherent in all securities investments to varying degrees, there can be no assurance that the investment objectives of the Partnership will be achieved. In fact, in some circumstances, the practices described above can increase the potential for losses in the Partnership's investment portfolio, as well as the magnitude of such losses if they occur. PLEASE READ THE DISCLOSURE CONCERNING "CERTAIN RISK FACTORS" BEGINNING ON PAGE 29, BELOW.

Investment Organization

The organizational structure of the General Partner is designed to distribute responsibility for identifying and recommending instruments broadly while consolidating the risk management function in a single individual. This structure aims to capitalize on the particular expertise of each senior investment professional while avoiding the pitfalls of a committee approach to risk management.

To implement the General Partner's organizational structure, the portfolio of the Partnership is divided into a number of sub-portfolios. Viking's largest sub-portfolios are managed by the firm's most senior Portfolio Managers, who collectively oversee the substantial majority of the Partnership's capital (the "Senior Portfolio Managers"). These Senior Portfolio Managers will seek to maintain relatively diversified portfolios and remain within certain Net and Gross Exposure ranges. Viking's Chief Executive Officer, Andreas Halvorsen, directs investment strategies across all sub-portfolios and conducts an ongoing dialogue with and among the Senior Portfolio Managers to attempt to ensure that positions in which the firm has the highest level of conviction are optimally sized. In addition to the Senior Portfolio Managers, Viking also delegates certain portfolio management responsibilities to certain other Portfolio Managers who are allocated smaller, though sometimes meaningful, amounts of capital and are not subject to any Net Exposure limits. The Portfolio Managers are supported by a team of analysts who in addition to providing recommendations to the Portfolio Managers may, at times, be asked by Mr. Halvorsen or others to provide investment ideas for inclusion directly in the Partnership's portfolio. These ideas will generally be sought for the purpose of implementing smaller positions.

Notwithstanding this decentralized approach to investment selection, the process of idea generation and critique is collaborative and involves all investment personnel. In support of this objective, all investment professionals are rewarded through incentive arrangements based in large part on the performance of their investment recommendations and the overall performance of the Partnership.

Sole authority to establish all sub-portfolios, to appoint managers to manage these portfolios, and to increase or decrease capital available to each portfolio is vested in Mr. Halvorsen. In addition, Mr. Halvorsen is responsible for monitoring and managing the aggregate risks of the Partnership's portfolio. In making risk management decisions, Mr. Halvorsen reviews a substantial amount of data concerning the Partnership including, among other things, the real-time performance of the portfolio, sub-portfolios and individual securities; liquidity of the portfolio and its component positions; the Partnership's Gross and Net Exposures, in the aggregate as well as by industry sector and country; relative volatility; currency risk; derivative and credit exposure; and the counterparty risk associated with the Partnership's prime brokerage and trading relationships.

The General Partner believes its organizational structure addresses the following important objectives:

- To widen, to the extent it is believed to be beneficial, the investment universe available to the Partnership by granting investment authority to several senior investment professionals;
- To centralize the risk management responsibility and authority in a single individual;
- To establish large positions and concentration in the very best investment ideas;
- To ensure that at least two Portfolio Managers have expressed conviction in the firm's largest positions;
- To establish a scalable structure that can accommodate increasing amounts of capital; and
- To accomplish the foregoing objectives without relying on a committee approach to investment selection or capital allocation, as the General Partner believes that individual accountability is critical to generating superior investment returns.

Investment Personnel

Viking's senior investment personnel are:

O. Andreas Halvorsen. Mr. Halvorsen is a co-founder of Viking and serves as its Chief Executive Officer. Mr. Halvorsen is responsible for all firm-wide matters and oversees the firm's investment activities including capital allocation and risk management. Mr. Halvorsen served as CIO Portfolio Manager from October 1999 to May 2005 and as Portfolio Manager of the Financials Portfolio from October 1999 to December 2003. Prior to forming Viking, Mr.

Halvorsen was with Tiger Management Corporation ("Tiger") from 1992 to 1999 where he was a Senior Managing Director. Mr. Halvorsen was an analyst and Director of Equities responsible for the coordination and oversight of Tiger's overall equity investment activities and a member of the firm's Management Committee. Mr. Halvorsen served on Tiger's Advisory Board and on the Supervisory Board of Jaguar Fund, N.V., the firm's largest fund. Prior to joining Tiger, Mr. Halvorsen worked in the Investment Banking Division of Morgan Stanley (1986 to 1988 and 1990 to 1992). Mr. Halvorsen is a graduate of the Stanford Graduate School of Business (1990), where he was an Arjay Miller Scholar and received the Alexander A. Robichek Award, and of Williams College (1986). Prior to attending college, Mr. Halvorsen served as an officer on the Seal Team in the Royal Norwegian Navy.

Thomas W. Purcell, Jr. Mr. Purcell is a Portfolio Manager at Viking responsible for managing a team of analysts and a diversified portfolio. From October 1999 until he became a Portfolio Manager in 2003, Mr. Purcell was an Investment Analyst at Viking responsible for researching investment ideas among financial service companies. From May 1998 to September 1999, Mr. Purcell worked for Tiger on a full time and consulting basis where he was responsible for researching investment ideas among chemical, paper, general industrial companies and Japanese banks. From 1995 to 1997, Mr. Purcell worked for ING Equity Partners as an associate responsible for identifying, researching and executing private equity investments. From 1993 to 1995, Mr. Purcell worked in Mergers and Acquisitions at Salomon Brothers Inc. Mr. Purcell is a graduate of Harvard Business School (1999), where he was a Baker Scholar, and of Georgetown University (1993).

Daniel Sundheim. Mr. Sundheim is a Portfolio Manager at Viking responsible for managing a team of analysts and a diversified portfolio. From 2002 until he became a Portfolio Manager in 2005, Mr. Sundheim was an Investment Analyst at Viking responsible for identifying and researching investment ideas among financial and business services companies. From 2001 to 2002, Mr. Sundheim was an Associate in the Merchant Banking Group at Bear Stearns responsible for researching and executing private equity investments. From 1999 to 2001, Mr. Sundheim was an Analyst in the Merchant Banking Group. Mr. Sundheim is a graduate of The Wharton School of the University of Pennsylvania (1999).

Jim Parsons. Mr. Parsons is a Portfolio Manager at Viking responsible for managing a team of analysts and a diversified portfolio. From 2003 until he became a Portfolio Manager in 2005, Mr. Parsons was an Investment Analyst at Viking responsible for researching investment ideas among financial services companies. From 1998 to 2001, Mr. Parsons was an Associate at Summit Partners charged with identifying, researching, and executing private equity investments. From 1996 to 1998, Mr. Parsons was a management consultant at The Boston Consulting Group. Mr. Parsons is a graduate of Harvard Business School (2003) and of the University of Notre Dame (1996).

In addition, David C. Ott, a co-founder of Viking who previously served as the firm's Chief Investment Officer and is currently an Advisory Director, continues to participate in Viking's idea generation process, assist in developing and mentoring the investment staff, and develop frameworks for performance and risk measurement, despite his reduced time commitment to the firm.

Portfolio Managers are chosen – and evaluated consistently thereafter – based primarily on the following criteria:

- A demonstrated track record of outstanding investment performance;
- For the Senior Portfolio Managers, a demonstrated ability to balance investments in long and short positions;
- An investment philosophy consistent with the General Partner's belief that superior performance is best created by a fundamental, research-intensive approach to investment selection;
- A unanimous willingness by the existing Portfolio Managers to have a significant portion of their liquid net worth managed by each additional Portfolio Manager; and
- A desire to manage capital independently – and be held accountable for such management – while still holding a strong belief in the value of collaborative effort.

THE GENERAL PARTNER

Viking Global Performance LLC, a Delaware limited liability company, is the General Partner of the Partnership. The General Partner also serves as the investment manager to the Offshore Fund and as the general partner of the Employee Fund. The General Partner has authorized the Management Company to provide investment management services to the Partnership, subject to the overall supervision of the General Partner.

The General Partner's Executive Committee is responsible for the operation and management of the General Partner. The current members of the Executive Committee are O. Andreas Halvorsen, David C. Ott and Thomas W. Purcell, Jr. Biographical information regarding Mr. Halvorsen and Mr. Purcell is set forth above under "Investment Program – Investment Personnel." Biographical information regarding Mr. Ott is set forth below:

David C. Ott. Mr. Ott is a co-founder of Viking and currently serves as an Advisory Director. He assists in the development and mentoring of the Investment Staff, and in performance measurement and risk analysis. Mr. Ott was Viking's Chief Investment Officer from June 2005 until April 2010. From October 1999 to May 2005, Mr. Ott was the Portfolio Manager of the Consumer Portfolio at Viking and managed the Consumer Fund from July 2002 to June 2003. From April 1995 to March 1999, Mr. Ott was with Tiger Management where he was a Managing Director responsible for Tiger's investments in consumer-related companies. Institutional Investor selected Mr. Ott as one of the "Best of the Buy Side" in 1994 and 1998 and one of the "Most Versatile Buy-Siders" in 1996. From 1992 to 1995, Mr. Ott worked for Massachusetts Financial Services as an Equity Analyst following retail, restaurants and forest product companies. Mr. Ott was an Accounting Officer for J.P. Morgan from 1988 to 1990, and a Senior Accountant for Ernst & Whinney from 1985 to 1988. Mr. Ott is a graduate of Harvard

Business School (1992), where he was a Baker Scholar, and of The Wharton School of the University of Pennsylvania (1985).

Limitation on Liability. Pursuant to the various exculpation and indemnification provisions described herein under "Outline of Partnership Agreement", the General Partner, its affiliates and their personnel generally will not be liable to the Partnership for any act or omission, absent willful misconduct or gross negligence. In addition, the Partnership generally will be required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Partnership, absent willful misconduct or gross negligence. **As a result of these provisions, the Partnership (and not the General Partner or the Management Company) will be responsible for any losses resulting from trading errors and similar human errors, absent willful misconduct or gross negligence**. Trading errors might include, for example, keystroke errors that occur when entering trades into an electronic trading system, failures of oral communication between the investment staff and trading staff, or typographical or drafting errors related to derivatives contracts or confirmations or similar documents. Given the nature of the Partnership's business, investors are advised that trading errors (and similar errors) will occur and that the Partnership, in such cases, will be responsible for any resulting losses as provided herein and in the Partnership Agreement (as defined below).

THE MANAGEMENT COMPANY

Viking Global Investors LP, a Delaware limited partnership, provides certain administrative and investment management services to the Partnership, subject to the overall supervision of the General Partner. In addition, the Management Company provides certain administrative and investment management services to the Offshore Fund, the Employee Fund and the Long Funds.

The Management Company and the General Partner have engaged their affiliates located in the United Kingdom, Hong Kong and Japan to provide investment research, analysis, recommendations and advice. The Management Company and its affiliates assume full responsibility for any and all fees payable to such affiliates in connection with their provision of services. The Japanese affiliate does not have discretionary investment authority over the assets of the Partnership. The United Kingdom affiliate and the Hong Kong affiliate, however, may have discretionary investment authority over a portion of the assets of the Partnership.

In managing the Partnership's assets, the General Partner and the investment staff are supported by a team of equity and credit traders, as well as the following senior personnel of the Management Company:

Rose Shabet. Ms. Shabet is the Chief Operating Officer at Viking responsible for personnel, operations, finance and accounting, investor relations and technology. Prior to joining Viking, Ms. Shabet was with Lehman Brothers from September 2006 to February 2008 where she was a Managing Director and Global Co-Head of Corporate Communications, Marketing and Branding and served on the Operating Exposures, New Products and Strategic Acquisition Review Committees. She was with Goldman Sachs from 1993 to 1995 as an analyst in the Equities Division and from 1997 to 2006 as an investment banker to financial institutions, an aide to the President and Chief Operating Officer, an internal strategic advisor and Head of the

Executive Office Client Service Group where she worked closely with the Chairman and Chief Executive Officer. Ms. Shabet holds an MBA from The Wharton School of the University of Pennsylvania (1997) and is a graduate of Harvard College (1992).

Eric Komitee. Mr. Komitee is the General Counsel responsible for overseeing all legal, compliance and regulatory matters for the firm. Prior to joining Viking in 2008, Mr. Komitee was an Assistant U.S. Attorney in the Eastern District of New York where he served as Chief of the Business and Securities Fraud Section. From 1998 to 2000, he was an Associate at Skadden, Arps where he specialized in regulatory, compliance and white-collar criminal defense. From 1996 to 1998, he was an Associate in the Corporate department of Cravath, Swaine and Moore where he focused on securities underwriting and mergers and acquisitions transactions. Mr. Komitee served as a law clerk to the Hon. J.L. Edmondson of the United States Court of Appeals following law school. He graduated cum laude from New York University School of Law (1995), where he was a member of the Law Review, and Emory University (1992), with High Honors and Phi Beta Kappa.

Barrett C. Brown. Mr. Brown is the Chief Financial Officer responsible for Fund Accounting, Corporate Finance, Tax, Facilities and the Family Office. Prior to joining Viking in 2009, Mr. Brown spent fifteen years at PricewaterhouseCoopers where he was a partner in the alternative investment funds practice and led the firm's Technical Accounting Group for Alternative Investments, in addition to being responsible for service delivery for some of their most significant hedge fund and private equity clients. Mr. Brown holds the chartered financial analyst (CFA) designation in addition to being a CPA. He is a magna cum laude graduate of Providence College (1994).

Rebecca Ginzburg. Ms. Ginzburg manages the Investor Relations effort at Viking. From 2000 to 2006, Ms. Ginzburg was an Investment Analyst at Viking responsible for identifying and researching investment ideas among consumer and retail related companies. From 1998 until she joined Viking in 2000, Ms. Ginzburg was an Equity Analyst with Pequot Capital Management following retail and consumer related companies. From 1997 to 1998, Ms. Ginzburg was with Donaldson, Lufkin and Jenrette in the high yield research department following retail. Prior to that, Ms. Ginzburg spent three years as a CPA with Arthur Andersen, focusing primarily on manufacturing companies and restaurants. Ms. Ginzburg graduated with Distinction from Emory University Goizueta Business School (1994).

VIKING GLOBAL EQUITIES LP

SUMMARY OF TERMS

The following is a summary of the principal terms of the Partnership. The following summary is qualified in its entirety by the information set forth elsewhere in this Confidential Memorandum and by the terms and conditions of the Third Amended and Restated Limited Partnership Agreement of the Partnership (the "Partnership Agreement"). This summary should be read in conjunction with such information and the other sections of this Confidential Memorandum, including the sections captioned "Certain Risk Factors" and "Tax Aspects." In the event that any information in this summary contradicts the Partnership Agreement, the Partnership Agreement will control.

THE PARTNERSHIP: The Partnership is a Delaware limited partnership organized in October 1999 to operate as a private investment partnership for the benefit of qualified taxable U.S. investors. From time to time, the Partnership may also admit certain tax-exempt U.S. investors (and entities substantially controlled by certain tax-exempt U.S. investors) as Limited Partners (as defined below). As of June 30, 2011, the Partnership had net assets of approximately $4.6 billion.

SUITABILITY: Interests in the Partnership are sold only to persons who are "qualified purchasers," as such term is defined in Section 2(a)(51) of the Company Act (generally, natural persons owning $5 million or more in "investments" and entities owning $25 million or more in "investments"), and that meet other suitability requirements. The General Partner, in its sole discretion, may decline to admit investors for any reason or no reason. (See "Limitations on Transferability; Suitability Requirements.")

OFFERING OF INTERESTS: The Partnership is offering limited partnership Interests to certain investors that, if accepted, will become limited partners of the Partnership (each a "Limited Partner," and together with the General Partner, the "Partners"). The Partnership may offer Interests at such times as the General Partner, in its sole discretion, may allow.

This Confidential Memorandum relates to an offering of Class H Interests and Class I Interests. Interests will be designated as Class H Interests or Class I Interests based on the length of the commitment to invest capital in the Partnership. The terms of the Class H Interests and Class I Interests generally have equal rights and privileges, except with respect to withdrawal rights and the Incentive Allocation (as defined below). A prospective Limited

Partner may elect to invest in more than one class of Interests.

The General Partner may issue additional classes of Interests, without prior notice to, or consent from, existing Limited Partners. Other classes of Interests issued may differ from the Interests described herein in terms of, among other things, the Incentive Allocation, Management Fees (as defined below), withdrawal rights, minimum and additional subscription amounts and other rights. The terms of such classes will be determined by the General Partner in its sole discretion. The Partnership currently has outstanding (i) Interests issued to Viking Affiliates (as defined below) that, among other differences, are not subject to a Management Fee or an Incentive Allocation and have reduced minimum investment requirements and monthly withdrawal rights and (ii) other classes of Interests issued to unaffiliated investors which differ from the Interests offered hereby with respect to, among other things, withdrawal rights (including classes not subject to the Gate (as defined below)).

Additionally, the Partnership has entered into, and may continue to enter into in the future, side letter agreements with certain Limited Partners that alter, modify or change the terms of the Interests held by such Limited Partners. Side letter agreements will not provide special rights with respect to liquidity, fees or transparency and such agreements will generally be considered for Limited Partners only when the request is driven by their legal status and/or when the request is for clarifications or representations.

MINIMUM SUBSCRIPTION:

The minimum initial capital contribution by a Limited Partner is $5,000,000 for individuals and $20,000,000 for all entities. Subsequent capital contributions by a Limited Partner are subject to a minimum amount of $250,000. The General Partner, in its sole discretion, may accept capital contributions of lesser amounts. The General Partner may also require, in its sole discretion, that initial contributions be larger than $5,000,000 for individuals and $20,000,000 for all entities in light of the Partnership's capacity to invest additional funds, the number of investors permitted absent registration as a reporting issuer under the Securities Exchange Act of 1934 (as amended), and other factors.

A capital account is established on the books of the Partnership in connection with each Limited Partner's initial capital contribution. In addition, a separate capital account is established on the books of the Partnership for each additional capital contribution made by a Limited Partner. Each capital account of a Limited Partner is subject to a Lock-Up Period (as defined below) corresponding to the class of Interests purchased. Separate capital accounts are maintained solely for the purpose of applying the Lock-Up Period and are disregarded for the purpose of calculating such Limited Partner's Incentive Allocation and Loss Recovery Account (defined below).

SUBSCRIPTION FOR INTERESTS:

Persons interested in subscribing for Interests will be furnished, and will be required to complete and return to the Administrator, the subscription documents for the Partnership. Subscription documents and all supporting documents must be processed and accepted by the Administrator at least three business days prior to the date on which the person interested in subscribing for Interests is to be admitted to the Partnership. To ensure that the subscription can be successfully processed by this deadline, the subscription documents and all supporting documents should be submitted to the Administrator at least ten days prior to the date on which the person interested in subscribing for Interests is to be admitted to the Partnership.

WITHDRAWALS:

Upon the expiration of a Lock-Up Period with respect to a capital account, a Limited Partner may (i) withdraw all or a portion of such capital account upon at least 45 days' prior written notice to the Administrator, (ii) convert all or a portion of such capital account into a different class of Interests (specifically, Class H or Class I Interests) to participate in the Partnership on different terms upon at least 45 days' prior written notice to the Administrator, or (iii) continue to hold its class of Interests relating to such capital account for an additional Lock-Up Period. **In the absence of such notice to the Administrator, a Limited Partner will be deemed to have elected a continuation of its class of Interests for an additional Lock-Up Period**.

The minimum amount of any Limited Partner's withdrawal request is $100,000, subject to the General Partner's right to accept withdrawal requests for lesser amounts in its sole discretion. Any Limited Partner that made an initial subscription before January 1, 2010 will generally be expected to maintain a minimum aggregate balance of $1,000,000 in its capital account(s) and any Limited Partner that made an initial subscription on or after January 1, 2010 will generally be expected to maintain a minimum aggregate balance of $5,000,000 in its capital account(s).

Any notice provided by a Limited Partner to the Administrator in connection with a withdrawal from a Limited Partner's capital account(s) or conversion of a Limited Partner's Interests into a different class of Interests upon the expiration of a Lock-Up Period will be deemed irrevocable. However, the General Partner, in its sole discretion, may elect to allow a notice to be revoked or to waive a notice period. Each date on which a Limited Partner withdraws all or a portion of its capital account is herein referred to as a "Withdrawal Date." Limited Partners electing to withdraw should ensure that they have the current form of the Partnership's withdrawal notice and complete and send such notice to the Partnership's current Administrator; failure to use the current form may delay the withdrawal. The Administrator will use reasonable efforts to acknowledge in writing all withdrawal requests that are received. A Limited Partner failing to receive a written acknowledgement from the Administrator within five business days should contact the Administrator to obtain the same. Failure to obtain such a written acknowledgement from the Administrator may render the request void, subject to the General Partner's determination to accept the request. Following receipt of a withdrawal notice from a Limited Partner, the Partnership or the Administrator may request from the Limited Partner such additional information as it may deem necessary to process the Limited Partner's withdrawal request and/or determine the Partnership's or the Administrator's compliance with applicable regulatory requirements.

Generally, a Class H Limited Partner may withdraw all or a portion of its capital account as of the end of the 12^{th} month following the date such Class H Interest was purchased and a Class I Limited Partner may withdraw all or a portion of its capital account as of the end of the 36^{th} month following the date such Class I Interest was purchased. Each such 12-month and 36-month restricted period is referred to as a "Lock-Up Period."

For example, subject to the rights described under the "Special Withdrawal Rights" section relating to Class H Limited Partners and Class I Limited Partners and the

Gate, an investor admitted to the Partnership as a (i) Class H Limited Partner on October 1, 2011, will first be entitled to withdraw any of its Class H capital account as of the close of business on September 30, 2012, (ii) Class I Limited Partner on October 1, 2011, will first be entitled to withdraw any of its Class I capital account as of the close of business on September 30, 2014.

If withdrawal requests are received from capital accounts established in respect of Class H Interests and Class I Interests (the "Gate Classes") for any month-end which would give rise to withdrawal proceeds in an amount greater than 15% of the aggregate capital account balances attributable to the Gate Classes as of such date, the General Partner may, in its discretion, (i) satisfy all such withdrawal requests, or (ii) reduce all such withdrawal requests *pro rata* (based on the relative amount of the withdrawal requests) so that only such portion of the capital accounts attributable to the Gate Classes giving rise to withdrawal proceeds in an amount up to 15% of the aggregate capital account balances of the Gate Classes as of such month-end is withdrawn (the "Gate"). A withdrawal request that is not fully satisfied as of the intended date because of the foregoing restrictions will be satisfied as of the next month-end (and if not fully satisfied as of that month-end because of the Gate, then as of the next month-end and, if necessary, successive month-ends), each time subject to the Gate. Any unsatisfied portion of a withdrawal request that is not withdrawn from the Partnership by virtue of the foregoing restrictions will remain at the risk of the Partnership's business until the effective Withdrawal Date. It is the intention of the Partnership that if a withdrawal request is not satisfied at the end of six consecutive months as a result of withdrawals being limited pursuant to this paragraph, the Partnership will give full effect to such withdrawal request as of the next subsequent month-end. Other outstanding classes of Interests of the Partnership are not subject to the Gate.

Subject to the following paragraph, the members of the Executive Committee and the employees of the Management Company, together with their respective family members (collectively, the "Viking Affiliates"), may indirectly or directly (through the General Partner or as Limited Partners) withdraw all or any portion of their investment in the Partnership or the master fund of the Offshore Fund at the end of any calendar month.

The General Partner will give each Limited Partner at least 75 days' prior written notice of any withdrawal which would cause the aggregate value of the investment by the General Partner and the Viking Affiliates in the Partnership, the Employee Fund and the master fund of the Offshore Fund (and in any other investment vehicle created in the future that is managed by the General Partner or its affiliates that utilizes an investment program substantially similar to that of the Partnership) to fall below $250 million. Upon such notice, each Limited Partner will have the right to withdraw all or any portion of its capital account(s) without restriction or penalty at such time as shall be determined by the General Partner, but in any event, prior to or concurrent with the withdrawal by the Viking Affiliates. For the avoidance of doubt, such withdrawals will not be subject to the Gate or the Exit Fee (as defined below).

The General Partner may, in its sole discretion, require a Limited Partner to withdraw all or any part of its capital account(s) at any time, for any reason or no reason, upon not less than five days' prior written notice.

The General Partner may suspend withdrawal rights for any or all Limited Partners in the Partnership at any time when the General Partner believes the disposal of part or all of the assets of the Partnership, or the calculation of the Partnership's net assets, would not be reasonable or practicable or would be prejudicial to the non-withdrawing Limited Partners. Furthermore, the General Partner, by written notice to any Limited Partner, may suspend the payment of withdrawal proceeds payable to such Limited Partner if the General Partner reasonably deems it necessary to do so to comply with anti-money laundering laws and regulations applicable to the Partnership, the General Partner or any of the Partnership's service providers.

In the case of partial withdrawals, payment of the aggregate withdrawal proceeds (based on estimated, unaudited data) generally will be made as soon as practicable but in no event later than ten business days after the Withdrawal Date. If a Limited Partner elects to withdraw more than 95% of a capital account, 95% of the estimated withdrawal proceeds (based on estimated, unaudited data) will be paid as soon as practicable but in no event later than ten business days after the Withdrawal Date. The Partnership will pay such Limited Partner the balance of the withdrawal proceeds, and interest thereon at the average (calculated weekly) per annum short-term (13-week) Treasury Bill rate, at or prior to the end of the calendar quarter following the Withdrawal Date.

Withdrawal proceeds generally are paid in U.S. dollars. The Partnership may, but is not required to, draw on a line of credit to fund withdrawals. A distribution in respect of a withdrawal may be made in cash or in-kind, or in a combination thereof, as determined by the General Partner in its sole discretion. In-kind distributions may be comprised of, among other things, interests in special purpose vehicles holding the actual investment or participations in the actual investment which will remain held in the Partnership. The risk of loss and delay in liquidating these instruments will be borne by the Limited Partner, with the result that such Limited Partner may ultimately receive less cash than it would have received had the withdrawal been paid entirely in cash.

The General Partner will endeavor to provide investors with 5 days' advance notice, when possible, prior to an in-kind distribution. If the Limited Partner can demonstrate to the General Partner's reasonable satisfaction that an anticipated in-kind distribution would cause the Limited Partner to be in violation of an applicable law (including, without limitation, the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), then the General Partner will employ reasonable efforts to avoid making any such in-kind distribution to the Limited Partner (including, without limitation, arranging the sale of the underlying securities or other assets, at the Limited Partner's sole expense and risk). The General Partner makes no assurance or guarantee that the Partnership will not make an in-kind distribution to a Limited Partner that would cause the Limited Partner to be in violation of an applicable law (including, without limitation, ERISA). To the extent the General Partner arranges a sale of the underlying securities or other assets, the net proceeds received may differ significantly from (a) the net proceeds ultimately obtained from a sale by any investor that received such distribution in-kind or (b) the value assigned to such assets for purposes of determination of the Limited Partner's capital account balance.

Notwithstanding any applicable Lock-Up Period, the legal representatives of a deceased Limited Partner shall have the right to withdraw, on one occasion prior to the expiration of the applicable Lock-Up Period, all or any portion of the capital account(s) established for such deceased Limited Partner as of the last day of the first fiscal quarter ending at least 45 days following written notice of the death of the Limited Partner to the General Partner. Such notice must be received by the General Partner within six months following the death of the Limited Partner. In the event that notice is not received by the General Partner within the six-month time period described above, the capital account(s) of the deceased Limited Partner will remain invested in the Partnership, subject to the same terms and conditions applicable to such class of Interests as described herein. Payment of withdrawal proceeds in respect of a deceased Limited Partner will be made on the same terms, and subject to the same conditions, as described above in respect of a withdrawal by a Limited Partner as of the end of a Lock-Up Period.

In the event of the disability, incapacity, adjudication of incompetency, termination, bankruptcy, insolvency or dissolution of a Limited Partner, the capital account(s) of such Limited Partner shall remain invested in the Partnership until the expiration of the applicable Lock-Up Period with respect to such capital account(s).

The General Partner may establish reserves for contingencies (including reserves that are not in accordance with generally accepted accounting principles ("GAAP")), which could reduce the amount of a distribution upon withdrawal.

OPTIONAL TAX DISTRIBUTIONS:

Notwithstanding the Lock-Up Period, each Limited Partner holding a Class H Interest or Class I Interest has the right to receive, with respect to each fiscal year, a distribution (a "Tax Distribution") in an amount equal to such Limited Partner's presumed tax liability (*i.e.*, the product of the estimated amount of taxable income allocated to such Limited Partner's capital account(s) established in respect of Class H Interests and Class I Interests for such fiscal year (as determined by the General Partner in good faith) and the highest maximum marginal Federal, state and local income tax rates for natural persons residing in New York City, after giving effect to any Federal tax deduction for all state and local taxes, and disregarding any limitations on deductibility imposed by Sections 67 and 68 of the U.S. Internal Revenue Code of 1986, as amended (the "Code")) for such fiscal year. If a Class H Limited Partner or Class I Limited Partner desires to receive its Tax Distribution with respect to a fiscal year, such Limited Partner must deliver to the General Partner, no later than January 31 of the following year or such later date as may be determined by the General Partner, a notice (a "Tax Distribution Notice") indicating that such Limited Partner requests to receive all or a portion of a Tax Distribution. The Partnership shall distribute, on or prior to April 1 of that year, to each Class H Limited Partner or Class I Limited Partner who timely delivers to the General Partner a Tax Distribution Notice, an amount of cash equal to the requested amount. Any Tax Distribution shall be effective as of the end of the month in which such distribution occurs. Each capital account of a Partner will be reduced by the amount of any distributions (including Tax Distributions) made from such capital account.

SPECIAL WITHDRAWAL RIGHTS:

Notwithstanding any Lock-Up Period, a Limited Partner holding Class H Interests or Class I Interests may withdraw all or any portion of its capital account(s) prior to the expiration of the applicable Lock-Up Period to such capital account(s) at the end of any calendar month upon at least 45 days' prior written notice to the Administrator (an "Early Withdrawal"). Under such circumstances the Limited Partner will be subject to an exit fee equal to 3.0% of the net withdrawal proceeds (the "Exit Fee"). The Exit Fee will be retained by the Partnership for the benefit of all Partners (including the General Partner).

If a Class I Limited Partner makes an Early Withdrawal of all or any portion of its capital account(s), any Incentive Allocation(s) on the withdrawn amount and all future Incentive Allocations allocable to the General Partner during the remaining Lock-Up Period attributable to such capital account(s) shall be recalculated (taking into account net capital appreciation for prior periods) to give effect to the 20% Incentive Allocation rate applicable to Class H Interests. Any such Incentive Allocations, as recalculated, shall be reallocated from the capital account(s) of such Class I Limited Partner to the capital account of the General Partner. The General Partner may waive a portion of such recalculated Incentive Allocation in the event that there is insufficient net capital appreciation allocable to such Limited Partner's capital account for the applicable period to fully give effect to the 20% Incentive Allocation rate.

ALLOCATION OF GAINS AND LOSSES; INCENTIVE ALLOCATION:

At the end of each accounting period of the Partnership, any appreciation or depreciation will be allocated to the capital accounts of all Partners (including the General Partner) in proportion to their respective opening capital accounts for such period.

At the end of each fiscal year of the Partnership, 20% (in the case of Class H Interests) or 17.5% (in the case of Class I Interests) of the excess of the net capital appreciation allocated to a Limited Partner's capital account(s) for such year (over the Management Fee (as defined below) debited from such Limited Partner's capital account(s)) will be reallocated to the capital account of the General Partner (the "Incentive Allocation"). The General Partner may, in its sole discretion, elect to waive all or any portion of the Incentive Allocation with respect to any Limited Partner, and has generally done so with respect to Limited Partners that are Viking Affiliates during the term of their employment with the Management Company and, in some cases, for a finite period thereafter.

As described above, separate capital accounts are maintained solely for the purpose of applying the Lock-Up Period and are disregarded for the purpose of calculating such Limited Partner's Incentive Allocation and Loss Recovery Account. For example, in the event that an existing Limited Partner holding Class H Interests makes an additional contribution to acquire a Class H Interest during the middle of the Partnership's fiscal year, the net returns of such Limited Partner's two capital accounts in respect of such Class H Interests will be combined for purposes of determining the Incentive Allocation from that Limited Partner for the fiscal year. Thus, in a given fiscal year, gains from one capital account established in respect of a class of Interests may be offset by losses, if any, in another capital account established in respect of the same class of Interests.

The Partnership maintains a memorandum loss recovery account (a "Loss Recovery Account") for each class of Interests of a Limited Partner. For each fiscal year, each Loss Recovery Account will be debited with the net capital depreciation, if any, allocated to such Limited Partner's capital account(s) for such fiscal year (before payment of the Management Fee) and credited, but not beyond zero, by the net capital appreciation allocated to such Limited Partner's capital account(s) for such fiscal year (before payment of the Management Fee). The General Partner will not be allocated any Incentive Allocation with respect to a particular class of Interests of a Limited Partner until any amounts debited to the Loss Recovery Account for such class of Interests have been recovered. The amount which must be recovered will be proportionately adjusted for withdrawals and distributions of capital, if any. If, upon the expiration of a Lock-Up Period, a Limited Partner elects to convert its Interests into another class of Interests and such Limited Partner has a debit balance in the Loss Recovery Account related to such Interests, then such debit balance shall be carried over to such new class of Interests.

If, at the end of any fiscal year, a Limited Partner has one class of Interests that is subject to the Incentive Allocation (the "Gain Class") and another class of Interests with a Loss Recovery Account debit balance (the "Loss Class"), the net capital appreciation in respect of the Gain Class will be reduced, but not beyond zero, by the Loss Recovery Credit (as defined in the following sentence) of the Loss Class. The "Loss Recovery Credit" is the product of (x) the debit balance in the Loss Recovery Account multiplied by (y) a fraction, the numerator of which is the Incentive Allocation rate for the Loss Class, and the denominator of which is the Incentive Allocation rate for the Gain Class. The Loss Recovery Account from which the Loss Recovery Credit is made will be credited by the amount of the Loss Recovery Account used to reduce the net capital appreciation of the Gain Class.

Notwithstanding the foregoing, the General Partner may, in its sole discretion, reset any Loss Recovery Account relating to Class H Interests or Class I Interests to zero (thereby reversing and removing any debit balance in such Loss Recovery Account) (a "Loss Recovery Account Reversal") as of the beginning of any calendar month, *provided* that in such event, the General Partner shall provide the Limited Partner affected thereby with (i) at least 45 days' prior written notice of the Loss Recovery Account Reversal and (ii) the opportunity, upon at least 30 days' prior written notice to the General Partner, to withdraw the balance of the capital account(s) corresponding to the reset Loss Recovery Account as of the end of the calendar month immediately preceding the effective date of the Loss Recovery Account Reversal. No Exit Fee will be charged and the Gate will not be imposed on any such withdrawal. The General Partner reserves the right, in its sole discretion, not to effect the reversal of the Loss Recovery Account despite having given notice (and cancel the withdrawal requests related thereto) with respect to any particular capital account of a Class H Limited Partner or Class I Limited Partner for any reason or no reason.

A Class H Limited Partner or a Class I Limited Partner will not be subject to a Loss Recovery Account Reversal in the event the Limited Partner owns more than one class of Interests, one of which is a Gain Class and another, a Loss Class.

If, upon the expiration of a Lock-Up Period, a Limited Partner elects to convert its Interests (or portion thereof) with respect to the applicable capital account into a different class of Interests and such conversion occurs on a date that does not correspond with the fiscal year-end of the Partnership, the Incentive Allocation rate for such Interests for the fiscal year in which the conversion was made shall be the time-weighted average (based on the date of conversion) of the Incentive Allocation rate applicable to the class of Interests converted and the Incentive Allocation rate applied to the new class of Interests. Thereafter, the Incentive Allocation rate will be the Incentive Allocation rate applicable to the new class of Interests.

In the event the Partnership is terminated or a Limited Partner makes a withdrawal from the Partnership other than at the end of a fiscal year, net capital appreciation or net capital depreciation, as the case may be, shall be determined through the termination date and an Incentive Allocation shall be determined as of such date (in the case of a Limited Partner withdrawing capital, just with respect to the portion of the Limited Partner capital account being withdrawn) as aforesaid.

To enable the Partnership to invest in "new issues," as such term is defined under Financial Industry Regulatory Authority, Inc. ("FINRA") Rule 5130, as amended, superseded and interpreted from time to time ("Rule 5130"), the Partnership has established policies with respect to the allocation of profits and losses attributable to new issues in accordance with Rule 5130 and Section (b) of FINRA Rule 5131 ("Rule 5131"), pursuant to which certain investors deemed to be "restricted persons" may be restricted from participating, or limited in their participation, in profits and losses attributable to new issues.

Under the General Partner's current policy, appreciation and depreciation from new issues will be allocated only to the capital accounts of Limited Partners that are not deemed (or have not elected to be treated as) "restricted persons" under Rules 5130 and 5131. The General Partner reserves the right to vary its policy with respect to the allocation of new issues as it deems appropriate for the Partnership as a whole, in light of, among other things, existing interpretations of, and amendments to, Rules 5130 and 5131 and practical considerations, including administrative burdens and principles of fairness and equity.

SALES CHARGES:

There are no sales charges payable to the Partnership, the General Partner, the Management Company or their affiliates in connection with the offering of Interests. The Partnership or the Management Company may enter into agreements with placement agents, providing for payments to such agents by the Management Company based on a percentage of the fees due to the Management Company and/or the Incentive Allocation allocable to the General Partner that are attributable to the Interests of a Limited Partner introduced by such placement agent as well as a sales charge based on a percentage of the total of a Limited Partner's subscription for Interests. If an investor is introduced to the Partnership through a placement agent, the arrangement, if any, with such placement agent will be disclosed to the subscriber prior to any investment by such subscriber.

MANAGEMENT FEE; EXPENSES:

The Partnership pays to the Management Company, at the beginning of each month, a management fee (the "Management Fee") equal to 0.125% (1.5% annualized) of the opening balance of each capital account of a Limited Partner as of such time. The Management Fee attributable to each Limited Partner is debited to that Limited Partner's capital account(s). The General Partner's capital account is not debited with the Management Fee. The General Partner may, in its sole discretion, elect to waive all or any portion of the Management Fee with respect to any Limited Partner, and has generally done so with respect to Limited Partners that are Viking Affiliates during the term of their employment with the Management Company and, in some cases, for a finite period thereafter.

In consideration for the Management Fee, the Management Company provides certain administrative services to the Partnership and bears certain administrative expenses, including salaries, office space, travel-related expenses incurred in connection with investments and prospective investments, bookkeeping, utilities and telephone.

The Partnership bears its own expenses (other than administrative expenses). Expenses borne by the Partnership include, without limitation, investment expenses (*e.g.*, brokerage commissions; clearing and settlement charges; custodial fees; initial and variation margin; interest expense; stock borrowing fees; proxy solicitation expenses; and consulting, advisory, investment banking and other professional fees relating to particular investments or contemplated investments), legal expenses, audit and tax preparation expenses, corporate licensing, indemnification expenses, entity-level taxes, expenses relating to the offer and sale of Interests, and other expenses (including extraordinary expenses) associated with the operation of the Partnership, including regulatory expenses and filing fees. Such expenses are borne by all of the Partners *pro rata* in proportion to each Partner's capital account.

If any of the above expenses or other expenses are incurred jointly for the account of the Partnership and any other investment funds or trading accounts sponsored or managed by the General Partner or its affiliates, such expenses will be allocated among the Partnership and such other funds or accounts in proportion to the size of the investment made by each in the activity or entity to which the expense relates, or in such other manner as the General Partner considers fair and reasonable.

RISK FACTORS:

The investment program of the Partnership is speculative and involves significant risk of loss. (See "Certain Risk Factors.")

LEVERAGE:

The Partnership leverages its capital. While the General Partner believes that the use of leverage may enable the Partnership to improve its rate of return, the use of leverage has attendant risks and can, in certain circumstances, increase the rate and size of losses in the Partnership's investment portfolio. (See "Certain Risk Factors – Use of Leverage.")

RELATED FUNDS; OTHER ACTIVITIES:

The General Partner and the Management Company provide investment management services to other entities and clients, including other collective investment vehicles, which may or may not utilize investment programs similar to that of the Partnership and may or may not invest in the same instruments as the Partnership. In addition, Viking may launch additional investment vehicles that pursue different investment strategies but invest from time to time in some of the same instruments as the Partnership. (See "Other Investment Activities of the General Partner; Potential Conflicts of Interest.")

TRADE EXECUTION:

Portfolio transactions for the Partnership are allocated to brokers and dealers on the basis of best execution and in consideration of such broker's or dealer's provision or payment of the costs of research, brokerage and certain other services and products which are of benefit to the Partnership and related funds and accounts and the General Partner and its affiliates. Accordingly, the commission rates charged by brokers or prices paid to dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers who may not offer such services. (See "Brokerage.")

PRIME BROKERS:

The Partnership utilizes the services of one or more prime brokers. The Partnership is not committed to continue its relationship with any particular prime broker for any minimum period and the General Partner, in its sole discretion, may select brokers to act as prime brokers for the Partnership. (See "Brokerage" and "Certain Risk Factors —Counterparty Risk" and "—Counterparty Insolvency.")

TERM:

The Partnership will terminate on the earliest of: (i) December 31, 2050; (ii) the termination, bankruptcy, insolvency, or dissolution of the General Partner; and (iii) such time as the General Partner, in its sole discretion, chooses to dissolve the Partnership. Upon a determination to dissolve the Partnership, withdrawal requests and distributions in respect of pending withdrawal requests may not be made.

FISCAL YEAR:

The fiscal year-end of the Partnership is December 31.

REGULATORY MATTERS:

The Partnership is not currently, and is not expected to be, registered as an investment company under the Company Act. The Partnership relies on the exclusion provided in Section 3(c)(7) of the Company Act, which permits investment companies to sell their interests, on a private placement basis, to "qualified purchasers" as defined under Section 2(a)(51) of the Company Act. Accordingly, the Partnership is not required to adhere to certain investment policies under the Company Act.

The Management Company is registered as an investment adviser under the Investment Advisers Act of 1940, as amended. The General Partner is registered as a "commodity pool operator" with the CFTC and is a member of the National Futures Association. In connection therewith, the General Partner has claimed an exemption with respect to the Partnership from certain of the CFTC's disclosure, reporting and recordkeeping requirements pursuant to Rule 4.7 under the Commodity Exchange Act, as amended.

ERISA:

Entities subject to ERISA may purchase Interests. Trustees or administrators of such entities are urged to carefully review the matters discussed in this Memorandum. Investment in the Partnership by entities subject to ERISA requires special considerations. In particular, the Partnership may utilize leverage in connection with its trading activities, which could give rise to "unrelated business taxable income". The Partnership will make a reasonable effort to ensure that investments by "benefit plan investors" (as defined in Section 3(42) of ERISA and any regulations promulgated thereunder) do not equal or exceed 25% of the net asset value of any class of the Interests. (See "Tax Aspects" and "ERISA Considerations".)

FORM ADV:

Parts 1A and 2A of the Management Company's Form ADV are available at http://adviserinfo.sec.gov.

ADMINISTRATOR:

Morgan Stanley Fund Services USA LLC performs administrative, accounting, registrar and transfer agency services for the Partnership and receives customary fees based upon the nature and extent of the services provided. (See "Administrator.")

LIMITED PARTNER REPORTS:

Limited Partners receive quarterly unaudited performance reports, and an annual report including audited financial statements with a report thereon by the independent auditors within 90 days after the fiscal year-end. The annual report is prepared in accordance with GAAP. No securities positions are disclosed in the annual report unless required by law, regulation or GAAP. In addition, the General Partner or the Administrator currently makes available to Limited Partners, through a password-protected website, weekly performance estimates and a monthly summary report for the Partnership, which contains monthly performance, month-end Gross Exposure, month-end Net Exposure, portfolio breakdown by industry and geography and profit and loss attribution by industry and geography. The General Partner reserves the right to discontinue or modify the weekly performance estimates and monthly summary report at any time. Limited Partners may request and receive certain information, if permitted by the General Partner in its sole discretion, regarding the Partnership that is not provided to Limited Partners who have not specifically requested such information. Such information may affect a Limited Partner's decision to make withdrawals from its capital account(s).

TAXATION:

Counsel to the Partnership has rendered an opinion that the Partnership will be classified as a partnership and not as an association taxable as a corporation for Federal income tax purposes. Counsel to the Partnership also has rendered its opinion, based upon the nature of the income that the Partnership expects to realize, that the Partnership will not be treated as a "publicly traded partnership" taxable as a corporation. Accordingly, the Partnership should not be subject to Federal income tax, and each Limited Partner will be required to report on its own annual tax return such Limited Partner's distributive share of the Partnership's taxable income or loss. (See "Tax Aspects" and "Certain Risk Factors – Tax-Related Risks.")

LEGAL COUNSEL:

Schulte Roth & Zabel LLP ("SRZ"), 919 Third Avenue, New York, New York 10022, acts as outside U.S. legal counsel to the Partnership in connection with its offering of Interests. SRZ also acts as outside U.S. legal counsel to the General Partner, the Management Company and their affiliates (collectively with the Partnership, the "Represented Parties"). The Management Company also employs an internal legal staff. In connection with the offering of Interests and thereafter, neither SRZ nor the Management Company's legal staff will be representing Limited Partners of the Partnership. No independent counsel has been retained to represent Limited Partners of the Partnership.

SRZ's representation of the Represented Parties is limited to specific matters as to which SRZ has been consulted by the Represented Parties. There may exist other matters which could have a bearing on the Represented Parties as to which SRZ has not been consulted. In addition, SRZ does not undertake to monitor the compliance of the Represented Parties with the investment program, valuation procedures and other guidelines set forth herein, nor does SRZ monitor compliance with applicable laws. In preparing this Confidential Memorandum, SRZ relied upon information furnished to it by the Represented Parties and did not investigate or verify the accuracy and completeness of information set forth herein.

INDEPENDENT ACCOUNTANTS:	The Partnership has retained PricewaterhouseCoopers LLP as its auditor.
DISTRIBUTIONS:	All realized earnings of the Partnership will normally be reinvested and the Partnership will not ordinarily make distributions to the Limited Partners, except in connection with requested Tax Distributions with respect to Class H Interests and Class I Interests.

CERTAIN RISK FACTORS

An investment in the Partnership is speculative and involves a significant degree of risk. The Partnership is designed for certain sophisticated investors that are able to bear a substantial loss of capital and for whom the Partnership is not a complete investment program. There is no assurance that the Partnership's objectives will be achieved and investment results may vary substantially from period to period. The following risk factors are not an exhaustive list of all of the factors that may negatively affect the performance of the Partnership. Prospective investors should consider the following factors in determining whether an investment in the Partnership is a suitable investment.

Operating Risks

Operating History. The past investment performance of the Partnership, the General Partner or any of the members of the Executive Committee should not be construed as an indication of the future results of an investment in the Partnership. The Partnership's investment program should be evaluated on the basis that there can be no assurance that the General Partner's assessment of the short-term or long-term prospects of investments will prove accurate or that the Partnership will achieve its investment objective.

Dependence on Key Individuals. The success of the Partnership is expected to be dependent upon the expertise of the Executive Committee and certain others.

Limited Liquidity; In-Kind Distributions. An investment in the Partnership provides limited liquidity since the Interests are not transferable and Limited Partners generally may withdraw from their capital account(s) without penalty only at the end of the applicable Lock-Up Period upon at least 45 days' prior written notice to the Administrator or as otherwise set forth herein. In addition, withdrawal requests for the Gate Classes may be limited by the Gate. A distribution in respect of a withdrawal may be made in cash or in-kind, or in a combination thereof, as determined by the General Partner in its sole discretion. In-kind distributions may be comprised of, among other things, interests in special purpose vehicles holding the actual investment or participations in the actual investment which will remain held in the Partnership. The risk of loss and delay in liquidating these instruments will be borne by the Limited Partner, with the result that such Limited Partner may ultimately receive less cash than it would have received had the withdrawal been paid entirely of cash.

Different Rights; Access to Information. The Partnership has previously offered, and currently has outstanding, (i) Interests issued to Viking Affiliates that, among other differences, are not subject to a Management Fee or an Incentive Allocation and have reduced minimum investment requirements and monthly withdrawal rights and (ii) other classes of Interests issued to unaffiliated investors which differ from the Interests offered hereby with respect to, among other things, withdrawal rights (including classes not subject to the Gate). The General Partner may issue additional classes of Interests of the Partnership without prior notice, or consent from, existing Limited Partners; *provided* that such additional classes of Interests rank *pari passu* with the existing classes of Interests of the Partnership. Such additional classes of interests of the Partnership may differ from the Interests described herein in terms of, among other things, the Incentive Allocation, Management Fees, withdrawal rights, minimum and additional subscription amounts, and other rights. The terms of such classes will be determined by the General Partner in its sole discretion. Additionally, the Partnership has entered into, and may continue to enter into in the future, side letter agreements with certain Limited Partners that alter, modify or change the terms of the Interests held by such Limited Partners. Side letter agreements will not provide special rights with respect to liquidity, fees or transparency and such agreements will generally be considered for Limited Partners only when the request is driven by their legal status and/or when the request is for clarifications or representations. In addition, Limited Partners may request and receive certain information regarding the Partnership that is not provided to Limited Partners who have not specifically requested such information. Such information may provide a Limited Partner with greater insight into the Partnership's activities, thereby enhancing such Limited Partner's ability to make investment decisions with respect to the Partnership and possibly affecting such Limited Partner's decision to make withdrawals from its capital account(s).

Incentive Allocation. The General Partner receives an Incentive Allocation with respect to each Limited Partner based upon the net capital appreciation, if any, allocated to each Limited Partner. Such compensation may create an incentive to cause the General Partner to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because this performance-based allocation is calculated on a basis which includes unrealized appreciation of the Partnership's assets, it may be greater than if it were based solely on realized gains.

Absence of Comprehensive Regulatory Oversight. The Partnership is not required and does not intend to register as an investment company under the Company Act, and, accordingly, the provisions of the Company Act (which, among other protections, require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be applicable.

Systems Risks. The Partnership depends on the Management Company to develop and implement appropriate systems for the Partnership's activities. The Management Company relies heavily on computer programs and systems to, without limitation, evaluate certain securities based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the Partnership's activities. In addition, certain of the Partnership's and the Management Company's operations interface with or depend on systems operated by third parties, including market counterparties and other service providers, and the Partnership or the Management Company may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses, network intrusions, power failures and human error. Any such defect or failure could have a material adverse effect on the Partnership. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Partnership's ability to monitor its investment portfolio and its risks. Studies have shown that a lack of adequate systems is often a significant contributing factor to failures of private investment funds like the Partnership.

<u>Operational Risk</u>. The Partnership depends on the Management Company to develop the appropriate systems and procedures to control operational risk. Operational risks include the possibility of mistakes being made in the confirmation or settlement of transactions, transactions not being properly booked, evaluated or accounted for, or other similar disruptions in the Partnership's operations. These mistakes may arise, for example, due to keystroke errors that occur when entering trades into an electronic trading system, failures of oral communication between the investment staff and trading staff, or typographical or drafting errors related to derivatives contracts or confirmations or similar documents. These events may cause the Partnership to suffer financial loss, disruption of business, liability to clients or third parties, regulatory intervention or reputational damage. The Partnership relies heavily on its financial, accounting and other data processing systems. The ability of the Partnership's systems to accommodate an increasing volume of transactions could also constrain the General Partner's ability to properly manage the portfolio.

<u>Misconduct of Personnel of the Management Company and of Third-Party Service Providers</u>. The Partnership relies on a substantial number of personnel of the Management Company and its affiliates, counterparties and other service providers. Accordingly, risks associated with errors by such personnel are inherent in the business and operations of the Partnership. Misconduct by such personnel could cause significant losses to the Partnership and may include binding the Partnership to transactions that are not properly authorized, that present unacceptable risks or that conceal unsuccessful trading activities (which may result in unknown and unmanaged risks or losses). Losses could also result from misconduct by such personnel, including, for example, failing to recognize trades and misappropriating assets. In addition, such personnel may improperly use or disclose confidential information. Any misconduct by such personnel could result in litigation or serious financial harm to the Partnership, including limiting the Partnership's business prospects or future marketing activities. Although the Management Company has adopted measures to prevent and detect misconduct of its personnel and attempts to ensure that the Partnership transacts with reliable counterparties and third-party service providers, such efforts may not be effective in all cases.

<u>Business and Regulatory Risks of Hedge Funds</u>. Legal, tax and regulatory changes are likely to occur during the term of the Partnership and some of these changes may adversely affect the Partnership, perhaps materially. The financial services industry generally, and the activities of hedge funds and their managers, in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Partnership's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may also impose additional administrative burdens on the Management Company and the General Partner, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may direct the Management Company's and the General Partner's time, attention and resources from portfolio management activities.

In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which aims to reform various aspects of the U.S. financial markets, covers a broad range of market participants including investment advisers such as Viking. The Dodd-Frank Act directly affects the Management Company by mandating additional new reporting requirements, including, but not limited to, position information, use of leverage and counterparty and credit risk exposure. Until the SEC implements the new reporting requirements, it is unknown how burdensome such new reporting requirements will be.

The Dodd-Frank Act may also affect the Partnership in a number of other ways. Pursuant to the Dodd-Frank Act, banks and other financial firms (like the Partnership and the Management Company) may be designated as "Systemically Important Financial Institutions" or SIFIs. Any bank or financial firm so designated will be subject to regulation by the Federal Reserve Board. In the area of derivatives, the Dodd-Frank Act provides for the registration and comprehensive regulation of "major swap participants." Regulators have yet to finalize the criteria for determining what entities are SIFIs and "major swap participants." Although the General Partner and the Management Company believe they are unlikely to be classified as SIFIs or "major swap participants," the consequences of being so classified could be substantial and adverse. In addition, the cost of derivative transactions may substantially increase as result of the Dodd-Frank Act as additional margin, capital and collateral obligations are implemented.

It is impossible to predict what, if any, changes in regulation applicable to the Partnership, the General Partner, the Management Company, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. The effect of any future regulatory change on the Partnership could be substantial and adverse.

Investment Risks

Investment and Trading Risks. A Limited Partner should be aware that it may lose all or part of its investment in the Partnership. The General Partner believes that the Partnership's investment program and research techniques moderate this risk through a careful selection of securities, the use of short positions and other financial instruments. No guarantee or representation is made that the Partnership's investment program will be successful. The Partnership's investment program may utilize investment techniques including, among others, margin transactions, short sales, leverage and options on securities, futures and forward contracts, which use can, in certain circumstances, increase the investment losses to which the Partnership may be subject.

General Economic and Market Conditions. The success of the Partnership's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Partnership's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the Partnership's investments. Volatility and/or illiquidity could impair the Partnership's profitability or result in losses. The Partnership could incur material losses even if the General Partner reacts quickly to difficult market conditions, and there can be no assurance that the Partnership will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future. Limited Partners should realize that markets for the financial instruments in which the Partnership seeks to invest can correlate strongly with each other at times or in ways that are difficult for the General Partner to predict. Even a well-analyzed approach may not protect the Partnership from significant losses under certain market conditions.

Current Market Conditions and Governmental Actions. The equity and debt markets of the world have been marked by extreme uncertainty and volatility in recent years. Beginning in the fourth quarter of 2008, world financial markets experienced extraordinary market conditions, including, among other things, extreme losses and volatility in securities markets and the failure of credit markets to function. These events have largely been attributed to the combination of a real estate bubble in the United States and the securitization and deregulation of real estate mortgages in a way that made the risks of mortgage-backed securities difficult to assess. In reaction to these events, regulators in the U.S. and several other countries undertook unprecedented regulatory actions. Today, such regulators continue to consider and implement additional measures to stabilize and encourage growth in U.S. and global financial markets. Nevertheless, it is uncertain whether the regulatory actions taken by regulators or any other regulatory actions will be able to prevent further losses and volatility in securities markets, or stimulate the credit markets.

The Partnership may be materially and adversely affected by the foregoing events, or by similar or other events in the future. In the long term, there may be significant new regulations that could limit the Partnership's activities and investment opportunities or change the functioning of capital markets, and there is a possibility the severe worldwide economic downturn could continue for a period of years. Consequently, the Partnership may not be capable of, or successful at, preserving the value of its assets, generating positive investment returns or effectively managing its risks.

Equity Securities Generally. The Partnership's investment portfolio includes equity and equity-related securities. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies. As a result, the Partnership may suffer losses if it invests in equity instruments of issuers whose performance diverges from the General Partner's expectations. The Partnership also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale. Privately offered equity securities have limited liquidity and may never become publicly traded or otherwise freely tradeable.

Limited Diversification. Based on the market value of each position, generally no long position accounts for more than 8% of the Partnership's net assets and generally no short position accounts for more than 5% of the Partnership's net assets. However, the Partnership at times may hold relatively large concentrations in a particular market, industry, sector, geographic region or financial instrument. This limited diversification could expose the Partnership to losses disproportionate to market movements in general. Losses incurred in such investments could have a material adverse effect on the Partnership's overall financial condition.

Use of Leverage. The Partnership may leverage its investment positions by borrowing funds from securities broker-dealers, banks or other sources. The Partnership may also invest in derivatives and other financial instruments that are inherently leveraged. From time to time, the Partnership may leverage its investment positions to take advantage of perceived opportunities. The amount of the Partnership's borrowings and the interest rates on those borrowings, which will fluctuate, may have a significant adverse effect on the Partnership's profitability. While leverage presents opportunities for increasing the Partnership's total return, it can have the effect of significantly increasing losses as well. Accordingly, any event that adversely affects the value of an investment would be magnified to the extent the Partnership is leveraged. The cumulative effect of the use of leverage by the Partnership in a market that moves adversely to the Partnership's investments could result in a substantial loss to the Partnership, which would be greater than if the Partnership was not leveraged. Leverage will increase the exposure of the Partnership to adverse economic factors such as significantly rising interest rates, severe economic downturns or deterioration in the condition of the Partnership's investments or their corresponding markets.

In transactions involving margin borrowings and derivative instruments, counterparties and lenders will likely require the Partnership to post its investments and assets as collateral to support its obligations. Should the instruments and other assets pledged as collateral decline in value, or should brokers increase their maintenance margin requirements (*i.e.*, reduce the percentage of a position that can be financed), the Partnership could be subject to a "margin call," pursuant to which it must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. The Partnership might not be able to liquidate assets quickly enough to pay off the margin debt or provide additional collateral and may suffer mandatory liquidation of positions in a declining market at relatively low prices, thereby incurring substantial losses.

Furthermore, secured counterparties and lenders generally will have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by the Partnership. This could increase exposure to the risk of a counterparty default since, under such circumstances, the Partnership may be unable to recover the posted collateral promptly or may be unable to recover all of the posted collateral. The occurrence of defaults may trigger cross-defaults under the Partnership's agreements with other brokers, lenders, clearing firms or other counterparties, creating or increasing a material adverse effect on the performance of the Partnership.

Counterparty Risk. Some of the markets in which the Partnership trades are "over-the-counter" or "inter-dealer" markets. The participants in such markets may not be subject to the same levels of credit evaluation and regulatory oversight as members of "exchange based" markets. This exposes the Partnership to the risk that a counterparty will not settle a transaction due to a credit or liquidity problem, thus causing the Partnership to suffer a loss. In addition, in the case of a default, the Partnership could become subject to adverse market movements while replacement transactions are executed. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Partnership has concentrated its transactions with a single counterparty or small group of counterparties. The Partnership is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Partnership has a limited internal credit function which evaluates the creditworthiness of its counterparties. The ability of the Partnership to transact business with any one or more counterparties, the lack of complete evaluation of such counterparties financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Partnership.

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, some derivatives transactions will be subject to mandatory clearing and will also be subject to the margin requirements set forth by the clearinghouse. The additional margin, capital and collateral obligations may increase the cost of derivatives transactions and thereby potentially decrease the profitability of certain positions.

Counterparty Insolvency. The Partnership's assets are held in accounts maintained for the Partnership by certain counterparties, including its prime brokers, custodians and swap counterparties. In addition, the Partnership posts cash and securities with various trading counterparties as collateral for margin borrowing and derivatives trades. Although the General Partner regularly monitors the financial condition of its counterparties, if one or more of the Partnership's counterparties were to become insolvent or the subject of liquidation proceedings, there exists the risk that the recovery of the Partnership's securities and other assets from such prime broker or broker-dealer will be delayed or be of a value significantly less than the value of the securities or assets originally entrusted to such party. Further, the insolvency of any of the Partnership's counterparties would likely impair the operational capabilities of the Partnership.

In addition, the Partnership may transact with counterparties located in various jurisdictions outside the United States. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Partnership's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Partnership and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Partnership, that could be extremely significant.

Systemic Risk. Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Partnership interacts on a daily basis. A systemic failure could have material adverse consequences on the Partnership and on the markets for the financial instruments in which the Partnership seeks to invest.

Short Selling. The Partnership's investment portfolio includes short positions. Short selling involves selling securities which are not owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in the prices of securities. A short sale creates the risk of unlimited loss, in that the price of the underlying security could theoretically rise without limit, thus increasing the cost to the Partnership of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further in the event of a lack of supply, thereby exacerbating the loss. For instance, a so-called "short squeeze" can occur if multiple short sellers seek to cover their short positions by purchasing the security and the price of a security starts to rise rapidly. If enough short sellers buy back the security, the price is pushed even higher, thereby making it more expensive for other short sellers to cover their short positions. Since September 2008, the U.S. and several other jurisdictions have enacted various restrictions on short selling (including wholesale bans) and public disclosure requirements with respect to investment managers' short selling activities were recently enacted in the U.S. and several other jurisdictions. In some of these jurisdictions, these restrictions were temporary and were permitted to lapse; in other countries, they continue to exist in the same or a modified form. If additional short-selling restrictions and disclosure requirements are enacted, the prices of the instruments in which the Partnership invests may be materially affected and the ability of the General Partner to take advantage of opportunities for short-selling may be significantly reduced.

Less Liquid Instruments. Liquidity (the ability of an asset to be converted into cash quickly and without significant price discount) is important to the Partnership's business. From time to time, the Partnership may invest in financial instruments and assets for which no markets exist or that are illiquid by nature (for example, private securities and certain derivative instruments). Additionally, the Partnership's portfolio may include other relatively illiquid investments (for example, investments in thinly traded issuers). Further, the Partnership may hold such a significant amount of otherwise liquid securities that it would be difficult to quickly convert them into cash without a significant price discount. Under certain market conditions, such as during volatile markets or when trading in an instrument or market is otherwise impaired, the liquidity of the Partnership's relatively liquid portfolio positions may be reduced. During such times, the Partnership may be unable to dispose of certain assets, which would adversely affect the Partnership's ability to rebalance its portfolio or to meet withdrawal requests. In addition, such circumstances may force the Partnership to dispose of assets at reduced prices, thereby adversely affecting the Partnership's performance. If there are other market participants seeking to dispose of similar assets at the same time, the Partnership may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if the Partnership incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In conjunction with a market downturn, the Partnership's counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Partnership's credit risk to them. Many non-U.S. financial markets are not as developed or as efficient as those in the U.S., and as a result, liquidity may be reduced for the Partnership's non-U.S. investments.

Investments in Undervalued Financial Instruments. One of the objectives of the Partnership is to invest in undervalued financial instruments. The identification of investment opportunities in undervalued financial instruments is a difficult task, and there is no assurance that such opportunities will be successfully recognized. While investments in undervalued financial instruments offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Partnership's investments may not adequately compensate for the business and financial risks assumed. The Partnership may make certain speculative investments in financial instruments that the General Partner believes to be undervalued; however, there are no assurances that the financial instruments purchased will in fact be undervalued. In addition, the Partnership may be required to hold such financial instruments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Partnership's capital would be committed to the financial instruments purchased, thus possibly preventing the Partnership from investing in other opportunities. In addition, the Partnership may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Growth-Stage Companies. While investments in growth stage companies offer the opportunity for significant capital gains, such investments involve a high degree of business and financial risk which can result in substantial losses. As a result, the Partnership's performance may experience substantial volatility.

Micro, Small and Medium Capitalization Companies. The Partnership generally will not, but may from time to time, invest its assets in the securities of companies with micro- or small- to medium-sized market capitalizations. While the General Partner believes they often provide significant potential for appreciation, those securities, particularly micro- and small-capitalization securities, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of micro- and small-capitalization and even medium-capitalization securities are often more volatile than prices of large-capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some micro- and small-capitalization securities, an investment in those securities may be illiquid.

Investing in Technology Companies. Investing in securities and other instruments of technology companies involves substantial risks. These risks include: the fact that certain companies in the portfolio of the Partnership may have limited operating histories; rapidly changing technologies and products which may quickly become obsolete; cyclical patterns in information technology spending which may result in inventory write-offs, cancellation of orders and operating losses; scarcity of management, engineering and marketing personnel with appropriate technological training; the possibility of lawsuits related to technological patents; changing investors' sentiments and preferences with regard to technology sector investments (which are generally perceived as risky) with their resultant effect on the price of underlying securities; and volatility in the U.S. securities markets affecting the prices of technology company securities, which may cause the performance of the Partnership to experience substantial volatility.

Risk of Investing in the Healthcare Sector. Investing in securities and other instruments of healthcare companies involves substantial risks, including (but not limited to) the following: certain companies in the portfolio of the Partnership may have limited operating histories; scarcity of management and marketing personnel with appropriate scientific or medical training may slow or impede companies' growth; the possibility of lawsuits related to patents or products; obsolescence of products; change in government policies; changing investor sentiments and preferences with regard to healthcare sector investments (some of which are generally perceived as risky) may have an adverse effect on the price of underlying securities; volatility in the U.S. securities markets affecting the prices of healthcare company securities may cause the performance of the Partnership to experience substantial volatility; and many companies in the healthcare sector are subject to extensive government regulation. In addition, obtaining approval for new products from governmental agencies can be lengthy, expensive and uncertain.

Investment Exposure to Certain Financial Institutions. The Partnership may invest directly or indirectly in equity and debt instruments issued by financial institutions, such as investment and commercial banks, insurance companies, savings and loan associations, mortgage originators and other companies engaged in the financial services industry (collectively, "financial institutions"). In the course of conducting their business operations, financial institutions are exposed to a variety of risks that are inherent to the financial services industry. Significant risks that could affect the financial condition and results of operations of financial institutions include, but are not limited to, fluctuations in interest rates, exchange rates, equity and commodity prices and credit spreads caused by global and local market and economic conditions; credit-related losses that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honor its contractual obligations; the potential inability to repay short-term borrowings with new borrowings or assets that can be quickly converted into cash while meeting other obligations; operational failures or unfavorable external events; risks associated with litigation, investigations and/or proceedings by private claimants and governmental and self-regulatory agencies arising in connection with a financial institution's activities; and its continuing ability to compete effectively in the market. Recently, many financial institutions have announced writedowns and losses relating to their exposures to the U.S. subprime market. These financial institutions may continue to have exposure to these markets and products, and as market conditions continue to evolve the fair value of certain mortgage-related instruments could further deteriorate, which could result in further writedowns and losses. Other areas of financial institutions' businesses that have not yet been adversely affected by the illiquidity in mortgage and lending markets could be adversely affected if current conditions in the credit market spread to other sectors. While financial institutions seek to manage these and other risks through risk management policies and procedures, there can be no assurance that such any financial institution's risk management practices will be effective.

<u>Banking Supervision and Regulation</u>. Banks and thrifts and their holding companies (collectively, "banking organizations") are subject to a particularly extensive framework of federal and/or state laws and regulations and pervasive supervision by one or more federal and/or state regulators. Pursuant to this framework, the federal and/or state banking agencies have broad investigatory powers over banking organizations, including the authority to require detailed periodic reports and to conduct extensive periodic examinations, as well as broad enforcement powers, including the power to impose substantial fines and other significant penalties (up to, and including, seizure of a depository institution) for violations of law or unsafe and unsound practices. The impact of this regulatory environment often puts banks and thrifts at a competitive disadvantage compared to less regulated competitors such as finance companies, mortgage banking companies and leasing companies. Moreover, the supervision and regulation of banking organizations are intended primarily for the protection of depositors, the deposit insurance funds of the Federal Deposit Insurance Corporation and the banking system as a whole, but not for the protection of the financial institution's shareholders. Accordingly, the regulatory environment to which banking organizations are subject may negatively impact the value of a shareholder's investment in several ways, including, but not limited to, those set forth below:

Activity Restrictions. Banking organizations are subject to significant activity and investment restrictions. Most banking organizations are not permitted to engage in, directly or indirectly, any activity that is not "closely related" or "incidental" to banking, as defined by applicable law. Bank or thrift holding companies that qualify as "financial holding companies" under the regulations of the Federal Reserve Board are permitted to engage in additional activities, defined as "financial in nature," under applicable law. However, even this broader category is significantly limited compared to the range of activities a non-banking entity may engage in. Even within the areas in which banking organizations may act, their actions are often subject to prior approval by the applicable banking regulator.

Capital Requirements. Banking organizations are subject to strict regulatory capital requirements, which require the organization to maintain certain core capital and risk-based capital ratios and limit the type of assets that qualify as capital. While these regulatory capital requirements protect the financial security of banking organizations, they may also cause organizations to forgo growth and potentially profitable opportunities because of the impact (real or potential) on their capital ratios.

Reserve and Liquidity Requirements. In addition to the capital requirements, banking organizations that are depository institutions are require to comply with (i) reserve requirements that require an institution to maintain cash reserves at least equal to a certain percentage of the total value of all its transactional accounts and non-personal time deposits, and (ii) liquidity requirements that require an institution to maintain cash and other liquid assets at least equal to a certain percentage of the total value of its net withdrawable deposit accounts and borrowings payable in one year or less. As with the capital requirements, the reserve and liquidity requirements could also cause depository institutions to forgo potentially profitable opportunities because of the impact (real or potential) on their reserve or liquidity ratios.

Potential Changes in the Law Governing Banks and other Financial Institutions. The laws, regulations and regulatory practices affecting banking organizations and other regulated financial institutions undergo continuous change, and it is often impossible to predict either what changes will occur or what effect such changes will have on an institution's profitability or financial condition. Thus, the potential for changes in the financial regulatory system may impair the ability of a shareholder to predict the future value of an investment. In response to the recent global financial crisis, numerous significant U.S. and international legislative and regulatory proposals are currently being debated. It is very likely, therefore, that changes will occur to the regulation of financial institutions and that such changes could have a significant impact on an institution's profitability or financial condition.

Debt Instruments Generally. The Partnership may invest a portion of its assets in bonds and other fixed income instruments. The value of fixed income instruments changes in response to fluctuations in interest rates. When interest rates rise, the value of debt instruments can be expected to decline. Debt instruments with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. It is likely that many of the debt instruments in which the Partnership invests may be unrated, and whether or not rated, the debt instruments may have speculative characteristics. Fixed income instruments include, among other securities: notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. Government or by a non-U.S. government; municipal securities; and mortgage-backed securities and asset-backed securities. These instruments may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to factors including interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Corporate Debt. The Partnership may invest in bonds, notes and debentures issued by corporations. These instruments may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. The Partnership may invest in corporate debt instruments that have experienced or are contemplated to experience ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. Credit ratings evaluate the safety of the principal and interest payments, not the market value risk, of lower-rated instruments. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events so that outstanding ratings may not reflect the issuer's current credit standing. Conversely, rating agencies may re-rate an instrument which could cause substantial loss as the ratings are downgraded. The Partnership's investments may experience significant credit rating volatility. In addition, the Partnership may be paid interest in kind in connection with its investments in corporate debt and related financial instruments (*e.g.*, the principal owed to the Partnership in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Partnership may experience substantial losses.

Bank Loans. The Partnership's investment program may include investments in bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Partnership to directly enforce its rights with respect to participations. In analyzing each bank loan or participation, the General Partner compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Partnership.

Leveraged Loans. "Leveraged loans" are loans made to companies with a below investment-grade rating from Moody's and S&P. Such loans may be performing poorly when the Partnership acquires them. There is no assurance that the General Partner will correctly evaluate the value of the assets collateralizing such loans or the prospects for distribution on or repayment of such loans. The Partnership may lose its entire investment or may be required to accept cash, property or securities with a value less than the Partnership's original investment and/or may be required to accept payment over an extended period of time.

Hung Loans. The term "hung loan" commonly refers to a loan that has been made (or has been committed to be made), and the lender is not able to syndicate the loan on the originally anticipated terms. Hung loans are illiquid and lack readily ascertainable market values; there is no assurance that the price to be paid for hung loans by the Partnership will reflect a discounted price that should allow the Partnership to achieve a positive return on such loans or avoid losses. Since the price of the loans to be purchased is expected to continue to be significantly impacted by, in addition to the specific circumstances relating to each loan (*e.g.*, in the case of a loan relating to an LBO, the financial condition of the target), global and macro-economic conditions (*e.g.*, monetary policy, changes to currency exchange rates, governmental intervention or changes to exiting laws, international geo-political events, etc.) as well as other systemic factors, it is possible that loans purchased by Partnership will suffer significant impairments in value as a result of events not predicted by the Partnership. The Partnership may also face difficulties in disposing or leveraging such loans, or in doing so without incurring losses. The markets in which hung loans are purchased and sold have been volatile and are likely to continue to be volatile in the future.

Credit Default Swaps. The Partnership may invest in CDS transactions, including, without limitation, index CDS, for hedging and/or investment purposes. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying obligation has occurred. If a "credit event" occurs, the seller must pay the buyer the full notional value, or "par value," of the obligation. CDS transactions are either "physical settled" or "cash settled." Physical settlement entails the actual delivery by the buyer of the reference asset to the seller in exchange for the payment of the full par value of the reference asset. Cash settled entails a net cash payment from the seller to the buyer based on the difference of the par value of the reference asset and the current market value of the reference asset. The Partnership may be either the buyer or seller in a CDS transaction.

CDS can be used to address the perception of the General Partner that a particular credit, or group of credits, may experience credit improvement or deterioration. In the case of expected credit improvement, the Partnership may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Partnership to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Partnership may also buy credit default protection with respect to a reference entity if, in the judgment of the General Partner, there is a high likelihood of perceived credit deterioration or for risk management purposes. In such instance, the Partnership will pay a premium regardless of whether there is a credit event.

If the Partnership is a buyer and no credit event occurs, the Partnership will have made a series of periodic payments and recover nothing of monetary value. However, if a credit event occurs, the Partnership (if the buyer) will receive the full notional value of the reference obligation either through a cash or physical settlement. As a seller, the Partnership receives a fixed rate of income throughout the term of the contract, which typically is between six months and five years (but may be longer), provided that there is no credit event. CDS transactions may involve greater risks than if the Partnership had invested in the reference obligation directly. The CDS market in high yield securities is comparatively new and rapidly evolving compared to the CDS market for more seasoned and liquid investment-grade securities, creating the risk that the newer markets will be less liquid and it may be difficult to exit or enter into a particular transaction. In addition, CDS carry, like all derivative contracts, the additional risk that even if the value of the CDS contract increases, the counterparty to the CDS trade may default on its obligation to pay the amount due.

Asset-Backed Securities. The Partnership may invest in asset-backed securities ("ABS") and mortgage-backed securities ("MBS"). Through the use of trusts and special purpose corporations, various types of assets, including commercial and residential mortgages, automobile financing loans, student loans and credit card receivables, are pooled and then securitized in pass-through structures. The investment characteristics of ABS and MBS differ from traditional debt securities. Among the major differences are: the underlying receivables in an asset-backed security represent the obligations of a large number of obligors (as opposed to a single corporate borrower), and those obligors may vary widely in the terms applicable to their individual borrowings and the quality of their payment histories. The borrowers' interest and principal payments are made more frequently, usually monthly, and that principal may generally be prepaid at any time. The issuers of these securities may use credit-enhancement techniques such as subordination, excess spread, letters of credit, guarantees or preference rights.

These securities carry risks that are not presented by other types of debt instruments. Holders of ABS and MBS bear risks including credit, market, interest-rate, structural and legal risk. The securities may not have the benefit of a security interest in collateral. Valuation of these securities may be extremely complex, in part because of the large number of underlying assets and the degree of removal between the originator of the underlying obligations and the eventual investor in the loan pool. Liquidity in some of these instruments may be materially more limited than for debt instruments issued by public corporations, and at times no liquidity may exist at all. In addition, the value of an ABS is affected by, among other things, changes in the market's perception of the assets backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement. Some or all of the ABS acquired by the Partnership may not be rated, or may be rated lower than investment-grade securities, by one or more nationally recognized statistical rating organizations.

Residential mortgage-backed securities ("RMBS") represent interests in pools of residential mortgage loans secured by one- to four-family residential mortgage loans. Such loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity, although such loans may be securitized by government agencies and the securities issued may be guaranteed. The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those in the geographic area where the mortgaged property is located, the terms of the mortgage loan, the borrower's "equity" in the mortgaged property and the financial circumstances of the borrower. Additionally, residential mortgage loans may be prepaid at any time, which could reduce the yield received on the related issue of RMBS. Likewise, the value of commercial mortgage-backed securities ("CMBS") will be influenced by factors affecting the value of the underlying real estate portfolio, and by the terms and payment histories of such CMBS.

Lending of Portfolio Securities. The Partnership may lend securities from its portfolio to securities firms and financial institutions. While a securities loan is outstanding, the Partnership will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially. Additionally, the Partnership may enter into repurchase and reverse repurchase agreements, which involves certain risks as further discussed below.

Repurchase and Reverse Repurchase Agreements. The Partnership may enter into repurchase and reverse repurchase agreements. When the Partnership enters into a repurchase agreement, it "sells" securities to a broker-dealer or financial institution, and agrees to repurchase such securities on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Partnership "buys" securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Partnership, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Partnership involves certain risks. For example, if the seller of securities to the Partnership under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Partnership will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Partnership's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Partnership may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Partnership may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

Use of Options. The Partnership may buy or sell (write) both call options and put options, and when it writes options it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the class and amount of those as to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Partnership's options transactions may be part of a hedging tactic *(i.e.,* offsetting the risk involved in another securities position) or a form of leverage, in which the Partnership has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions the Partnership may enter into. When the Partnership buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of the Partnership's investment in the option (including commissions). The Partnership could mitigate those losses by selling short or buying puts on the securities as to which it holds call options or taking a long position *(e.g.,* by buying the securities or buying calls on them) on securities underlying put options.

When the Partnership sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, the Partnership would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Partnership might suffer as a result of owning the security.

The seller of an uncovered put option theoretically could lose an amount equal to the entire aggregate exercise price of the option less the option proceeds, if the underlying security were to become valueless. If the option were covered with a short position in the underlying security, this risk would be limited, but the Partnership would forego the opportunity for profit on the underlying short position should the market price of the security fall below the exercise price. If the price of the underlying security were to increase above the exercise price, the premium on the option (after transaction costs) would provide profit that would reduce or offset any loss the Partnership might suffer in closing out its short position.

Forward Trading. The Partnership may invest in forward contracts and options thereon, which, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Partnership due to political intervention or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to the possible detriment of the Partnership. Market illiquidity or disruption could result in significant losses to the Partnership.

Hedging Transactions. The Partnership may utilize a variety of derivatives and other financial instruments both for investment purposes and for risk management purposes. However, the General Partner is not obligated to, and may not, hedge against risks. While the Partnership may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Partnership than if it had not engaged in any such hedging transaction. Moreover, it should be noted that the portfolio will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties).

Equity Swaps. The Partnership may make use of equity swaps. A swap is a contract under which two parties agree to make periodic payments to each other based on the value of a security, specified interest rates, an index or the value of some other instrument, applied to a stated or "notional" amount. An equity swap is a customized derivative instrument that entitles the counterparty to certain payments on the gain or loss on the value of an underlying equity security. Equity swaps are subject to various types of risk, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk.

Non-U.S. Investments. The Partnership may invest in securities of non-U.S. companies. Investing in the equity securities of non-U.S. companies involves certain considerations not usually associated with investing in securities of United States companies, which may include, without limitation, political and economic considerations, such as greater risks of expropriation and nationalization, imposition of withholding tax or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds, the potential difficulty of repatriating funds and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and the potential risk of the imposition by non-U.S. regulatory authorities of restrictions on currency conversion; and certain government policies that may restrict the Partnership's investment opportunities. In addition, accounting and financial reporting standards that prevail in non-U.S. countries generally are not equivalent to standards in the United States and, consequently, less information may be available to investors in companies located in non-U.S. countries than is available to investors in companies located in the United States. There is also less regulation, generally, of the securities markets in non-U.S. countries than there is in the United States.

Foreign Exchange Risk. A portion of the Partnership's assets may be invested in equity securities denominated in currencies other than the U.S. dollar and in other financial instruments, the price of which is calculated with reference to currencies other than the U.S. dollar. The Partnership, however, values its securities and other assets in U.S. dollars. To the extent unhedged or incorrectly hedged, the value of the Partnership's assets will fluctuate with U.S. dollar exchange rates as well as with price changes of the Partnership's investments in the various local markets. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the assets of the Partnership are invested reduces the U.S. dollar value of non-U.S. dollar securities held by the Partnership. Conversely, a decrease in the value of the U.S. dollar has the opposite effect of increasing the U.S. dollar value of non-U.S. dollar securities held by the Partnership. The Partnership also may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Futures Contracts. The Partnership may invest in futures contracts or options thereon. Futures positions may be illiquid because, for example, many commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices on various commodities or financial instruments occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Partnership from promptly liquidating unfavorable positions and subject the Partnership to substantial losses. In addition, the Partnership may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or a regulator may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. In addition, various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in commodity futures contracts and options are highly specialized activities that may entail greater than ordinary investment or trading risks. Furthermore, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss.

Highly Volatile Markets. The prices of financial instruments in which the Partnership may invest can be highly volatile. Price movements of forward, futures and other derivative contracts in which the Partnership's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Partnership is subject to the risk of failure of any of the exchanges on which its positions trade or of its clearinghouses.

Litigation. With regard to certain of the Partnership's investments, it is possible that the General Partner and/or the Partnership may be plaintiffs or defendants in civil proceedings, including bankruptcy court proceedings. The expense of prosecuting claims, for which there is no guarantee of success, and/or the expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Partnership and would reduce net assets or may, pursuant to applicable law, require Limited Partners to return to the Partnership distributed capital and earnings.

Limitations Due to Regulatory Restrictions. The Partnership may seek to acquire a significant stake in certain issuers. In addition, other collective investment vehicles and accounts managed by the General Partner may seek to acquire a significant stake in the same issuers. The positions of the Partnership and such other collective investment vehicles and accounts may be aggregated for the purposes of determining the Partnership's stake in such issuers. In the event such stake exceeds certain percentage or value limits, the Partnership may be required to file a notification with one or more governmental agencies or comply with other regulatory requirements. Certain notice filings are subject to review that require a delay in the acquisition of the securities. Compliance with such filing and other requirements may result in additional costs to the Partnership, and may delay the Partnership's ability to respond in a timely manner to changes in the markets with respect to such securities. Such filing and other requirements may cause the General Partner to avoid pursuing certain investment opportunities for the Partnership that it would have otherwise pursued if such restrictions were not applicable.

Competition; Availability of Investments. The markets in which the Partnership may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced investment returns. Such competition is expected to increase in light of the historically unusual nature of current prices for the debt and other financial instruments in which the Partnership seeks to invest. There can be no assurance that the General Partner will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets and other investors may reduce the availability of investment opportunities. Competitive investment activity by other firms and institutions will reduce the Partnership's opportunity for profit by generally increasing price pressure on desired assets, reducing mispricings in the market as well as the margins available on those mispricings that can still be identified.

Tax Considerations. The General Partner may not take into account tax considerations in determining whether to buy or sell a particular investment.

Certain Accounting Rules and Tax-Related Risks

ASC 820 and Other Accounting Rules. For purposes of preparing the Partnership's annual audited financial statements, which are prepared in accordance with GAAP, certain of the Partnership's assets and liabilities may be valued in a manner that, while consistent with GAAP, is different from the manner in which such assets are valued as described in this Confidential Memorandum. Specifically, for purposes of GAAP-compliant financial reporting, the Partnership is required to follow a specific framework for measuring the fair value of its assets and liabilities, and is required to provide certain additional disclosures regarding the use of fair value measurements in its audited financial statements. Many of these requirements are set forth in the U.S. Financial Accounting Standards Codification Topic 820 (previously FAS 157), "Fair Value Measurements and Disclosures" ("ASC 820"), which defines and establishes a framework for measuring fair value under GAAP and expands financial statement disclosure requirements relating to fair value measurements. Other valuation-related requirements are contained in other provisions of GAAP, and other related Financial Accounting Standards Board ("FASB") Statements and guidance. Additional FASB Statements and guidance, and additional provisions of GAAP, that may be adopted in the future may also impose additional, or different, specific requirements as to the valuation of assets and liabilities for purposes of GAAP-compliant financial reporting.

The Partnership may determine in certain instances to value a particular asset at a different value for financial reporting purposes than the value of that same asset as determined by the General Partner, administrators or other service providers of the Partnership. For example, the Partnership may determine that ASC 820 may require the Partnership, for purposes of GAAP-compliant financial reporting, to value its investments at values that may be different than the values that are determined by such service providers.

Accordingly, to the extent that GAAP would require any of the Partnership's assets or liabilities to be valued in a manner that differs from the valuation policies set forth herein, such assets or liabilities will be valued (x) in accordance with GAAP, solely for purposes of preparing the Partnership's GAAP-compliant annual audited financial statements, and (y) in accordance with the valuation provisions set forth herein (without regard to any GAAP requirements relating to the determination of fair value), for all other purposes, including, without limitation, for purposes of allocating gains and losses, which is relevant to the determination of the capital account balances of the Limited Partners, the calculation of the Management Fee and the Incentive Allocation and the amounts payable by the Partnership in respect of a withdrawal by or distribution to a Limited Partner.

Generally, ASC 820 and other accounting rules applicable to investment funds and various assets they invest in are evolving. Such changes may adversely affect the Partnership. For example, the evolution of rules governing the determination of the fair value of assets to the extent such rules become more stringent would tend to increase the cost and/or reduce the availability of third-party determinations of fair value. This may in turn increase the costs associated with selling assets or affect their liquidity due to the inability to obtain a third-party determination of fair value.

<u>Accounting for Uncertainty in Income Taxes</u>. Pursuant to the U.S. Financial Accounting Standards Codification Topic 740-10 (previously FIN 48) ("ASC 740-10"), which provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in GAAP-compliant financial statements, the Partnership is required to determine whether it is more likely than not that a given tax position will be sustained upon examination based on its technical merits. As a result of such a determination, the Partnership may be required to recognize a tax liability in its net asset value calculation for purposes of GAAP-compliant financial reporting if the related tax position meets the recognition criterion in ASC 740-10 and, conversely, may be required to unrecognize a tax liability in its net asset value calculation for purposes of GAAP-compliant financial reporting if the related tax position does not meet the recognition criterion in ASC 740-10. Recognition and measurement of each tax position, including any tax position for which there is a lack of authority and audit experience, is determined by the General Partner in its sole discretion, based on the facts and circumstances known at the time. There can be no assurance that any such determination will not change over time. A prospective investor should be aware that, among other things, ASC 740-10 may require a reduction in the net asset value of the Partnership for purposes of GAAP-compliant financial reporting, including reducing the net asset value of the Partnership to reflect reserves for income taxes that may be payable in respect of prior periods by the Partnership. This could cause benefits or detriments to certain investors, depending upon the timing of their entry and exit from the Partnership. Accordingly, if such a reserve is subsequently reversed, the reversal may benefit only those Partners in the Partnership at the time of such reversal. Partners admitted to the Partnership after any such reserve is established may benefit by sharing in the proceeds upon reversal of such reserve, and Partners that have withdrawn from the Partnership prior to a

reversal of such reserve may not share in the proceeds related to such reversal. Changes to accounting standards, policies or practices could have similar effects to those outlined above, or magnify such effects. Furthermore, how an uncertain tax position is treated pursuant to ACA 740-10 for purposes of GAAP may vary from the tax treatment of income, gains and other items.

Delayed Schedules K-1. The Partnership may be unable to provide final Schedules K-1 to the Limited Partners for any given fiscal year until after April 15 of the following year. The General Partner will endeavor to provide Limited Partners with estimates of the taxable income or loss allocated to their investment in the Partnership on or before such date, but final Schedules K-1 may not be available until completion of the Partnership's annual audit. Limited Partners may be required to obtain extensions of the filing date for their income tax returns at the Federal, state and local levels.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Partnership. Prospective investors should read this entire Confidential Memorandum and consult with their own advisers before deciding to invest in the Partnership. In addition, as the Partnership's investment program develops and changes over time, an investment in the Partnership may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

OTHER INVESTMENT ACTIVITIES OF THE GENERAL PARTNER; POTENTIAL CONFLICTS OF INTEREST

The Partnership is subject to a number of actual and potential conflicts of interest. In addition to serving as the general partner of the Partnership, the General Partner serves as the investment manager to the Offshore Fund and the general partner of the Employee Fund. Furthermore, the General Partner's affiliates manage the Long Funds, which employ strategies similar to that of the Partnership. In some cases investments are expected to be purchased jointly by or for the benefit of the Partnership and other funds and accounts managed by Viking through an entity jointly owned by some or all of such investment entities. Viking may also provide investment management services to other clients in the future, including other collective investment vehicles and separate accounts established for single investors (collectively with the Offshore Fund, the Employee Fund and the Long Funds, the "Other Clients"). The Other Clients may or may not employ investment programs similar to that of the Partnership and may or may not invest in the same instruments as the Partnership.

The Long Funds' investment program largely consists of a "long-only" version of the investment program of the Partnership. It is expected that a majority of the Long Funds' portfolio will be comprised of long positions that are also held by the Partnership. However, investment decisions made on behalf of the Partnership and the Long Funds will be made independently of one another, and the General Partner has discretion in determining the Partnership's level of participation in the financial instruments in which the Long Funds invest. When an investment is appropriate for both the Partnership and the Long Funds, allocations will be made as described herein. Conflicts of interest among the Partnership and the Long Funds may exist and include, but are not limited to, those described herein.

When it is determined that it would be appropriate for the Partnership, the Long Funds and/or one or more Other Clients to participate in an investment opportunity, Viking will seek to allocate the opportunity to all of the participating funds, including the Partnership, on an equitable basis, taking into account such factors as liquidity, the relative amounts of capital available for new investments, relative exposure to market sectors or investment themes, and the investment programs and portfolio positions of the Partnership and the Other Clients for which participation is appropriate. Although Other Clients may pursue investment objectives that are substantially similar to the Partnership, the portfolios of the Partnership and such Other Clients may differ as a result of purchases and withdrawals being made at different times and in different amounts, differences in investment programs and guidelines and tax, regulatory and liquidity considerations.

An example of how the long portfolio of the Partnership may diverge from the Long Funds' portfolio arises in the case of so-called "pair trades." If Viking wishes to reduce the risk associated with a particular industry in which the Partnership and the Long Funds hold a long position, it may do so for the Partnership by acquiring short positions in that industry as a hedge to offset the industry-risk in the Partnership's long positions. Because the Long Funds generally do not acquire short positions, Viking may determine to reduce risk for the Long Funds by selling the corresponding long position. In addition, the Long Funds generally do not invest in bank debt or other credit instruments.

While Viking monitors the impact taxes have on the Partnership, Viking does not generally manage the Partnership from a tax-efficiency perspective. Nonetheless, the portfolio of the Partnership may on occasion diverge from the portfolios of the Offshore Fund or the Employee Fund due to tax-driven reasons.

Viking may give advice and recommend securities to Other Clients which may differ from advice given to, or securities recommended or purchased by, the Partnership. It is possible that the activities or strategies used for the Other Clients could conflict with the activities and strategies employed in managing the assets of the Partnership and affect the prices and availability of the securities and instruments in which the Partnership invests. The Partnership, for example, may make an investment at the same time that one or more of the Other Clients is disposing of the same or a similar investment. In addition, the Partnership may make an investment after one or more Other Clients has established a position in the same or a similar investment.

The Partnership and the Other Clients may also invest in different parts of the capital structure of a company. A potential conflict of interest could arise if, for example, an Other Client made a debt investment in a company in which the Partnership held an equity investment. This might require Viking to take certain actions for the Other Client that could be adverse to the interests of Partnership. For instance, if the company underwent a reorganization or other major corporate event, conflicts could arise between debt holders and equity holders, and, accordingly, between the Partnership and such Other Client. Likewise, the Partnership and the Other Clients may invest in different debt instruments of the company in question, giving rise to conflicts concerning their respective entitlements or priority in a bankruptcy proceeding. Viking will seek to resolve such conflicts of interest in a fair and equitable manner. Such conflict resolution may, however, result in the Partnership receiving less consideration than it may have otherwise received in the absence of such a conflict.

Additionally, the receipt of information on behalf of certain Other Clients could restrict the Partnership's ability to engage in certain trading activities. For example, in the course of investing in certain debt instruments (for example bank loans) for the Partnership or an Other Client, Viking may elect to receive non-public information concerning the borrower (such as early financial projections). Even if Viking elected not to receive such non-public information, the possibility exists that it could learn material non-public information about the borrower via its ownership of the bank loans (if, for example, the borrower informed its lenders that it expected to breach a covenant or seek an amendment or waiver). If Viking or any of its members, employees or affiliates receive information they deem material and non-public, whether in connection with the Partnership's activities or otherwise, they would become restricted from trading in any publicly issued securities of such company with respect to the Partnership. In such a case, the Partnership would be precluded from making equity investments in that company or, if the Partnership had an existing position, from selling or covering that position. These restrictions on the ability of the Partnership to make or unwind its equity investments because of the receipt of material non-public information could have serious adverse consequences for the Partnership.

Subject to each client's respective investment guidelines and restrictions, the General Partner may effect internal cross transactions between the Partnership and one or more Other Clients for the purpose of rebalancing the portfolios of the Partnership and such Other Clients. In such cases, one client will purchase securities held by another client. The General Partner effects these transactions at a predetermined time on the first business day of a month pursuant to a formula that will result in each client holding substantially similar securities relative to each client's respective net asset value. Viking determines, in its sole discretion, whether rebalancing is required in any given month. Neither the General Partner nor any related party receives any compensation in connection with these cross transactions. These cross transactions are generally made without brokerage commissions being charged.

The General Partner may open "average price" accounts with brokers. In an "average price" account, contemporaneous purchase and sale orders placed on behalf of the Partnership and Other Clients are combined, and securities bought and sold pursuant to such orders are allocated among such accounts on an average price basis. Subsequent orders for such securities that are placed on behalf of the Partnership or Other Clients during such trading day are combined with any prior orders to the extent such prior orders have not been executed, and securities bought and sold pursuant to all such orders are allocated among such accounts on an average price basis.

The General Partner, the Management Company and their members, partners, officers and employees devote as much of their time to the activities of the Partnership as the General Partner deems necessary and appropriate. By the terms of the Partnership Agreement, the General Partner and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships, or from engaging in other business activities, even though such activities may be in competition with the Partnership and/or may involve substantial time and resources of the General Partner. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of the General Partner and its officers and employees are not devoted exclusively to the business of the Partnership, but are allocated between the business of the Partnership and other business activities of the General Partner, the Management Company and their affiliates.

Investors in the Partnership should be aware that it is impossible to predict the full range of situations in which actual or potential conflicts of interest may arise between the

Partnership and the Other Clients. Accordingly, this discussion cannot be, and is not intended to be, exhaustive.

BROKERAGE

The General Partner seeks to achieve best execution in its dealings with the brokerage community. The General Partner considers a variety of factors in evaluating the services provided by broker-dealers and determining with which broker-dealers to execute transactions, such as: reputation, financial viability and regulatory compliance; confidentiality of trading activity; accuracy and timeliness of execution, clearance and settlement; block trading and block positioning capabilities; market insight; ability to execute difficult transactions; low-cost trading algorithms; reliability and coverage consistency; commissions, mark-ups, mark-downs or spreads; market impact; provision of, or payment (or rebate to Viking for payment) of costs of, valuable brokerage or research products or services. The General Partner does not need to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Accordingly, if the General Partner determines in good faith that the commissions charged by a broker or the prices charged by a dealer are reasonable in relation to the value of the brokerage and research products or services provided by such broker or dealer, the Partnership may pay commissions to such broker or prices to such dealer in an amount greater than another might charge.

Paying commissions, in part, to obtain products and services to be used for the benefit of Viking and/or its other clients is a practice referred to as "soft dollar" expenditure. Viking may also engage in "soft dollar" arrangements through "commission sharing," which is a practice whereby Viking pays a broker-dealer for trade execution and requests that the broker-dealer allocate a portion of the commissions to third-party providers of research or other products or services.

Viking endeavors to use "soft dollars" to pay for eligible research or brokerage products or services to the extent such products or services fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934. Under Section 28(e), eligible research or brokerage products or services obtained with soft dollars generated by the Partnership may be used by the General Partner to service accounts other than the Partnership. Section 28(e) does not provide a "safe harbor" with respect to transactions effected on a principal basis (with the exception of certain riskless principal transactions), or transactions effected in futures, currencies or certain derivative instruments. Where a product or service obtained with soft dollars is "mixed-use" to the General Partner, the General Partner makes a reasonable allocation of the cost which may be paid for with soft dollars.

Research products or services provided to the General Partner may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other products and services related to investment decision-making.

Brokerage services provided to the General Partner must be sufficiently related to the execution, clearing and settlement of securities transactions effected on behalf of the Partnership to satisfy the SEC's temporal standard for brokerage. As a general matter, direct connectivity services between an adviser and an executing broker will satisfy this temporal standard, but any products or services provided by an executing broker that are part of an adviser's overhead, including administrative and marketing expenses, would not satisfy this standard.

The Management Company currently has a "soft dollar" arrangement pursuant to which commissions are used to acquire research relating to the shipping industry from a company for which one of the Offshore Fund's directors serves as Chairman of the Board and in which such director has a financial interest. The Management Company had a research relationship with a predecessor to this company prior to the appointment of such person as a director of the Offshore Fund. The General Partner and the Management Company (in particular, its legal and compliance personnel) will continue to review this arrangement (including the research obtained and the payments made in connection therewith) to ensure that it remains consistent with their obligations to effect portfolio transactions for the Partnership on the basis of best execution.

The Partnership's securities transactions can be expected to generate brokerage commissions and other compensation to brokers and dealers, all of which the Partnership, not the General Partner, is obligated to pay. The General Partner has complete discretion in deciding what brokers and dealers the Partnership uses and in negotiating the rates of compensation the Partnership pays. In addition to using brokers as "agents" and paying commissions, the Partnership may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

A broker or dealer is not excluded from receiving business because it has not been identified as providing research services. The investment information received from the Partnership's brokers may be used by the General Partner in servicing Other Clients besides the Partnership.

The Partnership utilizes the services of one or more prime brokers. The prime brokers utilized by the Partnership clear (on the basis of payment against delivery) the Partnership's securities transactions, which are effected through other brokerage firms. The prime brokers generally act as custodian of the Partnership's securities, although in certain instances other brokers who execute transactions for the Partnership maintain custody of the Partnership's assets. The Partnership is not committed to continue its relationship with any particular prime broker for any minimum period and the General Partner, in its sole discretion, may select brokers to act as prime broker to the Partnership.

From time to time, the personnel of the General Partner, the Management Company and their affiliates may speak at conferences and programs for potential investors interested in investing in hedge funds which are sponsored by the Partnership's prime brokers. Through such "capital introduction" events, prospective investors in the Partnership have the opportunity to meet with the General Partner and the Management Company. None of the General Partner, the Management Company or the Partnership compensates the prime brokers for organizing such events or for investments ultimately made by prospective investors attending such events. However, such events and other services (including, without limitation, capital introduction services) provided by a prime broker may influence the General Partner in deciding whether to use such prime broker in connection with financing and other activities of the Partnership.

ADMINISTRATOR

The Partnership has retained Morgan Stanley Fund Services USA LLC to be an administrator pursuant to an administration agreement (the "Administration Agreement") through which it will provide certain administrative services on behalf of the Partnership including transfer agency services and computation of the Partnership's net assets and capital account balances.

The Administrator is responsible for, among other things: (i) maintaining the capital accounts of the Partners and generally performing all actions related to subscriptions and transfers of Interests; (ii) reviewing and, subject to approval by the Partnership, accepting subscriptions for Interests and accepting payment therefor; (iii) computing monthly net asset value and disseminating the net asset value of the capital accounts in accordance with the Partnership Agreement; (iv) performing certain acts related to withdrawals; (v) keeping such books and records as set forth in the Administration Agreement; and (vi) performing certain other services necessary in connection with the administration of the Partnership. The Administrator will not be responsible for monitoring any investment restrictions or compliance with any investment restrictions and therefore will not be liable for any breach thereof.

The prices of the assets and liabilities used by the Administrator in computing the net asset value of the Partnership, may vary from the prices that the Administrator accepts from its other clients and from prices that affiliates of the Administrator may use in connection with their customer or proprietary business. The Administrator does not assume any duty with respect to the accuracy of any information supplied to it by the General Partner, its agents or affiliates.

The Administrator is a service provider to the Partnership, and is not responsible for the activities of the Partnership, or the information in, or preparation of, this Confidential Memorandum, other than the information contained in this "Administrator" section. The Administrator is not an auditor and does not provide tax, accounting or auditing advice, nor is it a fiduciary to the Partnership, the General Partner or the Limited Partners. The Administrator is not responsible for monitoring the Partnership's portfolio to determine whether it is in compliance with the investment guidelines and restrictions set forth in this Confidential Memorandum.

The Administration Agreement generally provides that the Partnership will indemnify the Administrator for any claim, liability, damage, loss, cost and expense incurred by the Administrator arising out of or in connection with the conduct of the business of the Partnership under the Administration Agreement, except to the extent of the Administrator's gross negligence, willful misconduct, fraud or otherwise as provided for in the Administration Agreement.

The Administrator receives a customary annual fee and is reimbursed for all out-of-pocket expenses, which fee and expenses are paid out of the assets of the Partnership.

The Administration Agreement may be terminated at any time without penalty by the Partnership upon not less than 90 days' prior written notice to the Administrator and by the Administrator upon not less than 120 days' prior written notice to the Partnership, although it may be terminated on shorter notice under certain circumstances as described in the Administration Agreement.

The Administrator is an indirect subsidiary of Morgan Stanley, a global financial services firm providing services in securities, investment management and credit services with more than 600 offices in 27 countries. The Administrator conducts its fund administration business independently from the other financial services provided by Morgan Stanley and its affiliates.

OUTLINE OF PARTNERSHIP AGREEMENT

The following outline summarizes the material provisions of the Partnership Agreement which are not discussed elsewhere in this Confidential Memorandum. This outline is not definitive and each prospective Limited Partner should carefully read the Partnership Agreement in its entirety. Capitalized terms used but not otherwise defined herein shall have the meanings specified in the Partnership Agreement. To the extent there are any inconsistencies, the Partnership Agreement will govern.

Limited Liability. A Limited Partner (or former Limited Partner) is liable for debts and obligations of the Partnership to the extent of its interest in the Partnership in the fiscal year (or a portion thereof) to which such debts and obligations are attributable. In order to meet a particular debt or obligation, a Limited Partner or former Limited Partner may, in the sole discretion of the General Partner, be required to make additional contributions or payments up to, but in no event in excess of, the aggregate amount of capital and other amounts actually received by it from the Partnership during or after the fiscal year to which such debt or obligation is attributable.

Management. The management of the Partnership is vested exclusively in the General Partner. Except as authorized by the General Partner, the Limited Partners have no part in the management of the Partnership and have no authority or right to act on behalf of the Partnership in connection with any matter. The General Partner and its affiliates may engage in any other business venture, and neither of the Partnership nor any Limited Partner have any rights in or to such ventures or the income or profits earned or derived therefrom.

Withdrawal, Disability, Etc. of a Partner. The withdrawal, disability, incapacity, adjudication of incompetency, termination, bankruptcy, insolvency or dissolution of a Limited Partner shall not dissolve the Partnership. The legal representatives of a Limited Partner shall succeed as assignee to the Limited Partner's interest in the Partnership upon the disability, incapacity, adjudication of incompetency, termination, bankruptcy, insolvency or dissolution of such Limited Partner, but shall not be admitted as a substitute partner without the consent of the General Partner.

Assignability of Limited Partner's Interest. Without the prior written consent of the General Partner, which may be withheld in the General Partner's sole and absolute discretion, a Limited Partner may not (i) pledge, transfer or assign its interest in the Partnership in whole or in part to any person, except by operation of law, or (ii) substitute for itself as a Limited Partner any other person or entity.

Limitations on Withdrawals. The right of any Partner or its legal representatives to receive amounts withdrawn is subject to the provision by the General Partner for all liabilities of the Partnership in accordance with Delaware law and for reserves for estimated accrued expenses, liabilities and contingencies (even if such reserves are not in accordance with GAAP).

Admission of New Partners. New General Partners and Limited Partners may be admitted at such times as the General Partner in its sole discretion may allow. Each new Partner is required to execute a subscription agreement pursuant to which it becomes bound by the terms of the Partnership Agreement.

Amendments to Agreement. The Partnership Agreement may be modified or amended at any time and from time to time with the written consent of the Limited Partners having in excess of 50% of the Partnership Percentages of the Limited Partners and the written consent of the General Partner; *provided, however*, that the General Partner may amend the Partnership Agreement without the consent of the Limited Partners to (i) reflect changes validly made in the membership of the Partnership and the capital contributions of the Partners and the Partnership Percentages of the capital accounts; (ii) change the Incentive Allocation provisions to the extent required to comply with regulatory requirements; (iii) reflect a change in the name of the Partnership; (iv) make a change that is necessary or, in the opinion of the General Partner, advisable to qualify the Partnership as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state or foreign jurisdiction, or ensure that the Partnership shall not be treated as an association or a publicly traded partnership taxable as a corporation for Federal tax purposes; (v) make a change that does not adversely affect the Limited Partners in any material respect; (vi) make a change that is necessary or desirable to cure any ambiguity, to correct or supplement any provision in the Partnership Agreement that would be inconsistent with any other provision in the Partnership Agreement, or to make any other provision with respect to matters or questions arising under the Partnership Agreement that shall not be inconsistent with the provisions of the Partnership Agreement, in each case so long as such change does not adversely affect the Limited Partners in any material respect; (vii) make a change that is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, statute, ruling or regulation of any Federal, state or foreign governmental entity, so long as such change is made in a manner which minimizes any adverse effect on the Limited Partners; (viii) make a change that is required or contemplated by the Partnership Agreement; (ix) make a change in any provision of the Partnership Agreement that requires any action to be taken by or on behalf of the General Partner or the Partnership pursuant to applicable Delaware law, if the provisions of applicable Delaware law are amended, modified or revoked so that the taking of such action is no longer required; (x) prevent the Partnership from being required to be registered as an "investment company" under the Company Act; or (xi) make any other amendments similar to the foregoing. Each Partner, however, must approve of any amendment which would (a) amend its capital account or rights of withdrawal; or (b) amend the provisions of the Partnership Agreement relating to amendments.

Exculpation. The Partnership Agreement provides that the General Partner, affiliates of the General Partner and any of their respective members, officers, directors, employees or other agents (collectively, "Affiliates") are not be liable to any Limited Partner or the Partnership for (i) any act or omission performed or failed to be performed by such person (other than any criminal wrongdoing), or for any losses, claims, costs, damages, or liabilities arising therefrom, in the absence of willful misconduct or gross negligence on the part of such person, or (ii) any losses due to the gross negligence of any brokers or other agents of the Partnership (whether or not such persons are directly employed by any Indemnified Party (as defined below)), as long as such persons were not selected with gross negligence. The General Partner and its Affiliates may consult with counsel and accountants with respect to Partnership affairs and will be fully protected and justified in any action or inaction which is taken in accordance with the advice or opinion of such counsel or accountants, provided that they were selected with reasonable care. The foregoing provisions (as well as the indemnification provisions described below), however, shall not be construed to relieve the General Partner or any Affiliate of any liability (including liability under Federal securities laws which, under certain circumstances, impose liability even on persons that act in good faith) to the extent that such liability may not be waived, modified or limited under applicable law.

Indemnification. The Partnership Agreement provides that the Partnership will, to the fullest extent permitted by law, indemnify and hold harmless the General Partner, each Affiliate, and the legal representatives of any of them (an "Indemnified Party") from and against any losses, claims, costs, damages or liabilities to which such Indemnified Party may become subject in connection with any matter arising out of or in connection with the Partnership's business or affairs, except to the extent that any such loss, claim, cost, damage or liability results solely from the willful misconduct or gross negligence of, or any criminal wrongdoing by, such Indemnified Party. The Partnership Agreement also provides that the Partnership will, in the sole discretion of the General Partner, advance to any such person reasonable attorneys' fees and other costs and expenses incurred in connection with the defense of any action or proceeding which arises out of such conduct. In the event that such an advance is made by the Partnership, the Indemnified Party will agree to reimburse the Partnership to the extent that it is determined that the Indemnified Party was not entitled to indemnification.

Valuation of Securities; Determinations by the General Partner. Securities (including options) will generally be valued at their last sales price on the date the valuation is made on the primary securities exchange on which they are traded or on the consolidated tape in the case of securities traded on the Nasdaq National Market System. If there were no reported sales on the date the valuation is made, the securities will be valued at their last "bid" prices if held "long" and their last "asked" prices if held "short." Securities which are not listed on a national securities exchange nor included in the Nasdaq National Market System will be valued at their last closing "bid" prices if held "long" and their last closing "asked" prices if held "short." In the event the Partnership acquires securities or other financial instruments for which market quotations are not available, such securities will be valued at their fair market value as determined by the General Partner. Securities not denominated in U.S. dollars will be translated into U.S. dollars at prevailing exchange rates as determined by the General Partner. All matters concerning valuation of securities and other financial instruments, as well as allocations among the Partners and accounting procedures not expressly provided by the Partnership Agreement, may be determined by the General Partner whose determination is to be final and conclusive as to all Partners.

Types of Securities in which the Partnership may Invest. The Partnership Agreement authorizes the Partnership to invest, on margin or otherwise, in securities and other financial instruments of United States and non-U.S. entities, including, without limitation, capital stock; shares of beneficial interest; partnership interests and similar financial instruments; bonds, notes, debentures (whether subordinated, convertible or otherwise); commodities; currencies; interest rate, currency, commodity, equity and other derivative products, including, without limitation, (i) futures contracts (and options thereon) relating to stock indices, currencies, United States Government securities and securities of foreign governments, other financial instruments and all other commodities, (ii) swaps, options, warrants, caps, collars, floors and forward rate agreements, (iii) spot and forward currency transactions and (iv) agreements relating to or securing such transactions; equipment lease certificates; equipment trust certificates; loans; accounts and notes receivable and payable held by trade or other creditors; trade acceptances; contract and other claims; executory contracts; participations; mutual funds; money market funds; obligations of the United States, any state thereof, foreign governments and instrumentalities of any of them; commercial paper; certificates of deposit; bankers' acceptances; trust receipts; and other obligations and instruments or evidences of indebtedness of whatever kind or nature; in each case, of any person, corporation, government or other entity whatsoever, whether or not publicly traded or readily marketable (all such items being called herein a "security" or "securities"), and to sell securities short and cover such sales.

TAX ASPECTS

CIRCULAR 230 NOTICE. THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain aspects of the income taxation of the Partnership and its Limited Partners which should be considered by a prospective Limited Partner. The Partnership has not sought a ruling from the Internal Revenue Service (the "Service"), or any other Federal, state or local agency with respect to any of the tax issues affecting the Partnership, nor has it obtained an opinion of counsel with respect to any tax issues other than the characterization of the Partnership as a partnership for Federal income tax purposes.

This summary of certain aspects of the Federal income tax treatment of the Partnership is based upon the Internal Revenue Code of 1986, as amended (the "Code"), judicial decisions, Treasury Regulations (the "Regulations") and rulings in existence on the date hereof, all of which are subject to change. This summary does not discuss the impact of various proposals to amend the Code which could change certain of the tax consequences of an investment in the Partnership. This summary also does not discuss all of the tax consequences that may be relevant to a particular investor or to certain investors subject to special treatment under the Federal income tax laws, such as insurance companies.

EACH PROSPECTIVE LIMITED PARTNER SHOULD CONSULT WITH ITS OWN TAX ADVISER IN ORDER TO FULLY UNDERSTAND THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP.

In addition to the particular matters set forth in this section, tax-exempt organizations should review carefully those sections of the Memorandum regarding liquidity and other financial matters to ascertain whether the investment objectives of the Partnership are consistent with their overall investment plans. Each prospective tax-exempt Limited Partner is urged to consult its own counsel regarding the acquisition of Interests.

Tax Treatment of Partnership Operations

Classification of the Partnership. The Partnership has received an opinion of Schulte Roth & Zabel LLP, outside U.S. legal counsel to the Partnership, that under the provisions of the Code and the Regulations, as in effect on the date of the opinion, as well as under the relevant authority interpreting the Code and the Regulations, and based upon certain representations of the General Partner, the Partnership will be classified as a partnership for Federal income tax purposes and not as an association taxable as a corporation.

Under Section 7704 of the Code, "publicly traded partnerships" are generally treated as corporations for Federal tax purposes. A publicly traded partnership is any partnership the interests in which are traded on an established securities market or which are readily tradable on a secondary market (or the substantial equivalent thereof). However, a partnership will be exempt from classification as a publicly traded partnership if 90% or more of its annual gross income consists of passive type "qualifying income" within the meaning of Section 7704(d) of the Code and the Regulations thereunder. Schulte Roth & Zabel LLP also has rendered its opinion, based upon the anticipated operations of the Partnership as well as certain representations of the General Partner (including representations regarding the income of the Partnership), that pursuant to the passive income exemption, the Partnership will not be treated as a publicly traded partnership taxable as a corporation.

As a partnership, the Partnership is not itself subject to Federal income tax. The Partnership files an annual partnership information return with the Service which reports the results of operations. Each Partner is required to report separately on its income tax return its distributive share of the Partnership's net long-term capital gain or loss, net short-term capital gain or loss and all other items of ordinary income or loss. Each Partner is taxed on its distributive share of the Partnership's taxable income and gain regardless of whether it has received or will receive a distribution from the Partnership.

Allocation of Profits and Losses. Under the Partnership Agreement, the Partnership's net capital appreciation or net capital depreciation for each accounting period is allocated among the Partners and to their capital accounts without regard to the amount of income or loss actually recognized by the Partnership for Federal income tax purposes. The Partnership Agreement provides that items of income, deduction, gain, loss or credit actually recognized by the Partnership for each fiscal year generally are to be allocated for income tax purposes among the Partners pursuant to the principles of Regulations issued under Sections 704(b) and 704(c) of the Code, based upon amounts of the Partnership's net capital appreciation or net capital depreciation allocated to each Partner's capital account for the current and prior fiscal years. There can be no assurance however, that the particular methodology of allocations used by the Partnership will be accepted by the Service. If such allocations are successfully challenged by the Service, the allocation of the Partnership's tax items among the Partners may be affected.

Under the Partnership Agreement, the General Partner has the discretion to allocate specially an amount of the Partnership's ordinary income and/or capital gain (including short-term capital gain) and deductions, ordinary loss and/or capital loss (including long-term capital loss) for Federal income tax purposes to a withdrawing Partner to the extent that the Partner's capital account exceeds, or is less than, as the case may be, its Federal income tax basis in its partnership interest. There can be no assurance that, if the General Partner makes any such special allocations, the Service will accept such allocations. If such allocations are successfully challenged by the Service, the Partnership's tax items allocable to the remaining Partners would be affected.

Tax Elections; Returns; Tax Audits. The Code generally provides for optional adjustments to the basis of partnership property upon distributions of partnership property to a partner and transfers of partnership interests (including by reason of death) provided that a partnership election has been made pursuant to Section 754. Under the Partnership Agreement, the General Partner, in its sole discretion, may cause the Partnership to make such an election. Any such election, once made, cannot be revoked without the Service's consent. As a result of the complexity and added expense of the tax accounting required to implement such an election, the General Partner presently does not intend to make such election.

The General Partner decides how to report the partnership items on the Partnership's tax returns. In certain cases, the Partnership may be required to file a statement with the Service disclosing one or more positions taken on its tax return, generally where the tax law is uncertain or a position lacks clear authority. All Partners are required under the Code to treat the partnership items consistently on their own returns, unless they file a statement with the Service disclosing the inconsistency. Given the uncertainty and complexity of the tax laws, it is possible that the Service may not agree with the manner in which the Partnership's items have been reported. In the event the income tax returns of the Partnership are audited by the Service, the tax treatment of the Partnership's income and deductions generally is determined at the limited partnership level in a single proceeding rather than by individual audits of the Partners. The General Partner, designated as the "Tax Matters Partner", has considerable authority to make decisions affecting the tax treatment and procedural rights of all Partners. In addition, the Tax Matters Partner has the authority to bind certain Partners to settlement agreements and the right on behalf of all Partners to extend the statute of limitations relating to the Partners' tax liabilities with respect to Partnership items.

Mandatory Basis Adjustments. The Partnership is generally required to adjust its tax basis in its assets in respect of all Partners in cases of partnership distributions that result in a "substantial basis reduction" (*i.e.*, in excess of $250,000) in respect of the Partnership's property. The Partnership also is required to adjust its tax basis in its assets in respect of a transferee, in the case of a sale or exchange of an interest, or a transfer upon death, when there exists a "substantial built-in loss" (*i.e.*, in excess of $250,000) in respect of partnership property immediately after the transfer. For this reason, the Partnership will require (i) a Partner who receives a distribution from the Partnership in connection with a complete withdrawal, (ii) a transferee of an Interest (including a transferee in case of death) and (iii) any other Partner in appropriate circumstances to provide the Partnership with information regarding its adjusted tax basis in its Interest.

Tax Consequences to a Withdrawing Limited Partner

A Limited Partner receiving a cash liquidating distribution from the Partnership, in connection with a complete withdrawal from the Partnership, generally will recognize capital gain or loss to the extent of the difference between the proceeds received by such Limited

Partner and such Limited Partner's adjusted tax basis in its partnership interest. Such capital gain or loss will be short-term, long-term, or some combination of both, depending upon the timing of the Limited Partner's contributions to the Partnership. However, a withdrawing Limited Partner will recognize ordinary income to the extent such Limited Partner's allocable share of the Partnership's "unrealized receivables" exceeds the Limited Partner's basis in such unrealized receivables (as determined pursuant to the Regulations). For these purposes, accrued but untaxed market discount, if any, on securities held by the Partnership will be treated as an unrealized receivable, with respect to which a withdrawing Limited Partner would recognize ordinary income. A Limited Partner receiving a cash nonliquidating distribution will recognize income in a similar manner only to the extent that the amount of the distribution exceeds such Limited Partner's adjusted tax basis in its partnership interest.

As discussed above, the Partnership Agreement provides that the General Partner may specially allocate items of Partnership ordinary income and/or capital gain (including short-term capital gain) and deductions, ordinary loss and/or capital loss (including long-term capital loss) to a withdrawing Partner to the extent its capital account would otherwise exceed or be less than, as the case may be, its adjusted tax basis in its partnership interest. Such a special allocation of income or gain may result in the withdrawing Partner recognizing ordinary income and/or capital gain, which may include short-term capital gain, in the Partner's last taxable year in the Partnership, thereby reducing the amount of long-term capital gain recognized during the tax year in which it receives its liquidating distribution upon withdrawal. Such a special allocation of deduction or loss may result in the withdrawing Partner recognizing ordinary loss and/or capital loss, which may include long-term capital loss, in the Partner's last taxable year in the Partnership, thereby reducing the amount of short-term capital loss recognized during the tax year in which it receives its liquidating distribution upon withdrawal.

Distributions of Property. A partner's receipt of a distribution of property from a partnership is generally not taxable. However, under Section 731 of the Code, a distribution consisting of marketable securities generally is treated as a distribution of cash (rather than property) unless the distributing partnership is an "investment partnership" within the meaning of Section 731(c)(3)(C)(i) and the recipient is an "eligible partner" within the meaning of Section 731(c)(3)(C)(iii). The Partnership will determine at the appropriate time whether it qualifies as an "investment partnership." Assuming it so qualifies, if a Limited Partner is an "eligible partner", which term should include a Limited Partner whose contributions to the Partnership consisted solely of cash, the rule treating a distribution of property as a distribution of cash would not apply.

Tax Treatment of Partnership Investments

In General. The Partnership expects to act as a trader or an investor, and not as a dealer, with respect to its securities transactions. A trader and an investor are persons who buy and sell securities for their own accounts. A dealer, on the other hand, is a person who purchases securities for resale to customers rather than for investment or speculation. The Partnership has historically taken the position that its securities trading activity constitutes a trade or business for Federal income tax purposes. However, there can be no assurance that the Service will agree that the Partnership's securities activities will constitute trading rather than investing and such position may change from one year to the next.

Generally, the gains and losses realized by a trader or an investor on the sale of securities are capital gains and losses. Capital gains and losses recognized by the Partnership may be long-term or short-term depending, in general, upon the length of time the Partnership maintains a particular investment position and, in some cases, upon the nature of the transaction. Property held for more than one year generally will be eligible for long-term capital gain or loss treatment. The application of certain rules relating to short sales, to so-called "straddle" and "wash sale" transactions and to Section 1256 Contracts (defined below) may serve to alter the treatment of the Partnership's securities positions.

The Partnership may also realize ordinary income and losses with respect to its transactions. The Partnership may hold debt obligations with "original issue discount." In such case the Partnership would be required to include amounts in taxable income on a current basis even though receipt of such amounts may occur in a subsequent year. Moreover, certain derivatives transactions entered into by the Partnership may give rise to current income even though there has been no corresponding cash distribution.

The current maximum ordinary income tax rate for individuals is 35% and, in general, the current maximum individual income tax rate for "Qualified Dividends"[4] and long-term capital gains is 15% (unless the taxpayer elects to be taxed at ordinary rates - see "Limitation on Deductibility of Interest and Short Sale Expenses" below), although in all cases the actual rates may be higher due to the phase out of certain tax deductions, exemptions and credits. The excess of capital losses over capital gains may be offset against the ordinary income of an individual taxpayer, subject to an annual deduction limitation of $3,000. Capital losses of an individual taxpayer may generally be carried forward to succeeding tax years to offset capital gains and then ordinary income (subject to the $3,000 annual limitation). For corporate taxpayers, the current maximum income tax rate is 35%. Capital losses of a corporate taxpayer may be offset only against capital gains, but unused capital losses may be carried back three years (subject to certain limitations) and carried forward five years.

The maximum rate for ordinary income for individuals is scheduled to increase to 39.6% in 2013, and the maximum individual long-term capital gains tax rate is scheduled to increase to 20% for sales or exchanges on or after January 1, 2013. The 15% maximum individual tax rate for Qualified Dividends is scheduled to expire on December 31, 2012, after which all dividends would be subject to regular ordinary income tax rates. In addition, for taxable years beginning on or after January 1, 2013, individuals, estates and trusts will be 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 such taxable year, with such tax applying to the lesser of such income or the excess of such person's adjusted gross income (with certain

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[4] A "Qualified Dividend" is generally a dividend from certain domestic corporations, and from certain foreign corporations that are either eligible for the benefits of a comprehensive income tax treaty with the United States or are readily tradable on an established securities market in the United States. Shares must be held for certain holding periods in order for a dividend thereon to be a Qualified Dividend.

adjustments) over a specified amount.[5] Net investment income includes net income from interest, dividends, annuities, royalties and rents and net gain attributable to the disposition of investment property. It is anticipated that net income and gain attributable to an investment in the Partnership will be included in an investor's "net investment income" subject to this Medicare tax.

Section 1256 Contracts. In the case of Section 1256 Contracts, the Code generally applies a "mark-to-market" system of taxing unrealized gains and losses on such contracts and otherwise provides for special rules of taxation. A Section 1256 Contract includes certain regulated futures contracts and certain other contracts. Under these rules, Section 1256 Contracts held by the Partnership at the end of each taxable year of the Partnership are treated for Federal income tax purposes as if they were sold by the Partnership for their fair market value on the last business day of such taxable year. The net gain or loss, if any, resulting from such deemed sales (known as "marking to market"), together with any gain or loss resulting from actual sales of Section 1256 Contracts, must be taken into account by the Partnership in computing its taxable income for such year. If a Section 1256 Contract held by the Partnership at the end of a taxable year is sold in the following year, the amount of any gain or loss realized on such sale will be adjusted to reflect the gain or loss previously taken into account under the "mark-to-market" rules.

With certain exceptions, capital gains and losses from such Section 1256 Contracts generally are characterized as short-term capital gains or losses to the extent of 40% thereof and as long-term capital gains or losses to the extent of 60% thereof. If an individual taxpayer incurs a net capital loss for a year, the portion thereof, if any, which consists of a net loss on Section 1256 Contracts may, at the election of the taxpayer, be carried back three years. Losses so carried back may be deducted only against net capital gain to the extent that such gain includes gains on Section 1256 Contracts. A Section 1256 Contract does not include any "securities futures contract" or any option on such a contract, other than a "dealer securities futures contract" (See "Certain Securities Futures Contracts.")

Certain Securities Futures Contracts. Generally, a securities futures contract is a contract of sale for future delivery of a single security or a narrow-based security index. Any gain or loss from the sale or exchange of a securities futures contract (other than a "dealer securities futures contract") is treated as gain or loss from the sale or exchange of property that has the same character as the property to which the contract relates has (or would have) in the hands of the taxpayer. If the underlying security would be a capital asset in the taxpayer's hands, then gain or loss from the sale or exchange of the securities futures contract would be capital gain or loss. Capital gain or loss from the sale or exchange of a securities futures contract to sell property (*i.e.*, the short side of a securities futures contract) generally will be short term capital gain or loss.

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[5] The amount is $250,000 for married individuals filing jointly, $125,000 for married individuals filing separately, $200,000 for other individuals and the dollar amount at which the highest income tax bracket for estates and trusts begins.

A "dealer securities futures contract" is treated as a Section 1256 Contract. A "dealer securities futures contract" is a securities futures contract, or an option to enter into such a contract, that (1) is entered into by a dealer (or, in the case of an option, is purchased or granted by the dealer) in the normal course of its trade or business activity of dealing in the contracts and (2) is traded on a qualified board of trade or exchange.

Mixed Straddle Election. The Code allows a taxpayer to elect to offset gains and losses from positions which are part of a "mixed straddle." A "mixed straddle" is any straddle in which one or more but not all positions are Section 1256 Contracts. Pursuant to Temporary Regulations, the Partnership may be eligible to elect to establish one or more mixed straddle accounts for certain of its mixed straddle trading positions. The mixed straddle account rules require a daily "marking to market" of all open positions in the account and a daily netting of gains and losses from positions in the account. At the end of a taxable year, the annual net gains or losses from the mixed straddle account are recognized for tax purposes. The application of the Temporary Regulations' mixed straddle account rules is not entirely clear. Therefore, there is no assurance that a mixed straddle account election by the Partnership will be accepted by the Service.

Possible "Mark-to-Market" Election. To the extent that the Partnership is directly engaged in a trade or business as a trader in "securities" and/or as a trader in "commodities," it may elect under Section 475 of the Code to "mark-to-market" the securities and/or commodities held in connection with the applicable trade or business. Under such election, securities and/or commodities, as applicable, held by the Partnership at the end of each taxable year generally will be treated as if they were sold by the Partnership for their fair market value on the last day of such taxable year, and gains or losses recognized thereon (with certain exceptions) will be treated as ordinary income or loss. Moreover, even if the Partnership determines that its securities and/or commodities activities will constitute trading rather than investing, there can be no assurance that the Service will agree, in which case the Partnership may not be able to mark-to-market its positions.

Short Sales. Gain or loss from a short sale of property is generally considered as capital gain or loss to the extent the property used to close the short sale constitutes a capital asset in the Partnership's hands. Except with respect to certain situations where the property used to close a short sale has a long-term holding period on the date the short sale is entered into, gains on short sales generally are short-term capital gains. A loss on a short sale will be treated as a long-term capital loss if, on the date of the short sale, "substantially identical property" has been held by the Partnership for more than one year. In addition, these rules may also terminate the running of the holding period of "substantially identical property" held by the Partnership.

Gain or loss on a short sale will generally not be realized until such time that the short sale is closed. However, if the Partnership holds a short sale position with respect to stock, certain debt obligations or partnership interests that has appreciated in value and then acquires property that is the same as or substantially identical to the property sold short, the Partnership generally will recognize gain on the date it acquires such property as if the short sale were closed on such date with such property. Similarly, if the Partnership holds an appreciated financial position with respect to stock, certain debt obligations, or partnership interests and then enters into a short sale with respect to the same or substantially identical property, the Partnership generally will recognize gain as if the appreciated financial position were sold at its fair market value on the date it enters into the short sale. The subsequent holding period for any appreciated financial position that is subject to these constructive sale rules will be determined as if such position were acquired on the date of the constructive sale.

Effect of Straddle Rules on Limited Partners' Securities Positions. The Service may treat certain positions in securities held (directly or indirectly) by a Partner and its indirect interest in similar securities held by the Partnership as "straddles" for Federal income tax purposes. Investors should consult their tax advisors regarding the application of the "straddle" rules to their investment in the Partnership.

Limitation on Deductibility of Interest and Short Sale Expenses. For noncorporate taxpayers, Section 163(d) of the Code limits the deduction for "investment interest" (*i.e.*, interest or short sale expenses for "indebtedness properly allocable to property held for investment"). Investment interest is not deductible in the current year to the extent that it exceeds the taxpayer's "net investment income," consisting of net gain and ordinary income derived from investments in the current year less certain directly connected expenses (other than interest or short sale expenses). For this purpose, Qualified Dividends and long-term capital gains are excluded from net investment income unless the taxpayer elects to pay tax on such amounts at ordinary income tax rates.

For purposes of this provision, the Partnership's activities (other than certain activities that are treated as "passive activities" under Section 469 of the Code) will be treated as giving rise to investment income for a Limited Partner, and the investment interest limitation would apply to a noncorporate Limited Partner's share of the interest and short sale expenses attributable to the Partnership's operation. In such case, a noncorporate Limited Partner would be denied a deduction for all or part of that portion of its distributive share of the Partnership's ordinary losses attributable to interest and short sale expenses unless it had sufficient investment income from all sources including the Partnership. A Limited Partner that could not deduct losses currently as a result of the application of Section 163(d) would be entitled to carry forward such losses to future years, subject to the same limitation. The investment interest limitation would also apply to interest paid by a noncorporate Limited Partner on money borrowed to finance its investment in the Partnership. Potential investors are advised to consult with their own tax advisers with respect to the application of the investment interest limitation in their particular tax situations.

For each taxable year, Section 1277 of the Code limits the deduction of the portion of any interest expense on indebtedness incurred by a taxpayer to purchase or carry a security with market discount which exceeds the amount of interest (including original issue discount) includible in the taxpayer's gross income for such taxable year with respect to such security ("Net Interest Expense"). In any taxable year in which the taxpayer has Net Interest Expense with respect to a particular security, such Net Interest Expense is not deductible except to the extent that it exceeds the amount of market discount which accrued on the security during the portion of the taxable year during which the taxpayer held the security. Net Interest Expense which cannot be deducted in a particular taxable year under the rules described above can be carried forward and deducted in the year in which the taxpayer disposes of the security. Alternatively, at the taxpayer's election, such Net Interest Expense can be carried forward and deducted in a year prior to the disposition of the security, if any, in which the taxpayer has net interest income from the security.

Section 1277 would apply to a Limited Partner's share of the Partnership's Net Interest Expense attributable to a security held by the Partnership with market discount. In such case, a Limited Partner would be denied a current deduction for all or part of that portion of its distributive share of the Partnership's ordinary losses attributable to such Net Interest Expense and such losses would be carried forward to future years, in each case as described above. Although no guidance has been issued regarding the manner in which an election to deduct previously disallowed Net Interest Expense in a year prior to the year in which a bond is disposed of should be made, it appears that such an election would be made by the Partnership rather than by the Limited Partner. Section 1277 would also apply to the portion of interest paid by a Limited Partner on money borrowed to finance its investment in the Partnership to the extent such interest was allocable to securities held by the Partnership with market discount.

Deductibility of Partnership Investment Expenditures and Certain Other Expenditures. Investment expenses (*e.g.*, investment advisory fees) of an individual, trust or estate are deductible only to the extent they exceed 2% of adjusted gross income. In addition, for taxable years beginning during or after 2013, the Code further restricts the ability of an individual with an adjusted gross income in excess of a specified amount to deduct such investment expenses. Under such provision, there is a limitation on the deductibility of investment expenses in excess of 2% of adjusted gross income to the extent such excess expenses (along with certain other itemized deductions) exceed the lesser of (i) 3% of the excess of the individual's adjusted gross income over the specified amount or (ii) 80% of the amount of certain itemized deductions otherwise allowable for the taxable year. Moreover, such investment expenses are miscellaneous itemized deductions which are not deductible by a noncorporate taxpayer in calculating its alternative minimum tax liability.

It is unclear whether all, a portion or any of the Partnership's operations will qualify as trading -- rather than investment -- activities, the expenses for which would not be treated as investment expenses. Therefore, pursuant to Temporary Regulations issued by the Treasury Department, these limitations on deductibility may apply to a noncorporate Limited Partner's share of certain expenses of the Partnership, including the Management Fee, the fee paid to the Administrator, payments made on certain derivative instruments, as well as expenses allocable to investments, if any, in partnerships that are not managed by the General Partner or its affiliates.

The consequences of these limitations will vary depending upon the particular tax situation of each taxpayer. Accordingly, noncorporate Limited Partners should consult their tax advisers with respect to the application of these limitations.

A Limited Partner will not be allowed to deduct syndication expenses, including placement fees, paid by such Limited Partner or the Partnership. Any such amounts will be included in the Limited Partner's adjusted tax basis for its Interest.

Application of Rules for Income and Losses from Passive Activities. The Code restricts the deductibility of losses from a "passive activity" against certain income which is not derived from a passive activity. This restriction applies to individuals, personal service corporations and certain closely held corporations. Pursuant to Temporary Regulations issued by the Treasury Department, income or loss from the Partnership's investment and trading activity generally will not constitute income or loss from a passive activity. Therefore, passive losses from other sources generally could not be deducted against a Limited Partner's share of such income and gain from the Partnership. Income or loss attributable to certain activities of the Partnership, including investments in partnerships engaged in certain trades or businesses may constitute passive activity income or loss.

Application of Basis and "At Risk" Limitations on Deductions. The amount of any loss of the Partnership that a Limited Partner is entitled to include in its income tax return is limited to its adjusted tax basis in its Interest as of the end of the Partnership's taxable year in which such loss occurred. Generally, a Limited Partner's adjusted tax basis for its Interest is equal to the amount paid for such Interest, increased by the sum of (i) its share of the Partnership's liabilities, as determined for Federal income tax purposes, and (ii) its distributive share of the Partnership's realized income and gains, and decreased (but not below zero) by the sum of (i) distributions (including decreases in its share of Partnership liabilities) made by the Partnership to such Limited Partner and (ii) such Limited Partner's distributive share of the Partnership's realized losses and expenses.

Similarly, a Limited Partner that is subject to the "at risk" limitations (generally, non-corporate taxpayers and closely held corporations) may not deduct losses of the Partnership to the extent that they exceed the amount such Limited Partner has "at risk" with respect to its Interest at the end of the year. The amount that a Limited Partner has "at risk" will generally be the same as its adjusted basis as described above, except that it will generally not include any amount attributable to liabilities of the Partnership or any amount borrowed by the Limited Partner on a non-recourse basis.

Losses denied under the basis or "at risk" limitations are suspended and may be carried forward in subsequent taxable years, subject to these and other applicable limitations.

"Phantom Income" From Partnership Investments. Pursuant to various "anti-deferral" provisions of the Code (the "Subpart F" and "passive foreign investment company" provisions), investments (if any) by the Partnership in certain foreign corporations may cause a Limited Partner to (i) recognize taxable income prior to the Partnership's receipt of distributable proceeds, (ii) pay an interest charge on receipts that are deemed as having been deferred or (iii) recognize ordinary income that, but for the "anti-deferral" provisions, would have been treated as long-term or short-term capital gain.

Foreign Taxes

It is possible that certain dividends and interest received by the Partnership from sources within foreign countries will be subject to withholding taxes imposed by such countries. In addition, the Partnership may also be subject to capital gains taxes in some of the foreign countries where it purchases and sells securities. Tax treaties between certain countries and the United States may reduce or eliminate such taxes.

The General Partner and its affiliates intend to operate the Partnership such that its activities will not result in a Limited Partner's having a permanent establishment in jurisdictions outside of the United States or being required to file tax returns in such jurisdictions. However, the activities of the Partnership and any partnership in which the Partnership invests, may give rise to a permanent establishment and tax filing requirement for Limited Partners in one or more non-U.S. jurisdictions. Where appropriate, the Partnership may set up subsidiaries in certain jurisdictions with respect to certain investments. It is impossible to predict in advance the rate of foreign tax the Partnership will bear since the amount of assets to be invested in various countries is not known.

The Partnership, the General Partner and/or the Administrator may request each Limited Partner to submit an IRS Form 8821 in order for the Partnership and its partners to benefit from certain U.S. tax treaties. A Limited Partner's capital account may be debited by taxes accrued by or withheld from the Partnership resulting from a failure by such Limited Partner to timely return to the requesting party a properly completed IRS Form 8821. In addition, the Partnership, the General Partner and/or the Administrator may share information about a Partner with any tax authority in order to minimize withholding or other taxes on the Partnership.

The Partners will be informed by the Partnership as to their proportionate share of the foreign taxes paid by the Partnership which they will be required to include in their income. The Limited Partners generally will be entitled to claim either a credit (subject to the limitations discussed below and provided that, in the case of dividends, the foreign stock is held for the requisite holding period) or, if they itemize their deductions, a deduction (subject to the limitations generally applicable to deductions) for their share of such foreign taxes in computing their Federal income taxes. A Limited Partner that is tax-exempt will not ordinarily benefit from such credit or deduction.

Generally, a credit for foreign taxes is subject to the limitation that it may not exceed the Partner's Federal tax (before the credit) attributable to its total foreign source taxable income. A Limited Partner's share of the Partnership's dividends and interest from non-U.S. securities generally will qualify as foreign source income. Generally, the source of gain and loss realized upon the sale of personal property, such as securities, will be based on the residence of the seller. In the case of a partnership, the determining factor is the residence of the partner. Thus, absent a tax treaty to the contrary, the gains and losses from the sale of securities allocable to a Partner that is a U.S. resident generally will be treated as derived from U.S. sources (even though the securities are sold in foreign countries). For purposes of the foreign tax credit limitation calculation, investors entitled to the 15% tax rate on Qualified Dividends and long-term capital gains described above (see "Tax Treatment of Partnership Investments – In General"), must adjust their foreign tax credit limitation calculation to take into account the preferential tax rate on such income to the extent it is derived from foreign sources. Certain currency fluctuation gains, including fluctuation gains from foreign currency denominated debt securities, receivables and payables, will also be treated as ordinary income derived from U.S. sources.

The limitation on the foreign tax credit is applied separately to foreign source passive income, such as dividends and interest. In addition, for foreign tax credit limitation purposes, the amount of a Partner's foreign source income is reduced by various deductions that are allocated and/or apportioned to such foreign source income. One such deduction is interest expense, a portion of which will generally reduce the foreign source income of any Partner who owns (directly or indirectly) foreign assets. For these purposes, foreign assets owned by the Partnership will be treated as owned by the investors in the Partnership and indebtedness incurred by the Partnership will be treated as incurred by investors in the Partnership.

Because of these limitations, Limited Partners may be unable to claim a credit for the full amount of their proportionate share of the foreign taxes paid by the Partnership. The foregoing is only a general description of the foreign tax credit under current law. Moreover, since the availability of a credit or deduction depends on the particular circumstances of each Partner, Limited Partners are advised to consult their own tax advisers.

Japanese Taxation

The Partnership has been separately advised as follows with respect to Japanese taxation. The Partnership, the General Partner and Management Company intend to operate in a manner to avoid the Partnership having a permanent establishment in Japan. The following discussion is based on the assumption that neither the Partnership, the General Partner nor the Management Company will have a permanent establishment in Japan. Further, the following is based on the assumption that the Partnership is treated as pass-through for Japanese tax purposes.

Non-Japanese partners without a permanent establishment in Japan ("Offshore Partners") will be subject to Japanese withholding tax on the amount of any dividends received from Japanese companies at the rate of 20% (7% for dividends paid by publicly listed Japanese companies paid on or before December 31, 2013, and 15% for dividends thereafter). The Offshore Partners will be subject to Japanese withholding tax on interest at a 20% rate unless the interest is received on government or corporate bonds, in which case the rate is generally 15%. These rates may be reduced by an applicable treaty provided that partners seeking reduced treaty rates submit documentation necessary to prove their eligibility for tax treaty benefits in a timely way. As the claiming of tax treaty benefits is complex, burdensome and may require filing of Japanese tax forms by Offshore Partners, the General Partner can give no assurance that tax treaty benefits will be claimed.

Gains derived by an Offshore Partner from the sale or exchange of securities generally should not be subject to Japanese income tax unless the Offshore Partner and/or the Partnership (together with specially related parties) (i) sells during a taxable year, 5% or more of the shares in a Japanese corporation and (ii) owns, or has owned during the year of sale or the prior two fiscal years, 25% or more of the shares. Thus, for purposes of determining share ownership under this test, an Offshore Partner's ownership interest is determined taking into account ownership of shares at the Partnership level. In the case of a real estate holding company – that is, one whose assets consist 50% or more of real estate assets (as defined in Corporation Tax Law Enforcement Order Article 187 Paragraph 8) capital gains are subject to Japanese tax if the Offshore Partner and/or the Partnership (together with specially related parties) owned, as of the last day of the fiscal year preceding the sale, more than 5% of the shares in the real estate holding company if the company is listed, or more than 2% if the real estate holding company is unlisted. An applicable treaty, however, may protect particular partners.

Japanese investors and those having a permanent establishment in Japan should contact their own tax advisors, as the treatment for them will differ from that set forth above. Further, if the Partnership is treated as a corporation for Japanese tax purposes and if Japanese resident investors (including related parties) own more than 50% of the shares of the Partnership, then any Japanese resident shareholder owning 10% (5% for the fiscal years of the Partnership ending on or before December 31, 2010) or more of the shares may be subject to tax on the undistributed earnings of the Partnership pursuant to Japan's Anti-Tax-Haven Legislation.

Hong Kong Taxation

The following Hong Kong tax summary has been provided by Clifford Chance to the Partnership. The summary is of a general nature only, and should not be construed as tax advice to any party. Prospective Limited Partners should consult their own professional advisers on the taxation implications of their investment in the Partnership. A partnership is not a legal person under Hong Kong law but profits of a partnership are computed in one sum as though the partnership is a separate legal "person". The assessable profits are ultimately allocated back to the partners of a partnership in accordance with their circumstances (*i.e.*, whether they are corporates or non-corporates).

The General Partner and Management Company of the Partnership intend to manage the affairs of the Partnership in such a way that the Partnership should not be regarded as carrying on a trade or business in Hong Kong for tax purposes. Although the Partnership may, in certain circumstances, be regarded as carrying on a trade or business in Hong Kong through the agency of the Hong Kong based affiliate of the Management Company, the General Partner and the Management Company (including its Hong Kong based affiliate) each intends to organize its affairs in such a way that the Partnership may qualify for exemption from Hong Kong profits tax under the Revenue (Profits Tax Exemption for Offshore Funds) Ordinance 2006 (the "Exemption Ordinance").

The exemption will apply if the Partnership (i) is non-resident in Hong Kong (*i.e.*, its central management and control is outside Hong Kong); (ii) carries out "specified transactions" through or arranged by "specified persons" (*i.e.*, mainly including registered authorized financial institutions or persons holding any of the types 1 to 9 licenses under the Securities and Futures Ordinance (Cap. 571 of Hong Kong)); and (iii) apart from those specified transactions and transactions incidental to them (as discussed below), does not carry on any other trade or business in Hong Kong. "Specified transactions" includes a transaction in securities, a transaction in future contracts, a transaction in foreign exchange contracts, a transaction consisting in the making of a deposit other than by way of money-lending business, a transaction in foreign currency and a transaction in exchange-traded commodities. Furthermore, other income from transactions carried out in Hong Kong by the Partnership which are "incidental" to the carrying out of the "specified transactions" will also be exempt from Hong Kong profits tax provided such income does not exceed 5% of the trading receipts of the Partnership from the exempt and incidental transactions in Hong Kong. It cannot, however, be guaranteed that the conditions of this exemption will at all times be met by the Partnership.

If the Partnership is exempt from profits tax, (a) Limited Partners resident in Hong Kong who, together with their associates, hold a direct or indirect beneficial interest of 30% or more in the Partnership or (b) Limited Partners resident in Hong Kong who are associated with the Partnership may be subject to profits tax on a demand basis in respect of their share of the Partnership's tax exempt profits.

If the Partnership is regarded as carrying on a trade or business in Hong Kong and the conditions of the Exemption Ordinance are not satisfied, the Partnership will be subject to Hong Kong profits tax in respect of its profits arising in or derived from Hong Kong (*i.e.*, Hong Kong source profits).

United Kingdom Taxation

The following is a summary of the expected U.K. taxation treatment of participation in the Partnership by Limited Partners who are neither resident nor ordinarily resident in the U.K., based upon current law and H.M. Revenue & Customs' ("HMRC") practice (which, in either case, may change). This summary is of a general nature only, and should not be construed as tax advice to any particular investor. Prospective Limited Partners should consult their own professional advisers on the taxation implications of their investment in the Partnership.

Taxation of Partnership and Limited Partners. A limited partnership such as the Partnership is not regarded for U.K. tax purposes as a taxable entity separate and distinct from its partners, and hence is not itself subject to U.K. taxation. Instead each partner in a limited partnership is, depending upon its own particular circumstances, potentially chargeable to U.K. tax on its share of the income and gains of the limited partnership as if those income and gains had accrued to it directly, and not through the limited partnership. On this basis, the Partnership will not itself be liable to U.K. tax on its income and gains, but each Limited Partner will, depending upon its own particular circumstances, be potentially subject to U.K. taxation on its separate share of the income and gains of the Partnership.

A Limited Partner which is neither resident nor ordinarily resident in the U.K. (and which does not hold its interest in the Partnership for the purposes of, or in connection with, a financial trade, such as banking or share dealing) will be liable to U.K. tax on its share of the income and gains of the Partnership only to the extent that those income and gains are treated as arising from a trade carried on by the Partnership in the U.K. through a fixed place of business or agent that constitutes that Limited Partner's U.K. "permanent establishment" or assessable "U.K. representative". Although the U.K. affiliate of the General Partner may, by virtue of its discretionary investment authority over a portion of the assets of the Partnership, be regarded for U.K. tax purposes as an agent carrying on the trade of the Partnership in the U.K., the General Partner and its U.K. affiliate each intend that the affairs of the Partnership and the U.K. affiliate should be conducted in such a way that the U.K. affiliate does not constitute a U.K. "permanent establishment" or assessable "U.K. representative" of such a Limited Partner, by reason of a statutory exemption (commonly referred to as the "investment manager exemption"). However, it cannot be guaranteed that the conditions of the availability of the investment manager exemption will at all times be met.

Unrelated Business Taxable Income

Generally, an exempt organization is exempt from Federal income tax on its passive investment income, such as dividends, interest and capital gains, whether realized by the organization directly or indirectly through a partnership in which it is a partner.[6] This type of

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[6] With certain exceptions, tax-exempt organizations which are private foundations are subject to a 2% Federal excise tax on their "net investment income." The rate of the excise tax for any taxable year may be reduced to 1% if the private foundation meets certain distribution requirements for the taxable year. A private foundation will be required to make payments of estimated tax with respect to this excise tax.

income is exempt even if it is realized from securities trading activity which constitutes a trade or business.

This general exemption from tax does not apply to the "unrelated business taxable income" ("UBTI") of an exempt organization. Generally, except as noted above with respect to certain categories of exempt trading activity, UBTI includes income or gain derived (either directly or through partnerships) from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the organization's exempt purpose or function. UBTI also includes "unrelated debt-financed income," which generally consists of (i) income derived by an exempt organization (directly or through a partnership) from income-producing property with respect to which there is "acquisition indebtedness" at any time during the taxable year, and (ii) gains derived by an exempt organization (directly or through a partnership) from the disposition of property with respect to which there is "acquisition indebtedness" at any time during the twelve-month period ending with the date of such disposition. With respect to its investments in partnerships engaged in a trade or business, the Partnership's income (or loss) from these investments may constitute UBTI.

The Partnership may incur "acquisition indebtedness" with respect to certain of its transactions, such as the purchase of securities on margin. Based upon a published ruling issued by the Service which generally holds that income and gain with respect to short sales of publicly traded stock does not constitute income from debt financed property for purposes of computing UBTI, the Partnership will treat its short sales of securities as not involving "acquisition indebtedness" and therefore not resulting in UBTI.[7] To the extent the Partnership recognizes income (i.e., dividends and interest) from securities with respect to which there is "acquisition indebtedness" during a taxable year, the percentage of such income which will be treated as UBTI generally will be based on the percentage which the "average acquisition indebtedness" incurred with respect to such securities is of the "average amount of the adjusted basis" of such securities during the taxable year.

To the extent the Partnership recognizes gain from securities with respect to which there is "acquisition indebtedness" at any time during the twelve-month period ending with the date of their disposition, the percentage of such gain which will be treated as UBTI will be based on the percentage which the highest amount of such "acquisition indebtedness" is of the "average amount of the adjusted basis" of such securities during the taxable year. In determining the unrelated debt-financed income of the Partnership, an allocable portion of deductions directly connected with the Partnership's debt-financed property is taken into account. Thus, for instance, a percentage of losses from debt-financed securities (based on the debt/basis percentage calculation described above) would offset gains treated as UBTI.

Since the calculation of the Partnership's "unrelated debt-financed income" is complex and will depend in large part on the amount of leverage , if any, used by the Partnership

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[7] Moreover, income realized from option writing and futures contract transactions generally would not constitute UBTI.

from time to time,[8] it is impossible to predict what percentage of the Partnership's income and gains will be treated as UBTI for a Limited Partner which is an exempt organization. An exempt organization's share of the income or gains of the Partnership which is treated as UBTI may not be offset by losses of the exempt organization either from the Partnership or otherwise, unless such losses are treated as attributable to an unrelated trade or business (e.g., losses from securities for which there is acquisition indebtedness).

To the extent that the Partnership generates UBTI, the applicable Federal tax rate for such a Limited Partner generally would be either the corporate or trust tax rate depending upon the nature of the particular exempt organization. An exempt organization may be required to support, to the satisfaction of the Service, the method used to calculate its UBTI. The Partnership will be required to report to a Partner which is an exempt organization information as to the portion, if any, of its income and gains from the Partnership for each year which will be treated as UBTI. The calculation of such amount with respect to transactions entered into by the Partnership is highly complex, and there is no assurance that the Partnership's calculation of UBTI will be accepted by the Service.

In general, if UBTI is allocated to an exempt organization such as a qualified retirement plan or a private foundation, the portion of the Partnership's income and gains which is not treated as UBTI will continue to be exempt from tax, as will the organization's income and gains from other investments which are not treated as UBTI. Therefore, the possibility of realizing UBTI from its investment in the Partnership generally should not affect the tax-exempt status of such an exempt organization.[9] In addition, a charitable remainder trust will be subject to a 100% excise tax on any UBTI under Section 664(c) of the Code. A title-holding company will not be exempt from tax if it has certain types of UBTI. Moreover, the charitable contribution deduction for a trust under Section 642(c) of the Code may be limited for any year in which the trust has UBTI. A prospective investor should consult its tax advisor with respect to the tax consequences of receiving UBTI from the Partnership.

Certain Issues Pertaining to Specific Exempt Organizations

Private Foundations. Private foundations and their managers are subject to excise taxes if they invest "any amount in such a manner as to jeopardize the carrying out of any of the foundation's exempt purposes." This rule requires a foundation manager, in making an investment, to exercise "ordinary business care and prudence" under the facts and circumstances prevailing at the time of making the investment, in providing for the short-term and long-term

[8] The calculation of a particular exempt organization's UBTI would also be affected if it incurs indebtedness to finance its investment in the Partnership. An exempt organization is required to make estimated tax payments with respect to its UBTI.

[9] Certain exempt organizations which realize UBTI in a taxable year will not constitute "qualified organizations" for purposes of Section 514(c)(9)(B)(vi)(I) of the Code, pursuant to which, in limited circumstances, income from certain real estate partnerships in which such organizations invest might be treated as exempt from UBTI. A prospective tax-exempt Limited Partner should consult its tax advisor in this regard.

needs of the foundation to carry out its exempt purposes. The factors which a foundation manager may take into account in assessing an investment include the expected rate of return (both income and capital appreciation), the risks of rising and falling price levels, and the need for diversification within the foundation's portfolio.

In order to avoid the imposition of an excise tax, a private foundation may be required to distribute on an annual basis its "distributable amount," which includes, among other things, the private foundation's "minimum investment return," defined as 5% of the excess of the fair market value of its nonfunctionally related assets (assets not used or held for use in carrying out the foundation's exempt purposes), over certain indebtedness incurred by the foundation in connection with such assets. It appears that a foundation's investment in the Partnership would most probably be classified as a nonfunctionally related asset. A determination that an interest in the Partnership is a nonfunctionally related asset could conceivably cause cash flow problems for a prospective Limited Partner which is a private foundation. Such an organization could be required to make distributions in an amount determined by reference to unrealized appreciation in the value of its interest in the Partnership. Of course, this factor would create less of a problem to the extent that the value of the investment in the Partnership is not significant in relation to the value of other assets held by a foundation.

In some instances, an investment in the Partnership by a private foundation may be prohibited by the "excess business holdings" provisions of the Code. For example, if a private foundation (either directly or together with a "disqualified person") acquires more than 20% of the capital interest or profits interest of the Partnership, the private foundation may be considered to have "excess business holdings." If this occurs, such foundation may be required to divest itself of its interest in the Partnership in order to avoid the imposition of an excise tax. However, the excise tax will not apply if at least 95% of the gross income from the Partnership is "passive" within the applicable provisions of the Code and Regulations. There can be no assurance that the Partnership will meet such 95% gross income test.

A substantial percentage of investments of certain "private operating foundations" may be restricted to assets directly devoted to their tax-exempt purposes. Otherwise, generally, rules similar to those discussed above govern their operations.

Qualified Retirement Plans. Employee benefit plans subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Individual Retirement Accounts and Keogh Plans should consult their counsel as to the implications of such an investment under ERISA.

Endowment Funds. Investment managers of endowment funds should consider whether the acquisition of an Interest is legally permissible. This is not a matter of Federal law, but is determined under state statutes. It should be noted, however, that under the Uniform Management of Institutional Funds Act, which has been adopted, in various forms, by a large number of states, participation in investment partnerships or similar organizations in which funds are commingled and investment determinations are made by persons other than the governing board of the endowment fund is allowed.

Excise Tax on Certain Reportable Transactions

A tax-exempt entity (including a state or local government or its political subdivision) may be subject to an excise tax equal to the greater of (i) one hundred percent (100%) of the net income or (ii) seventy five percent (75%) of the proceeds, attributable to certain "reportable transactions", including "listed transactions", in which it participates. Under recently issued Regulations, these rules should not apply to a tax-exempt investor's Interest if such investor's tax-exempt status does not facilitate the Partnership's participation, if any, in such transactions, unless otherwise provided in future guidance. Tax-exempt investors should discuss with their own advisors the applicability of these rules to their investment in the Partnership. (See "Tax Shelter Reporting Requirements" below.)

Certain Reporting Obligations

Certain U.S. persons ("potential filers") that own (directly or indirectly) more than 50% of the capital or profits of the Partnership may be required to file Form TD F 90-22.1 (an "FBAR") with respect to the Partnership's investments in foreign financial accounts. Failure to file a required FBAR may result in civil and criminal penalties. Potential filers should consult with their own advisors as to whether they are obligated to file an FBAR with respect to an investment in the Partnership.

Tax Shelter Reporting Requirements

The Regulations require the Partnership to complete and file Form 8886 ("Reportable Transaction Disclosure Statement") with its tax return for any taxable year in which the Partnership participates in a "reportable transaction." Additionally, each Partner treated as participating in a reportable transaction of the Partnership is generally required to file Form 8886 with its tax return (or, in certain cases, within 60 days of the return's due date). If the Service designates a transaction as a reportable transaction after the filing of a taxpayer's tax return for the year in which the Partnership or a Partner participated in the transaction, the Partnership and/or such Partner may have to file Form 8886 with respect to that transaction within 90 days after the Service makes the designation. The Partnership and any such Partner, respectively, must also submit a copy of the completed form with the Service's Office of Tax Shelter Analysis. The Partnership intends to notify the Partners that it believes (based on information available to the Partnership) are required to report a transaction of the Partnership, and intends to provide such Limited Partners with any available information needed to complete and submit Form 8886 with respect to the Partnership's transactions. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to the Service at its request.

A Partner's recognition of a loss upon its disposition of an interest in the Partnership could also constitute a "reportable transaction" for such Partner requiring such Partner to file Form 8886.

A significant penalty is imposed on taxpayers who participate in a "reportable transaction" and fail to make the required disclosure. The penalty is generally $10,000 for natural persons and $50,000 for other persons (increased to $100,000 and $200,000, respectively, if the reportable transaction is a "listed" transaction). Investors should consult with their own advisors concerning the application of these reporting obligations to their specific situations.

State and Local Taxation

In addition to the Federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Partnership. State and local laws often differ from Federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. A Partner's distributive share of the taxable income or loss of the Partnership generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which it is a resident. A partnership in which the Partnership acquires an interest may conduct business in a jurisdiction which will subject to tax a Partner's share of the partnership's income from that business and may cause Partners to file tax returns in those jurisdictions. Partners may also be subject to state and/or local franchise, withholding, capital gain or other tax payment obligations and filing requirements in those jurisdictions where the Partnership is otherwise regarded as doing business or earning income. Prospective investors should consult their tax advisers with respect to the availability of a credit for such tax in the jurisdiction in which that Partner is a resident.

The tax laws of various states and localities limit or eliminate the deductibility of itemized deductions for certain taxpayers. These limitations may apply to a Partner's share of some or all of the Partnership's expenses, including interest expense, to the extent that the expenses are not considered to be trade or business expenses in the applicable jurisdiction. Prospective investors are urged to consult their tax advisors with respect to the impact of these provisions on the deductibility of certain itemized deductions, including interest expense, on their tax liabilities in the jurisdictions in which they are resident.

One or more states may impose reporting requirements on the Partnership and/or its Partners in a manner similar to that described above in "Tax Shelter Reporting Requirements." Investors should consult with their own advisors as to the applicability of such rules in jurisdictions which may require or impose a filing requirement.

New York. Except as provided below, the Partnership should not be subject to the New York City unincorporated business tax, which is not imposed on a partnership which purchases and sells securities for its "own account." By reason of a similar "own account" exemption, it is also expected that a nonresident individual Partner should not be subject to New York State personal income tax with respect to his share of income or gain realized directly by the Partnership. These exemptions may not be applicable if, among other things, (i) the Partnership is engaged in a business such as a lending business or (ii) a partnership in which the Partnership invests conducts a business in New York City or New York State.

Individual Limited Partners who are residents of New York State and New York City should be aware that the New York State and New York City personal income tax laws limit the deductibility of itemized deductions and interest expense for individual taxpayers at certain income levels. These limitations may apply to a Limited Partner's share of some or all of the Partnership's expenses. Prospective Limited Partners are urged to consult their tax advisers with respect to the impact of these provisions and the Federal limitations on the deductibility of certain itemized deductions and investment expenses on their New York State and New York City tax liability.

For purposes of the New York State corporate franchise tax and the New York City general corporation tax, a corporation generally is treated as doing business in New York State and New York City, respectively, and is subject to such corporate taxes as a result of the ownership of a partnership interest in a partnership which does business in New York State and New York City, respectively.[10] Each of the New York State and New York City corporate taxes are imposed, in part, on the corporation's taxable income or capital allocable to the relevant jurisdiction by application of the appropriate allocation percentages. Moreover, a non-New York corporation which does business in New York State may be subject to a New York State license fee. A corporation which is subject to New York State corporate franchise tax solely as a result of being a limited partner in a New York partnership may, under certain circumstances, elect to compute its New York State corporate franchise tax by taking into account only its distributive share of such partnership's income and loss. There is currently no similar provision in effect for purposes of the New York City general corporation tax.

Regulations under both the New York State corporate franchise tax and the New York City general corporation tax, however, provide an exception to this general rule in the case of a "portfolio investment partnership", which is defined, generally, as a partnership which meets the gross income requirements of Section 851(b)(2) of the Code. New York State (but not New York City) has adopted regulations that also include income and gains from commodity transactions described in Section 864(b)(2)(B)(iii) as qualifying gross income for this purpose. The Partnership's qualification as such a portfolio investment partnership must be determined on an annual basis and, with respect to a taxable year, the Partnership may not qualify as a portfolio investment partnership.

New York State has enacted legislation that imposes a quarterly withholding obligation on certain partnerships with respect to partners that are individual non-New York residents or corporations (other than "S" corporations). Accordingly, the Partnership may be required to withhold on the distributive shares of New York source partnership income allocable to such partners to the extent such income is not derived from trading in securities for the Partnership's own account.

A trust or other unincorporated organization which by reason of its purposes or activities is exempt from Federal income tax is also exempt from New York State and New York City personal income tax. A nonstock corporation which is exempt from Federal income tax is generally presumed to be exempt from New York State corporate franchise tax and New York City general corporation tax. New York State imposes a tax with respect to such exempt entities on UBTI (including unrelated debt-financed income) at a rate which is currently equal to the New York State corporate franchise tax rate (plus the corporate surtax). There is no New York City tax on the UBTI of an otherwise exempt entity.

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[10] New York State (but not New York City) generally exempts from corporate franchise tax a non-New York corporation which (i) does not actually or constructively own a 1% or greater limited partnership interest in a partnership doing business in New York and (ii) has a tax basis in such limited partnership interest not greater than $1 million.

Each prospective Limited Partner should consult its tax adviser with regard to the New York State and New York City tax consequences of an investment in the Partnership.

Connecticut. Finn Dixon & Herling LLP, special Connecticut tax counsel to the Partnership, has advised the Partnership that, assuming it is a partnership for Federal income tax purposes (as discussed above), it will be treated as follows with regard to Connecticut taxation. The Partnership will not be subject to Connecticut income taxation. Moreover, a non-corporate Limited Partner (such as an individual, trust or estate) not a resident of Connecticut will not be subject to Connecticut Personal Income Tax with respect to the Partner's share of the Partnership's income derived solely from its investment in, and trading of, intangible property for its own account.

If the Partnership were otherwise treated as carrying on a business in Connecticut (for example, as a result of lending activities), the income therefrom most likely would be treated as Connecticut source income. In that instance, non-corporate non-Connecticut resident Limited Partners would be subject to Connecticut Personal Income Tax on their share of the income of the Partnership derived from or connected with sources within Connecticut. For this purpose, income derived from or connected with sources within Connecticut would include income from the investment in, or disposition of, intangible property deemed to be "employed" in the Connecticut business of the Partnership. The rules governing when intangible property is deemed to be "employed" in a Connecticut business are vague and complex, and it is unclear whether, and to what extent, a non-corporate non-Connecticut resident limited partner of a partnership carrying on a Connecticut business would be subject to Connecticut Personal Income Tax on income derived solely from such partnership's investment in, and trading of, intangible property for its own account.

If the Partnership conducts such business both within and without the State of Connecticut, the portion of its income that constitutes Connecticut source income will be limited to that portion of its income attributable to the conduct of its business carried on in Connecticut. Such portion would be determined either by allocation or through the use of an apportionment method that would compare the Partnership's property, payroll and gross income in Connecticut with its worldwide property, payroll and gross income.

Connecticut imposes a tax payment obligation on certain partnerships with respect to partners that are non-corporate non-Connecticut residents. That obligation generally applies only to income that is derived from or connected with sources within Connecticut. As noted above, if the Partnership is engaged in a Connecticut business, it is unclear whether, and to what extent, this would include income from the Partnership's investment in, and trading of, intangible property for its own account.

Non-corporate Limited Partners which are residents of Connecticut will be subject to Connecticut Personal Income Tax on their share of Partnership income, regardless of the source of the income of the Partnership.

Corporate Limited Partners not otherwise subject to Connecticut Corporation Business Tax (the "CCBT") will not be subject to the CCBT solely by virtue of their investment in the Partnership, provided that the Partnership qualifies as an "investment partnership" under C.G.S. Section 12-213(a)(26). An "investment partnership" is defined generally as a limited partnership that meets the gross income requirement of Section 851(b)(2) of the Code.

The Partnership's potential receipt of Connecticut source income from business activities, as discussed above, may preclude it from qualifying as an "investment partnership." If it does not so qualify, a corporate Limited Partner not otherwise subject to the CCBT will be subject to the CCBT on its share of the Partnership's Connecticut source income, and will be subject to the CCBT on its share of the capital base of the Partnership. Again, as noted above, it is unclear whether, and to what extent, if the Partnership does not so qualify, the income realized by a corporate Limited Partner not otherwise subject to the CCBT with respect to its share of the Partnership's net income derived solely from its investment in, or trading of, intangible property for its own account still would be excluded from Connecticut source income. In the event that the Partnership does not qualify as an "investment partnership" but is solely engaged in the investment in, or trading of, intangible personal property for its own account, a corporate Limited Partner not otherwise subject to the CCBT will not be subject to the CCBT on its distributive share of Partnership income. However, such a corporate Limited Partner will be subject to the CCBT on its share of the capital base of the Partnership apportioned to Connecticut.

Corporate Limited Partners otherwise subject to the CCBT will be taxed on their worldwide income apportioned to Connecticut, including their share of the Partnership's income, and will include their share of the Partnership's apportionment factors in the computation of their own Connecticut apportionment fraction.

A corporation or trust exempt from Federal income tax by reason of the nature of its activities similarly will generally be exempt from the Connecticut Corporation Business Tax with respect to its share of the Partnership's income. Connecticut does, however, impose an Unrelated Business Income of Nonprofit Corporations Tax with respect to the UBTI of an exempt corporation or trust, to the extent such UBTI would be subject to Connecticut Corporate Business Tax if allocated to a corporate Limited Partner.

No ruling from the Connecticut Department of Revenue Services (the "Department") has been, or will be, requested regarding these matters. Investors must consult their own advisors regarding the possible applicability of Connecticut taxes to an investment in the Partnership.

ERISA CONSIDERATIONS

CIRCULAR 230 NOTICE – THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THE FOLLOWING SUMMARY OF CERTAIN ASPECTS OF ERISA IS BASED UPON ERISA, JUDICIAL DECISIONS, DEPARTMENT OF LABOR REGULATIONS AND RULINGS IN EXISTENCE ON THE DATE HEREOF. THIS SUMMARY IS GENERAL IN NATURE AND DOES NOT ADDRESS EVERY ERISA ISSUE THAT MAY BE APPLICABLE TO THE PARTNERSHIP OR A PARTICULAR INVESTOR. ACCORDINGLY, EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL IN ORDER TO UNDERSTAND THE ERISA ISSUES AFFECTING THE PARTNERSHIP AND THE INVESTOR.

General

Persons who are fiduciaries with respect to a U.S. employee benefit plan or trust within the meaning of and subject to the provisions of ERISA (an "ERISA Plan"), an individual retirement account or a Keogh plan subject solely to the provisions of the Code[11] (an "Individual Retirement Fund") should consider, among other things, the matters described below before determining whether to invest in the Partnership.

ERISA imposes certain general and specific responsibilities on persons who are fiduciaries with respect to an ERISA Plan, including prudence, diversification, avoidance of prohibited transactions and compliance with other standards. In determining whether a particular investment is appropriate for an ERISA Plan, U.S. Department of Labor ("DOL") regulations provide that a fiduciary of an ERISA Plan must give appropriate consideration to, among other things, the role that the investment plays in the ERISA Plan's portfolio, taking into consideration whether the investment is designed reasonably to further the ERISA Plan's purposes, the risk and return factors of the potential investment, including the fact that the returns may be subject to federal tax as unrelated business taxable income, the portfolio's composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the ERISA Plan, the projected return of the total portfolio relative to the ERISA Plan's funding objectives, and the limitation on the rights of Limited Partners to redeem all or any part of their Interests or to transfer their Interests. Before investing the assets of an ERISA Plan in the Partnership, a fiduciary should determine whether such an investment is consistent with its fiduciary responsibilities and the foregoing regulations. For example, a fiduciary should consider whether an investment in the Partnership may be too illiquid or too speculative for a particular ERISA Plan and whether the assets of the ERISA Plan would be sufficiently diversified. If a fiduciary with respect to any such ERISA Plan breaches its responsibilities with regard to selecting an investment or an investment course of action for such ERISA Plan, the fiduciary may be held personally liable for losses incurred by the ERISA Plan as a result of such breach.

Plan Assets Defined

ERISA and applicable DOL regulations describe when the underlying assets of an entity in which benefit plan investors ("Benefit Plan Investors") invest are treated as "plan assets" for purposes of ERISA. Under ERISA, the term Benefit Plan Investors is defined to include an

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[11] References hereinafter made to ERISA include parallel references to the Code.

"employee benefit plan" that is subject to the provisions of Title I of ERISA, a "plan" that is subject to the prohibited transaction provisions of Section 4975 of the Code, and entities the assets of which are treated as "plan assets" by reason of investment therein by Benefit Plan Investors.

Under ERISA, as a general rule, when an ERISA Plan invests assets in another entity, the ERISA Plan's assets include its investment, but do not, solely by reason of such investment, include any of the underlying assets of the entity. However, when an ERISA Plan acquires an "equity interest" in an entity that is neither: (a) a "publicly offered security;" nor (b) a security issued by an investment fund registered under the Company Act, then the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that: (i) the entity is an "operating company;" or (ii) the equity participation in the entity by Benefit Plan Investors is limited.

Under ERISA, the assets of an entity will not be treated as "plan assets" if Benefit Plan Investors hold less than 25% (or such higher percentage as may be specified in regulations promulgated by the DOL) of the value of each class of equity interests in the entity. Equity interests held by a person with discretionary authority or control with respect to the assets of the entity and equity interests held by a person who provides investment advice for a fee (direct or indirect) with respect to such assets or any affiliate of any such person (other than a Benefit Plan Investor) are not considered for purposes of determining whether the assets of an entity will be treated as "plan assets" for purposes of ERISA. The Benefit Plan Investor percentage of ownership test applies at the time of an acquisition by any person of the equity interests. In addition, an advisory opinion of the DOL takes the position that a redemption of an equity interest by an investor constitutes the acquisition of an equity interest by the remaining investors (through an increase in their percentage ownership of the remaining equity interests), thus triggering an application of the Benefit Plan Investor percentage of ownership test at the time of the redemption.

Limitation on Investments by Benefit Plan Investors

The General Partner will monitor the investments in the Partnership and make a reasonble effort to ensure that the aggregate investment by Benefit Plan Investors does not equal or exceed 25% of the value of any class of the Interests in the Partnership (or such higher percentage as may be specified in regulations promulgated by the DOL) so that assets of the Partnership will not be treated as "plan assets" under ERISA. Interests held by the General Partner and its affiliates are not considered for purposes of determining whether the assets of the Partnership will be treated as "plan assets" for the purpose of ERISA. If the assets of the Partnership were treated as "plan assets" of a Benefit Plan Investor, the General Partner would be a "fiduciary" (as defined in ERISA and the Code) with respect to each such Benefit Plan Investor, and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA. In such circumstances, the Partnership would be subject to various other requirements of ERISA and the Code. In particular, the Partnership would be subject to rules restricting transactions with "parties in interest" and prohibiting transactions involving conflicts of interest on the part of fiduciaries which might result in a violation of ERISA and the Code unless the Partnership obtained appropriate exemptions from the DOL allowing the Partnership to conduct its operations as described herein. The General Partner reserves the right to require the withdrawal of any Limited Partner, including, without limitation, to ensure compliance with the percentage limitation on investment in the Partnership by Benefit Plan Investors as set forth above. In seeking to ensure that the assets of the Partnership will not be "plan assets" under ERISA, the General Partner will rely on information, representations and covenants provided by investors and prospective investors in their Subscription Agreements and each investor will be asked in its Subscription Agreement to acknowledge that the General Partner is entitled to rely on the information, representations and covenants provided by such investor and other investors in their respective subscription agreements. The General Partner reserves the right, however, to waive the Benefit Plan Investor percentage of ownership limitation and thereafter to comply with ERISA.

Representations by Plans

An ERISA Plan proposing to invest in the Partnership will be required to represent that it is, and any fiduciaries responsible for the ERISA Plan's investments are, aware of and understand the Partnership's investment objectives, policies and strategies, and that the decision to invest plan assets in the Partnership was made with appropriate consideration of relevant investment factors with regard to the ERISA Plan and is consistent with the duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA.

WHETHER OR NOT THE ASSETS OF THE PARTNERSHIP ARE TREATED AS "PLAN ASSETS" UNDER ERISA, AN INVESTMENT IN THE PARTNERSHIP BY AN ERISA PLAN IS SUBJECT TO ERISA. ACCORDINGLY, FIDUCIARIES OF ERISA PLANS SHOULD CONSULT WITH THEIR OWN COUNSEL AS TO THE CONSEQUENCES UNDER ERISA OF AN INVESTMENT IN THE PARTNERSHIP.

ERISA Plans and Individual Retirement Funds Having Prior Relationships with the General Partner or its Affiliates

Certain prospective ERISA Plan and Individual Retirement Fund investors may currently maintain relationships with the General Partner or other entities that are affiliated with the General Partner. Each of such entities may be deemed to be a party in interest to and/or a fiduciary of any ERISA Plan or Individual Retirement Fund to which any of the General Partner or its affiliates provides investment management, investment advisory or other services. ERISA prohibits ERISA Plan assets to be used for the benefit of a party in interest and also prohibits an ERISA Plan fiduciary from using its position to cause the ERISA Plan to make an investment from which it or certain third parties in which such fiduciary has an interest would receive a fee or other consideration. Similar provisions are imposed by the Code with respect to Individual Retirement Funds. ERISA Plan and Individual Retirement Fund investors should consult with counsel to determine if participation in the Partnership is a transaction that is prohibited by ERISA or the Code.

Form 5500

Plan administrators of Investors that are subject to ERISA may be required to report, on Form 5500 Annual Return/Report, fees paid to the Partnership and compensation paid to service providers, including for this purpose, the General Partner and the Management Company. The descriptions contained herein of expenses, fees and compensation payable to the Partnership, the General Partner and the Management Company are intended to satisfy the disclosure requirements for "eligible indirect compensation" for which the alternative reporting option on Schedule C of Form 5500 may be available.

The provisions of ERISA are subject to extensive and continuing administrative and judicial interpretation and review. The discussion of ERISA contained herein is, of necessity, general and may be affected by future publication of regulations and rulings. Potential investors should consult with their legal advisors regarding the consequences under ERISA of the acquisition and ownership of Interests.

LIMITATIONS ON TRANSFERABILITY; SUITABILITY REQUIREMENTS

Each purchaser of an Interest must bear the economic risk of its investment for an indefinite period of time (subject to its right to withdraw capital from the Partnership) because the Interests have not been registered under the Securities Act, and therefore, cannot be sold unless they are subsequently registered under such Act or unless an exemption from registration is available. It is not contemplated that any such registration would ever be effected, or that certain exemptions provided by rules promulgated under the Securities Act (such as Rule 144) will ever be available. Each prospective Limited Partner will be required to agree that, without the prior written consent of the General Partner, which may be withheld in its sole and absolute discretion, a Limited Partner may not (i) transfer, pledge, assign, hypothecate, sell, exchange or otherwise dispose of its Interest in the Partnership; or (ii) enter into any derivatives contract, swap, structured note or any other arrangement, directly, indirectly or synthetically that references its Interest in the Partnership. The foregoing restrictions on transferability must be regarded as substantial.

The Administrator will use reasonable efforts to acknowledge in writing all transfer or assignment requests that are fully executed by each of the transferor and the transferee in good order. A transferor failing to receive such written acknowledgment from the Administrator within five (5) business days should contact the Administrator to obtain the same. Failure to obtain such a written acknowledgment from the Administrator may render the transfer void, unless otherwise permitted by the General Partner.

Investors in the Partnership must be "accredited investors" as defined under Rule 501 of Regulation D promulgated under the Securities Act, "qualified purchasers" as such term is defined in Section 2(a)(51) of the Company Act, and must meet other suitability requirements. Interests generally may not be purchased by nonresident aliens, foreign corporations, foreign partnerships, foreign trusts or foreign estates, all as defined in the Code, or by entities that are subject to the Employee Retirement Income Security Act of 1974, as amended. Such investors may be eligible to invest in the Offshore Fund. The subscription documents for the Partnership contains questions relating to these qualifications. The General Partner, in its sole discretion, may decline to admit a prospective investor for any reason or for no reason, even if it satisfies the Partnership's suitability requirements.

Each purchaser of an Interest is required to represent that the Interest is being acquired for its own account, for investment, and not with a view to resale or distribution. The Interests are suitable investments only for sophisticated investors for whom an investment in the Partnership does not constitute a complete investment program and who fully understand, are willing to assume, and who have the financial resources necessary to withstand, the risks involved in the Partnership's specialized investment program and to bear the potential loss of their entire investment in the Interests.

Each prospective purchaser is urged to consult with its own advisers to determine the suitability of an investment in the Interests, and the relationship of such an investment to the purchaser's overall investment program and financial and tax position. Each purchaser of an Interest is required to further represent that, after all necessary advice and analysis, its investment in such Interest is suitable and appropriate, in light of the foregoing considerations. Prior to any subscription of Interests, each prospective purchaser must represent in writing, by completing and signing the subscription documents, that it meets the suitability standards referred to in this Confidential Memorandum.

ANTI-MONEY LAUNDERING REGULATIONS

As part of the Partnership's responsibility to comply with regulations aimed at the prevention of money laundering and terrorist financing, the General Partner, the Administrator and their affiliates or any of the Partnership's other service providers may require a detailed verification of a subscriber's and Limited Partner's identity, any beneficial owner underlying the account of a Limited Partner and the payment source of any contribution.

The General Partner and the Administrator each reserve the right to request such information as is necessary to verify the identity of a subscriber and any underlying beneficial owner of a subscriber's or Limited Partner's interest in the Partnership. The General Partner also reserves the right to request such identification evidence in respect of a transferee of interest in the Partnership. In the event of delay or failure by the subscriber or Limited Partner to produce any information required for verification purposes, the General Partner and/or the Administrator may (i) refuse to accept or delay the acceptance of a subscription, (ii) in the case of a transfer of Interests, refuse to consent to the relevant transfer of Interests, or (iii) cause the withdrawal of any such Limited Partner from the Partnership. The General Partner and/or the Administrator may suspend the payment of withdrawal proceeds of a Limited Partner if the General Partner and/or the Administrator reasonably deems it necessary to do so to comply with applicable anti-money laundering laws or the laws, regulations, and Executive Orders administered by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), or other laws or regulations by any person in any relevant jurisdiction (collectively, "AML/OFAC obligations").

Each subscriber and Limited Partner will be required to make such representations to the Partnership as the Partnership, the General Partner and the Administrator may require in connection with applicable AML/OFAC obligations, including, without limitation, representations to the Partnership that the subscriber or Limited Partner (or any person controlling or controlled by the subscriber or Limited Partner; if the subscriber or Limited Partner is a privately held entity, any person having a beneficial interest in the subscriber or Limited Partner; or any person for whom the subscriber or Limited Partner is acting as agent or nominee in connection with the investment) is not (i) an individual or entity named on any available lists of known or suspected terrorists, terrorist organizations or of other sanctioned persons issued by the United States government and the government(s) of any jurisdiction(s) in which the Partnership is doing business, including the List of Specially Designated Nationals and Blocked Persons administered by OFAC, as such list may be amended from time to time; (ii) an individual or entity otherwise prohibited by the OFAC sanctions programs; or (iii) a current or former senior foreign political figure[12] or politically exposed person[13], or an immediate family member or close associate of such an individual. Further, such subscriber or Limited Partner must represent to the Partnership that it is not a prohibited foreign shell bank[14].

Such subscriber or Limited Partner will also be required to represent to the Partnership that amounts contributed by it to the Partnership were not directly or indirectly derived from activities that may contravene U.S. Federal, state or international laws and regulations, including, without limitation, any applicable anti-money laundering laws and regulations.

Each subscriber and Limited Partner must notify the Partnership promptly in writing should it become aware of any change in the information set forth in its representations. Each subscriber and Limited Partner is advised that it may be necessary or advisable in connection with its anti-money laundering or OFAC procedures for the Partnership to "freeze the account" of such subscriber or Limited Partner, either by prohibiting additional investments from the subscriber or Limited Partner, declining any withdrawal requests from the subscriber or Limited Partner, suspending the payment of withdrawal proceeds payable to the subscriber or Limited Partner, and/or segregating the assets in the account in compliance with governmental regulations. The Partnership may also be required to report such action and to disclose the subscriber's or Limited Partner's identity to OFAC or other applicable governmental and regulatory authorities.

ADDITIONAL INFORMATION

The Administrator will provide to each prospective investor or its authorized representative the opportunity to ask questions of, and receive answers from, the Administrator concerning the terms and conditions of this offering, including subscriptions, withdrawals or net asset value, and to obtain any additional information, to the extent that the Administrator

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[12] A "senior foreign political figure" is defined as (a) a current or former senior official in the executive, legislative, administrative, military or judicial branches of a non-U.S. government (whether elected or not), a current or former senior official of a major non-U.S. political party, or a current or former senior executive of a non-U.S. government-owned commercial enterprise; (b) a corporation, business, or other entity that has been formed by, or for the benefit of, any such individual; (c) an immediate family member of any such individual; and (d) a person who is widely and publicly known (or is actually known) to be a close associate of such individual. For purposes of this definition, a "senior official" or "senior executive" means an individual with substantial authority over policy, operations, or the use of government-owned resources; and "immediate family member" means spouses, parents, siblings, children and a spouse's parents and siblings.

[13] A "politically exposed person" is a term used for individuals who are or have been entrusted with prominent public functions in a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, and important political party officials.

[14] A "prohibited foreign shell bank" is a foreign bank that does not have a physical presence in any country, and is not a "regulated affiliate", *i.e.*, an affiliate of a depository institution, credit union, or foreign bank that (i) maintains a physical presence in the U.S. or a foreign country, as applicable, and (ii) is subject to supervision by a banking authority in the country regulating the affiliated depository institution, credit union, or foreign bank.

possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information set forth herein.

Each subscriber and Limited Partner will be requested to acknowledge and consent that the Partnership, the Administrator and/or the General Partner may disclose to each other, to any regulatory body, to a delegate, agent or any other service provider in any jurisdiction, including those outside of the U.S. or the European Economic Area, copies of the subscriber's subscription application and any information concerning the subscriber provided by the subscriber to the Partnership, the Administrator and/or the General Partner. Any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on such person by law or otherwise.

The General Partner, the Administrator or any agent of the foregoing may communicate with Limited Partners (*e.g.* financial statements, performance reports, manager letters) by using a variety of means including, but not limited to, by telephone, e-mail, password protected Internet website, regular mail and facsimile. A Limited Partner may, at any time, notify the Partnership that it does not wish to receive electronic communication and receive paper communication instead.

The Partnership may establish, or may instruct the Administrator to establish, an account for the deposit of investor subscription and withdrawal proceeds. Such an account may be established in the name of the Partnership, the Administrator, or an affiliate of the Administrator, including a trust entity established for purposes of opening accounts to hold such assets. Although the principal proceeds will be held for the benefit of the investor, any interest derived from the use of such account will be for the benefit of the account holder.

SUBSCRIPTION FOR INTERESTS

Completed and executed copies of the subscription agreement and all supporting documents, including adequate anti-money laundering documentation if requested, must be received and accepted at least three business days prior to the date on which the Limited Partner is to be admitted to the Partnership. To ensure that the subscription can be successfully processed by this deadline, the subscription documents and all supporting documents should be submitted to the Administrator at least ten days prior to the date on which the Limited Partner is to be admitted to the Partnership. Payment of the amount of all subscriptions should be received by the Administrator no later than 12:00 p.m. (New York City time) on the first business day prior to the date on which the Limited Partner is to be admitted to the Partnership.

Subject to the discretion of the General Partner to otherwise accept subscriptions at any time, requests received after the applicable deadline will be held over until the next offering date and Interests will be issued thereafter. If the request was received after the applicable deadline as a result of events beyond the control of the investor or mechanical failure in submission, the General Partner may, in its discretion, accept the request for such offering date.

The Administrator will use its reasonable efforts to acknowledge in writing all subscription requests that are received. A Limited Partner failing to receive such written acknowledgement from the Administrator within five business days should contact the

Administrator to obtain the same. Failure to obtain such a written acknowledgement from the Administrator may delay the subscription or render the request void, subject to the General Partner's determination to accept the request.