

Investor Notice of U.S. Federal Income Tax Considerations

The tax consequences of investing in equity securities issued by partnerships and other flow-through entities are very different from the consequences of investing in corporate stock, including because you generally will be subject to tax on your allocable share of partnership income even if the partnership does not distribute any cash to you. You should review the following discussion carefully, and discuss with your tax advisors the potential consequences to you of any particular investment in partnership securities.

The following discussion describes certain U.S. federal income considerations that are relevant to the purchase, ownership, and disposition by a U.S. Holder (as defined below) of units in an entity that is treated as a partnership for U.S. federal income tax purposes. Additional considerations are described in the more detailed discussion of U.S. federal income tax considerations provided by each relevant issuer within their respective disclosure statements, and this discussion should be read in connection with such issuer-specific disclosure statements. This discussion does not address considerations that may be relevant to a beneficial owner of partnership units that is not a U.S. Holder.

This discussion does not cover all potential U.S. federal income tax consequences that may be relevant to the purchase, ownership or disposition of partnership units by a particular investor. In particular, this discussion does not address all of the tax considerations that may be relevant to persons subject to special tax rules, including banks, insurance companies or other financial institutions, dealers in securities, persons holding units as part of a hedge, straddle, conversion or other integrated financial transaction, investors holding 5% or more of the equity of the issuer, entities that are treated as partnerships for U.S. federal income tax purposes (or partners therein), or that are otherwise subject to special treatment under the Internal Revenue Code of 1986, as amended (the “Code”). In addition, this discussion does not address state, local, or non-U.S. tax laws, or the potential effects of any changes in applicable tax laws (which could be retroactive).

For purposes of this discussion, a “U.S. Holder” means a beneficial owner of units in a partnership that is an individual and is a citizen or resident of the United States.

INVESTORS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE POTENTIAL TAX CONSEQUENCES TO THEM, IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, OF PURCHASING, HOLDING, OR DISPOSING OF UNITS OR OTHER EQUITY INSTRUMENTS THAT ARE TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES AS INTERESTS IN A PARTNERSHIP.

Partner Status

Except as discussed below under “—*Potential treatment as a publicly-traded partnership*,” this discussion assumes that the issuer of the units will be treated as a partnership for U.S. federal income tax purposes.

Beneficial owners of equity interests in a partnership generally are treated as partners in the partnership for U.S. federal income tax purposes. Status as a partner in a partnership has significantly different U.S. federal income tax consequences from status as a shareholder of a C

corporation, due to the flow-through treatment of partnerships under U.S. federal income tax rules. **Prospective investors are strongly urged to consult their own tax advisors regarding the U.S. federal, state, local, and non-U.S. tax consequences of acquiring, holding, and disposing of units that represent interests in a partnership for U.S. federal income tax purposes.**

Flow-Through of Taxable Income

Because partnerships are treated as flow-through entities for U.S. federal income tax purposes, each U.S. Holder of equity in a partnership is required to report and pay tax on its allocable share of the partnership's income, gains, losses and deductions, without regard to whether the shareholder receives any cash or property from the partnership. As a result, a U.S. Holder of partnership units may require cash from other sources to pay taxes on income or gain recognized with respect to the units.

Because of the flow-through of taxable income described above, a distribution of cash or property by a partnership to a U.S. Holder generally will not be taxable for U.S. federal income tax purposes to the extent of the U.S. Holder's tax basis in its partnership interest immediately before the distribution. Distributions in excess of the U.S. Holder's tax basis in its partnership interest, however, generally will be subject to tax as gain from the sale or exchange of the partnership interest.

U.S. Holders will need to consult their tax advisors to ensure that their allocable shares of partnership items of income, gain, loss and deduction are appropriately reported on their income tax returns.

Partnership tax audits

The U.S. federal income tax rules for auditing partnerships are complicated, and can impose liability for any tax deficiencies upon the partnership itself, notwithstanding the general flow-through treatment discussed above. Under those rules, it is possible that an investor in partnership units (or other instruments that are treated as interests in a partnership for U.S. federal income tax purposes) may bear the economic cost of taxes that are imposed in respect of a taxable period before the investor's holding period for the units or other equity instruments. It also is possible that an audit or examination of the partnership may result in an increase to the taxable income or gain allocated to an investor in respect of such units or other instruments in an earlier tax year.

Potential treatment as a publicly-traded partnership

Section 7704 of the Internal Revenue Code generally provides that a publicly-traded partnership will be treated as a corporation for U.S. federal income tax purposes, unless an exception applies. One such exception applies to partnerships for which 90% or more of the partnership's gross income consists of "qualifying income" for every taxable year during which interests in the partnership are publicly-traded. Qualifying income includes certain income and gains derived from activities with respect to minerals and natural resources, as well as interest (other than from a financial business), dividends, real property rents, gains from the sale of real

property, and gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income.

If the interests in a partnership are treated as publicly traded, and the partnership does not qualify for an exception, the partnership could be treated for U.S. federal income tax purposes as a corporation. In such event, the partnership's taxable income would be subject to U.S. federal corporate income tax, which could significantly reduce the return that a U.S. Holder might derive in respect of the partnership interests. In addition, depending on the particular circumstances, the deemed conversion of a partnership to a corporation could be a taxable event for U.S. Holders, in respect of which the U.S. Holders could owe additional taxes, penalties, and interest.

tZERO has undertaken no analysis of whether interests in any particular issuer should be treated for U.S. federal income tax purposes as interests in a partnership or in a corporation, and undertakes no responsibility, commitment, or other obligation to monitor, determine, or provide any notice regarding whether an entity is, or has become, treated as a publicly-traded partnership for U.S. federal income tax purposes, or qualifies for an exception from publicly-traded partnership status.

INVESTORS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE POTENTIAL TAX CONSEQUENCES TO THEM, IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, OF PURCHASING, HOLDING, OR DISPOSING OF UNITS OR OTHER INSTRUMENTS THAT ARE TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES AS INTERESTS IN A PARTNERSHIP, AND REGARDING WHETHER ANY PARTICULAR ISSUER SHOULD BE TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES AS A PARTNERSHIP OR AS A PUBLICLY TRADED PARTNERSHIP THAT IS TAXED AS A CORPORATION.