

EXHIBIT B

ARIEL FUND LIMITED

A Cayman Islands Exempted Company

CONFIDENTIAL OFFERING MEMORANDUM

Relating to Class B Participating Shares

Par Value U.S. \$0.01 per Share

March 2006

Investment Advisor:
Gabriel Capital Corporation
450 Park Avenue
32nd Floor
New York, New York 10022

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The information contained herein is confidential and is furnished for informational purposes only. This Confidential Offering Memorandum supersedes all earlier disclosure concerning the Fund.

CONFIDENTIAL OFFERING MEMORANDUM

ARIEL FUND LIMITED

c/o Fortis Prime Fund Solutions (Cayman) Limited
P.O. Box 2003 GT
Grand Pavilion Commercial Center
802 West Bay Road
Grand Cayman
Cayman Islands

Ariel Fund Limited, a Cayman Islands exempted company formed on December 28, 1988 (the "Fund"), was organized to operate as a private investment fund for the benefit of non-U.S. Persons and Permitted U.S. Persons (as defined below) and any investors that the Fund's board of directors deems appropriate. The Fund's investment objective is to provide shareholders with a total return on their investment consisting of capital appreciation and income by investing in a diverse portfolio of securities. Generally, the Fund will invest and trade in U.S. and non-U.S., marketable and non-marketable, equity and debt securities and options, as well as other evidences of ownership interest or indebtedness, including receivership certificates, and promissory notes and payables to trade creditors of distressed companies or companies in Chapter 11 bankruptcy proceedings, and commodities contracts, futures contracts (relating to stock indices, options on stock indices, commodities and options on commodities) and forward contracts. The Fund will invest in the securities of corporations believed to be fundamentally undervalued. The Fund will also make indirect investments with third-party managers, including investments through managed accounts and investments in mutual funds, private investment partnerships, closed-end funds and other pooled investment vehicles (including special purpose vehicles), which engage in similar investment strategies as the Fund (collectively, "Other Investment Entities"). The Fund expects to invest in private and restricted securities. The Fund may utilize leverage when deemed appropriate by the Investment Advisor (as defined below), including to enhance the Fund's returns and meet redemptions that would otherwise result in the premature liquidation of investments. There can be no assurance that the Fund's investment objective will be achieved. (See "Investment Program.")

J. Ezra Merkin owns and manages Gabriel Capital Corporation which serves as the Investment Advisor of the Fund (the "Investment Advisor"). The Investment Advisor has ultimate responsibility for the management, operations and investment decisions made on behalf of the Fund. J. Ezra Merkin also serves as the general partner of Gabriel Capital, L.P., a Delaware limited partnership organized for U.S. taxable investors, which follows an investment program similar to that of the Fund (the "U.S. Partnership.")

This Confidential Offering Memorandum relates to an offering of non-voting shares in the Fund (the "Class B Participating Shares") to certain investors that, if accepted, will become shareholders of the Fund (each, a "Shareholder"). The Fund may offer Class B Participating Shares to prospective new Shareholders as of the beginning of each quarter (or at such other times as the board of directors of the Fund, in its sole discretion, may allow). The

Fund issued 100 founders shares, with a par value of \$1.00 per share, to the Investment Advisor, shortly after the Fund's incorporation (the "Founders Shares"). The Founders Shares are the only shares issued by the Fund that carry voting rights. All of the Founders Shares of the Fund are currently owned by Fortis Bank (Cayman) Limited, as trustee of The Ariel Trust, a Cayman Islands trust. Holders of Founders Shares are not entitled to participate in the appreciation of the Fund's assets, but are entitled to a return of par value upon liquidation or dissolution of the Fund.

It is anticipated that no dividends will be paid on the Class B Participating Shares. The Fund will retain and reinvest the net income derived from its investments.

Class B Participating Shares are being offered to (i) persons who are not "U.S. Persons", as that term is defined herein under "Suitability Requirements; Limitations on Transferability", and (ii) to Tax-Exempt U.S. Persons (as defined herein under "Tax Aspects-Tax-Exempt U.S. Persons") including tax-exempt entities subject to the U.S. Employee Retirement Income Security Act of 1974, as amended, and entities substantially all of the ownership interests in which are held by Tax-Exempt U.S. Persons (collectively, "Permitted U.S. Persons"). Each Permitted U.S. Person that purchases Class B Participating Shares must be, among other things, an "accredited investor" as defined in Rule 501 under the Securities Act of 1933, as amended (the "1933 Act") and a "qualified purchaser", as that term is defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"). The board of directors of the Fund, in its sole discretion, may decline to admit a prospective investor for any reason or for no reason, even if it satisfies the Fund's suitability requirements.

Class B Participating Shares are suitable only for sophisticated investors (i) that do not require immediate liquidity for their investments, (ii) for which an investment in the Fund does not constitute a complete investment program and (iii) that fully understand and are willing to assume the risks involved in the Fund's investment program. The Fund's investment practices, by their nature, may be considered to involve a substantial degree of risk. (See "Investment Program" and "Certain Risk Factors.")

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

This Confidential Offering Memorandum has been prepared solely for the information of the person to whom it has been delivered on behalf of the Fund and may not be reproduced or used for any other purpose. The dissemination, distribution, reproduction or other use of all or any portion of this Confidential Offering Memorandum or the divulgence of any of its contents other than to the prospective investor's financial, tax or legal advisors, without the prior written approval of the Investment Advisor, is prohibited. Any person that receives this Confidential Offering Memorandum and does not purchase Class B Participating Shares is requested to promptly return this Confidential Offering Memorandum to the Fund. Notwithstanding anything herein to the contrary, 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 Fund and (ii) any transactions

described herein, 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. Each person accepting this Confidential Offering Memorandum agrees to return it to the Fund promptly upon request. This Confidential Offering Memorandum is accurate as of its date, but no representation or warranty is made as to its continued accuracy after such date.

The Fund will not be registered as an investment company under the Investment Company Act and, therefore, will not be required to adhere to certain operational restrictions and requirements under the Investment Company Act. The Investment Advisor is not registered as an investment adviser under the Investment Advisers Act of 1940, as amended.

All references to "dollars" or to "\$" herein are to U.S. Dollars.

THE INVESTMENT ADVISOR IS EXEMPT FROM REGISTRATION WITH THE U.S. COMMODITY FUTURES TRADING COMMISSION ("CFTC") AS A COMMODITY POOL OPERATOR ("CPO") UNDER CFTC RULE 4.13(A)(4). THEREFORE, UNLIKE A REGISTERED CPO, THE INVESTMENT ADVISOR IS NOT REQUIRED TO PROVIDE PROSPECTIVE SHAREHOLDERS WITH A CFTC COMPLIANT DISCLOSURE DOCUMENT, NOR IS IT REQUIRED TO PROVIDE SHAREHOLDERS WITH CERTIFIED ANNUAL REPORTS THAT SATISFY THE REQUIREMENTS OF CFTC RULES APPLICABLE TO REGISTERED CPOS. THE FUND DOES, HOWEVER, INTEND TO PROVIDE SHAREHOLDERS WITH ANNUAL AUDITED FINANCIAL STATEMENTS.

THE CFTC EXEMPTION RULE REQUIRES, AMONG OTHER THINGS, THAT EACH SHAREHOLDER BE A NON-UNITED STATES PERSON UNDER CFTC RULES, SATISFY CERTAIN SOPHISTICATION CRITERIA, OR OTHERWISE BE AN ELIGIBLE INVESTOR SPECIFIED IN THE RULE. IT ALSO REQUIRES THAT CLASS B PARTICIPATING SHARES IN THE FUND BE EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND BE OFFERED AND SOLD WITHOUT MARKETING TO THE PUBLIC IN THE UNITED STATES. THE FUND'S CONFIDENTIAL OFFERING MEMORANDUM (THIS "MEMORANDUM") HAS NOT BEEN REVIEWED OR APPROVED BY THE CFTC.

NO OFFERING LITERATURE OR ADVERTISING IN WHATEVER FORM WILL BE EMPLOYED IN THE OFFERING OF THE CLASS B PARTICIPATING SHARES EXCEPT FOR THIS CONFIDENTIAL OFFERING MEMORANDUM, STATEMENTS CONTAINED HEREIN AND WRITTEN MATERIALS SPECIFICALLY APPROVED BY THE INVESTMENT ADVISOR. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATION OR GIVE ANY INFORMATION WITH RESPECT TO THE CLASS B PARTICIPATING SHARES, EXCEPT FOR THE INFORMATION CONTAINED HEREIN.

THE FUND IS A REGULATED MUTUAL FUND FOR THE PURPOSES OF THE MUTUAL FUNDS LAW (2003 REVISION) OF THE CAYMAN ISLANDS. THE FUND IS REGISTERED WITH THE CAYMAN ISLANDS MONETARY AUTHORITY PURSUANT

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TO SECTION 4(3) OF THAT LAW AND THE PRESCRIBED DETAILS IN RESPECT OF THIS CONFIDENTIAL OFFERING MEMORANDUM HAVE BEEN FILED WITH THE MONETARY AUTHORITY. SUCH REGISTRATION DOES NOT IMPLY THAT THE MONETARY AUTHORITY IN THE CAYMAN ISLANDS HAS APPROVED THIS CONFIDENTIAL OFFERING MEMORANDUM OR THE OFFERING OF CLASS B PARTICIPATING SHARES HEREUNDER. FOR A SUMMARY OF THE CONTINUING REGULATORY OBLIGATIONS OF THE FUND AND A DESCRIPTION OF THE REGULATORY POWER OF THE CAYMAN ISLANDS MONETARY AUTHORITY, SEE THE SECTION ENTITLED "CAYMAN ISLANDS REGULATION" OF THIS CONFIDENTIAL OFFERING MEMORANDUM.

EXCEPT AS NOTED IN THE PRECEDING PARAGRAPH, THE OFFERING OF SECURITIES HEREBY HAS NOT BEEN FILED WITH OR APPROVED OR DISAPPROVED BY ANY REGULATORY AUTHORITY OF ANY COUNTRY OR JURISDICTION, NOR HAS ANY SUCH REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. CLASS B PARTICIPATING SHARES ARE NOT REGISTERED FOR SALE, AND THERE WILL BE NO PUBLIC OFFERING OF THE CLASS B PARTICIPATING SHARES.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY UPON THEIR OWN EXAMINATION OF THE FUND AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

EACH PROSPECTIVE INVESTOR IS INVITED TO MEET WITH THE INVESTMENT ADVISOR TO DISCUSS WITH, ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, THE FUND CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING OF THE CLASS B PARTICIPATING SHARES, AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE FUND POSSESS SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, NECESSARY TO VERIFY THE INFORMATION CONTAINED HEREIN.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN FILED WITH OR APPROVED OR DISAPPROVED BY ANY REGULATORY AUTHORITY OF ANY COUNTRY OR JURISDICTION, NOR HAS ANY SUCH REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE CLASS B PARTICIPATING SHARES ARE NOT REGISTERED FOR SALE, AND THERE WILL BE NO PUBLIC OFFERING OF THE CLASS B PARTICIPATING SHARES. 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. (SEE APPENDIX A.)

CLASS B PARTICIPATING SHARES MAY NOT BE OFFERED TO THE PUBLIC IN THE CAYMAN ISLANDS.

* * * *

THE FUND

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Cayman Islands

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ARIEL FUND LIMITED

SUMMARY OF TERMS

The following is a summary of the principal terms of the Fund (as defined below). The following summary is qualified in its entirety by the more detailed information set forth in this Confidential Offering Memorandum and by the terms and conditions of the Fund's Memorandum of Association and Articles of Association (together, the "Articles"), as the same may be amended from time to time. This summary should be read in conjunction with such detailed information.

THE FUND:

Ariel Fund Limited, a Cayman Islands exempted company formed on December 28, 1988 (the "Fund"), was organized to operate as a private investment fund for the benefit of non-U.S. and Permitted U.S. Persons (as defined below) and any investors that the Fund's board of directors deems appropriate.

Gabriel Capital, L.P., a Delaware limited partnership organized for U.S. taxable investors, follows an investment program substantially similar to that of the Fund (the "U.S. Partnership"). The owner of the Investment Advisor (as defined below) also serves as the general partner of the U.S. Partnership. The U.S. Partnership and the Fund will invest on a side-by-side basis, unless differences in the investments of the U.S. Partnership or the Fund are deemed to be in the best interests of the respective fund's investors.

INVESTMENT PROGRAM:

The Fund's investment objective is to provide shareholders with a total return on their investment consisting of capital appreciation and income by investing in a diverse portfolio of securities. Generally, the Fund will invest and trade in U.S. and non-U.S., marketable and non-marketable, equity and debt securities and options, as well as other evidences of ownership interest or indebtedness, including receivership certificates, and promissory notes and payables to trade creditors of distressed companies or companies in Chapter 11 bankruptcy proceedings, and commodities contracts, futures contracts (relating to stock indices, options on stock indices, commodities and options on commodities) and forward contracts. The Fund will invest in the securities of corporations believed to be fundamentally undervalued. The Fund will also make indirect investments with third-party

managers, including investments through managed accounts and investments in mutual funds, private investment partnerships, closed-end funds and other pooled investment vehicles (including special purpose vehicles), which engage in similar investment strategies as the Fund (collectively, "Other Investment Entities"). The Fund expects to invest in private and restricted securities. The Fund may utilize leverage when deemed appropriate by the Investment Advisor (as defined below), including to enhance the Fund's returns and meet redemptions that would otherwise result in the premature liquidation of investments. There can be no assurance that the Fund's investment objective will be achieved. (See "Investment Program.")

When the Fund engages in investments through Other Investment Entities, fees, including performance-based fees, may be payable by the Fund, in addition to the fees payable to the Investment Advisor discussed below. In such cases, the Investment Advisor will retain overall investment responsibility for the portfolio of the Fund (although not the investment decisions of any independent money managers managing Other Investment Entities). Such arrangements are subject to periodic review by the Investment Advisor and are terminable at reasonable intervals in the Investment Advisor's discretion. The Fund may withdraw from or invest in different investment funds and terminate or enter into new investment advisory agreements without prior notice to, or consent of, the Shareholders. (See "Certain Risk Factors—Independent Money Managers.")

From time to time, the Investment Advisor may, in its sole discretion, acquire assets or securities that the Investment Advisor believes lack a readily ascertainable market value or otherwise lack sufficient liquidity. Certain of these investments (not exceeding 40% of the net asset value of the Class B Participating Shares (as defined below), calculated at the time such investments are designated, and with such investments valued at cost) may be designated special investments (each a "Special Investment") as the Investment Advisor shall determine in its sole discretion. In addition, existing investments may be designated Special Investments and will be valued at their carry value when so designated. Shares attributable to a Special Investment are allocated *pro rata* to those investors that are Shareholders (defined below) at the time a Special

Investment is made (or designated) (See "The Shares.")

The Investment Advisor will not permit more than the greater of 50% of the Fund's capital and 25% of the Fund's total assets (on a cost basis, giving consideration to hedging techniques utilized) to be invested in a single investment. Moreover, it will not permit more than 10% of the Fund's capital to be placed at risk in a single investment. The Investment Advisor will have the discretion to determine how much is at risk for purposes of this test.

The Fund's investment program is speculative and may entail substantial risks. Since market risks are inherent in all investments to varying degrees, there can be no assurance that the Fund's investment objectives will be achieved. In fact, certain investment practices described above can, in some circumstances, substantially increase the adverse impact on the Fund's investment portfolios. (See "Investment Program"; "Certain Risk Factors.")

THE INVESTMENT ADVISOR:

The Fund's assets are invested by Gabriel Capital Corporation (the "Investment Advisor"), a Delaware corporation, pursuant to the terms of an Investment Advisory Agreement between the Investment Advisor and the Fund (the "Investment Advisory Agreement") subject to the policies and control of the board of directors of the Fund (the "Board of Directors"). All of the outstanding capital stock of the Investment Advisor is owned or controlled by J. Ezra Merkin. (See "The Investment Advisor.")

The Investment Advisor is not registered as an investment adviser under the Investment Advisers Act of 1940, as amended.

THE BOARD OF DIRECTORS:

The Fund has two directors who serve as the Board of Directors to the Fund. Don M. Seymour and Aldo Ghisletta serve as directors to the Fund and will remain directors until their resignation or removal. (See "The Board of Directors.")

THE REGISTRAR:

Fortis Prime Fund Solutions (Cayman) Limited acts as share registration and transfer agent of the Fund (the "Registrar") and is a company registered in the Cayman Islands. The Registrar has a Trust License issued under

the Banks and Trust Companies Law (2003 Revision) of the Cayman Islands and has an unrestricted Mutual Fund Administrator's License issued under the Mutual Funds Law (2003 Revision) of the Cayman Islands.

The Registrar is one of the largest of the Cayman Islands' licensed fund administrators providing full administrative services to over 450 funds with net assets in excess of \$47 billion. The Registrar is a wholly-owned subsidiary of Fortis Bank (Cayman) Limited and is part of the Fortis Group. (See "The Registrar.")

THE SHARES:

This Confidential Offering Memorandum relates to an offering of non-voting Class B Participating Shares in the Fund (the "Class B Participating Shares") to certain investors that, if accepted, will become shareholders of the Fund (each, a "Shareholder.")

The Fund also has in issue Class A Participating Shares (the "Class A Participating Shares" and together with the Class B Participating Shares, the "Participating Shares"). The Class A Participating Shares are held by shareholders who invested in the Fund prior to February 1, 2006 and have different redemption rights and less exposure to Special Investments than the Class B Participating Shares. Class A Participating Shares purchased prior to February 1, 2006 may be redeemed on the last business day of each calendar quarter upon 30 days prior written notice to the Fund. In addition, up to 25% of the net asset value of Class A Participating Shares may be designated as Special Investments.

The Board of Directors may also establish other classes of shares at such times and on such terms as may be determined in its sole discretion. (See "The Shares.")

The Fund has issued 100 founders shares, with a par value of \$1.00 per share which are currently owned by Fortis Bank (Cayman) Limited, as trustee of The Ariel Trust, a Cayman Islands trust (the "Founders Shares"). The Founders Shares are the only shares issued by the Fund that carry voting rights. Holders of Founders Shares are not entitled to participate in the appreciation of the Fund's assets, but are entitled to a return of par value upon liquidation or dissolution of the Fund. (See "The Shares.")

SPECIAL INVESTMENT

The Fund also has the authority to issue Special

SHARES:

Investment Shares (defined below) to the extent that the Fund holds Special Investments. Upon the acquisition of a Special Investment (or designation of an existing investment as a Special Investment), the Fund will allocate a *pro rata* portion of its assets attributable to the Class B Participating Shares to a new series of special investment shares ("Special Investment Shares"), and such series will represent the Special Investment. Immediately upon the Fund making or designating a Special Investment, the Investment Advisor will determine the value of such Special Investment.

Special Investments generally will be valued at cost unless the Investment Advisor determines, in its sole discretion, that another valuation method represents the Special Investments' "fair value".

Special Investment Shares will be issued in series and each series will represent interests in one Special Investment of the Fund. A portion of each series of the Class B Participating Shares (based on each such series' *pro rata* portion of the Net Asset Value (as defined herein) of all Class B Participating Shares after taking into account any accrued Management Fee) having an aggregate Net Asset Value equal to the cost (or value, if appropriate) of the Special Investment will be converted (by redemption and reissue) to the new series of Special Investment Shares. Each holder of Class B Participating Shares shall receive a *pro rata* portion of the series of Special Investment Shares converted from Class B Participating Shares. Class B Participating Shares converted to Special Investment Shares will not be outstanding as of the date the related Special Investment is made or designated. A series of Special Investment Shares will not be converted back into the series of Class B Participating Shares (or the successor to such series) from which they were converted, until the Special Investment represented by such series of Class B Participating Shares is realized or the Investment Advisor determines that such investment should no longer be maintained as a Special Investment (any such determination by the Investment Advisor with respect to a Special Investment shall hereinafter be referred to as a "Deemed Disposition").

In the event the Fund makes an investment which the Investment Advisor determines is a follow-up investment to a Special Investment (each, a "Follow-Up

Investment"), the participating Shareholders in such Special Investment shall share in such Follow-Up Investment in proportion to their interest in the related Special Investment Shares; provided, however, that the Investment Advisor, in its reasonable discretion, may permit additional Shareholders in such Special Investment to participate in such Follow-Up Investment; provided further, however, that if a Shareholder shall have redeemed its shares from the Fund, the Investment Advisor shall equitably adjust the percentage interests of the remaining Shareholders to reflect such Withdrawn Shareholder's non-participation in the Follow-Up Investment. In its discretion, the Investment Advisor need not designate as a "Follow-Up Investment" an additional investment in the same or similar opportunity as the investment for which Special Investment Shares have been issued. Such investment may be designated as a new Special Investment. (See "Special Investment Shares.")

OFFERING OF SHARES

The Fund may offer Class B Participating Shares to prospective new Shareholders as of the beginning of each quarter (or at such other times as the Fund in its sole discretion may allow).

The Class B Participating Shares will be offered in series. The Class B Participating Shares that are issued on the first date that Class B Participating Shares are purchased will be designated Class B Participating Shares of the initial series (the "Initial Series"). A new series will be established on each date that Class B Participating Shares are issued. Class B Participating Shares issued to the same subscriber but on different days will also be issued in separate series. Upon the issuance of a series of Class B Participating Shares, an account for such series will be created to which shall be credited initially the subscription proceeds of such series and thereafter the prorated portion of the profits and gains (realized and unrealized) of the Fund and from which shall be debited prorated losses, expenses and liabilities of the Fund, including any accrued and unpaid fees owed to the Investment Advisor with respect to such series, and dividends and proceeds of redemption in respect of shares of that series when paid.

The Fund may consolidate different series of Class B Participating Shares into the Initial Series (or one or more other series of Class B Participating Shares) of

such class (based on the net asset value of each such series being consolidated at the time of consolidation). Net appreciation in net asset value will not be reduced by prior years' investment losses (that is, there is no "high water mark" concept in connection with the consolidation of a series).

It is anticipated that no dividends will be paid on the Class B Participating Shares. The Fund will retain and reinvest the net income derived from its investments. (See "The Offering of Shares.")

MINIMUM SUBSCRIPTION:

The minimum initial subscription is \$1,000,000 and subscriptions may be made in integral multiples thereafter of \$1,000, subject to the discretion of the Fund to accept other amounts; provided, however, that under no circumstances shall the Fund accept initial subscriptions of less than \$50,000 or such other minimum amount specified from time to time under Cayman Islands law. (See "The Offering of Shares.")

ADDITIONAL SUBSCRIPTIONS:

Shareholders may subscribe for additional shares in amounts of at least \$250,000, subject to the discretion of the Board of Directors to accept other amounts. (See "The Offering of Shares.")

SALES CHARGES:

There are no sales charges payable by the Investment Advisor or the Fund in connection with the offering of Participating Shares. (See "Sales Charges.")

FISCAL YEAR:

The fiscal year of the Fund will end on December 31 of each calendar year.

DETERMINATION OF NET ASSET VALUE

The Board of Directors has delegated day-to-day responsibility for valuing the Fund's assets to the Investment Advisor. The net asset value of a class, or a series, of the Class B Participating Shares will be equal to the gross assets less the gross liabilities attributable to such class or series of Class B Participating Shares as of any date of determination.

Because the various series of a class of Participating Shares will be issued at different dates, the net asset value per Participating Share (the "Net Asset Value per Share") of each series of Participating Shares may differ. The Net Asset Value per Share is generally determined by first allocating any increase or decrease in the net asset value of the Fund for the period of

calculation among each class of Participating Shares, then allocating any increase or decrease in the net asset value of the relevant class for such period among each series of Participating Shares of that class *pro rata* in accordance with the net asset value of each such series at the beginning of such period then dividing the net asset value of such series by the number of outstanding Participating Shares thereof. Participating Shares within a series will have the same Net Asset Value per Share. Any Management Fee (as defined below) or Incentive Fee (as defined below) determined with respect to a particular series of Participating Shares will be charged against such series.

Given the illiquid nature of the Special Investments, the net asset value of a series of Special Investment Shares cannot be determined with the same degree of certainty and will be carried on the books of the Fund at fair value (generally, at cost) as determined by the Investment Advisor until the occurrence of the realization or Deemed Disposition of the Special Investment (as described below).

In the case of a series of Class B Participating Shares to which a series of Special Investment Shares relates, the amount of any dividends or other distributions with respect to such Special Investment Shares and net profits or loss realized upon the realization or Deemed Disposition of such Special Investment Shares shall be included in the determination of the increase in the Net Asset Value attributable to such series of Class B Participating Shares in the period in which such dividends, distributions, realization or Deemed Disposition occurred.

Upon the realization or Deemed Disposition of a particular Special Investment (or a dividend or other distribution with respect thereto), each holder of Special Investment Shares of the series attributable to such Special Investment that continues to hold Class B Participating Shares of the series from which such Special Investment Shares were converted (a "Continuing Holder") shall have its Special Investment Shares of such series (or its portion of any dividend or distribution) converted into a new series of Class B Participating Shares. Immediately upon the realization or Deemed Disposition of a Special Investment (or dividend or other distribution with respect thereto), the Fund will allocate a

pro rata portion of its assets (or any such dividend or other distribution) attributable to such Special Investment (adjusted for distributions to a Withdrawn Shareholder (as defined below)) to the new series of Participating Shares, based on such series of Participating Shares' share (adjusted for any Withdrawn Shareholder) of the cost (or value, if appropriate) of the Special Investment. (See "Determination of Net Asset Value.")

**INVESTMENT ADVISORY
FEES; OPERATING AND
OTHER EXPENSES:**

The Fund pays the Investment Advisor or its designee, on a series-by-series basis, a Management Fee and an Incentive Fee. In the case of Class B Participating Shares held on or redeemed as of the end of a fiscal year, the Fund will pay as of the last day of such fiscal year (adjusted *pro rata* for any partial years): (i) a management fee equal to 1% of the beginning net asset value attributable to each such series of shares (including Special Investment Shares) (the "Management Fee") and (ii) an Incentive Fee equal to 20% of the increase, if any, in the net asset value attributable to each series of Class B Participating Shares as of the last business day of the fiscal year from either the net asset value attributable to each such series as of the first day of the fiscal year or, in the case of series of such Class B Participating Shares purchased during the fiscal year, the aggregate subscription price paid for such series (the "Incentive Fee"). Net appreciation in net asset value will not be reduced by prior years' investment losses (that is, there is no "high water mark" concept in the calculation of Incentive Fees) or by investment losses with respect to another series of Class B Participating Shares owned by such Shareholder.

The Fund has issued in the past, and may issue in the future, different classes of Participating Shares as to which the Management Fees and Incentive Fees are calculated on a different basis.

The Incentive Fee (and any accrued Management Fee) on Special Investment Shares will be paid out of the series of Class B Participating Shares (or the successor to such series) from which such shares were converted at the time of realization or Deemed Disposition of the Special Investment.

Upon a redemption of Class B Participating Shares for the purchase of Special Investment Shares, any accrued

Incentive Fee shall be set aside (the "Set Aside Amount") until the realization or Deemed Disposition of the Special Investment to which such Special Investment Shares relate. Upon the realization or Deemed Disposition of a Special Investment, net realized or unrealized appreciation or depreciation attributable to such Special Investment shall be taken into account in determining the Incentive Fee at the end of such fiscal year and shall be aggregated with any Set Aside Amount.

The Fund and the Investment Advisor may agree to defer the Incentive Fee and/or the Management Fees due under the Investment Advisory Agreement. Up to 100% of the amount of any Management Fee and/or Incentive Fee which the Investment Advisor elects to defer in any year may be invested in the same manner or different manner as the Fund. As a result, the Investment Advisor may participate in the investment performance of the Fund. (See "Investment Advisory Agreement"; "Fees; Operating and Other Expenses.")

The Fund will bear its own operating and other expenses, including, but not limited to, investment-related expenses (e.g., brokerage commissions, clearing and settlement charges, custodial fees, interest expense, consulting, legal and other professional fees relating to particular investment opportunities, investment-related travel and lodging expenses, investment- and trading-related computer hardware and software, including, without limitation, trade order management software and risk management software and services), legal expenses, accounting, audit and tax preparation expenses, organizational expenses, expenses relating to the offer and sale of Participating Shares, Incentive Fees, Management Fees, extraordinary expenses and other similar expenses related to the Fund. Except for the Management Fee and the Incentive Fee, such expenses will be shared on a *pro rata* basis by all of the Shareholders of the Fund. A portion of research-related expenses may be paid for using "soft dollars" (as described below under "Brokerage Commissions"). To the extent that expenses to be borne by the Fund are paid by the Investment Advisor in excess of its ratable share, the Fund will reimburse the Investment Advisor for such expenses.

In addition, the Fund is responsible for certain expenses of the Investment Advisor, including, but not limited to,

rent and salaries of personnel. Historically, such expenses have not exceeded 1% of the Fund's net assets, however, there can be no assurance that this will continue to be true in the future.

If any of the above expenses are incurred jointly for the account of the Fund and any other investment funds or trading accounts sponsored or managed by the Investment Advisor or its affiliates, such expenses will be allocated to the Fund and such other funds or accounts in a manner as the Investment Advisor considers fair and reasonable. (See "Fees; Operating and Other Expenses"; "Brokerage Commissions"; "Auditors; Reports.")

REDEMPTIONS:

A Shareholder may redeem all or part of its Class B Participating Shares at the end of the calendar quarter after the two-year anniversary of the date such Class B Participating Shares were purchased (the "First Redemption Date") and, thereafter, on each anniversary of the First Redemption Date upon 30 days prior written notice to the Registrar.

Notwithstanding the foregoing, the redemption at the request of a holder of any series of Special Investment Shares is not permitted, and a Shareholder generally must hold Special Investment Shares until the realization or Deemed Disposition (described below) of the Special Investment represented by such Special Investment Shares.

In addition, if a Shareholder redeems all or substantially all of its outstanding Class B Participating Shares of a series (a "Withdrawn Shareholder") at a time when such Withdrawn Shareholder holds Special Investment Shares that were converted from Class B Participating Shares of such series (or the successor to such series), a portion of its proceeds with respect to such redemption may be reserved or held back to pay for the Management Fee expected to be earned over the life of the Special Investments. Any unearned portion of the Management Fee for which such reserve or holdback was made will be paid to the Shareholder at final realization or Deemed Disposition, together with Accrued Interest (as defined below). To the extent, the amount reserved or held back to pay Management Fees (as described above) does not cover Management Fees that would otherwise be payable over the life of the Special Investment, then such unpaid Management Fees may be paid out of profits, if any,

earned in respect of such Special Investment for the period beginning from the time such shortfall begins to accrue until realization or Deemed Disposition. "Accrued Interest" is the amount of interest earned on any amount held back that, at the time of calculation, has not been applied to the Management Fees in respect of any Special Investment Shares of a Shareholder that has redeemed all or substantially all of its Class B Participating Share holdings.

Each date as of which a Shareholder redeems all or a portion of its Class B Participating Shares from the Fund is herein referred to as a "Redemption Date."

Redemption requests received for any Redemption Date may be limited to an amount equal to 25% of the net asset value of the Fund as of such date (the "Gate"). If redemption requests for a Redemption Date exceed the Gate, the Board of Directors may, in its sole discretion, (i) satisfy all such redemption requests or (ii) reduce such redemption requests *pro rata* in accordance with the aggregate net asset value of the Participating Shares held by each of the redeeming Shareholders, so that only 25% (or more, in the discretion of the Board of Directors) of the net asset value of the Fund is redeemed as of such date.

A redemption request that, solely as a result of the Gate, is not satisfied shall be carried forward for redemption or purchase as of the following Redemption Date until such request has been complied with in full; provided that requests for redemption which have been carried forward from an earlier Redemption Date shall (subject always to the foregoing limits) be complied with in priority to later requests.

The Board of Directors may waive notice requirements or permit redemptions under such circumstances and conditions as it, in its sole discretion, deems appropriate.

The redeeming Shareholder will receive the amount of its redeemed Class B Participating Shares in cash (less reserves determined by the Investment Advisor for contingent liabilities) within 90 days after redemption. If a Shareholder elects to redeem more than 95% of its Class B Participating Shares, the Fund will pay the Shareholder an amount equal to at least 95% (less a reserve of 5% pending audited financial statements) of

its estimated redemption proceeds (on the basis of unaudited data) as of the Redemption Date within 30 days after the Redemption Date, or sooner if the Board of Directors determines that funds to settle the redemption are available. The balance will be paid (subject to audit adjustments), without interest, within 30 days after completion of the audit of the Fund's books for such fiscal year.

The redemption price of Class B Participating Shares will be based on the per share net asset value of the Fund attributable to the series of Class B Participating Shares of which the redeemed Class B Participating Shares are a part as of the relevant Redemption Date. Partial redemptions are permitted so long as a redeeming Shareholder, after such redemption, continues to own at least \$500,000 (or such other amount as the Board of Directors may from time to time determine either generally or in any particular case) of Class B Participating Shares of one or more series. (See "Redemptions.")

**SUSPENSION OF
REDEMPTION RIGHTS;
COMPULSORY REDEMPTION:**

The Board of Directors may declare a suspension of the determination of the prices of Participating Shares and the redemption rights of Participating Shares for the whole or any part of any period (i) during which by reason of the closure of or the suspension of trading on any money or foreign exchange market or commodities exchange or stock exchange, (ii) of a breakdown in any of the means normally employed by the Board of Directors or the Investment Advisor on behalf of the Board of Directors in ascertaining the value of securities or other assets, (iii) where, for any other reason, the value of any securities or assets owned or contracted for by the Fund cannot, in the opinion of the Board of Directors, be reasonably ascertained or (iv) where circumstances exist as a result of which, in their opinion it is not reasonably practicable for the Fund to realize any securities or other assets owned or contracted for by the Fund which together constitute a material proportion of the overall assets of the Fund.

Such suspension shall take effect at such times as the Board of Directors shall specify, but not later than the close of business of the business day following the declaration and shall continue until the Board of Directors declare the suspension at end, except that the suspension shall terminate in any event on the day following the first