17. It is possible that a Partnership will not participate in investment opportunities due to regulatory, tax, or other considerations even though the related Investment Fund proceeds to make investments in connection with such investment opportunities. The circumstances, if any, in which a Partnership will or will not make an investment alongside the related Investment Fund will be provided for in the Partnership Agreement. Under no circumstances, however, will a Partnership make an investment unless the related Investment Fund also makes an investment in connection with the applicable investment opportunity.

18. Similarly, each Partnership, except as permitted by condition 3 below, will be given the opportunity to sell or otherwise dispose of its investments prior to or concurrently with, and on the same terms as sales or other dispositions by the related Investment Fund.

19. A Partnership will not invest more than 15% of its assets in securities issued by registered investment companies (with the exception of temporary investments in money market funds), and a Partnership will not acquire any security issued by a registered investment company if immediately after such acquisition the Partnership will own more than 3% of the outstanding voting stock of the registered investment company.

20. The "lock-step" investment requirements described above could enable the Limited Partners of each Partnership to derive the benefit of various terms applicable to the related Investment Fund that were designed for the protection of investors in such Investment Fund. It also is possible that the terms of the related Investment Fund will include provisions that would give the investors of the Investment Fund rights that are specifically not made available to the Limited Partners of the Partnership. For example, investors of the Investment Fund may have the right (which will not be available to the Limited Partners) to make additional co-investments outside such Investment Fund in certain investment opportunities.

21. Subject to the terms of each Partnership and the related Investment Fund, the Partnership will be permitted to enter into transactions involving an entity within the Morgan Stanley Group (including without limitation the related Investment Fund), a portfolio company,

and partner of or other investor in the related Investment Fund that is not an entity within the Morgan Stanley Group (together with the affiliates (as defined in rule 12b-2 under the Exchange Act) of such partner or other investor, hereinafter referred to as a "Non-MS Investment Fund Partner''), or any partner or person or entity related to any partner. Such transactions may include, without limitation, the purchase or sale by the Partnership of an investment, or an interest therein, from or to any entity within the Morgan Stanley Group, acting as principal. With respect to any investment purchased by a Partnership from an entity within the Morgan Stanley Group, acting as principal, the Partnership will acquire the investment for no more than the fair value at the time of purchase, plus carrying costs and certain organizational expenses. The fair value at the time of such purchase may be more or less than the price paid by the entity, depending on the appreciation or depreciation in the particular investment.

22. No individual who serves on the Board or manages or is otherwise employed to perform the day-to-day affairs of the Partnership will be permitted to invest his or her own funds in connection with any Partnership investment, except through the related Investment Fund or the Partnership as a partner or other investor of the General Partner, through the Partnership as a Limited Partner of the Partnership, or through the exercise of stock options or warrants granted, on the same terms and amounts, to all outside directors of the entities in which such Partnership invests.

23. An entity within the Morgan Stanley Group (including the General Partner) may provide investment banking, management, or other services and receive fees or other compensation and expense reimbursement in connection therewith from entities in which a Partnership makes an investment or competitors of such entities. Such fees or other compensation may include, without limitation, advisory fees, organization or success fees, financing fees, management fees, performance-based fees, fees for brokerage and clearing services, and compensation in the form of carried interests entitling the entity to share disproportionately in income or capital gains or similar compensation. An entity within the Morgan Stanley Group also may engage in marketmaking activities with respect to the securities of entities in which a Partnership makes an investment or competitor of such entities. Employees of an entity within the Morgan Stanley

Group may serve as officers or directors of such entities pursuant to rights held by a Partnership or the related Investment Fund to designate such officers or directors, and receive officers' and directors' fees and expense reimbursement in connection with such services. The Morgan Stanley Group reserves the right not to charge or to waive all or part of any such fees or other compensation or expense reimbursement that a Partnership otherwise might incur or bear indirectly. However, any such fees or other compensation or expense reimbursement received by an entity within the Morgan Stanley Group generally will not be shared with any Partnership.

24. With regard to the transactions described above into which a Partnership directly or indirectly enters, the Board must determine prior to entering into such transaction that the terms thereof are fair to the partners and the Partnership.

25. Interests in a Partnership will be non-transferable, except with the prior written consent of the General Partner of the Partnership, which consent may be withheld in its sole discretion. In any event, interests will not be transferable to persons other than: (a) Other Eligible Employees; (b) trusts or other investment vehicles for the benefit of such Limited Partner and/or such Limited Partner's immediate family; or (c) an entity within the Morgan Stanley Group.

26. Upon the death of a Limited Partner, or such Limited Partner becoming incompetent, insolvent, incapacitated or bankrupt, such Limited Partner's estate or legal representative will succeed to the Limited Partner's interest as an assignee for the purpose of settling such Limited Partner's estate or administering such Limited Partner's property, and may not become a Limited Partner.

27. Interests in a Partnership may be redeemable by the Partnership upon the Limited Partner's termination of employment from the Morgan Stanley Group. Alternatively, Morgan Stanley Group may have the right to purchase a Limited Partner's interest upon such termination of employment. The terms upon which an interest may be so redeemed or purchased, including the manner in which the redemption or purchase price will be determined, will be fully disclosed to Eligible Employees at the time they are offered the right to subscribe for the interest. In any event, with respect to a redemption, the redemption price will not be less than the lower of (a) the amount invested plus interest calculated at a rate per

investment may have more favorable non-economic terms (e.q., the right to representation on the board of directors of the portfolio company) in light of differences in legal structure, or regulatory, tax, or other considerations.