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July 16, 2007

Via FedEx

Sharla Dillon
Dockets and Records Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

07-00175

Re: Joint Petition of First Communications, LLC and Gores FC Holdings, LLC for Approval for Transfer of Control

Dear Ms. Dillon:

Please find enclosed for filing with the Authority an original and thirteen (13) copies of the above-referenced Joint Petition. Also enclosed is a check in the amount of ~~$25.00~~ $50.00 to cover the requisite filing fee.

In addition, First Communications, LLC and First Communications, Inc. hereby notify the Commission that on July 2, 2007, they consummated the transfer of control described in the Petition approved in Docket No. 06-00291.

Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed, stamped envelope provided. Should you have any questions, please do not hesitate to contact the undersigned.

Respectfully submitted,

Danielle Burt

Jean L. Kiddoo
Danielle Burt

Enclosure

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BEFORE THE
TENNESSEE REGULATORY AUTHORITY

Joint Petition of	)
	)
First Communications, LLC	)
and	)
Gores FC Holdings, LLC	)
	)
For Approval of Transfer of Control	)
	)

JOINT PETITION

First Communications, LLC ("FCL") and Gores FC Holdings, LLC ("Gores FC") (collectively, "Petitioners"), through their undersigned counsel and pursuant to Section 65-4-112 of the Tennessee Code and the rules of the Tennessee Regulatory Authority ("Authority"), hereby respectfully request the authority necessary to consummate a transaction whereby Gores FC will obtain the right to appoint a majority of the FCI board of directors, giving it *de facto* control of First Communications, Inc. ("FCI"), the parent company of FCL and Xtension Services, Inc. ("Xtension").[1] In addition, Petitioners inform the Authority that Gores FC will obtain a 13.1 percent interest in FCI by converting non-voting shares of common stock to voting shares and will exercise warrants to increase its interest in FCI up to a 35.6 percent.

Petitioners expect that the proposed transaction will improve business operations for FCI and ultimately, FCL and Xtension, and emphasize that the proposed transaction will not affect the services provided to the customers of FCL or Xtension. As demonstrated below, Gores FC, an investment company, is financially and managerially well-qualified to take *de facto* control of FCI. Petitioners therefore request that the Authority approve this Petition expeditiously to allow the proposed transaction described herein to be consummated as soon as possible.

In support of their Joint Petition, Petitioners state as follows:

[1] FCI obtained approval from the Authority to acquire FCL pursuant to Docket No. 06-00291. The transfer of control of FCL to FCI was consummated on July 2, 2007.

I. Description of the Petitioners

A. First Communications, LLC ("FCL")

FCL was formed on July 1, 1998 under the laws of the State of Ohio and is a wholly owned subsidiary of FCI, a corporation listed on the Alternative Investment Market of the London Stock Exchange ("AIM"). FCL's headquarters are located at 3340 West Market Street, Akron, Ohio 44333. FCL is authorized to provide local, private line, and/or long distance services to both business and residential customers in 49 states and holds domestic and international Section 214 authorizations from the FCC. Its services include, in addition to traditional local and long distance services, toll-free services, conference calling packages, calling cards, prepaid calling cards, Internet access and dedicated and private line services. FCL's telecommunications services are provided primarily on a resale basis using the facilities and switches that are owned and operated by other telecommunications carriers.

In Tennessee, FCL is authorized to provide resold interexchange telecommunications services pursuant to Docket No. 06-00213, issued on October 16, 2006. Further information regarding FCL and the services it provides has previously been submitted to the Authority and is therefore a matter of public record, and Petitioners request that it be incorporated herein by reference.

B. Xtension Services, Inc. ("Xtension")

Xtension, a wholly owned subsidiary of FCI, is a corporation founded in 2000 under the laws of the State of Delaware. Its offices are currently located at 30 South Treasure Drive, Tampa, Florida 33609. Xtension holds domestic and international Section 214 authorizations from the FCC and is authorized to provide long distance telecommunications services in 13 states and local exchange services in New Jersey. Xtension does not provide telecommunications services in Tennessee.

C. Gores FC Holdings, LLC ("Gores FC")

Gores FC is a limited liability corporation with its principal office located at 10877 Wilshire Boulevard, Suite 1085, Los Angeles, California 90024. Gores FC is ultimately controlled by The Gores Group, LLC (the "Gores Group"), and its managing member, Alec E. Gores.[2] The Gores Group is a preeminent private investment firm that focuses its investments on opportunities in the technology and telecommunications sectors.

Gores FC is well-qualified managerially, technically and financially to own and control FCI. In particular, the Gores Group has created an internal operations team which has a history of enhancing the value and operations of its investment companies by focusing on customers and employees, supporting management with operational expertise and providing access to capital. In addition, the Gores Group, through its affiliates, already holds a controlling interest in Global Tel*Link Corporation, a telecommunications services provider. Through this affiliate, the Gores Group's continuing involvement in overseeing the regulated ownership of these companies has provided it with substantial management experience in working with regulated telecommunications companies. In addition to the well-qualified management and operations teams of FCL and Xtension that remain with the companies following the transfer of control to FCI,[3] the Gores Group and its affiliates also have an extensive background in acquiring and managing network services, software and computer hardware companies. Additional information regarding the management team assembled by the Gores Group is provided in Exhibit A.

Gores FC is financially qualified to take control of FCL and Xtension. The Gores Group's private equity fund has combined capital commitments of $400 million from

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[2] Three limited partnerships directly own 10 percent or more of Gores FC: Gores Alternative Investment I, L.P. (44.1 percent), Gores Alternative Investments II, L.P. (20.76 percent), and Gores Co-Invest Partnership, L.P. (22.5 percent) (together the Limited Partnerships"). In addition, Gores Capital Advisors, LLC owns 10 percent of Gores FC and serves as general partner of the three Limited Partnerships. The Gores Group is the managing member of Gores Capital Advisors, LLC.

[3] *See* Joint Petition in Docket No. 06-00291.

institutional investors and Gores Group principals. In addition to its own capital resources, through an established network of debt financing sources and investment partners, the Gores Group also provides access to working capital for its portfolio companies on favorable terms and conditions that might not otherwise be available to those companies as standalone enterprises. Additional Gores Group financial information is provided in Exhibit B.

II. <u>Designated Contacts</u>

For the purposes of this Joint Petition, questions or any correspondence, orders, or other materials should be directed to the following contacts for the Petitioners:

For FCL and Xtension:

Jean L. Kiddoo
Danielle C. Burt
Bingham McCutchen LLP
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Washington, DC 20006
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Fax: (202) 373-6001
Email: jean.kiddoo@bingham.com
danielle.burt@bingham.com

with copies to:

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First Communications, LLC
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Garfield Heights, OH 44128
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Fax: (216) 468-1680
Email: mcegelski@firstcomm.com

For Gores FC:

Brent Bradley
Vice President and Assistant General Counsel
Gores Technology Group
10877 Wilshire Boulevard, Suite 1805
Los Angeles, California 90024
Tel: (310) 209-3010
Fax: (310) 209-3310

III. Description of the Transaction

Gores FC currently holds a 9.9 percent voting interest in FCI, the parent of FCL and Xtension. The agreement by which Gores FC acquired its interest permits Gores FC to increase its interest to 13.1 percent by converting its non-voting shares of common stock to voting shares upon receipt of the necessary regulatory approvals and to increase its voting interest in FCI up to 35.6 percent through certain warrants, if fully exercised. In addition, the agreement will give Gores FC the right to appoint a majority of the board of directors, thereby giving it *de facto* control of FCI. Accordingly, Petitioners seek authorization for Gores FC to have the right to appoint a majority of FCI's board of directors. For the Authority's convenience, pre- and post-transaction illustrative charts are provided as Exhibit C. A copy of the transaction document is provided as Exhibit D, which is being submitted under seal.

Because the proposed transaction will be completed at the holding company level, Petitioners expect that the proposed transaction will be entirely transparent to customers of FCL and Xtension. The proposed transaction will not result in any change to FCL and Xtension's day-to-day operations. Furthermore, FCL and Xtension do not anticipate that the proposed transaction will have any effect on their rates, terms or conditions of service. As a result, the proposed transaction will not directly affect any end user customers of FCL or Xtension or the services they currently receive.

IV. Public Interest Considerations

The proposed transaction will serve the public interest by providing FCL and Xtension access to additional financial and operational resources that will help to strengthen their position in the telecommunications marketplace. Access to additional financial resources will also allow FCL and Xtension to implement their business strategies while continuing to provide high quality services to existing consumers. Moreover, Petitioners emphasize that the proposed transaction will be transparent to the customers of FCL and Xtension, and in no event will it result in the discontinuance, reduction, loss, or impairment of service to customers.

The public interest will also be served by expeditious consideration and approval of the transaction. For various important business and financial reasons and in order to obtain the benefits of the proposed transaction as soon as possible, Petitioners need to complete the proposed transaction expeditiously. Accordingly, Petitioners respectfully request that the Authority process, consider and approve this Petition as rapidly as possible.

V. <u>Conclusion</u>

For the reasons stated above, Petitioners respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of this Petition for the above-described transaction.

Respectfully submitted,

Danielle Burt

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danielle.burt@bingham.com

Counsel for First Communications, LLC

July 16, 2007

EXHIBITS

Exhibit A	-	Gores Group Management Biographies
Exhibit B	-	Gores Group Financial Information
Exhibit C	-	Illustrative Charts
Exhibit D	-	Transaction Document **(Submitted Under Seal)**

EXHIBIT A

Gores Group Management Information

Mark R. Stone, Senior Managing Director

Mr. Stone has responsibility for Gores' worldwide operations group, oversight of all Gores portfolio companies and operational due diligence efforts. Mr. Stone joined Gores in 2005 from Sentient Jet, the leading provider of private jet membership and three-time recipient of the Robb Report's "Best of the Best in Travel Services" distinction, where he served as CEO. Prior to Sentient Jet, Mr. Stone served as CEO of Narus, a global telecommunication software company and Sentex Systems, an international security and access control manufacturing company. Mr. Stone was Corporate General Manager of Citysearch (now an operating business of IAC/InterActive Corp, NASDAW: IACI), a multi-billion dollar new media organization. Mr. Stone spent five yeas with the Boston Consulting Group, a global strategy and operations consulting firm, as a member of their high technology and industrial goods practices - serving in BCG's Boston, London, Los Angeles, and Seoul, Korea offices. Mr. Stone holds an MBA in Finance and Multinational Management from The Wharton School and a B.S. in Finance with Computer Science and Mathematics concentrations from the University of Maine.

Roderick Sherwood, III, Chief Financial Officer, Operations

Mr. Sherwood is responsible for leading GOG finance operations as well as working with portfolio company executive teams to achieve full operational and financial potential. Prior to joining Gores in 2005, Mr. Sherwood was Senior VP & Chief Financial Officer with Gateway, responsible for overall financial and cost structure, corporate financial control, planning and analysis, capital raising and other Treasury activities, Internal Audit and investor communications. Accomplishments include eMachines acquisition, major cost reduction programs and systematizing financial control processes and procedures. Mr. Sherwood has over 25 years experience in successful financial and operations capacities for companies such as Chrysler Corporation, Loudcloud/Opsware and Hughes Electronics Corporation (including Chairman of Hughes Investment Management Company, CFO of Hughes Telecommunications and Space, EVP of DIRECTV International and President/General Manager of Spaceway-Hughes Network Systems). He earned an MBA from Harvard Graduate School of Business and received his Honors Bachelor of Arts degree, with Distinction, in Economics from Stanford University.

Brent Bradley, Vice President and Fund General Counsel

Mr. Bradley is responsible for overseeing all portfolio company legal activities and providing primary legal support to the administrative functions of Gores. From1996 until joining Gores in May 2002, Mr. Bradley practiced corporate and securities law at Christensen, Miller, Fink, Jacobs, Glaser, Weil & Shapiro in Los Angles. At that firm, he represented business organizations and investors (including Gores) in public and private securities offerings, private equity investments, mergers and acquisitions, and other financing and commercial transactions. Mr. Bradley earned his B.A. from the University of California at Riverside, and his J.D. from Loyola Law School, Los Angeles, where he was a member of law review and elected Order of the Coif.

Eric R. Hattler, Vice President & General Counsel

Mr. Hattler is responsible for all legal aspects of Gores' business, including negotiation and execution of the company's transactions. Mr. Hattler's principal background is in mergers and acquisitions, securities and corporate law. Prior to joining Gores in 1998, Mr. Hattler worked at Riordan & McKinzie, a Los Angeles-based law firm specializing in complex corporate transactions, where he represented a number of merchant banking concerns and emerging growth companies. From 1988 to 1989, Mr. Hattler served as management consultant with A.T. Kearney, focusing on operational issues. Mr. Hattler earned his B.A., magna cum laude, from Amherst College, where he was elected Phi Beta Kappa, and received his J.D. and M.B.A. degrees from the University of Chicago.

Scott M. Honour, Senior Managing Director

Mr. Honour is responsible for originating and structuring transactions and pursuing strategic initiatives at Gores. Prior to joining Gores in 2002, Mr. Honour led a career as an investment banker with a focus on creating, structuring, financing and executing financial sponsor-led transactions. From 2001 to 2002, Mr. Honour served as a Managing Director at UBS Warburg, where he was responsible for relationships with technology-focused financial sponsors, including Gores, and created the firm's Transaction Development Group, which brought transaction ideas to financial sponsors, including Gores. Prior to joining UBS Warburg, Mr. Honour was an investment banker at Donaldson, Lufkin & Jenrette where he executed a variety of mergers and acquisitions, high yield financing, equity offering and restructuring assignments. Mr. Honour also served as a Vice President in DLJ's Merchant Banking Group from 1995 to 1997. Prior to joining DLJ, Mr. Honour served as an analyst at Trammell Crow Company. Mr. Honour earned his B.S. in Business Administration and B.A. in Economics, cum laude, from Pepperdine University and his M.B.A. from the Wharton School of the University of Pennsylvania with an emphasis in finance and marketing.

Jordan W. Katz, Principal

Mr. Katz is responsible for the execution and negotiation of certain Gores acquisitions and divestitures, in addition to originating new investment opportunities and pursuing various strategic initiatives. Prior to joining Gores in 2002, Mr. Katz was an Associate Director in the Financial Sponsors Group of UBS Warburg's Los Angeles office, where he focuses on providing coverage to private equity firms and originating new transaction ideas. Prior to UBS Warburg, Mr. Katz was a founding member of eVolution Global Partners, a venture capital firm founded by Texas Pacific Group, Kleiner Perkins Caufield & Byers and Bain & Co. Mr. Katz began his career in 1996 at Colony Capital, an international private equity firm focused on real estate-related investments. Mr. Katz graduated from The Wharton School of the University of Pennsylvania with a B.S. in Economics and a concentration in Finance. Mr. Katz is a member of the board of directors of Proxicom and WStore Europe.

Kurt Hans, Vice President, Tax

Kurt W. Hans leads the tax due diligence effort at Gores focusing on legal structure optimization, tax exposure analysis, and tax accounting and efficiency modeling. Mr. Hans also oversees the tax compliance, tax audit, and tax planning functions of all portfolio companies. Prior to his employment with Gores, Mr. Hans worked for Arthur Andersen LLP and KPMG LLP where he specialized in mergers and acquisitions, international corporate taxation, and partnership taxation while serving the venture capital, telecommunications and hi-tech industries. Mr. Hans earned his B.S. in Business Administration with concentrations in Accounting and Finance at Colorado State University. Mr. Hans earned his Masters of Taxation at the University of Denver.

Andrew Freedman, Senior Vice President, Finance

Mr. Freedman is a member of Gores' operating due diligence and portfolio management team. Mr. Freedman has over 20 years of experience in accounting and financial management. Prior to joining Gores in 2002, Mr. Freedman was CFO of The Learning Company where he helped lead a successful turnaround and sale of the company. Mr. Freedman has 8 years of experience in the consumer software industry holding various financial management roles at The Learning Company, Broderbund Inc. and Mindscape Inc. where he was involved in several successful turnarounds and divestitures form 1994 to 2002. From 1988 to 1994, Mr. Freedman held various financial management positions at Paramount Communications, including Director of Finance, where he was responsible for internal and SEC reporting for this $4 billion company. Prior to 1988, Mr. Freedman spent 4 years in public accounting. Mr. Freedman earned a B.S. in Finance and Accounting from the State University of New York at Binghamton.

R. Britton Terrell, Vice President, Debt Financing

Mr. Terrell is responsible for managing relationships with debt financing sources and executing debt financings for new Gores leveraged acquisitions. Mr. Terrell joined Gores in 2002 from Foothill Capital Corporation, where he was the headquarters' Underwriting and Closing Manager. Prior to joining Foothill, Mr. Terrell was with Coast Business Credit, where he was Vice President and Team Leader of the Telecom and Technology portfolio. Mr. Terrell graduated from the University of California, Santa Barbara with a B.A. degree in Business Economics in 1986.

EXHIBIT B

Gores Group Financial Information

Gores Capital Partners, L.P.

$400,000,000

Confidential Offering of Limited Partnership Interests

THIS PRIVATE PLACEMENT MEMORANDUM (THIS "MEMORANDUM") HAS BEEN PREPARED SOLELY FOR, AND IS BEING DELIVERED ON A CONFIDENTIAL BASIS TO, PROSPECTIVE INVESTORS CONSIDERING THE PURCHASE OF LIMITED PARTNERSHIP INTERESTS (THE "INTERESTS") IN GORES CAPITAL PARTNERS, L.P. (THE "PARTNERSHIP"). ANY REPRODUCTION OR DISTRIBUTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DISCLOSURE OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF GORES CAPITAL ADVISORS, LLC (THE "GENERAL PARTNER"), IS PROHIBITED. BY ACCEPTING THIS MEMORANDUM, EACH PROSPECTIVE INVESTOR AGREES TO THE FOREGOING.

EACH PROSPECTIVE INVESTOR SHOULD MAKE ITS OWN INVESTIGATION OF THE INVESTMENT DESCRIBED HEREIN, INCLUDING THE MERITS AND RISKS INVOLVED AND THE LEGALITY AND TAX CONSEQUENCES OF SUCH AN INVESTMENT. EACH PROSPECTIVE INVESTOR SHOULD MAKE ITS OWN INQUIRIES AND CONSULT ITS ADVISORS AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING THE PARTNERSHIP, THE OFFERING AND AN INVESTMENT IN THE INTERESTS.

PRIOR TO CLOSING, THE GENERAL PARTNER WILL GIVE EACH INVESTOR THE OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS AND ADDITIONAL INFORMATION FROM IT AND ITS REPRESENTATIVES CONCERNING THE OFFERING AND OTHER RELEVANT MATTERS. NONE OF THE PARTNERSHIP, THE GENERAL PARTNER OR UBS WARBURG, LLC, AS PLACEMENT AGENT (THE "PLACEMENT AGENT" OR "UBS"), IS MAKING ANY REPRESENTATION OR WARRANTY TO AN INVESTOR REGARDING THE LEGALITY OF AN INVESTMENT IN THE PARTNERSHIP BY SUCH INVESTOR OR ABOUT THE INCOME AND OTHER TAX CONSEQUENCES TO IT OF SUCH AN INVESTMENT.

THE INTERESTS OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC OR ANY SUCH AUTHORITY PASSED ON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR THE LAWS OF ANY FOREIGN JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD UNDER THE EXEMPTION PROVIDED BY SECTION 4(2) OF THE SECURITIES ACT AND REGULATION D PROMULGATED THEREUNDER AND OTHER EXEMPTIONS OF SIMILAR IMPORT IN THE LAWS OF THE STATES AND OTHER JURISDICTIONS WHERE THE OFFERING WILL BE MADE. THE PARTNERSHIP WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). CONSEQUENTLY, INVESTORS WILL NOT BE AFFORDED THE PROTECTIONS OF THE INVESTMENT COMPANY ACT.

THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE RESOLD OR TRANSFERRED EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. IN ADDITION, SUCH INTERESTS MAY NOT BE RESOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED, IN WHOLE OR IN PART, EXCEPT AS PROVIDED IN THE PARTNERSHIP'S AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT (THE "PARTNERSHIP AGREEMENT"). ACCORDINGLY, INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE INTERESTS FOR AN INDEFINITE PERIOD OF TIME. THERE WILL BE NO PUBLIC MARKET FOR THE INTERESTS, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS.

THE INTERESTS ARE OFFERED SUBJECT TO THE RIGHT OF THE GENERAL PARTNER TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART. IN CONSIDERING THE PRIOR PERFORMANCE INFORMATION CONTAINED HEREIN, PROSPECTIVE INVESTORS SHOULD BEAR IN MIND THAT PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS, AND THERE CAN BE NO ASSURANCE THAT THE PARTNERSHIP WILL ACHIEVE COMPARABLE RESULTS.

THIS MEMORANDUM IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PARTNERSHIP AGREEMENT AND THE PARTNERSHIP'S SUBSCRIPTION AGREEMENT. NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN AS CONTAINED IN THIS MEMORANDUM. STATEMENTS IN THIS MEMORANDUM ARE MADE AS OF THE DATE HEREOF UNLESS STATED OTHERWISE HEREIN, AND NEITHER THE DELIVERY OF THIS MEMORANDUM AT ANY TIME, NOR ANY SALE HEREUNDER, SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO SUCH DATE.

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH HEREIN, THE OBLIGATIONS OF CONFIDENTIALITY CONTAINED HEREIN (THE "CONFIDENTIALITY OBLIGATIONS"), AS THEY RELATE TO AN INVESTMENT IN THE PARTNERSHIP, SHALL NOT APPLY TO THE "STRUCTURE OR TAX ASPECTS" (AS THAT PHRASE IS USED IN SECTION 1.6011-4T(B)(3) (OR ANY SUCCESSOR PROVISION) OF THE TREASURY REGULATIONS (THE "CONFIDENTIALITY REGULATION") PROMULGATED UNDER SECTION 6011 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OF AN INVESTMENT IN THE PARTNERSHIP; PROVIDED, HOWEVER, THAT THE CONFIDENTIALITY OBLIGATIONS NEVERTHELESS SHALL APPLY AT A GIVEN TIME TO ANY AND ALL ITEMS OF INFORMATION NOT REQUIRED TO BE FREELY DISCLOSABLE AT SUCH TIME IN ORDER FOR THE OPPORTUNITY TO INVEST IN THE PARTNERSHIP NOT TO BE TREATED AS "OFFERED UNDER CONDITIONS OF CONFIDENTIALITY" WITHIN THE MEANING OF THE CONFIDENTIALITY REGULATION.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION TO ANY PERSON OR ENTITY TO WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH STATE OR JURISDICTION. PRIOR TO THE FINAL CLOSING OF THE PARTNERSHIP, THE GENERAL PARTNER AND ITS AFFILIATES RESERVE THE RIGHT TO MODIFY ANY OF THE TERMS OF THE OFFERING AND THE INTERESTS DESCRIBED HEREIN.

UBS Warburg

Confidential Offering of Limited Partnership Interests

Inquiries should be directed to:

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I. Executive Summary

Introduction

Gores Capital Partners, L.P. (the "Partnership") is being established by Gores Technology Group primarily to make control-oriented buyout investments in mature, under-valued and under-performing technology and telecommunications businesses. The Partnership will continue to utilize the deep operating expertise and investment practices developed and successfully employed by Gores Technology Group, previous Alec Gores-sponsored entities and their respective affiliates (collectively, "GTG") during the last 15 years to improve the operations of acquired companies and generate substantial returns.

The Partnership is seeking aggregate capital commitments of $400 million and will not accept commitments of more than $500 million from limited partners unaffiliated with GTG. The principals of GTG (the "Principals") intend to invest approximately $100 million through both a direct investment in the Partnership and a co-investment arrangement.

DISTINCTIVE FEATURES OF GORES CAPITAL PARTNERS, L.P.

- **Successful Value-Oriented, Middle-Market Strategy Proven Over 15 Years**
  - GTG established in 1987 by Alec Gores, currently 44 dedicated professionals
  - Focus on under-valued and under-performing technology and telecommunications businesses
  - Target mature businesses with sustainable revenues – avoid new technology risk
  - Investment returns driven by pricing discipline, creative structuring and operating skills
- **Deep In-house Operating Expertise**
  - Dedicated team of 28 operating professionals; average tenure of 10 years for senior professionals
  - Substantial experience in all major corporate disciplines (accounting, facilities, finance, human resources, information technology, legal, marketing, operations, sales and tax)
  - Operations Group drives rigorous due diligence, formulation and execution of detailed operating plans and Portfolio Company monitoring
- **Proven Track Record of Superior Returns and Capital Preservation**
  - Realized 12 of 22 investments made since 1995; average holding period of 23 months
  - Realized investments have generated a 148% gross IRR and a return of 6.2x invested capital
  - Consistent record of success – only one capital loss of $0.3 million out of 12 realized investments and no expected losses on current Portfolio Companies
  - Investment philosophy geared towards downside protection and capital preservation
- **Focus on Mature, Under-valued and Under-performing Technology & Telecommunications Businesses**
  - Consistent supply of investment opportunities across market cycles; over 1,850 announced middle-market divestitures since 1995 totaling over $170 billion in transaction value
  - Equity market focus on growth and liquidity consistently drives technology and telecommunications companies to divest mature, under-performing businesses
  - Currently depressed valuations provide attractive investment opportunities
  - Specialist strategy limits financial and strategic buyer competition
- **Substantial, Proprietary Deal Flow**
  - 346 opportunities evaluated in 2002
  - Five GTG professionals focused solely on sourcing new transaction opportunities
  - Approximately 60% of investments completed since 1995 have been generated by proprietary sources
- **GTG Principals Intend to Invest Approximately $100 Million in the Partnership's Activities**

Overview of Gores Technology Group

GTG is a private investment firm focused primarily on control-oriented buyout investments in the technology and telecommunications sectors. GTG's investment strategy is to purchase controlling equity interests in mature, under-valued and under-performing technology and telecommunications-related businesses requiring operational improvements. GTG seeks to invest in companies with mature products and services, sustainable revenues and established customer relationships, thereby avoiding the risks associated with new technology development. In addition, GTG focuses on acquiring businesses where it can create substantial value by leveraging the operating expertise of its 28-member Operations Group to implement new operating strategies.

GTG's investment strategy has been practiced and refined throughout its 15-year history, and was derived from Alec Gores' experience at Executive Business Systems ("EBS"), a software company he founded in 1978. Mr. Gores and his management team successfully built EBS from its startup phase to approximately $20 million of revenues in 1986, when he sold EBS for approximately $4 million. Mr. Gores and his core management team from EBS used the proceeds from the sale to begin acquiring and operating under-valued and under-performing businesses. From 1987 through 1995, Mr. Gores acquired and operated seven businesses in the technology sector. During this time period, Mr. Gores and his team would primarily acquire and directly manage individual businesses. In the mid-1990's, Mr. Gores and his team formalized the GTG organization and began acquiring businesses primarily for investment purposes. Since 1995, GTG has made 22 investments, 12 of which have been realized. These realized investments have generated a gross IRR of 148%, representing a return of 6.2x GTG's invested capital. Although smaller in scale, GTG believes that the overall performance of investments made by GTG between 1987 and 1995 is generally similar to the overall performance of investments made by GTG since 1995, when Mr. Gores and his team formalized the GTG investment organization.

Gores Technology Group Organization

The GTG organization currently consists of 44 professionals in two groups – an operations group (the "Operations Group") and an M&A group (the "M&A Group"). The Partnership will benefit from GTG's unique operating orientation, which draws upon the expertise of 28 individuals in the Operations Group, in addition to regularly accessing the operating executives at GTG's portfolio companies (each a "Portfolio Company" and collectively the "Portfolio Companies") for transaction evaluation. The Operations Group is organized with all of the core capabilities of a corporate management team, including accounting, facilities, finance, human resources, information technology, legal, marketing, operations, sales and tax.

The Operations Group is complemented by a deep team of M&A professionals with backgrounds in technology, private equity, hedge fund investing, corporate development, investment banking, law and finance. The M&A Group's 16 professionals focus on transaction origination, structuring and execution. GTG's strong investment performance has been driven in large part by the M&A Group's pricing discipline, creative transaction structuring and utilization of alternative financing sources.

Prior to closing a transaction, the Operations Group and the M&A Group share responsibility for conducting due diligence and developing a detailed pro forma operating plan with management. Once the business has been acquired, the Operations Group is tasked with overseeing the execution of the plan developed during due diligence and monitoring Portfolio Companies. The primary activities of each group are outlined below:

	Operations Group	M&A Group
Team Members	28 Operations Professionals	16 M&A Professionals
Pre-Transaction	Limited Involvement	Deal Sourcing & Opportunity Assessment
Transaction Process	Detailed Due Diligence Prepare Detailed Operating Plans	Detailed Due Diligence Transaction Negotiation & Structuring
Post-Transaction	Operating Restructurings Ongoing Portfolio Company Oversight & Reporting	Portfolio Company Monitoring Pursue Complementary Acquisitions Evaluate and Effect Exit Strategies

Investment Strategy

The Principals believe that their success has been driven in large part by GTG's focused investment strategy of acquiring and actively managing under-valued and under-performing technology and telecommunications businesses. GTG believes its focus in the technology and telecommunications sectors is attractive due to the consistent supply of investment opportunities across market cycles and the limited competition from strategic and financial buyers.

GTG's operating expertise, together with its established reputation for maintaining positive customer and employee relations, enable it to enjoy many of the benefits afforded to potential strategic buyers. In addition, its "hands-on" operational approach and focus on the technology and telecommunications sectors provide GTG with a competitive advantage, enabling it to close deals quickly and efficiently, and to capitalize on opportunities that are beyond the expertise of many financial buyers. All of these factors make GTG an attractive potential purchaser to companies seeking to rationalize non-core divisions or assets, particularly where such companies have a continued economic or other interest in ensuring the well-being of such customers or employees.

Given the Operations Group's expertise in due diligence and turnaround situations, GTG maintains a disciplined focus on businesses that require substantial operational improvement. GTG targets businesses with specific characteristics, including an established customer base with sustainable revenues, mature products and services with high switching costs, unfocused business strategies, bloated expense structures, deteriorating employee and customer relationships and under-utilized assets. Prior to making a new investment, the GTG due diligence team (comprised of members of both the Operations Group and the M&A Group) creates a detailed operating plan designed to refocus the target's business strategies, guide the business to profitability and position it for growth. Upon acquisition, the Operations Group immediately begins to implement the operating plan and restore the business to profitability. For example, some of GTG's most successful investments, including The Learning Company, VeriFone and Artemis, were generating significant EBITDA losses at the time of acquisition, but became EBITDA positive within three months.

Investment Track Record

As GTG's team of professionals and base of investment experience has grown, GTG has steadily increased the volume and size of its investments, while maintaining the same disciplined operations-focused strategy. Since 1995, GTG has made 22 investments, 12 of which have been realized. These realized investments have generated a gross IRR of 148%, representing a return of 6.2x GTG's invested capital. GTG has employed multiple exit strategies to monetize its investments, including sales, capital distributions and recapitalizations. Through creative investment structuring, GTG emphasizes downside protection and the quick return of its invested capital. GTG's average holding period on its realized investments is less than two years.

The combination of GTG's operating and financial expertise, together with the stringent investment discipline that it employs, has enabled GTG to deliver a strong record of capital preservation. Of the 12 realized investments completed since 1995, GTG has only realized a loss on one investment, and no losses are expected on current Portfolio Companies. The capital loss of $0.3 million generated in that one investment compares favorably to the $283 million in capital committed during that time frame.

Major Co-Investment by GTG Principals

The Principals intend to invest approximately $100 million through both a direct investment in the Partnership and a co-investment arrangement. The Principals believe this investment demonstrates their fundamental belief in the investment opportunity and aligns the interests of the Principals and the Limited Partners.

Appropriately Sized Partnership

The Partnership is seeking commitments of $400 million and will not accept commitments of more than $500 million from limited partners unaffiliated with GTG. GTG believes that limiting commitments will enable it to continue the focused and time-tested strategy that has generated its strong track record.

II. Summary of Investment Performance[1]

Background of Historical Investments Since 1995

Company Name	Business Description	Deal Source	Investment Date	Revenue at Acquisition (U.S.$mm)	Time to Profitability[2]
Realized Investments					
Goretek Data Systems, Inc.	Distribution software & services	Proprietary	Oct-95	$8.5[3]	NA[4]
Artemis Acquisition Corporation	Project management software	Proprietary	Feb-97	37.8	2 months
Connection Machines Services, Inc.	Supercomputing hardware and software	Proprietary	Apr-97	23.2	1 month
Information Dimensions, Inc.	Document management software	Proprietary	Jul-97	23.7	3 months
Encore Real Time Computing, Inc.	Real time data systems	Proprietary	Jun-98	20.0[3]	1 month
Silicon Systems and Technologies, Inc.	High-performance storage solutions	Proprietary	Jul-98	10.3	NA[4]
Farallon Communications, Inc.	Ethernet networking products	Limited Auction	Aug-98	20.2	1 month
ONEBOOK Financials, Inc.	Financial software for Windows NT	Limited Auction	Feb-00	0.7	NA[4]
SSA Global Technologies, Inc.	Enterprise resource planning	Bankruptcy	Jul-00	208.4	3 months
The Learning Company	Interactive software publisher	Full Auction	Oct-00	439.9	3 months
VeriFone, Inc.	Secure electronic transactions	Full Auction	Jul-01	330.0	1 month
Vicorp	Call processing hardware and software	Proprietary	Nov-01	16.9	NA[4]
Current Portfolio Companies					
Adventa Control Technologies, Inc.	Semiconductor software vendor	Proprietary	May-98	$3.9[3]	12 months
Aonix Corporation	Software vendor to application developers	Limited Auction	Dec-98	48.4	12 months
QuorTech Solutions, Inc.[5]	Network public access equipment	Proprietary	Apr-00	33.8	1 month
Revere, Inc.	Software for capital intensive industries	Proprietary	Apr-00	8.5	9 months
MicronPC, LLC	Computer hardware manufacturer	Proprietary	Jun-01	623.1	13 months
Humanic Solutions, Inc.	Payroll data processing, HR software	Proprietary	Aug-01	35.6	1 month
QuorTech Global Solutions, Inc.[5]	Pay phone manufacturer	Bankruptcy	Jan-02	27.0	3 months
Voicecom Telecommunications, LLC	Integrated communications solutions	Full Auction	Mar-02	92.6	9 months
Jamis Software Corporation	Accounting software	Limited Auction	Jun-02	5.3	1 month
Aprisma Management Technologies, Inc.	IT infrastructure software developer	Proprietary	Aug-02	42.9	2 months

1 References to "GTG" in this Memorandum in the context of acquisitions, divestitures, investment performance and similar concepts relate to investments led or sponsored by GTG. Such investments are organized, funded, executed, owned and controlled, directly or indirectly, by the Principals through affiliated entities.
2 Time to profitability reflects the period between GTG's investment date and the first month in which the cumulative EBITDA for such Portfolio Company was positive.
3 Estimated by GTG.
4 These businesses did not achieve cumulative EBITDA profitability during the period they were owned by GTG.
5 Certain QuorTech entities were dissolved in January 2003 and consolidated into QuorTech Solutions, Inc.

Summary of Investment Performance Since 1995 [1]
(U.S.$ in thousands)

Company Name	Initial Investment Date	Holding Period (months)	Capital Commitment[2]	Invested Capital	Realized Proceeds[3]	Estimated Unrealized Value[4]	Total	Multiple of Invested Capital	Gross IRR[5]
Realized Investments									
Goretek Data Systems, Inc.	Oct-95	16	$2,200	$2,200	$1,900	—	$1,900	0.9x	–18%
Artemis Acquisition Corporation	Feb-97	42	7,000	1,000	24,353	—	24,353	24.4x	142%
Connection Machines Services, Inc.	Apr-97	48	251	251	2,868	—	2,868	11.4x	940%
Information Dimensions, Inc.	Jul-97	10	5,010	10	2,154	—	2,154	215.4x	>5,000%
Encore Real Time Computing, Inc.	Jun-98	46	2,000	0	1,950	—	1,950	>1,000x	>5,000%
Silicon Systems and Technologies, Inc.	Jul-98	29	1,333	533	533	—	533	1.0x	NM
Farallon Communications, Inc.	Aug-98	20	3,000	2,000	5,180	—	5,180	2.6x	144%
ONEBOOK Financials, Inc.	Feb-00	7	700	0	466	—	466	>1,000x	>5,000%
SSA Global Technologies, Inc.	Jul-00	19	—	—	2,000	—	2,000	>1,000x	>5,000%
The Learning Company[6]	Oct-00	24	80,000	5,000	58,153	—	58,153	11.6x	1,378%
VeriFone, Inc.[7]	Jul-01	12	50,000	40,000	188,009	$29,670	217,680	5.4x	1,217%
Vicorp	Nov-01	3	955	605	828	—	828	1.4x	196%
Total Realized Investments			**$152,449**	**$51,599**	**$288,395**	**$29,670**	**$318,065**	**6.2x**	**148%**
Current Portfolio Companies									
Adventa Control Technologies, Inc.	May-98	55	—	—	$6,875	Not Valued	$6,875	>1,000x	>5,000%
Aonix Corporation	Dec-98	48	$18,901	$2,500	—	At Cost	2,500	1.0x	NM
QuorTech Solutions, Inc.	Apr-00	32	4,076	76	76	Not Valued	76	1.0x	NM
Revere, Inc.	Apr-00	32	2,000	500	2,233	Not Valued	2,233	4.5x	742%
MicronPC, LLC	Jun-01	18	70,010	5,010	15,894	Not Valued	15,894	3.2x	4,955%
Humanic Solutions, Inc.	Aug-01	16	2,002	250	—	At Cost	250	1.0x	NM
QuorTech Global Solutions, Inc.	Jan-02	11	5,252	252	252	Not Valued	252	1.0x	NM
Voicecom Telecommunications, LLC	Mar-02	9	12,149	1,773	773	At Cost	1,773	1.0x	NM
Jamis Software Corporation	Jun-02	6	1,097	1,097	—	At Cost	1,097	1.0x	NM
Aprisma Management Technologies, Inc.	Aug-02	4	15,391	10,891	8,478	At Cost	10,891	1.0x	NM
Current Portfolio Companies			**$130,878**	**$22,350**	**$34,581**	**NM**	**$41,841**	**1.9x**	**NM**
Total Realized + Current Portfolio Companies			**$283,327**	**$73,949**	**$322,976**	**NM**	**$359,906**	**4.9x**	**150%**

1 The following table reflects the performance of companies acquired by GTG since 1995 (including add-on acquisitions), and excludes information relating to Ventech Solutions, Inc., Summit Solutions, Inc. ("CPT"), Graftek, Inc., NBI Services, Inc., Applicon, Inc., Computer Design, Inc. and HoSoft GmbH, companies acquired by GTG between 1987 and 1995. GTG believes the performance of investments made by GTG between 1987 and 1995 is generally similar to the overall performance of investments made by GTG since 1995, when Mr. Gores and his team formalized the GTG organization and began acquiring businesses primarily for investment purposes. In addition, some members of the GTG investment team joined GTG at different times during the period from 1995 to the present and therefore have varying degrees of responsibility for the performance of GTG's investments during such period. The historical returns set forth in the following table are not necessarily indicative of the Partnership's future performance and there can be no assurance that these or comparable returns will be achieved.

2 *Capital Commitment* includes *Invested Capital* plus any investment-related guarantees by Alec Gores, Gores Technology Group or their affiliates.

3 *Realized Proceeds* includes cash distributions paid to GTG from Portfolio Companies and proceeds paid to GTG upon sale or other exit transactions.

4 *Estimated Unrealized Value* for the five current Portfolio Companies where Invested Capital has not been returned or has been partially returned through Realized Proceeds is labeled "At Cost" and valued at GTG's net cost (i.e., Invested Capital less Realized Proceeds). For each of the remaining current Portfolio Companies, the amount of Realized Proceeds is either equal to or greater than Invested Capital and therefore GTG's cost basis has been fully returned. For these Portfolio Companies, no value has been attributed to GTG's residual interest and the estimated Unrealized Value has been labeled "Not Valued." GTG estimates that the fair value of its residual interest for the six current Portfolio Companies held longer than twelve months is approximately $32.9 million. The estimated fair values for these six Portfolio Companies were determined by GTG based on financial performance through December 31, 2002. In determining the unrealized value of investments in Portfolio Companies, consideration is given to the financial condition and operating results of the Portfolio Company, the value of comparable companies and other factors deemed relevant. There can be no assurance that any unrealized investment will be realized at its estimated unrealized value or at a value comparable thereto.

5 IRRs are calculated on a gross basis using the actual monthly cash flows from each investment from the date of investment through the sooner of exit or December 31, 2002. There can be no assurance that values derived from the application of the foregoing methodologies are indicative of the ultimate realizable values. These returns do not reflect management fees, carried interest and other incentive compensation that might have been charged if the Partnership had owned these investments. Total IRRs are calculated based on the aggregate actual monthly cash flows for all investments.

6 Realized Proceeds for The Learning Company include approximately $5.4 million in cash that has not yet been distributed to GTG, which represents GTG's effective 36.25% interest in sale proceeds.

7 GTG has retained an approximately 12% interest in VeriFone and 100% of VeriFone's leasing portfolio. The unrealized value represents the estimated present value of future lease payments to be received from the leasing portfolio.

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III. Recent Investment Announcements

Announced transactions in 2003 include the following:

Forgent

On January 7, 2003, GTG announced the signing of a definitive agreement to purchase substantially all of the assets of Forgent Networks' (NASDAQ: FORG) videoconferencing hardware services business, based in King of Prussia, Pennsylvania. For the fiscal year ended July 31, 2002, this business generated $19.4 million and $5.7 million of revenue and EBITDA, respectively. Subject to certain adjustments, GTG will invest up to $10.0 million in cash. The transaction is expected to be completed in the first half of 2003.

Philips Business Communications

On January 10, 2003, GTG announced a preliminary agreement to acquire Philips Business Communications ("PBC"), a division of Royal Philips Electronics. PBC, which is headquartered in Hilversum, the Netherlands, is a leading global supplier of voice communications solutions to medium and large organizations through its own sales organization and distributors in 59 countries worldwide. The transaction is expected to be completed in the first half of 2003.

Anker BV

On January 24, 2003, GTG entered into agreements to acquire Netherlands-based Anker BV ("Anker"), a leading independent European supplier of electronic point of sale solutions. For the fiscal year ended December 31, 2002, Anker generated €173.9 million and (€3.1) million in revenue and EBITDA losses, respectively. GTG has entered into agreements to acquire approximately €100 million face value amount of senior and mezzanine debt at a price of up to €9.0 million from two European banks and a mezzanine debt investor. GTG will exchange the senior and mezzanine debt for a controlling equity interest in the business. This debt-for-equity exchange is expected to be completed in the first quarter of 2003.

Resonate, Inc.

On January 27, 2003, GTG announced that GTG Acquisition Corp., the parent company of Aprisma Management Technologies, Inc., had entered into an agreement to acquire all of the issued and outstanding capital stock of Resonate, Inc. (NASDAQ: RSNT) for a cash payment per share of between $1.90 and $1.94 in a merger transaction, valued at $52.3 - $53.3 million. The final offer price will depend upon the cash on Resonate's balance sheet at closing. Based in Sunnyvale, California, Resonate develops and markets application performance management and traffic management solutions for business-critical environments. For the nine-month period ended September 30, 2002, Resonate generated $8.8 million and ($12.0) million in revenue and EBITDA losses, respectively. GTG anticipates that the transaction will close in the first half of 2003. Following the successful consummation of the merger, GTG expects to make Resonate's products available through Aprisma's worldwide distribution channels, in addition to Resonate's current distribution channels.

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IV. The Partnership

Overview

The Partnership is being established by GTG primarily to make control-oriented investments in mature, under-valued and under-performing technology and telecommunications businesses. The Partnership will continue to utilize the deep operating expertise and investment practices developed and successfully employed by GTG during the last 15 years to improve the operations of acquired companies and generate substantial returns.

The Partnership is seeking aggregate capital commitments of $400 million and will not accept commitments of more than $500 million from limited partners unaffiliated with GTG. The Principals intend to invest approximately $100 million through both a direct investment in the Partnership and a co-investment arrangement.

Investment Strategy

GTG's investment strategy is to purchase controlling equity interests in mature, under-valued and under-performing technology and telecommunications businesses requiring operational improvements. GTG's investment strategy has been practiced and refined throughout its 15-year history, leveraging the operational expertise of its professionals to improve the operations of acquired businesses.

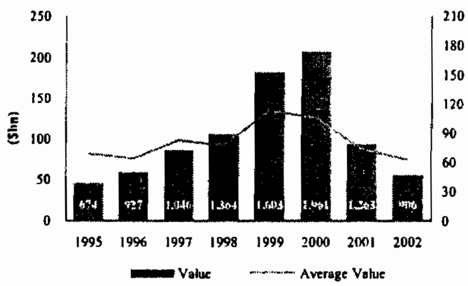
Focus on Technology and Telecommunications Sectors

GTG believes that its investment focus is attractive for the following reasons:

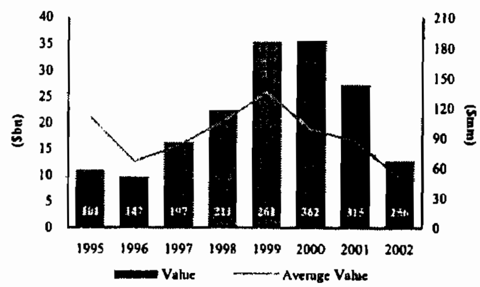
- *Technology and telecommunications industries represent vast investment opportunities.*

  The life-cycle of technology businesses from the growth to maturity phase drives investment opportunities across economic and market cycles. In particular, equity market focus on growth and liquidity consistently drives technology and telecommunications companies to divest mature, under-performing businesses. During strong markets, companies often divest low-growth or unprofitable divisions to focus on revenue and earnings growth and, during weak markets, companies are forced to shore-up balance sheets and shed low or negative cash-flow businesses. Since 1995, these industries have announced nearly 10,000 middle-market M&A transactions (i.e., transaction values less than $2 billion) totaling approximately $850 billion in value, of which over 1,850 were middle-market divestitures totaling over $170 billion in value. In addition, currently depressed valuations in these industries generate particularly attractive investment opportunities. From 2000 to 2002, the average transaction value of announced middle-market technology divestitures declined from approximately $100 million to $50 million per transaction.

U.S. Technology and Telecom Sectors
Total Announced M&A Volume
Transactions Less than $2 billion: 1995 – 2002



U.S. Technology and Telecom Sectors
Announced Divestitures
Transactions Less than $2 billion: 1995 – 2002



Source: Securities Data Corporation
Note: Figures at base of each bar on charts denote the number of transactions completed during each year.

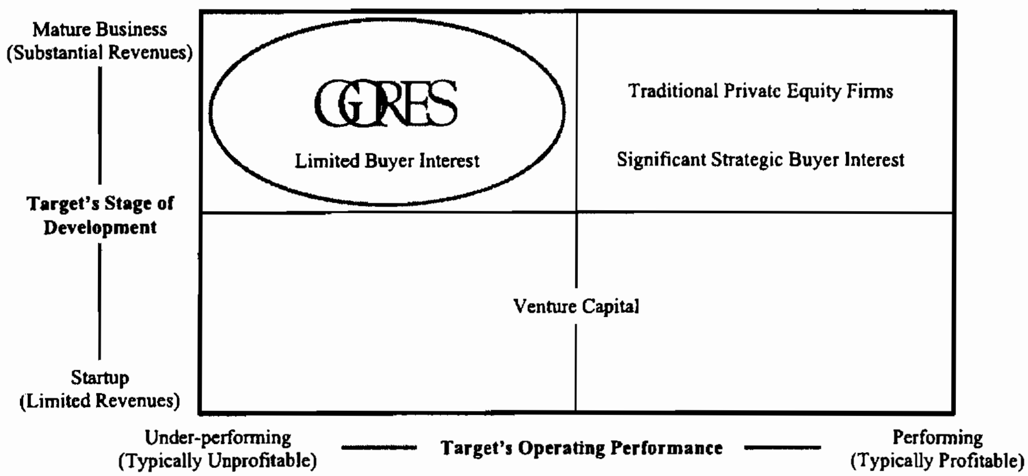
- *GTG typically faces limited competition for target businesses.*

  GTG combines the seasoned M&A team of a financial buyer with the operating expertise and detailed due diligence capabilities of a strategic buyer. Given its industry-specific experience, GTG is able to recognize and pursue investment opportunities others avoid due to their complexity and perceived risk.

  Because of this, GTG typically faces limited competition from financial and strategic buyers. In the case of financial buyers, competition is usually limited to a very small number of private equity firms that both (i) focus on the technology and telecommunications sectors and (ii) are able to understand or address operationally-challenged situations. Additionally, a majority of the technology-focused buyout firms that would potentially compete for deal flow with GTG have in excess of $1 billion in capital, making investments in smaller companies impractical. Lastly, GTG does not compete with venture capital firms that are focused on investing growth capital in early and later stage companies.

  Although strategic buyers can generate cost synergies with potential targets, strategic buyers are frequently hesitant to acquire operationally-challenged companies. This reluctance often stems from concerns over management distraction, operating impact on core businesses or the negative effects on overall revenue and profitability trends. In addition, sellers are often wary of sharing confidential information such as customer lists, pricing information and product-level profitability with potential competitors.

Competitive Landscape for Technology and Telecom Deals



Target Businesses with Specific Characteristics

GTG targets acquisitions that provide the opportunity for GTG to use its operating skills to create long-term value. Such target businesses typically have a defensible core business and exhibit some or all of the following characteristics:

- established customer base with sustainable revenues
- mature products and services with high switching costs
- unfocused business strategies
- bloated expense structures
- deteriorating employee and customer relationships
- under-utilized assets, including working capital, real estate and intellectual property

Improve Operating and Financial Performance

Upon the acquisition of a target business, the Operations Group will immediately begin working with existing management to execute the pro forma operating plan prepared during the due diligence process. Typical strategies incorporated in such operating plans include:

- refocusing the business on core products and competencies
  - realigning sales and marketing and R&D strategies on core products and services
  - rationalizing unprofitable products, services and customers
  - separating and divesting non-core business units

  In the acquisition of MicronPC, GTG dramatically refocused the business on the core, profitable government and small- and medium-size enterprise customer base. The operating plan called for exiting the company's unprofitable retail business. In doing so, GTG purposely reduced revenues by over 44% in order to improve profit margins. Within 13 months of acquisition, the company went from generating ($89) million in annualized EBITDA losses to generating a cumulative EBITDA profit.

- rationalizing the expense structure to reflect current revenue base
  - reducing headcount and other overhead expenses
  - implementing aggressive ongoing cost management and spending controls
  - consolidating and eliminating excess real estate assets

  In the acquisition of Aprisma Management Technologies, GTG reduced headcount from 311 to 240 employees, streamlined marketing and R&D budgets, eliminated significant third-party professional fees and implemented other cost containment measures that resulted in operating expense savings of over $10 million annually. At the time of the acquisition, Aprisma was generating annualized revenues of approximately $43 million and EBITDA losses of approximately ($20) million. In the first full quarter following the acquisition, Aprisma generated annualized revenues of $40 million and EBITDA of approximately $6 million.

- reinvigorating employee and customer relationships
  - reorienting company culture to reflect a heightened focus on profitability
  - reorganizing management to promote and empower high-performing employees
  - establishing employee incentive programs
  - establishing customer relationship management programs

  The Learning Company was an amalgamation of approximately 40 separate acquisitions and was generating an estimated ($509) million in EBITDA losses at the time of GTG's acquisition. Due to the limited integration of the acquired companies, there existed significant miscommunication among management and employees that resulted in the business suffering from a lack of vision and distinct corporate culture. In addition to significant cost reduction initiatives, GTG spent significant resources developing a new strategic vision for the business and instituting a corporate culture focused on profitability. Substantial time and energy was also spent reinvigorating an employee base that had become disenchanted by the company's lack of success and direction. Within three months of closing the acquisition, the business had generated a cumulative EBITDA profit.

- identifying sources of additional cash flow and value
  - proper management of working capital and other balance sheet accounts
  - identifying organic and acquisition growth opportunities

  In the VeriFone acquisition, GTG identified an under-managed hardware-leasing portfolio within the business. Specifically, GTG focused on maximizing the value and cash flows associated with this asset by divesting several of the larger leases for cash and improving the collections procedure on the remaining portfolio. VeriFone was purchased by GTG in July 2001 for $50 million. Based on the lease payments collected to date and the estimated present value of the future lease payments, the leasing portfolio alone has generated in excess of $60 million in aggregate value to GTG.

Investment Process

GTG has a six-stage investment process that has been developed and refined during its 15-year history and includes the following steps: (i) deal sourcing, (ii) deal qualification, (iii) due diligence, (iv) deal negotiation and execution, (v) Portfolio Company monitoring, and (vi) exit.

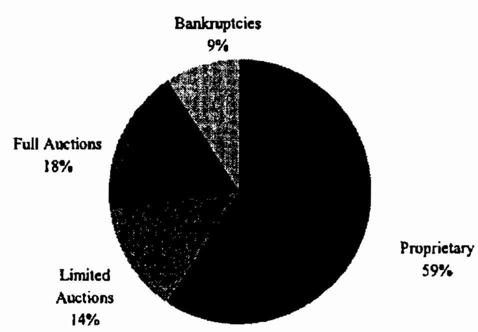
Deal Sourcing

GTG takes a proactive approach to deal sourcing through its five-person business development team, which maintains an ongoing dialogue with many of the world's leading technology and telecommunications-related companies. GTG regularly calls upon *Fortune* 1,000 multinational corporations, middle-market technology and telecommunications companies and M&A intermediaries. These relationships, along with GTG's operating expertise and the reputation of its Portfolio Companies for maintaining positive customer and employee relations, afford GTG "preferred-buyer status" from many companies seeking to rationalize non-core assets.

In addition, GTG's investment professionals have developed an extensive network of relationships with management teams, entrepreneurs, managers of high yield and distressed debt funds, leveraged buyout firms, investment and commercial banks, and professional advisors involved in mergers and acquisitions activities within the technology and telecommunications sectors. As a result, GTG is consistently among the firms contacted to review restructuring, turnaround or other complex investment opportunities.

GTG keeps an extensive database of all deal opportunities. During 2002, GTG reviewed a total of 346 transaction leads. Since 1995, approximately 60% of investments completed have come from proprietary sources with the balance having been acquired as a result of either bankruptcy proceedings or limited or full auctions. At any one time, GTG will typically be actively pursuing in excess of 20 transaction opportunities.

GTG Deal Sourcing for Completed Transactions Since 1995



Deal Qualification

GTG's qualification stage is designed to filter deal flow generated by GTG and to ensure that appropriate resources are dedicated to the most attractive opportunities. The first step of the qualification process is to identify whether the business meets GTG's target characteristics. When attractive opportunities are identified through the qualification process, GTG then conducts a preliminary analysis of each transaction prior to assigning a full deal team to the transaction. The focus of this analysis is to determine whether GTG has any advantages over the potential competition in acquiring a particular business. Before moving forward with due diligence, GTG will examine: (i) relevant in-house industry experience, (ii) transaction timing, (iii) pricing expectations, (iv) non-economic motivations of the seller, and (v) transaction structuring considerations. If the opportunity falls within GTG's investment criteria and the above analysis indicates GTG may have a competitive advantage in acquiring a business, M&A Group and Operations Group professionals will be assigned to pursue the investment and begin due diligence.

Due Diligence Process

A hallmark of GTG's investment strategy has been a consistent and rigorous approach to investment selection and due diligence. Because GTG's target companies are typically under-performing and, by their very nature, operationally-challenged, the Operations Group spends a substantial amount of time and resources in due diligence prior to completing a transaction. GTG's diligence effort can be separated into two phases. During the first phase, a small team of two to three M&A and Operations Group professionals will visit the target company, attend management presentations, evaluate the quality of senior- and middle-management, review financial information and perform preliminary financial and valuation analysis. Upon the completion of phase one, an assessment is made as to whether the opportunity is sufficiently attractive to commence the second phase of diligence. During phase two, GTG will send a "SWAT Team" of up to ten people from the Operations Group to perform detailed due diligence. This team will work with middle management to build a detailed understanding of the business, including a review of sales forecasts and current order backlog, operating expense line item detail, working capital management, accounting methodologies, human resources and compensations matters, information technology issues and facilities issues, among other items. During its due diligence, the Operations Group in coordination with the M&A Group and, typically, management of the target company will develop a comprehensive, highly detailed operating plan that serves as the basis for the investment decision.

Deal Negotiation and Execution

In continuing to employ the disciplined investment approach practiced by GTG during the past 15 years, the Partnership's strategy will be geared towards emphasizing risk mitigation and capital preservation. Historically, GTG has invested the personal capital of its principals and has taken a highly focused approach to minimizing downside risk of investment capital. The approximate $100 million capital commitment that the Principals intend to make to the Partnership's activities is further evidence that GTG will continue to exercise the same level of discipline practiced historically.

Due to the operationally-challenged nature of its target companies, GTG has historically employed creativity in structuring and financing its transactions. In addition to contributing its own equity capital, GTG has generally structured its acquisitions to include seller financing, asset-based financing, guarantees and contingent payment obligations tied to target revenues or profitability. These elements of transaction financing are designed to enhance the return on invested capital without placing the Portfolio Company at undue financial risk.

Portfolio Company Monitoring

GTG's control-oriented investment strategy emphasizes a "hands-on" approach to the management of its Portfolio Companies. Such control is important given GTG's proactive investment philosophy, as it enables GTG to make any changes at Portfolio Companies that it deems necessary. Although each Portfolio Company is managed autonomously, the management teams report to the senior members of the Operations Group. When GTG consummates a transaction, members of its Operations Group work closely with Portfolio Company management to ensure that the agreed-upon operating plan, which formed the basis of the initial investment decision, is being implemented aggressively and that all necessary actions are being taken in an expedited manner. On occasion, members of the Operations Group will fill roles in the management of the Portfolio Company for an abbreviated time period.

Once the operating plan has been executed, GTG continues to assist the management of its Portfolio Companies by providing key strategic, financial and personnel advice through active dialogue with members of the Operations and M&A Groups. In addition, GTG implements controls that require Portfolio Company management to seek Operations Group approval for certain expenditures and provide frequent financial status reports, including daily cash balances, when necessary. GTG requires that its Portfolio Companies provide it with, at a minimum, formalized monthly operating and financial packages.

In addition to the direct management oversight provided by the Operations Group, the M&A Group monitors Portfolio Companies' performance, pursues complementary or add-on acquisition strategies, completes any divestiture transactions and evaluates and effects exit strategies.

Exit

GTG employs multiple techniques for realizing value from its investments. GTG has pursued exit alternatives that include sales, capital distributions and recapitalizations and also evaluates opportunities to exit through public offerings and other creative opportunities when markets permit. GTG reviews company specific performance and outlook, as well as general market conditions in both the public and private capital markets, to determine the best form and timing for an exit from its investments.

V. Summary of Principal Terms

The following information is presented as a summary of principal terms only and is qualified in its entirety by reference to the Partnership's Amended and Restated Limited Partnership Agreement (the "Partnership Agreement"), a copy of which will be provided to each prospective investor prior to acceptance of any subscription. Prior to making any investment in the Partnership, the Partnership Agreement should be reviewed carefully. If the terms described in this Memorandum are inconsistent with or contrary to the terms of the Partnership Agreement, the Partnership Agreement will control.

The Partnership	Gores Capital Partners, L.P., a Delaware limited partnership (the "Partnership").
Investment Objectives	The Partnership's primary objective will be to generate significant capital appreciation primarily by investing in under-performing or under-valued technology and telecommunications-related companies. The Partnership will focus on acquiring control of these businesses by making investments in privately-held operating companies or privately-held securities through acquisitions, restructurings, or other negotiated transactions. In addition, the Partnership may make investments in public equity securities and public debt, bank debt or other traded debt securities with the ultimate intent to obtain a control or influence position.
General Partner	The general partner of the Partnership will be Gores Capital Advisors, LLC, a Delaware limited liability company (the "General Partner").
Investment Manager	The investment manager of the Partnership will be Gores Capital Group, LLC, a Delaware limited liability company (the "Investment Manager"). The Investment Manager will be retained by the Partnership pursuant to an investment management agreement to provide investment advice and other management and administrative services, including investigating, structuring and negotiating potential investments ("Portfolio Investments"), monitoring the performance of companies in which it has invested ("Portfolio Companies") and advising the Partnership as to disposition opportunities. The General Partner will remain responsible for the management and control of the Partnership's business.
Partnership Capital	The Partnership is seeking $400 million of capital commitments to the Partnership (the "Commitments") from limited partners (each a "Limited Partner", collectively, the "Limited Partners" and together with the General Partner, the "Partners") and the General Partner. The General Partner reserves the right to establish the Partnership with Commitments less than or in excess of this amount in its sole and absolute discretion, provided that Commitments from Limited Partners unaffiliated with GTG may not exceed $500 million.
Minimum Commitment	The minimum Commitment by a Limited Partner will be $5 million, although the General Partner, in its sole and absolute discretion, reserves the right to accept Commitments of lesser amounts.
General Partner's Commitment	The General Partner will make a Commitment of $15 million. In addition to such Commitment, GTG, its affiliates and their respective professionals

will mandatorily invest alongside the Partnership an amount equal to a certain specified percentage (the "GTG Co-Investment Percentage"), not to be less than 10% or in excess of 30%, of the amount of each investment by the Partnership. The GTG Co-Investment Percentage will be determined on an annual basis by the General Partner with notice to the Limited Partners prior to January 1st with respect to the twelve-month period beginning with that date. Further, GTG retains the right to coinvest alongside the Partnership amounts greater than the GTG Co-Investment Percentage to the extent that a potential investment exceeds the Partnership's investment limitations (see Investment Limitations below).

Closings

The initial closing of the Partnership will occur as soon as practicable (the "Initial Closing"). Subsequent closings ("Subsequent Closings") may occur at the discretion of the General Partner, provided that the final closing (the "Final Closing") will occur no later than nine months after the Initial Closing.

Commitment Period

Capital calls may be made from time to time for a period of five years from the Initial Closing of the Partnership (the "Commitment Period"). Upon expiration of the Commitment Period, all Partners will be released from any further obligation with respect to their undrawn Commitments, except to the extent necessary to: (i) pay the Management Fee (as defined below) and Operating Expenses (as defined below); (ii) make follow-on investments in existing Portfolio Companies ("Follow-On Investments"); and (iii) complete Portfolio Investments that were in process or to which the Partnership had committed as of the end of the Commitment Period.

Term

The Partnership will terminate ten years from the Final Closing, but may be extended in the sole and absolute discretion of the General Partner for up to two consecutive one-year periods.

Drawdowns

Commitments will be drawn down pro rata on an as-needed basis, with a minimum of 10 days prior notice to the Limited Partners.

The initial drawdown for each Partner will include its pro rata share of: (i) the Management Fee retroactive to the Initial Closing; (ii) Organizational Expenses (as defined below) and Operating Expenses retroactive to the Initial Closing; and (iii) the original cost of any Portfolio Investment made prior to such drawdown. In addition, any Limited Partner admitted to the Partnership in a Subsequent Closing will be required to pay to the Partnership: (a) an interest equivalent on the Management Fee from the date of any previous payment of the Management Fee at the prime rate per annum; (b) an interest equivalent on the average daily balance of its pro rata share of Organizational Expenses and Operating Expenses at the prime rate plus 2% per annum; and (c) an interest equivalent on the average daily balance of its pro rata share of the original cost of any Portfolio Investment made prior to such drawdown at the prime rate plus 2% per annum. Any amount paid as a Management Fee or as an interest equivalent thereon pursuant to this paragraph will be paid to the Investment Manager. Any amount paid as Organizational Expenses, Operating Expenses or in respect of a Portfolio Investment or as an interest equivalent thereon at a Subsequent Closing will be distributed to Partners admitted in prior closings, pro rata, in accordance with each such Partner's drawn and unreturned Commitment. In addition, principal amounts distributed to any Partner admitted in a prior closing pursuant to this paragraph will be added to such Partner's unfunded Commitments and will be subject to recall. Interest equivalent amounts paid by any incoming Partner or distributed to any Partner admitted in a prior closing pursuant to this paragraph will not reduce any such Partner's unfunded Commitment. Notwithstanding the above, if there has been a significant change in the value of an investment, the General Partner may, in its sole and absolute discretion, require a Limited Partner admitted at a subsequent closing to contribute an amount based on such change in value rather than the interest equivalent on the capital contribution for such investment.

Except as set forth above, amounts contributed by a Partner will reduce such Partner's unfunded Commitment and generally may not be restored to such Partner's unfunded Commitment unless: (i) such amount is contributed in anticipation of a potential Portfolio Investment and such Portfolio Investment is not consummated; or (ii) the General Partner elects, in its sole and absolute discretion, to restore any such amount in the following circumstances: (a) the Portfolio Investment is sold within 12 months (or 18 months in the case of publicly traded securities) after such Portfolio Investment is made, in which case the amount contributed in respect of such Portfolio Investment will be restored to unfunded Commitments; or (b) the Portfolio Investment is sold 12 months (or 18 months in the case of publicly traded securities) or more after such Portfolio Investment is made, in which case the lesser of (A) the amount contributed in respect of such Portfolio Investment and (B) the aggregate capital contributions made in respect of Organizational Expenses, Operating Expenses and the Management Fee will be restored to unfunded Commitments.

Investment Limitations

The total investment by the Partnership in any one Portfolio Company may not exceed 25% of the aggregate Commitments without the consent of the Advisory Committee (as defined below). The total investment by the Partnership in Portfolio Companies that are organized under the laws of a jurisdiction outside of the United States and Canada may not exceed 20% of the aggregate Commitments without the consent of the Advisory Committee. The total investment by the Partnership in publicly traded securities at any point in time (not including private placements of public company securities, securities that were not publicly traded at the time of such investment and temporary investments) where the Partnership does not have control of the company may not exceed 20% of the aggregate Commitments without the consent of the Advisory Committee.

Incurrence of Indebtedness

The Partnership may incur indebtedness, including without limitation, for the purposes of paying partnership expenses or providing interim financing to the extent necessary to consummate the purchase of Portfolio Investments.

Co-Investment Opportunities

Where possible and appropriate, the General Partner intends, but will be under no obligation, to provide co-investment opportunities to certain Limited Partners before making such opportunities available to third parties.

In addition, the General Partner intends to establish one or more co-investment vehicles through which certain persons who provide services to the Partnership or who, in the judgment of the General Partner, can potentially add value to the Partnership's activities by virtue of their association with the Partnership and/or certain Portfolio Companies may invest with the Partnership in certain Portfolio Investments.

Investment Proceeds

Investment proceeds available for distribution by the Partnership ("Investment Proceeds") prior to its termination will consist of: (i) cash proceeds realized on the disposition of the Partnership's Portfolio Investments, net of expenses relating to such disposition; (ii) cash dividends or interest realized on the Partnership's Portfolio Investments; and (iii) marketable securities held by the Partnership. Investment Proceeds will not include the proceeds derived from temporary investments, which amounts will be apportioned among the Partners in proportion to their relative capital contributions. Upon termination of the Partnership, distributions may also include restricted securities or other assets of the Partnership.

Distributions

Investment Proceeds in respect of a Portfolio Investment will be apportioned among the Partners participating in such Portfolio Investment in proportion to their relative capital contributions to such Portfolio Investment. The amount apportioned to the General Partner in respect of its capital contributions will be distributed to the General Partner, and the amount apportioned to each Limited Partner, will be distributed as follows:

(a) first, 100% to such Limited Partner until such Limited Partner has received, on a cumulative basis, taking into account all prior distributions made pursuant to this clause (a), an aggregate amount equal to:

  (i) its capital contributions allocable to the Portfolio Investment giving rise to the distribution;

  (ii) its capital contributions allocable to the Partnership's other Portfolio Investments that have previously been disposed of or written-off in whole or in part at the time of such distribution;

  (iii) its capital contributions made in respect of Organizational Expenses, Operating Expenses and the Management Fee that are allocable to the Portfolio Investment giving rise to the distribution and Portfolio Investments that have previously been disposed of or written-off, in whole or in part, at the time of such distribution;

(b) second, 100% to such Limited Partner until such Limited Partner has received, on a cumulative basis, taking into account all prior distributions, an aggregate amount equal to an 8% cumulative internal rate of return on amounts included in sub-clauses (a)(i) through (a)(iii) above, compounded annually (the "Preferred Return");

(c) third, 20% to such Limited Partner and 80% to the General Partner, until such time as the General Partner has received a cumulative distribution pursuant to this clause (c) equal to 20% of the sum of distributions made pursuant to clause (b) above and pursuant to this clause (c); and

(d) thereafter, 80% to such Limited Partner and 20% to the General Partner.

Distributions that the General Partner receives pursuant to clauses (c) and (d) above are referred to herein as "Carried Interest Distributions."

A distribution relating to a partial disposition of a Portfolio Investment will be subject to the above formula, with the Preferred Return and the Carried Interest Distributions based pro rata on the original cost of, and the cumulative distributions made with respect to, the disposed portion of such investment.

Notwithstanding the foregoing distribution provisions, the General Partner may receive tax distributions to satisfy tax liabilities arising from allocations attributable to its Carried Interest Distributions.

The General Partner intends to distribute, as soon as practicable after receipt thereof, all cash received by the Partnership, less cash reserved for future expenses.

Clawback

Upon termination of the Partnership, the General Partner will be required to restore funds to the Partnership to the extent it has received cumulative distributions in excess of amounts otherwise distributable to the General Partner pursuant to the formula set forth in "Distributions" above, applied on an aggregate basis covering all transactions of the Partnership. In no event will the General Partner be required to restore more than the cumulative distributions received by the General Partner as Carried Interest Distributions determined on an after-tax basis.

Partner Giveback

The General Partner may require each Partner to return distributions made to such Partner for the purpose of meeting such Partner's pro rata share of partnership expenses (including indemnification obligations).

Allocation of Profits and Losses

Net profits and losses of the Partnership generally will be allocated among the Partners in a manner that reflects the economic interests of the Partners and is consistent with the requirements of the Internal Revenue Code of 1986, as amended (the "Code").

Management Fee

The Partnership will pay an annual management fee (the "Management Fee") to the Investment Manager or an affiliate thereof based on Commitments, payable quarterly in advance equal to 2.0% per annum from the date of the Initial Closing until the end of the Commitment Period. Thereafter, the Management Fee will be reduced to an amount equal to 1.5% of Commitments funded in respect of Portfolio Investments that have not been the subject of a disposition, until termination of the Partnership. The Management Fee will be subject to reduction as set forth in "Other Fees" below.

GOG Advisory Fees

Gores Operations Group, Inc. ("GOG"), an affiliate of the Investment Manager, will provide certain services of its operating professionals to evaluate new Portfolio Investments and to improve the operations and management of Portfolio Companies. Such services are consistent with those that would be provided by consultants, lawyers and other third-party advisors. In exchange for such services, GOG will be entitled to receive from each Portfolio Company as agreed to by such Portfolio Company (i) due diligence fees and other transaction expenses in respect of completed transactions, (ii) quarterly advisory fees, and (iii) management equity in such Portfolio Company. In addition, the Partnership may pay fees to GOG for due diligence and other transaction expenses in connection with unconsummated transactions in addition to third-party expenses. Individuals who, directly or indirectly, receive management equity in Portfolio Companies through GOG will not receive Carried Interest Distributions.

Other Fees

Any directors' fees received by the Investment Manager or its affiliates, the General Partner, or the individual members of the General Partner or Investment Manager from a Portfolio Company will first be used to pay unreimbursed related expenses, and 100% of the Partnership's allocable share of any remaining portion will be applied to reduce the Management Fee.

The Investment Manager may charge transaction fees (including, without limitation, set-up, acquisition and commitment fees) in connection with a Portfolio Investment or monitoring fees, payable by a Portfolio Company. Fifty percent of the Partnership's allocable share of any such transaction or monitoring fees will be applied to reduce the Management Fee.

In addition, any fees earned by the Investment Manager in connection with transactions that are not completed (i.e., break-up fees) will be paid, first to offset expenses associated with the transaction giving rise to such fees, and, thereafter 50% of the Partnership's allocable share of any excess after payment of such expenses will be applied to reduce the Management Fee.

Organizational and Offering Expenses

The General Partner will bear full economic responsibility for all fees payable to UBS Warburg, LLC in connection with its role as placement agent for, and financial advisor to, the Partnership. The Limited Partners will not bear any such fees.

The Partnership will bear all legal, organizational and offering expenses, including the out-of-pocket expenses of the General Partner and its agents, actually incurred in the formation of the Partnership (including any Parallel Investment Vehicle (as defined below)), the General Partner and the Investment Manager up to an amount not to exceed $1,000,000 ("Organizational Expenses"). The General Partner will bear full economic responsibility for Organizational Expenses in excess of $1,000,000.

Operating Expenses

The Partnership will pay all costs and expenses relating to its operations, including, but not limited to: (i) legal, auditing, consulting and accounting fees and expenses (including costs of reports to the Partners, financial statements, tax returns and K-1s); (ii) expenses of meetings of the Advisory Committee and of Limited Partners; (iii) all insurance, indemnification and other expenses associated with the acquisition, holding and disposition of its proposed or actual Portfolio Investments; (iv) all extraordinary expenses (such as litigation); (v) interest on and fees and expenses arising out of all permitted borrowings made by the Partnership; (vi) all third-party expenses and appropriate charges by GOG relating to unconsummated transactions; (vii) all expenses of liquidating the Partnership; and (viii) any taxes, fees or other governmental charges levied against the Partnership and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Partnership ("Operating Expenses"). The Investment Manager will be responsible for its own operations, including rent, salaries, furniture and fixtures and all other office equipment.

Parallel Investment Vehicles

The General Partner may, in its sole and absolute discretion, organize parallel investment vehicles to facilitate, from a legal, tax or regulatory standpoint, investments by certain foreign or other classes of investors ("Parallel Investment Vehicles"), the structure of which may differ from that of the Partnership, but which will invest proportionately in all transactions on effectively the same terms and conditions as the Partnership. For purposes hereof, all references to the Partnership include any such Parallel Investment Vehicles.

Advisory Committee

The General Partner will select an advisory committee (the "Advisory Committee") that will consist of at least three members designated by certain unaffiliated Limited Partners selected by the General Partner. The Advisory Committee will advise the General Partner regarding conflicts of interests, and such other issues, as the General Partner may bring before the Advisory Committee or as may be contemplated in the Partnership Agreement.

Other Investments

After the Initial Closing, GTG will not make outside of the Partnership any investments of a kind suitable for investment by the Partnership until the earlier of (i) the expiration of the Commitment Period, or (ii) such time as at least 75% of the aggregate Commitments have been: (a) invested; (b) committed to Portfolio Investments; (c) reserved for Follow-On Investments; or (d) used to pay or reserved for partnership expenses, except: (A) if the investment is an add-on or follow-on investment to, or strategically important to, an existing investment of GTG; or (B) as otherwise approved by the Advisory Committee.

Unless consented to by at least 66 2/3% in interest of the Limited Partners, neither the General Partner nor any of its affiliates will close a new private equity investment fund (other than a Parallel Investment Vehicle) with primary objectives substantially similar to those of the Partnership until the earlier of (i) the expiration of the Commitment Period, or (ii) such time as at least 75% of the aggregate Commitments have been: (a) invested; (b) committed to Portfolio Investments; (c) reserved for Follow-On Investments; or (d) used to pay or reserved for partnership expenses. Notwithstanding the above, GTG may form a new investment vehicle to make investments outside the United States and Canada that would exceed 20% of the aggregate Commitments, or to make investments in publicly traded securities that would exceed 20% of aggregate Commitments, unless the applicable investment limitations have been waived by the Advisory Committee.

Reports to Limited Partners

Each Limited Partner will receive: (i) audited annual financial reports of the Partnership; (ii) unaudited quarterly financial information with respect to the Partnership's individual Portfolio Investments; and (iii) annual tax information for the completion of income tax returns.

Limited Partner Meetings

The Partnership will hold an annual meeting of Limited Partners to review and discuss the Partnership's investment activities.

Defaulting Limited Partners

A Limited Partner that defaults with respect to any required capital contribution may be subject to certain adverse consequences including forfeiture of all or a portion of its interest in the Partnership.

Amendments

The Partnership Agreement may be amended from time to time, and any provision may be waived, with the consent of the General Partner and the requisite vote of the Limited Partners, except that the General Partner may amend the Partnership Agreement without Limited Partner consent in limited circumstances, including to correct errors, cure ambiguities and make changes for the benefit of all Limited Partners.

Transfer and Withdrawal

A Limited Partner may not sell, assign, transfer, pledge or hypothecate any interest in the Partnership, except with the prior written consent of the General Partner. Further, a Limited Partner may not withdraw from the Partnership except under certain limited circumstances.

Exculpation and Indemnification

The General Partner, the Investment Manager, the members of the Investment Committee, each of their respective affiliates, and all employees, partners, members, agents, consultants and personnel of any of the foregoing and the members of the Advisory Committee and Limited Partners represented by such members (each, an "Indemnified Party" and collectively, the "Indemnified Parties") will not be liable to the Partnership for any act or omission performed by any of them, unless such act or omission results from the Indemnified Party's gross negligence or willful misconduct. The Partnership will indemnify and hold harmless all Indemnified Parties from and against any and all claims, liabilities, costs and expenses, including legal fees, arising out of or in connection with any action taken or omitted by an Indemnified Party in connection with the Partnership, unless such action or omission results from the Indemnified Party's gross negligence or willful misconduct.

Tax Considerations

The Partnership expects to be treated as a partnership and not as an association taxable as a corporation for U.S. federal income tax purposes. For a discussion of certain U.S. federal income tax considerations relating to an investments in the Partnership, see "*Certain Regulatory and Tax Considerations*" below. Each prospective Limited Partner should consult with its own tax advisor regarding the U.S. federal, state, local and foreign income and other tax consequences applicable to an investment in the Partnership.

ERISA Considerations	Investors subject to the Employee Retirement Income Security Act of 1974 ("ERISA") should consult their advisors as to the effect of ERISA on an investment in the Partnership. The General Partner intends to use its reasonable best efforts to conduct the affairs of the Partnership in such a manner so as to qualify as a venture capital operating company so that its Portfolio Investments will not be regarded as "plan assets" under ERISA. The Partnership may require certain representations or assurances from Limited Partners that are subject to ERISA.
Securities Law Matters	Interests in the Partnership will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), and must be acquired solely for investment purposes and without any view to the distribution thereof in violation of the Securities Act. Offers of interests in the Partnership will be made solely to accredited investors within the meaning of the rules promulgated under the Securities Act. The General Partner anticipates that the Partnership will be exempt from the registration requirements of the Investment Company Act of 1940, as amended (the "Investment Company Act"), by reason of the exemption specified in Section 3(c)(1) (for issuers whose securities are not beneficially owned by more than 100 persons) and/or Section 3(c)(7) (for issuers whose securities are owned exclusively by "qualified purchasers" within the meaning of Section 2(a)(51) of the Investment Company Act).
Counsel for the Partnership and the General Partner	Weil, Gotshal & Manges LLP Christensen, Miller, Fink, Jacobs, Glaser, Weil & Shapiro, LLP
Auditor	KPMG LLP

VI. Investment Professionals

The GTG organization currently consists of 44 professionals organized between the M&A Group and the Operations Group. These professionals, with prior backgrounds in the technology, private equity, hedge funds, corporate development, investment banking, legal and finance professions, have led investments in the technology, telecommunications, telephony, retail and consumer products sectors, among others.

GTG combines (i) a long record of investing in technology and telecommunications-related sectors; (ii) deep technology domain expertise, including a broad network of relationships with companies and executives; (iii) extensive operating experience in all major corporate disciplines; and (iv) buyout investing, structuring and financing experience. GTG expects to utilize its combined expertise and relationships in every stage of the investment and deal sourcing process.

Alec E. Gores, *Chairman**
Vance W. Diggins, *President and Chief Executive Officer**
Catherine Babon Scanlon, *Chief Financial Officer**

M&A Group		Operations Group	
Scott M. Honour	*Managing Director**	James R. Bailey	*President, Operations**
David M. McGovern	*Managing Director**	Eric R. Hattler	*Exec. Vice President, General Counsel*
Steven C. Yager	*Managing Director**	Gregory Bestick	*Exec. Vice President, Operations*
Angela Blatteis	*Managing Director*	Ashley W. Abdo	*Group President, Operations*
Peter Wainman	*Managing Director*	Michael Zawalski	*Group President, Operations*
Frank Stefanik	*Exec. Vice President, Marketing*	James A. MacKenzie	*Group Vice President, Operations*
Ian R. Weingarten	*Principal*	Thomas F. Perugini	*Senior Vice President, Finance*
Daniel J. Gray	*Vice President, Business Dev.*	Leslie E. Cook	*Vice President, Head of Info. Technology*
Jordan W. Katz	*Vice President*	Liz Davis	*Vice President, Head of Human Resources*
Ryan Wald	*Vice President*	David A. Hollenbeck	*Vice President, Head of Facilities*
Nicholas Kaiser	*Associate*	R. Britton Terrell	*Vice President, Debt Financing*
Andrés Martinez	*Associate*	Brent D. Bradley	*Vice President, Asst. Gen. Counsel*
Bryan Bender	*Associate, Business Dev.*	Alan Byrne	*Vice President, Human Resources*
Amber Hilkene	*Associate, Business Dev.*	Andrew Freedman	*Vice President, Finance*
David Reed	*Associate, Business Dev.*	Michael Hirano	*Vice President, Finance*
		Diane Leikas	*Vice President, Corporate Taxation*
		David L. McEvoy	*Vice President, Legal*
		Lindsay Wynter	*Vice President, Finance*
		Ken DesGarennes	*Director, Finance*
		Steven Johnson	*Director, Finance*
		Susan A. Hoyle	*Director, Finance*
		Brian Musfeldt	*Senior Internal Auditor*
		Elizabeth Lilley	*Facilities Asset Manager*
		Joe Awad	*Attorney*
		Lisa Fields	*Taxation Manager*
		Julie Ingerson	*HR Generalist*

* Member of Investment Committee

Biographical sketches of certain GTG professionals are provided below.

Alec E. Gores – *Chairman.* Mr. Gores is the founder and Chairman of GTG. Mr. Gores began his career as an entrepreneur and operating executive. In 1978, Mr. Gores self-funded and founded Executive Business Systems (EBS), a developer and distributor of vertical business software systems. Within seven years, EBS had become a leading value-added reseller in Michigan and employed over 200 people. In 1986, CONTEL purchased EBS and Mr. Gores subsequently began acquiring and operating under-valued and under-performing businesses. Mr. Gores currently oversees GTG's investment activities and its investment portfolio and serves on the Board of Proha Oyj. Mr. Gores earned a B.S. in Computer Science from Western Michigan University.

Vance W. Diggins – *President and Chief Executive Officer.* Mr. Diggins oversees all operating due diligence teams and Portfolio Companies. Mr. Diggins has over 20 years of operating experience in technology and related sectors and has worked with Mr. Gores for over 18 years. Mr. Diggins has a proven record of success in the transformation of technology companies. In 1983, Mr. Diggins joined EBS as a sales representative. Since that time, Mr. Diggins has been instrumental in building the current organization's management team and infrastructure. In addition, Mr. Diggins has served in various operating roles in Portfolio Companies. In 1980, Mr. Diggins began his career in sales management at Burroughs Corporation. Mr. Diggins earned his B.A. in Business Administration from Michigan State University.

Catherine Babon Scanlon, CPA – *Chief Financial Officer.* Ms. Scanlon is responsible for overseeing the financial management of GTG and its Portfolio Companies. Ms. Scanlon joined GTG in 1996 and is responsible for all corporate tax matters and leading GTG's financial due diligence teams. Ms. Scanlon has extensive experience in international tax matters and structuring complex M&A transactions. Prior to joining GTG, Ms. Scanlon was a partner with Freedman & Goldberg, a certified public accounting firm located in Detroit, Michigan. Ms. Scanlon earned her B.S. in Accounting from Western Michigan University.

OPERATIONS GROUP

James R. Bailey – *President, Operations.* Mr. Bailey oversees the day-to-day operations of Portfolio Companies and is a senior member of GTG's due diligence and restructuring team. Mr. Bailey joined GTG in 1997 and has over 20 years of experience in all facets of the software and hardware industries. Mr. Bailey most recently served as Senior Vice President of Physician Computer Network, Inc. In addition, Mr. Bailey was Chief Operating Officer of the Flagship Group, Inc., and President and CEO of the Calyx Corporation. In 1979, Mr. Bailey began his career in sales at IBM after earning his B.A., B.S. and A.A.S. from the University of Wyoming.

Eric R. Hattler – *Executive Vice President & General Counsel.* Mr. Hattler is responsible for all legal aspects of GTG's business, including negotiation and execution of the company's transactions, and oversight of all Portfolio Company legal activities. Mr. Hattler's principal background is in mergers and acquisitions, securities and corporate law. Prior to joining GTG in 1998, Mr. Hattler worked at Riordan & McKinzie, a Los Angeles-based law firm specializing in complex corporate transactions, where he represented a number of merchant banking concerns and emerging growth companies. From 1988 to 1989, Mr. Hattler served as a management consultant with A.T. Kearney, focusing on operational issues. Mr. Hattler earned his B.A., *magna cum laude*, from Amherst College, where he was elected Phi Beta Kappa, and received his J.D. and M.B.A. degrees from the University of Chicago.

Gregory Bestick – *Executive Vice President, Operations.* Mr. Bestick is a member of GTG's operating due diligence and portfolio management team. Mr. Bestick previously served as President of The Learning Company from May 2001 through September 2002. Mr. Bestick was recruited by GTG to serve as The Learning Company's President given his extensive operating career and previous experience at the company as a consultant for GTG from October 2000 until he became President. Mr. Bestick previously served as the President of The Learning Company's Education Division from 1997 to 1999, but left the company in 1999 to become President of Ogden Park Ventures, a technology investment and consulting firm. Mr. Bestick originally joined The Learning Company in 1997, through the company's acquisition of Creative Wonders, a joint venture between The Walt Disney Company and Electronic Arts, where he held the position of CEO for three years. Prior to that, Mr. Bestick held a position as divisional general manager at Electronic Arts.

Ashley W. Abdo – *Group President, Operations.* Mr. Abdo is a member of GTG's operating due diligence and portfolio management team. Mr. Abdo has over 16 years experience in sales, sales management and executive management. Mr. Abdo previously served as Senior Vice President-Sales, President and CEO of Aonix and President and CEO of Jamis Software (both Portfolio Companies). Prior to joining GTG in 2000, Mr. Abdo worked for Per-Se Technologies, Inc. (formerly Medaphis), where he was responsible for new business development in the western and central United States. Mr. Abdo began his career in 1986 with VERSYSS, Inc., where he held various sales and management positions. Mr. Abdo has a B.S. in Finance from the University of Colorado.

Michael Zawalski – *Group President, Operations.* Mr. Zawalski is a member of GTG's operating due diligence and portfolio management team. Mr. Zawalski has over 20 years of experience in various operating and finance roles and has devised and executed several turnaround strategies. Prior to recently joining GTG, Mr. Zawalski was a senior executive at Mail-Well, Inc., a publicly-traded commercial printer. Mr. Zawalski recently served as Chief Financial Officer of Mail-Well in addition to President and CEO of the Mail-Well Label division. Prior to Mail-Well, Mr. Zawalski served as Chief Financial Officer of Ryder TRS, a spin-off from Ryder Systems. Prior thereto, Mr. Zawalski served as Vice President-Finance at The Coleman Company and in various operating roles at The Quaker Oats Company. Mr. Zawalski began his career as an audit manager at Arthur Andersen. Mr. Zawalski graduated with High Honors from Illinois State University with a B.S. in Accounting and Business Administration and from Northwestern University's Kellogg Graduate School of Management with a Master of Management.

James A. MacKenzie – *Group Vice President, Operations.* Mr. MacKenzie is a member of GTG's operating due diligence and portfolio management team. Mr. MacKenzie has over 20 years of experience in sales, marketing, research and development, operations and general management. Prior to joining GTG, Mr. MacKenzie was President and CEO of QuorTech Solutions, where he continues to serve in this capacity. Prior to joining QuorTech in 2000, Mr. MacKenzie held key management positions at Nortel Networks and has broad industry experience with Bell Northern Research, Bristol Aerospace, Unisys Defense Systems and Unisys Peripheral Products Group. Mr. MacKenzie received his B.S. in Electrical Engineering from the University of Manitoba and has had executive training from Queen's University.

Thomas F. Perugini – *Senior Vice President, Finance.* Mr. Perugini is a member of GTG's operating due diligence and portfolio management team. Mr. Perugini has over 30 years of experience in finance, accounting and controls, material control, operations and general management. Prior to joining GTG, Mr. Perugini was responsible for finance and administration at Applicon. Before joining Applicon in 1993, Mr. Perugini held key management positions at ITT, Citibank, Northern Data Systems, and Leetron. At ITT, Mr. Perugini was the controller of two divisions, the manager of financial controls at the company's headquarters and the Chief Financial Officer of ITT Grinnel, a $1 billion corporation. At Citibank, Mr. Perugini was Vice President of Finance for three different groups, including the Merchant Banking group. As Director of Finance for Northern Data Systems, Mr. Perugini assisted the computer hardware and software company in its initial public offering. Mr. Perugini earned his B.S, *cum laude,* from LaSalle University in 1960. Mr. Perugini also completed post-graduate work at Temple University's Graduate School of Management.

Leslie E. Cook – *Vice President, Head of Information Technology.* Mr. Cook oversees IT activities for Portfolio Companies in addition to actively participating in due diligence on new investment opportunities. Mr. Cook has worked with GTG or its Portfolio Companies since 1993 and has extensive experience in managing application software development, programming and quality assurance. Mr. Cook was Vice President of Development at Artemis Management Systems, where he was responsible for coordinating the development, testing and release of all Artemis application software. Prior to Artemis, Mr. Cook held senior development positions with Applicon and Manufacturing Data Systems. Mr. Cook holds a B.S in Mathematics from Georgetown College. He has also completed post-graduate work in engineering mechanics and computer science at the University of Kentucky.

Liz Davis – *Vice President, Head of Human Resources.* Ms. Davis oversees all human resources activities for Portfolio Companies in addition to actively participating in due diligence on new investment opportunities. Ms. Davis has over 20 years of experience in human resource matters and has held a variety of senior positions in the field. Ms. Davis joined GTG in 1996 from Benefit Plan Administrators, where she served as Director of Administration. Ms. Davis received a B.A. from University of California, Los Angeles.

David A. Hollenbeck – *Vice President, Head of Facilities.* Mr. Hollenbeck has been with GTG for over 10 years. Mr. Hollenbeck has had assignments with almost all Portfolio Companies and focuses primarily on facilities management. Before joining GTG, Mr. Hollenbeck's background consisted of ownership of a computer distribution firm and roles at NCR as a sales representative and hardware technician. Mr. Hollenbeck attended the University of Florida and majored in aeronautical engineering.

Britton Terrell – *Vice President, Debt Financing.* Mr. Terrell is responsible for managing relationships with debt financing sources and executing debt financings for new GTG leveraged acquisitions. Mr. Terrell joined GTG in 2002 from Foothill Capital Corporation, where he was the headquarters' Underwriting and Closing Manager. Prior to joining Foothill, Mr. Terrell was with Coast Business Credit, where he was Vice President and Team Leader of the Telecom and Technology portfolio. Mr. Terrell graduated from the University of California, Santa Barbara with a B.A. degree in Business Economics in 1986.

MERGERS AND ACQUISITIONS GROUP

Scott M. Honour – *Managing Director.* Mr. Honour is responsible for originating and structuring transactions and pursuing strategic initiatives at GTG. Prior to joining GTG in 2002, Mr. Honour led a career as an investment banker with a focus on creating, structuring, financing and executing financial sponsor-led transactions. From 2001 to 2002, Mr. Honour served as a Managing Director at UBS Warburg, where he was responsible for relationships with technology-focused financial sponsors, including GTG, and created the firm's Transaction Development, which brought transaction ideas to financial sponsors, including GTG. Prior to joining UBS Warburg, Mr. Honour was an investment banker at Donaldson, Lufkin & Jenrette where he executed a variety of mergers and acquisitions, high yield financing, equity offering and restructuring assignments. Mr. Honour also served as a Vice President in DLJ's Merchant Banking Group from 1995 to 1997. Prior to joining DLJ, Mr. Honour served as an analyst at Trammell Crow Company. Mr. Honour earned his B.S. in Business Administration and B.A. in Economics, *cum laude*, from Pepperdine University, and his M.B.A. from the Wharton School of the University of Pennsylvania with an emphasis in finance and marketing.

David M. McGovern – *Managing Director.* Mr. McGovern is responsible for acquisition, divestiture and financing activities of GTG. Prior to joining GTG in 1999, Mr. McGovern was a Director in CIBC Oppenheimer's investment banking group, where he was involved in executing public and private equity and debt transactions, as well as mergers & acquisitions. Prior to that, Mr. McGovern practiced corporate securities law with Gibson, Dunn & Crutcher in Los Angeles, with an emphasis on mergers & acquisitions for technology companies. Mr. McGovern earned his J.D. from Georgetown University, where he was a member of the law review, and his B.S. in Finance from Louisiana State University.

Steven C. Yager – *Managing Director.* Mr. Yager is responsible for acquisition, due diligence and structuring of new GTG investments. Prior to joining GTG, Mr. Yager served as the President and CEO of Artemis International Solutions Corporation (a Portfolio Company from 1997-2000), where he led a turnaround and restructuring initiative and was responsible for several mergers and acquisitions, including the purchase of Software Productivity Research, Inc. and the merger with Opus360 Corporation, as well as orchestrating the sale of Artemis to Proha Oyj, a publicly-traded Finnish software maker. From 1994 to 1996, Mr. Yager served as the Executive Vice President of Business Development for Medaphis Physician Services Corporation. Mr. Yager earned a B.A. in Business Administration and Economics from the University of Michigan.

Angela Blatteis – *Managing Director.* Mrs. Blatteis is responsible for acquisition, due diligence and structuring of new GTG investments. Mrs. Blatteis has worked in the M&A Group since 1996, predominantly focusing on the execution of acquisitions and divestitures. Prior to working with GTG, Mrs. Blatteis held Vice President positions at Merrion Group, PLC and at Special Situation Investment Fund (an affiliate of Brooke Group Limited), responsible for financial analysis primarily of distressed or non-performing securities. Prior thereto, Mrs. Blatteis was a Senior Financial Analyst at Cowen & Co. and an Associate in the M&A department of First Boston. Mrs. Blatteis earned her B.A. in Political Science and Economics from the University of California at Berkeley and her M.B.A. from the Graduate School of Business of the University of Chicago.

Peter Wainman – *Managing Director.* Mr. Wainman is based in GTG's New York office and focuses on telecom, distressed and public security investments. Prior to joining GTG, from 1998 to 2002, Mr. Wainman was a Managing Director of Bay Harbour Management, where he originated, executed and oversaw investments in public and private securities in the telecommunications, technology, satellite, retail and industrial industries. Such investments included the restructuring of Barneys New York and NextWave Telecom, among others. Prior to joining Bay Harbour, from 1994 to 1998, Mr. Wainman was an investment banker at Donaldson, Lufkin & Jenrette, where he executed a broad range of domestic and international assignments including high yield and equity offerings, merchant banking transactions, restructurings and mergers and acquisitions. Mr. Wainman earned his B.S. in Electrical Engineering from the Massachusetts Institute of Technology and was inducted into the Tau Beta Pi, Eta Kappa Nu, and Sigma Xi science and engineering honor societies. Mr. Wainman also received a Masters in Electrical Engineering from the University of California, Berkeley.

Frank Stefanik – *Executive Vice President, Marketing and Business Development.* Mr. Stefanik oversees GTG's marketing and business development activities, including maintaining relationships with key decision makers in Fortune 500 companies, and identifying and qualifying new acquisition opportunities. Prior to holding his current position at GTG, Mr. Stefanik served as President and CEO of Applicon, a Portfolio Company acquired in 1993, where he successfully executed an operational turnaround. Over the past 25 years, Mr. Stefanik has held a variety of sales, marketing and executive management positions in high technology companies, including Numerical Control Inc., Cleveland Pneumatic, Valisys and McDonnell Douglas Information Systems Group. Mr. Stefanik served as CEO of Health Systems Company, a $250 million division of McDonnell Douglas Information Systems Group. Mr. Stefanik received both his B.S. and M.S. degrees in Marketing from St. Louis University.

Ian R. Weingarten – *Principal.* Mr. Weingarten is responsible for originating new investment opportunities in addition to negotiating, structuring, and executing transactions. Prior to joining GTG in 2002, Mr. Weingarten was a Director in the Financial Sponsors Group of UBS Warburg, where he focused on providing coverage to private equity firms and originating new transaction ideas. Prior to joining UBS Warburg, Mr. Weingarten spent several years as a principal at the private equity firm Apollo Management, L.P. Prior thereto, Mr. Weingarten invested private equity on behalf of the Fisher family and the deGunzburg arm of the Bronfman family. In 1994, Mr. Weingarten began his career in Goldman Sachs' Mergers & Acquisitions group. Mr. Weingarten graduated *summa cum laude* from The Wharton School of the University of Pennsylvania, with a B.S. in Economics and a dual concentration in Finance and Entrepreneurial Management.

Daniel J. Gray – *Vice President, Director of Business Development.* Mr. Gray manages the Business Development Group at GTG, which is responsible for identifying and targeting stand-alone and strategic add-on acquisitions. The Business Development Group maintains relationships with key decision makers in Fortune 500 companies, technology and telecom companies, investment bankers and other intermediaries. Mr. Gray has been with GTG since 1997 and has played a major role in identifying and qualifying GTG's acquisitions. Prior to joining GTG, Mr. Gray was a manager in the Business Development Group at Ruesch International, a foreign currency trading and trade finance firm, with responsibility for developing business with and executing foreign trading for technology clients. Prior thereto, Mr. Gray worked as a Financial Consultant with New England Securities. Mr. Gray received his B.S. in Economics & Business from Westmont College.

Jordan W. Katz – *Vice President.* Mr. Katz is responsible for originating transactions and pursuing strategic initiatives at GTG. Prior to joining GTG in 2002, Mr. Katz was an Associate Director in the Financial Sponsors Group of UBS Warburg, where he focused on providing coverage to private equity firms and originating new transaction ideas. Prior to UBS Warburg, Mr. Katz was a founding member of eVolution Global Partners, a venture capital firm founded by Texas Pacific Group, Kleiner Perkins Caufield & Byers and Bain & Co. Mr. Katz began his career in 1996 at Colony Capital, an international private equity firm focused on real estate-related investments. Mr. Katz graduated from The Wharton School of the University of Pennsylvania with a B.S. in Economics and a concentration in Finance.

Ryan Wald – *Vice President.* Mr. Wald is involved in the execution and negotiation of GTG's acquisitions, divestitures and financing activities. Prior to joining GTG in 1999, Mr. Wald was in CIBC Oppenheimer's investment banking group, where he worked on a variety of assignments, including public equity, debt and hybrid security underwritings, mergers and acquisitions, restructurings, LBOs and other financial advisory assignments. Mr. Wald received his Bachelor of Business Administration in Finance, with honors, from the McCombs School of Business at the University of Texas, Austin.

Nicholas Kaiser – *Associate.* Mr. Kaiser is involved in the execution and negotiation of GTG's acquisitions, divestitures and financing activities. Prior to joining GTG in 2001, Mr. Kaiser was an Analyst at West End Partners, a management consulting firm focused on technology. Mr. Kaiser received his B.A., with honors, in Mathematics and Economics from the University of California, Santa Barbara.

Andrés Martinez – *Associate.* Mr. Martinez is based in GTG's New York office and focuses on telecom, distressed and public security investments. Prior to joining GTG in 2002, Mr. Martinez was an Associate at Bay Harbour Management, where he focused on distressed and special situations. Prior to joining Bay Harbour, Mr. Martinez began his investment career at Credit Suisse First Boston as an Analyst in the Media and Telecom Group. Mr. Martinez graduated *cum laude* from The Wharton School of the University of Pennsylvania, with a B.S. in Economics and a dual concentration in Finance and Entrepreneurial Management.

VII. Selected Investment Summaries[1]

THE LEARNING COMPANY ("TLC")

Transaction Summary	Date Acquired:	October 2000	Revenue at Acquisition:	**$440 million**
	Seller:	Mattel, Inc.	EBITDA Loss at Acquisition:	**($509) million**
	Capital Invested:	$5 million	Time to Profitability:	**3 months**
	Capital Committed:	$80 million	Multiple of Invested Capital:	**11.6x**
	Realized Proceeds:	$58.2 million[2]	Investment Gross IRR:	**1,378%**

Description

TLC was a leading developer and marketer of consumer software applications.

Acquisition Summary

GTG acquired TLC from Mattel, Inc. ("Mattel") in October 2000. For the approximately ten and one-half months of 2000 prior to acquisition, TLC generated approximately $440 million and ($509) million of revenue and EBITDA losses on an annualized basis, respectively. Mattel had acquired TLC in a merger completed in May 1999 for approximately $3.6 billion. The acquisition of TLC as well as other operational challenges caused Mattel to hire a new CEO, Robert Eckert, in May 2000. Upon his arrival, one of Mr. Eckert's top priorities was to divest TLC. GTG participated in a sales process along with other potential financial and strategic buyers for the business.

GTG structured a transaction in which Mattel did not receive any up-front proceeds, but would receive a certain percentage (based upon a sliding scale with a maximum of 50%) of any proceeds derived from a sale of TLC or any of its assets. To consummate the acquisition, GTG and Foothill Capital Corporation each invested $5 million at the time of closing, and GTG guaranteed to fund TLC's operations up to a maximum capital commitment of $80 million, if necessary. The $80 million capital commitment included the $10 million investment and a $10 million minimum payment to Mattel.

Investment Thesis

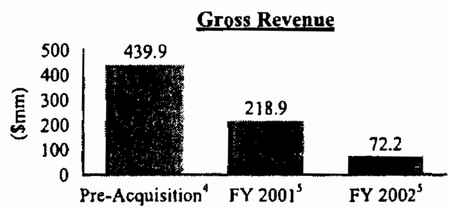
TLC had been assembled as a result of approximately 40 separate acquisitions, which had largely not been assimilated. During due diligence, GTG developed a pro forma operating plan to dramatically restructure TLC and integrate its prior acquisitions. The operating plan called for significant cost reductions as well as a reorganization of the business into five distinct business units based upon product category and/or region: Productivity; Entertainment; Education; Learning Services; and International.

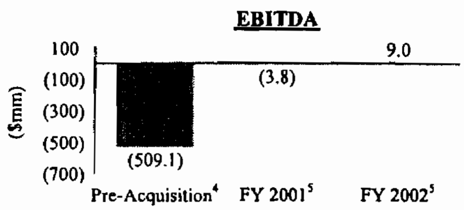
Transaction Outcome

James Bailey, GTG's Group President of Operations, joined TLC full-time upon its acquisition. Mr. Bailey executed upon the pro forma operating plan that had been developed during GTG's due diligence and returned TLC to profitability within three months following the acquisition.

GTG subsequently divested each of the five business units of TLC for aggregate consideration of $151 million[3]. In March 2001, GTG agreed to sell TLC's Entertainment division to Ubi Soft Entertainment for $25 million in total consideration. In September 2001, Riverdeep Group plc agreed to acquire TLC's Education Software division for cash and stock that ultimately was sold for aggregate consideration of approximately $66 million. Thereafter, GTG sold the Learning Services and International divisions for a combined $7 million in proceeds. In August 2002, Riverdeep also acquired the Productivity Software division (Broderbund LLC) for $53 million.

Operating Performance





[1] The Portfolio Company investments described below have been selected to illustrate the types of investment opportunities that the Partnership may seek to pursue. Although reasonably indicative of past activity, such selection does not include all of the Portfolio Company investments previously made by GTG and is not necessarily indicative of the Partnership's future performance.

[2] Realized Proceeds include approximately $5.4 million in cash that has not yet been distributed to GTG, which represents GTG's effective 36.25% interest in sales proceeds.

[3] Represents gross proceeds. GTG, Mattel and Foothill Capital (which provided TLC's working capital facility and a portion of the equity capital) each received a portion of the gross proceeds.

[4] Pre-acquisition revenue and EBITDA represent the period from January 1, 2000 to October 18, 2000, annualized.

[5] During 2001 and 2002, TLC recognized a gain on the sale of assets of $57.2 million and $36.1 million, respectively. The primary cause of revenue declines during these years was the divestiture of TLC's business units.

VERIFONE, INC. ("VERIFONE")

Transaction Summary

Date Acquired:	July 2001	Revenue at Acquisition:	$330 million[1]
Seller:	Hewlett-Packard Co.	EBITDA Loss at Acquisition:	($62) million[1]
Capital Invested:	$40 million	Time to Profitability:	1 month
Capital Committed:	$50 million	Multiple of Invested Capital:	5.4x
Proceeds:	$217.7 million[2]	Investment Gross IRR:	1,217%

Description

VeriFone is a leading global provider of secure electronic transaction solutions (including hardware, software and services) for debt, credit, check, and smart cards in over 100 countries. VeriFone's key markets include retail, petroleum and convenience store operations, banks and transaction processors.

Acquisition Summary

GTG acquired VeriFone from Hewlett-Packard Company ("HP") in July 2001. HP had acquired VeriFone in 1997 for approximately $1.3 billion. From 1997 through 2001, VeriFone had generated over $200 million in operating losses for HP. Upon the arrival of HP's new CEO, Carleton S. Fiorina, the decision was made to focus HP on fewer businesses and explore potential divestitures of unprofitable or non-core assets.

To consummate the acquisition, GTG invested $40 million and guaranteed a $10 million seller note to HP. Immediately following the acquisition, GTG securitized a portion of VeriFone's leasing portfolio, secured additional financing from Foothill Capital Corporation and rapidly began generating excess cash flow, the combination of which returned over $49 million to GTG within five months of ownership.

Investment Thesis

Upon completing its due diligence, GTG developed a detailed pro forma operating plan to dramatically restructure VeriFone and bring it to profitability. The operating plan called for several key initiatives, including:

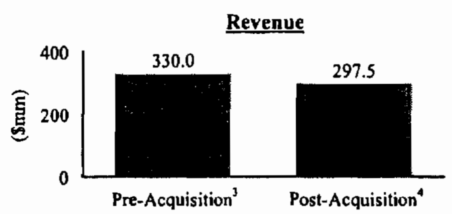
- refocusing R&D and sales and marketing efforts on VeriFone's core terminal and application business, thereby eliminating or de-emphasizing several non-revenue or unprofitable product lines;
- value engineering products to improve gross margins; and
- streamlining VeriFone's excess cost structure in administration, engineering, IT, product management, marketing and sales.

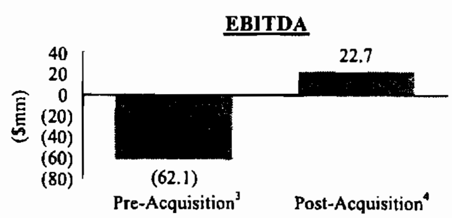
Transaction Outcome

Upon closing, GTG effected a restructuring and executed the pro forma operating plan that had been developed during due diligence. For the period from July 21, 2001 to October 31, 2001, VeriFone generated revenue and EBITDA of approximately $100 million and $7 million, respectively.

In June 2002, GTG agreed to sell approximately 88% of VeriFone to an affiliate of GTCR Golder Rauner, LLC for gross and net proceeds of approximately $155.0 million and $108.4 million, respectively. In the sale, GTG retained 100% of VeriFone's leasing portfolio, which generated $30.6 million of proceeds during 2002, and is expected to generate at least $30.0 million of additional proceeds to GTG.

Operating Performance[2]





[1] Revenue and EBITDA exclude VeriFone's leasing portfolio.
[2] Proceeds include (i) approximately $188 million of Realized Proceeds, (ii) GTG's retained 12% interest in VeriFone, and (iii) the estimated present value of future lease payments to be received from VeriFone's leasing portfolio.
[3] Pre-acquisition revenue and EBITDA represent the period from November 1, 2000 to July 20, 2001, annualized.
[4] Post-acquisition revenue and EBITDA represent the period from July 21, 2001 to June 30, 2002.

MICRONPC, LLC ("MICRONPC")

Transaction Summary	Date Acquired:	June 2001	Revenue at Acquisition:	**$623 million**
	Seller:	Micron Electronics, Inc.	EBITDA Loss at Acquisition:	**($89) million**
	Capital Invested:	$5 million	Time to Profitability:	**13 months**
	Capital Committed:	$70 million	Multiple of Invested Capital:	**3.2x**
	Realized Proceeds:	$15.9 million[1]	Investment Gross IRR:	**4,955%**[1]

Description

MicronPC is a manufacturer of personal computers which it markets to the small- and medium-size business and government segments.

Acquisition Summary

GTG acquired MicronPC in June 2001 from Micron Electronics, Inc. ("MEI"), which divested MicronPC as part of a broader restructuring to focus its core business on the web-hosting sector.

Due to MicronPC's significant operating losses, GTG structured a transaction in which MEI delivered $70 million in cash at closing (and a balance sheet with liabilities exceeding current assets, excluding cash, by $35 million) and paid for the restructuring and severance costs associated with an 830 employee workforce reduction. To consummate the acquisition, GTG and a minority partner each invested approximately $5 million and GTG guaranteed approximately $60 million of balance sheet and other liabilities. In addition, GTG guaranteed $5 million of a new $50 million working capital facility put in place to provide additional liquidity for the business.

Investment Thesis

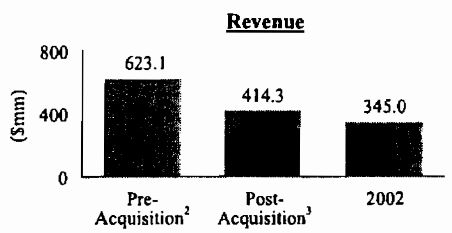
GTG's operating plan called for several key initiatives intended to dramatically restructure MicronPC and bring it to profitability:

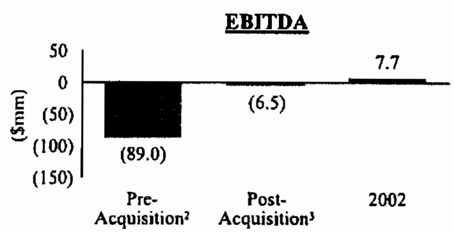
- a refocusing of the company's sales and marketing efforts on low cost customer sales (particularly, government customers and larger corporate direct sales);
- exiting the company's retail business;
- a significant reduction in overall headcount by over 830 employees;
- consolidation and elimination of certain of MicronPC's facilities; and
- a reduction in other operating expenses including elimination of public reporting cost and infrastructure.

Transaction Outcome

Upon acquisition, GTG immediately began implementation of its operating plan and MicronPC achieved its first month of positive EBITDA four months after closing and generated a cumulative EBITDA profit by month 13. MicronPC continues to remain a Portfolio Company and generated revenue and EBITDA of $345.0 million and $7.7 million in 2002, respectively. Although the business has not been sold, GTG has distributed $15.9 million in cash from MicronPC through December 31, 2002.

Operating Performance





[1] Although the business has not been sold, GTG has distributed $15.9 million in cash from MicronPC through December 31, 2002.
[2] Pre-acquisition revenue and EBITDA represent the five month period from January 1, 2001 to May 31, 2001, annualized.
[3] Post-acquisition revenue and EBITDA represent the seven month period from June 1, 2001 to December 31, 2001, annualized.

APRISMA MANAGEMENT TECHNOLOGIES, INC. ("APRISMA")

Transaction Summary	Date Acquired:	August 2002	Revenue at Acquisition:	$43 million
	Seller:	Enterasys Networks, Inc.	EBITDA Loss at Acquisition:	($20) million
	Capital Invested:	$10.9 million[1]	Time to Profitability:	2 months
	Capital Committed:	$15.4 million	Multiple of Invested Capital:	1.0x
	Proceeds:	$8.5 million[2]	Investment Gross IRR:	Unrealized

Description

Aprisma Management Technologies, Inc. is a leading provider of network management software.

Acquisition Summary

GTG acquired Aprisma from Enterasys Networks, Inc. ("Enterasys") in August 2002. GTG was introduced to Aprisma through its relationship with Silver Lake Partners, an investor in Enterasys. Enterasys had reached a decision to divest Aprisma as part of a broader restructuring effort to reduce its cost structure and refocus on its core business. Based on Enterasys' objective to quickly effectuate a transaction, GTG conducted extensive due diligence and signed a purchase agreement within a five-week period.

In connection with the acquisition, GTG invested $10.9 million, guaranteed approximately $3.5 million in leases and guaranteed $1.0 million of deferred purchase consideration.

Investment Thesis

GTG recognized in Aprisma several attractive characteristics including:

- a strong market position with a well-regarded product line;
- a "blue chip" customer base of over 2,800 worldwide customers;
- a strong recurring revenue base representing 62% of total revenues;
- "mission critical" software with contract renewal rates of 75-80%; and
- a broad intellectual property portfolio of 90 issued patents and 75 pending patents.

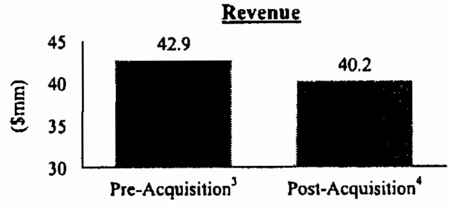
Transaction Outcome

Following the acquisition, GTG recruited a new President & CEO, Michael Fabiaschi, who had been known to GTG for over 12 years. GTG and Mr. Fabiaschi implemented several key operational changes, including a reduction in workforce from 311 to 240 employees and several other cost reduction initiatives that improved gross margins from 70% to 80% and reduced operating expenses by over $10.0 million per year. For the quarter ended December 31, 2002, Aprisma generated annualized revenue and EBITDA of $40.2 million and $6.2 million, respectively.

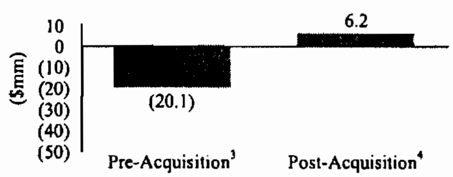
Shortly after the acquisition, Aprisma secured $8.5 million of debt financing and distributed the proceeds to GTG. GTG is currently pursuing several potential add-on acquisitions for Aprisma to broaden its product portfolio and customer base.

Operating Performance

Revenue



EBITDA



[1] Includes amounts invested into the company for working capital purposes.
[2] Aprisma secured $8.5 million of debt financing in October 2002 and distributed the proceeds to GTG. Amount does not include any value attributable to GTG's residual interest in Aprisma.
[3] Pre-acquisition revenue and EBITDA represent the quarter ended June 30, 2002, annualized.
[4] Post-acquisition revenue and EBITDA represent the quarter ended December 31, 2002, annualized.

ARTEMIS ACQUISITION CORPORATION ("ARTEMIS")

Transaction Summary	Date Acquired:	February 1997	Revenue at Acquisition:	$38 million
	Seller:	Computer Sciences Corp.	EBITDA Loss at Acquisition:	($1) million
	Capital Invested:	$1.0 million	Time to Profitability:	2 months
	Capital Committed:	$7.0 million[1]	Multiple of Invested Capital	24.4x
	Realized Proceeds:	$24.4 million[2]	Investment Gross IRR:	142%

Description

Artemis is a leading provider of enterprise project management and resources collaboration software.

Acquisition Summary

GTG acquired Artemis from Computer Sciences Corporation in February 1997. GTG invested $1.0 million and guaranteed $3.0 million of senior financing. Subsequently, in July 1998, Artemis acquired 100% of the outstanding stock of Software Productivity Research, Inc. for $3.5 million in cash and a $3.0 million seller note, which was guaranteed by GTG.

Investment Thesis

The acquisition of Artemis leveraged GTG's historical investing experience in the software sector. At the time it was acquired by GTG, Artemis was unprofitable, but had a strong core product with an established customer base. During a two-month due diligence process, GTG concluded that Artemis could generate significantly higher margins and be repositioned for growth.

Transaction Outcome

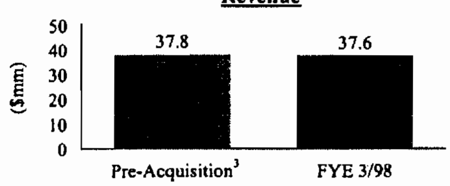
Subsequent to the acquisition, GTG recruited Steven Yager as the company's CEO. Mr. Yager effected a successful turnaround of the business, and increased EBITDA from ($1.1) million pre-acquisition to $4.9 million for the fiscal year ended March 31, 1998.

Mr. Yager was able to effect this turnaround by re-establishing customer confidence in the company, improving staff retention, and improving product delivery and sales performance. Also, through focused investments in R&D, Artemis introduced two new releases of its flagship products and introduced six complementary products.

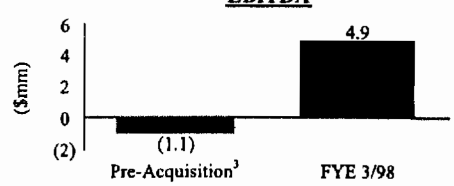
In August 2000, GTG sold Artemis to Proha Oyj, a Finnish public company, for over $18 million in cash and approximately 2.1 million shares of Proha stock. Alec Gores and Steven Yager remain on the Board of Proha and GTG is actively assisting the company in enhancing shareholder value.

Operating Performance

Revenue



EBITDA



[1] Includes guarantee of a $3.0 million seller note related to the acquisition of Software Productivity Research, Inc.

[2] Includes (i) cash distributions received from Artemis prior to the sale to Proha; (ii) cash proceeds of approximately $18 million received in conjunction with the sale to Proha; and (iii) the value of the 2.1 million Proha shares, calculated at each of the three successive lockup expirations.

[3] Pre-acquisition revenue and EBITDA represent the approximately eleven month period ended February 21, 1997, annualized.

VIII. Certain Regulatory and Tax Considerations

Certain Regulatory Matters

Investment Company Act of 1940

The Partnership will not be subject to the provisions of the Investment Company Act in reliance upon exemptions provided thereunder. Limited Partners' subscription agreements and the Partnership Agreement will contain representations and restrictions on transfer designed to assure that the Partnership will qualify for such exemptions.

Investment Advisers Act of 1940

Neither the General Partner nor the Investment Manager will be registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act").

Securities Act of 1933

The Interests will not be registered under the Securities Act, or any other securities law, including state securities or blue sky laws or non-U.S. securities laws. Interests will be offered and sold without registration in reliance upon the Securities Act exemption for transactions not involving a public offering and generally will be sold only to "accredited investors," as defined in Regulation D promulgated under the Securities Act. Each Limited Partner will be required to make customary private placement representations, including that such Limited Partner is acquiring an Interest for its own account for investment and not with a view to resale or distribution. Further, each Limited Partner must be prepared to bear the economic risk of the investment in the Interests for an indefinite period of time, since the Interests cannot be transferred or resold except as permitted under the Securities Act and any applicable state or non-U.S. securities laws pursuant to registration or an exemption therefrom. It is extremely unlikely that the Interests will ever be registered under the Securities Act.

Securities Exchange Act of 1934

In connection with any acquisition of beneficial ownership by the Partnership of more than 5% of any class of the equity securities of a company registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Partnership may be required to make certain filings with the SEC. In certain circumstances, the Partnership may be required to aggregate its investment position in a given Portfolio Company with the beneficial ownership of that company's securities by or on behalf of the General Partner and its affiliates, which could require the Partnership, together with such other parties, to make certain disclosure filings or otherwise restrict the Partnership's activities with respect to such Portfolio Company's securities. Also, if the Partnership becomes the beneficial owner of more than 10% of any class of the equity securities of a company registered under the Exchange Act or places a director on the board of directors of such a company, the Partnership may be subject to certain additional reporting requirements and to liability for short-swing profits under Section 16 of the Exchange Act. The Partnership intends to manage its Portfolio Investments so as to avoid the short-swing profit liability provisions of Section 16 of the Exchange Act.

Employee Retirement Income Security Act of 1974

Under a look-through rule set forth in United States Department of Labor regulation, 29 C.F.R. § 2510.3-101 ("Plan Assets Regulation"), the assets of the Partnership would likely be treated for purposes of ERISA as if they were assets of employee benefit plans subject thereto or Section 4975 of the Code (collectively, "Plans") that own a limited partner interest in the Partnership unless an exception applies. The General Partner will use its reasonable best efforts to operate the Partnership so that it qualifies for an exception to the look-through rule as a venture capital operating company ("VCOC") under the Plan Assets Regulation. If the Partnership does not satisfy an exception to the look-through rule, the fiduciary provisions of ERISA, and the prohibited transaction rules of ERISA and Section 4975 of the Code, would likely apply to the underlying assets and operation of the Partnership.

In seeking to qualify as a VCOC, the Partnership may be restricted in the type, amount or timing of Portfolio Investments it might otherwise pursue or dispose of. Further, the Partnership must substantially participate in or substantially influence the management of a significant number of the Portfolio Companies in which it invests. The Partnership may, in connection with such participation or influence, designate individuals to serve on the boards of directors of such Portfolio Companies. The designation of directors and the other management rights contemplated by the VCOC exception may expose the Partnership to greater risks of claims by such companies, their creditors and others, or to certain liabilities in the event of the bankruptcy or reorganization of such companies. While the General Partner intends to manage the Partnership in a way that will minimize the exposure of these risks, the possibility of such claims cannot be precluded.

Each person considering the acquisition of Interests on behalf of a Plan should consult with its counsel regarding the potential applicability of ERISA, including the fiduciary standards thereunder, and Section 4975 of the Code to the Partnership and such Limited Partner's acquisition and holding of such Interests.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain material U.S. federal income tax consequences of acquiring, holding and disposing of Interests. It is based upon the Code, the U.S. Treasury regulations ("Treasury Regulations") promulgated thereunder, published rulings and court decisions, all as in effect on the date hereof and all of which are subject to change or differing interpretations at any time (possibly with retroactive effect). This summary does not purport to deal with all of the U.S. federal income tax consequences applicable to the Partnership or to all categories of Limited Partners, some of whom may be subject to special rules (including, without limitation, dealers in securities or currencies, financial institutions, life insurance companies, holders of Interests held as part of a "straddle," "hedge" or "conversion transaction" with other investments, persons whose "functional currency" is not the U.S. dollar, persons who have not acquired their Interests upon their original issuance, persons who hold their Interests through a partnership or other entity which is a pass-through entity for U.S. federal income tax purposes, or persons for whom an Interest is not a capital asset). The tax consequences of an investment in the Partnership will depend not only on the nature of the Partnership's operations and the then applicable U.S. federal tax principles, but also on certain factual determinations that cannot be made at this time, and upon a particular Partner's individual circumstances. No advance rulings have been or will be sought from the Internal Revenue Service (the "IRS") regarding any matter discussed in this Memorandum.

IN VIEW OF THE FOREGOING, EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP WITH SPECIFIC REFERENCE TO SUCH INVESTOR'S OWN PARTICULAR TAX SITUATION AND RECENT CHANGES IN APPLICABLE LAW.

The following discussion, except as provided under "*Special Consideration for Non-U.S. Limited Partners*" below, applies only to "U.S. persons", as defined for U.S. federal income tax purposes, who are beneficial owners of an interest in the Partnership. For purposes of this discussion, a "U.S. Person" or a "U.S. Limited Partner" is (1) a citizen or resident of the U.S., (2) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in the U.S. or under the law of the U.S. or any political subdivision thereof, (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (4) a trust which (a) is subject to the primary supervision of a court within the U.S. and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person. A "Non-U.S. Person" or "Non-U.S. Limited Partner" is a Limited Partner that is not a U.S. Person or a U.S. Limited Partner and who in addition is neither (i) a partnership or other fiscally transparent entity, (ii) an individual present in the U.S. for 183 days or more in a taxable year who meets certain other conditions, or (iii) a certain expatriate or former long-term resident of the U.S.

Partners, Not Partnership, Subject to Tax

The General Partner intends to operate the Partnership so that for U.S. federal income tax purposes it will be classified as a partnership rather than an association taxable as a corporation and it will not be treated as a "publicly traded partnership" within the meaning of Section 7704 of the Code.

As a partnership, the Partnership is not itself subject to U.S. federal income tax. The Partnership files an annual partnership information return with the IRS, which reports the result of the Partnership's operations. Each Partner is required to report separately on its income tax return its distributive share of the Partnership's income, gain, loss, deduction and credit for the taxable year of the Partnership ending within or with such taxable year of such Partner, regardless of whether such Partner has received any distributions from the Partnership. The characterization of an item of profit or loss usually will be determined at the Partnership (rather than at the Partner) level.

The Partnership will provide each Partner with the information required to report its allocable share of the Partnership's tax items for U.S. federal income tax purposes. Each Partner, however, is responsible for keeping its own records for determining such Partner's tax basis in its Interest and calculating and reporting any gain or loss resulting from a Partnership distribution or disposition of a Interest.

The Partnership will use the accrual method of accounting. The Partnership's fiscal year will be the calendar year, unless the Code requires a year other than the calendar year to be used as the taxable year, in which case the fiscal year will be that which is required by the Code.

If for any reason the Partnership were treated as an association taxable as a corporation, the Partnership would be subject to tax on its income at regular corporate income tax rates, without deduction for any distributions to the Partners, thereby materially reducing the amount of any cash available for distribution to the Partners. In addition, capital gains and losses and other income and deductions of the Partnership would not be passed through to the Partners, and the Partners would be treated as shareholders of a corporation for U.S. federal income tax purposes. Thus, all distributions by the Partnership to its Partners would be treated as dividends, returns of capital and/or capital gains.

The discussion below assumes that the Partnership will be treated as a partnership for U.S. federal income tax purposes. No application has been or is contemplated to be made to the IRS for a ruling on the classification of the Partnership for tax purposes. However, the Partnership will receive an opinion from Weil, Gotshal & Manges LLP, based in part on certain representations made by the General Partner, to the effect that the Partnership will be treated as a partnership for U.S. federal income tax purposes.

Allocations of Income, Gain, Loss, Deduction and Credits. Pursuant to the Partnership Agreement, the Partnership's items of income, gain, loss, deduction and credits are allocated so as to take into account the varying interests of the Partners over the term of the Partnership. Section 704(b) of the Code provides that a partner's distributive share of items of partnership income, gain, loss, deduction and credits will be determined in accordance with the partnership agreement if such allocations have "substantial economic effect" but must otherwise be determined in accordance with such partner's economic interest in the Partnership. The General Partner believes the allocations provided for by the Partnership Agreement should have "substantial economic effect" or are otherwise in accordance with the Partners' interests in the Partnership. It is possible that the IRS may challenge the Partnership's allocations as lacking "substantial economic effect" and attempt to reallocate items of income, gain, loss, deduction or credit. Any such reallocation of tax items may have adverse tax and financial consequences to a Partner.

Tax Treatment of Distributions. A Partner generally will not recognize gain or loss on the receipt of a distribution of cash or property from the Partnership. A Partner, however, will recognize gain on the receipt of a distribution of money and, in some case, marketable securities, from the Partnership (including any constructive distribution of money resulting from a reduction of the Partner's share of the indebtedness of the Partnership) to the extent such cash distribution or the fair market value of certain marketable securities distributed exceeds such Partner's "adjusted tax basis" (as defined below) in its Interest. Such distribution would constitute taxable income to such Partner and would be treated as gain from the sale or exchange of its Interest. Generally, if a Partner is not a "dealer" (as defined below) with respect to its Interest and has held its Interest for more than one year, any such gain will be long-term capital gain.

A Partner generally will recognize gain or loss on the complete liquidation of its Interest to the extent the amount of money (and, in the case of loss, together with the adjusted tax basis of certain types of property distributed) received differs from its adjusted tax basis in its Interest. In certain circumstances, distributions of certain "marketable securities" are treated as cash distributions for purposes of determining gain (but not for purposes of determining loss). Any gain recognized by a Partner on the receipt of a distribution from the Partnership generally will be capital gain, but may be taxable as ordinary income, either in whole or in part, under certain circumstances.

A Partner's initial tax basis in its Interest generally will be equal to such Partner's initial capital contribution to the Partnership. A Partner's adjusted tax basis in its Interest generally will be equal to such Partner's initial tax basis increased by the sum of (i) any additional capital contribution such Partner makes to the Partnership, (ii) the Partner's allocable share of the income of the Partnership, and (iii) increases in the Partner's allocable share of the indebtedness of the Partnership, and reduced, but not below zero, by the sum of (iv) the Partner's allocable share of the losses of the Partnership, and (v) the amount of money or the basis of property distributed to the Partner, including constructive distributions of money resulting from reductions in the Partner's allocable share of indebtedness of the Partnership.

Limitations on Deductibility of Partnership Deductions and Losses. A Partner is allowed to deduct its allocable share of Partnership losses (if any) only to the extent of such Partner's adjusted tax basis in its Interest at the end of the taxable year in which the losses occur. In addition, Partners who are individuals, trusts, partnerships or certain closely held corporations could be subject to various limitations on their ability to use their allocable share of deductions and losses of the Partnership against other income. Such limitations include those relating to "passive losses" (as defined under Section 469 of the Code), amounts "at risk" (as defined under Section 465 of the Code), "investment interest" (as defined under Section 163 of the Code and discussed more fully below), and miscellaneous itemized investment expenses (under Sections 67 and 68 of the Code). Because of some of these limitations, it is possible that in the situation in which the Partnership has losses and income from different types of activities, certain investors may not be able to use losses from the Partnership to reduce income therefrom. In addition, all or a portion of the interest paid or accrued by an individual Partner who finances his or her investment in the Partnership by borrowing may be subject to the investment interest deduction limitation. Moreover, all or a portion of any interest expense incurred by the Partnership and allocable to a Partner will be subject to the same limitation. Under that limitation, the ability to deduct such interest is limited to the Partner's net investment income for the taxable year. For this purpose, "net investment income" generally excludes net long term capital gains, except to the extent the taxpayer elects to forego the preferential rate on those capital gains. Each prospective investor should consult with its own tax advisors regarding the application of these rules to it in respect of an investment in the Partnership.

For individuals, the maximum ordinary income tax rate is 38.6% and the maximum income tax rate for long-term capital gains is generally 20%, although in either case the effective rate may be higher due to the phase out of certain tax deductions and exemptions. An individual taxpayer may offset capital losses against capital gains. To the extent the individual taxpayer's capital losses in a given year exceed its capital gains for such year, such excess may be used to offset up to an additional $3,000 of such individual taxpayer's ordinary income in such year. Any unused portion of such excess can be carried forward to future years (but not carried back to prior years) to be offset in such future years against the individual taxpayer's capital gains plus up to $3,000 of ordinary income. For corporate taxpayers, capital gains are taxed at the same rates as ordinary income, with a maximum tax rate of 35%. Capital losses may be offset only against capital gains and unused capital losses may be carried back three years (subject to certain limitations) and carried forward five years.

Tax Returns and Audits. The General Partner decides how items will be reported on the Partnership's tax returns, and all Partners are required under the Code to treat the items consistently on their own returns, unless they file a statement with the IRS disclosing the inconsistency. In the event that the income tax returns of the Partnership are audited by the IRS, the tax treatment of Partnership income and deductions generally is determined at the Partnership level in a single proceeding, rather than by individual audits of the Partners. The General Partner will be designated as the "tax matters partner" for the Partnership, as such term is defined in Section 6231(a)(7) of the Code. In such capacity, the General 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 (unless, under certain permitted circumstances, an individual Partner affirmatively acts to contest such proposed adjustments on his own behalf) 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.

Tax Treatment of Partnership Investments

In General. The Partnership expects to act as a trader or investor, and not as a dealer, with respect to its investments. 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.

Gains and Losses. Generally, the gains and losses realized by a trader or investor on the sale of assets are capital gains and losses. Thus, subject to certain currency exchange gains and certain other transactions taxed as ordinary income (discussed below), the Partnership expects that its gains and losses from its investments typically will be capital gains and capital losses. These capital gains and losses 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.

If the Partnership were treated as a "dealer" with respect to all or part of the securities of Portfolio Companies (i.e., it is treated as holding such securities in the ordinary course of its business), then all gains and losses from such securities (i) would not be treated as capital in character; (ii) would be taxable at ordinary income rates; and (iii) the Partnership would be required to recognize gains and losses with respect to such securities (and other securities not properly designated as being held for investment) on a mark-to-market basis at the end of each year.

To the extent that Portfolio Investments are made in securities denominated in a foreign currency, gain or loss realized by the Partnership frequently will be affected by the fluctuation in the value of such foreign currencies relative to the value of the dollar. Generally, gains or losses with respect to Portfolio Investments in common stock of foreign issuers will be taxed as capital gains or losses at the time of the disposition of such stock. However, under Section 988 of the Code, gains and losses of the Partnership on the acquisition and disposition of foreign currency (i.e., the purchase of foreign currency and subsequent use of the currency to acquire stock) will be treated as ordinary income or loss. Moreover, under Section 988 of the Code, gains or losses on the disposition of debt securities denominated in foreign currency to the extent attributable to the fluctuation in the value of the foreign currency between the date of acquisition of the debt security and the date of disposition and gains or losses realized in connection with foreign currency hedging transactions will be treated as ordinary income or loss.

Ordinary Income. Partners generally will be taxable on their allocable share of the Partnership's interest and dividend income, at ordinary income rates, when the Partnership receives such income. In addition, the Partnership may realize ordinary income from accruals of interest and dividends on securities. 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 the receipt of such amounts may occur in a subsequent year. The Partnership also may acquire debt obligations with "market discount." Upon disposition of such an obligation, the Partnership generally would be required to treat gain realized as interest income to the extent of market discount which accrued during the period the debt obligation was held by the Partnership. The

Partnership may realize ordinary income or loss with respect to its investments in partnerships engaged in a trade or business.

The Bush Administration has recently announced proposals under which certain shareholders would not be taxable in respect of dividends distributed by a corporation to the extent that such corporation had previously paid U.S. federal income tax on the earnings giving rise to the dividend distribution. At this time, it is not known whether such proposals will be enacted, what the extent of any exclusion from taxation will be or what the effective date of the proposed changes, if enacted, will be. Limited Partners should consult their own tax advisors to determine the impact, if any, the enactment of such proposals would have on them.

Non-Cash Income. The Partnership may participate in loan modifications, reorganizations, restructurings, and other transactions in which the Partnership may receive securities or other property in exchange for securities held by the Partnership. To the extent that these transactions do not qualify as tax free reorganizations under the Code or are otherwise subject to tax, the Partners may be required to recognize income without the receipt of cash in respect of such income.

Organizational or Syndication Expenses. In general, neither the Partnership nor any Partner may deduct organizational or syndication expenses. An election may be made by a partnership to amortize organizational expenses over a period of not less than 60 months. The General Partner intends to make this election. However, syndication expenses must be capitalized and cannot be amortized or otherwise deducted. As such, the capitalization of such syndication expenses may result in increased capital loss or decreased capital gain on the disposition or liquidation of an Interest.

Foreign Taxes. Limited Partners will generally be entitled to a foreign tax credit with respect to creditable foreign taxes paid on the income and gains of the Partnership. However, there are complex rules contained in the Code, which may, depending on each Limited Partner's particular circumstances, limit the availability or use of foreign tax credits. For example, a U.S. Limited Partner's share of gain realized by the Partnership will generally be treated as U.S. source income. Consequently, a U.S. Limited Partner may not be able to use the foreign tax credit relating to foreign taxes, if any, imposed on such gains, unless such credit can be applied against U.S. tax due on other income derived from foreign sources. Further, except for a corporate Limited Partner that is viewed as owning 10% of the voting securities of a foreign Portfolio Company, Limited Partners will not generally be entitled to the "deemed paid" foreign tax credit under section 902 of the Code with respect to dividends paid to the Partnership from foreign corporations.

Tax Treatment on Sale of an Interest

A sale of all or part of a Partner's Interest will result in the recognition of gain or loss in an amount equal to the difference between the amount of the sales proceeds or distribution (including any constructive distribution) and such Partner's adjusted tax basis for its Interest. Such Partner's adjusted tax basis will be adjusted for this purpose by its allocable share of the Partnership's income or loss for the year of such sale. Any gain or loss recognized with respect to such a sale generally will be treated as capital gain or loss and will be long-term capital gain or loss if the Interest has been held for more than one year. To the extent that the proceeds of the sale are attributable to a Partner's allocable share of the Partnership's ordinary income items and such proceeds exceed the Partner's adjusted tax basis attributable to such ordinary income items, any gain will be treated as ordinary income. A Partner will be required to recognize the full amount of any such ordinary income even if that amount exceeds the overall gain on the sale and even if the Partner recognizes an overall loss on the sale.

Tax Treatment of U.S. Limited Partners with respect to Foreign Corporations

The Partnership is permitted to invest in stock or securities of foreign corporations. Accordingly, each prospective investor should consult with its own tax advisors regarding the tax consequences to it of such stock ownership by the Partnership.

Controlled Foreign Corporation. If a U.S. Person, including the Partnership, owns, actually or constructively, at least 10% of the voting stock of a foreign corporation, such U.S. Person is considered a "United States

Shareholder" with respect to the foreign corporation. If United States Shareholders in the aggregate own more than 50% of the voting power or value of the stock of such corporation, the foreign corporation will be classified as a "controlled foreign corporation" ("CFC"). If the corporation qualified as a CFC for an uninterrupted period of 30 days or more during the taxable year, the United States Shareholders of the CFC would generally be subject to current U.S. tax on certain types of income of the foreign corporation (e.g., dividends, interest, certain rents and royalties, gain from the sale of property producing such income, certain income from sales and services) and, in certain circumstances, on earnings of the CFC that are invested in U.S. property, regardless of whether cash distributions are made by the CFC. In addition, gain recognized on the sale of the CFC's stock by a U.S. Person may be classified, in whole or in part, as ordinary income if, at any time during the five-year period ending on the sale date, the U.S. Person was a United States Shareholder with respect to the foreign corporation while it was a CFC.

Foreign Personal Holding Company. If five or fewer U.S. individuals own, or are treated as owning under certain attribution rules, in the aggregate more than 50% of the voting power or value of the stock of a foreign corporation and at least 60% (50% in certain circumstances) of the "gross income" of such corporation is made up of certain passive-type income (e.g., dividends, interest, certain rents and royalties and gain from the sale of stock or securities) for a taxable year, then such corporation will be treated as an a "foreign personal holding company" ("FPHC"). Foreign corporations owned by the Partnership may meet the stock ownership portion of the FPHC test. If a foreign corporation qualifies as an FPHC, all U.S. Persons that own shares in the FPHC (regardless of the size of their shareholding and regardless of whether they are individuals) would generally be subject to current United States tax on their share of the FPHC's undistributed foreign personal holding company income ("FPHCI") for the taxable year or part thereof. FPHCI is, broadly, taxable income with certain adjustments. It is possible that a company in which the Partnership invests will be treated as an FPHC.

Passive Foreign Investment Company. U.S. tax law contains special provisions dealing with a "passive foreign investment company" ("PFIC"). A PFIC is defined as any foreign corporation in which either (i) 75% or more of its gross income for the taxable year is "passive income" or (ii) 50% or more of its assets (by value) produce "passive income." There are no minimum stock ownership requirements for PFICs. Once a corporation qualifies as a PFIC with respect to a U.S. shareholder, it is, subject to certain exceptions, always treated as a PFIC with respect to such shareholder, regardless of whether or not it satisfies either of the qualification tests in subsequent years. If the Partnership were to invest in a PFIC, any gain on disposition of stock of the PFIC, as well as income realized on certain "excess distributions" by the PFIC, would be treated as though realized ratably over the shorter of a Partner's holding period of its Interest or the Partnership's holding period for the PFIC. Such gain or income would be taxed as ordinary income. In addition, an interest charge would be imposed on the Partner, based on the tax deferred from prior years. If the Partnership were to invest in a PFIC and the Partnership elected to treat its interest in the PFIC as a "qualified electing fund" (a "QEF") under the Code, in lieu of the foregoing treatment such Partner would be required to include in income each year a portion of the ordinary earnings and net capital gains of the QEF, even if not distributed to the Partnership or the Partners. In order to make such election, among other things, the PFIC would have to agree to supply certain information to the Partnership. Alternatively, an election may be made in the case of certain "marketable stock" to "mark to market" the stock of a PFIC on an annual basis. Pursuant to such an election, a U.S. Limited Partner would include in each year as ordinary income the excess, if any, of the fair market value of such stock over its adjusted basis at the end of the taxable year. There can be no assurance that a company in which the Partnership invests will not qualify as a PFIC or that a PFIC in which the Partnership does invest will provide the information necessary for a QEF election to be made.

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

AMT Considerations

Prospective investors may be subject to the alternative minimum tax ("AMT") and should consider the tax consequences of an investment in the Partnership in view of their AMT position, taking into account the special rules that apply in computing the AMT, including the adjustments to depreciation deductions, foreign tax credits, the special limitations on the use of net operating losses and foreign tax credits, and in the case of individual taxpayers, the complete disallowance of miscellaneous itemized deductions and deductions for state and local taxes.

Special Considerations Applicable to U.S. Tax-Exempt Investors

Tax-exempt organizations are generally subject to U.S. Federal income tax on a net basis on their unrelated business taxable income ("UBTI"). UBTI is defined generally as any gross income derived by a tax-exempt organization from an unrelated trade or business that it regularly carries on, less the deductions directly connected with that trade or business. Notwithstanding the foregoing, UBTI generally does not include any dividend income, interest income (or certain other categories of passive income) or capital gains recognized by a tax-exempt organization so long as such income is not debt financed, as discussed below.

Where a tax-exempt entity owns an interest in a partnership, the activities of the partnership are attributed to it for purposes of determining whether the tax-exempt entity's distributive share of partnership income is UBTI. Tax-exempt Limited Partners should be aware that certain Partnership investments may generate UBTI. Accordingly, such Limited Partners should consult their own tax advisors regarding the potential UBTI consequences of investing in the Partnership. The exclusion from UBTI for dividends, interest (or other passive income) and capital gains does not apply to income from "debt-financed property," which is treated as UBTI to the extent of the percentage of such income that the average acquisition indebtedness with respect to the property bears to the average tax basis of the property for the taxable year. Income from previously debt-financed property continues to be subject to these rules for 12 months after any acquisition indebtedness is satisfied. If the Partnership incurs acquisition indebtedness, a tax-exempt Limited Partner would be deemed to have acquisition indebtedness equal to its allocable portion of such acquisition indebtedness. If a tax-exempt Limited Partner incurs indebtedness to acquire its Partnership Interest, such indebtedness would also be acquisition indebtedness.

The General Partner is required to offset all or a portion of any directors' fees, transaction fees, break-up fees and monitoring fees against the Management Fee, upon the terms and conditions set forth above under "*Summary of Principal Terms – Other Fees*." In such event, the General Partner does not believe that such fees it receives in connection with Portfolio Investments should be treated as income to the Partnership. However, if the IRS successfully asserted that such fees were income to the Partnership, tax-exempt Limited Partners may realize UBTI. Accordingly, each prospective investor that is a tax-exempt entity is urged to consult with its own tax advisors regarding the potential UBTI consequences to it of an investment in the Partnership.

State and Local Tax Considerations

In addition to the U.S. federal income tax consequences described above, prospective investors should consider the potential state and local tax consequences of an investment in the Partnership. State and local tax laws often differ from U.S. federal tax laws with respect to, among other things, the treatment of specific items of income, gain, loss, deduction and credit. The Partnership, as well as the Partners, may be subject to various state and local taxes. In addition to being taxed in its own state or locality of residence, a Partner may be subject to return filing obligations and income, franchise and other taxes in jurisdictions in which the Partnership operates. Each prospective investor is urged to consult with its own tax advisors regarding the state and local tax consequences to it of an investment in the Partnership.

Special Considerations for Non-U.S. Limited Partners

If the Partnership is considered for U.S. federal income tax purposes as engaged in a U.S. trade or business, any Non-U.S. Limited Partner will also be considered as engaged in such U.S. trade or business by virtue of Section 875 of the Code. Furthermore, the Partnership will be required under Section 1446 of the Code to withhold tax from that portion of its income effectively connected with such trade or business that is allocable to a Non-U.S. Limited Partner ("effectively connected income"). The rate of such withholding tax will be equal to the highest U.S. federal income tax rate applicable to such Non-U.S. Limited Partner (individual, corporate, etc.). Non-U.S. Limited Partners would be required to file U.S. federal income tax returns and would be liable for U.S. federal income tax on their distributive share of Partnership effectively connected income and may credit withholding under Section 1446 against their U.S. federal income tax liability. Each corporate Non-U.S. Limited Partner should also be aware that the thirty percent U.S. "branch-profits tax" and "branch-level interest tax" imposed by Section 884 of the Code may apply to its investment in the Partnership, although the tax rate may be reduced or the tax eliminated entirely for residents of certain countries with tax treaties with the U.S. Interests owned or treated as owned by an individual non-U.S. Partner at the date of death may be included in such individual's estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

The Partnership intends to structure its operations so that it will not be treated as engaged in the conduct of trade or business within the U.S. (a "U.S. trade or business"). If the Partnership achieves this objective, and assuming further that it does not invest in any pass-through entity that is itself engaged or is treated as engaged in a U.S. trade or business (or in a domestic corporation that is the direct or indirect owner of certain U.S. real estate assets), (a) the Partnership will not itself be subject to U.S. federal income tax in respect of a portfolio investment, and (b) assuming that a Non-U.S. Limited Partner's investment in the Partnership is not otherwise effectively connected with the conduct of a U.S. trade or business, such Non-U.S. Limited Partner would not be subject to U.S. income or branch profits taxation with respect to its share of the Partnership's earnings. (See, however, the discussion below regarding withholding on U.S. source dividends and interest.) However, there can be no assurance that the Partnership will be able to structure its operations as described above or that the IRS may not challenge the Partnership's position that it is not engaged in a U.S. trade or business or take other positions (for example, that certain amounts paid to the General Partner or its affiliates that reduce the Management Fee should be treated as effectively connected income) that, if successful, might result in the payment of U.S. federal income taxes by Non-U.S. Limited Partners with respect to their investment in the Partnership.

In general, even if the Partnership is not engaged a U.S. trade or business, a Non-U.S. Limited Partner will nonetheless be subject to a withholding tax of 30% on the gross amount of certain U.S. source income which is not effectively connected with a U.S. trade or business. Income subjected to such a flat tax rate is of a fixed or determinable annual or periodic nature, including dividends and certain interest income. Such withholding tax may be reduced or eliminated with respect to certain types of such income under any applicable income tax treaty between the U.S. and the Non-U.S. Limited Partner's country of residence or under the "portfolio interest" rules contained in Sections 871 or 881 of the Code, provided that the Non-U.S. Limited Partner provides proper certification as to its eligibility for such treatment. Any Non-U.S. Limited Partner that is a governmental entity qualifying under Section 892 of the Code, or is a qualifying foreign tax-exempt entity, may be exempt from the thirty percent withholding tax.

As previously set forth, the Bush Administration has announced proposals that would exclude certain dividends from U.S. federal income tax. However, as presently proposed, the exclusion would not eliminate statutory withholding on dividends paid to nonresident aliens and foreign corporations. At this time, it cannot be known whether any dividend exclusion, if enacted, will be extended to nonresident aliens and foreign corporations by legislation or treaty with individual countries. Limited Partners should consult with their own tax advisors to determine the impact, if any, the enactment of such proposals would have on them.

Certain Non-U.S. Tax Considerations

A specific analysis of the non-U.S. tax implications resulting from the Partnership's investment activities in countries other than the U.S. is beyond the scope of this Memorandum.

In order to minimize the tax burden associated with the Partnership's investment in a particular country, it is possible that the Partnership will form one or more entities to hold such investments. The General Partner will attempt to structure such investments to take into account the interests of all of the Partners, but there can be no assurance that the General Partner will be able to structure such investments to address the interests of each Partner.

Any foreign tax paid in respect of foreign income will be allocated among the Partners in accordance with their allocable shares of the income to which such taxes relate and may be available to Partners for potential foreign tax credits and deductions in calculating their respective income tax liability and income for U.S. federal income tax purposes (subject to the limitations discussed above).

THE FOREGOING DISCUSSION SHOULD NOT BE CONSIDERED TO DESCRIBE FULLY THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP. EACH PROSPECTIVE INVESTOR IS THEREFORE URGED TO CONSULT ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE PARTNERSHIP.

Additional Information

Prior to the consummation of the offering, the Partnership will provide to each prospective investor and such investor's representatives and advisors, if any, the opportunity to ask questions and receive answers concerning the terms and conditions of this offering and to obtain any additional information which the Partnership may possess or can obtain without unreasonable effort or expense that is necessary to verify the accuracy of the information furnished to such prospective investor. Any such questions should be directed to: Scott M. Honour or Jordan W. Katz, at Gores Technology Group, 10877 Wilshire Boulevard, Suite 1805, Los Angeles, CA 90024, telephone (310) 209-3010; or Jake Elmhirst, at UBS Warburg LLC, 299 Park Avenue, New York, NY 10170, telephone (212) 821-2487. No other persons have been authorized to give information or to make any representations concerning this offering, and if given or made, such other information or representations must not be relied upon as having been authorized by the Partnership. This Memorandum is intended to present a general outline of the policies and structure of the Partnership. The Partnership Agreement, which specifies the rights and obligations of the Partners, should be reviewed thoroughly by each prospective investor. The Summary of Principal Terms contained herein is necessarily incomplete and is qualified by reference to the Partnership Agreement. Copies of the Partnership Agreement and the Partnership's Subscription Agreement will be made available upon request.

IX. Investment Considerations

Risk Factors

General

All securities investments risk the loss of capital. No guarantee or representation is made that the Partnership will achieve its investment objective or that a Limited Partner will receive a return of its capital. Making an investment in the Partnership is speculative. In addition, there will be occasions when the General Partner, the Investment Manager and their affiliates may encounter potential conflicts of interest in connection with the Partnership. In evaluating whether to make an investment in the Partnership, potential investors should consider all information contained in this Memorandum, including the considerations and risk factors set forth in this section.

Business Risks

Unspecified Investments. The proceeds from this offering are intended to be invested in Portfolio Investments that, as of the date of this Memorandum, have not been selected by the Investment Manager or General Partner. Investors in the Partnership will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding investments by the Partnership. No assurance can be given that the Partnership will be successful in obtaining suitable investments or that, if the investments are made, the objectives of the Partnership will be achieved.

No Assurance of Investment Returns. The Investment Manager's task of identifying and evaluating investment opportunities, managing such investments and realizing a significant return for investors is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize on such investments successfully. There is no assurance that the Partnership will be able to invest its capital on attractive terms or generate returns for its Limited Partners.

General Economic Conditions. General economic conditions may affect the Partnership's activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of Portfolio Investments made by the Partnership or considered for prospective investment.

Illiquid and Long-Term Investments. It is not anticipated that Portfolio Investments will generate current income. Therefore, the return of capital and the realization of gains, if any, from a Portfolio Investment generally will occur only upon the partial or complete disposition of such Portfolio Investment. While a Portfolio Investment may be disposed of at any time, it generally is expected that the disposition of most of the Portfolio Investments will not occur for a number of years after such Portfolio Investments are made. It is unlikely that there will be a public market for most of the securities held by the Partnership at the time of their acquisition. The Partnership generally will not be able to sell securities of Portfolio Companies publicly unless the issuer has gone public and such sale is registered under applicable securities laws or unless an exemption from such registration requirements is available. In addition, in some cases, the Partnership may be prohibited or limited by contract from selling certain securities for a period of time, and as a result, may not be permitted to sell a Portfolio Investment at a time it might otherwise desire to do so.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing on attractive Portfolio Investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that the Partnership will be able to identify and complete Portfolio Investments that satisfy its investment objective, or realize the value of such Portfolio Investments, or that it will be able to invest fully its Commitments.

Portfolio Company Management Risks. With respect to management at the Portfolio Company level, many Portfolio Companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the Portfolio Company's performance. Although the General Partner and the Investment Manager expect to monitor Portfolio Company management, management of each Portfolio Company will have day-to-day responsibility with respect to the business of such Portfolio Company.

Concentration of Investments in Technology and Telecommunications Industries. The Partnership's Portfolio Companies will be concentrated primarily in the technology and telecommunications sectors. Such concentration may involve risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. The technology and telecommunications sectors are challenged by factors including, but not limited to, rapidly changing market conditions and/or participants, new competing products and/or improvements in existing products. The Partnership's Portfolio Companies will compete in this volatile environment. There is no assurance that products sold by Portfolio Companies will not be rendered obsolete or adversely affected by competing products or other challenges. Instability, fluctuation or an overall decline within the technology and telecommunications sectors will likely not be balanced by investments in other industries not so affected. In the event that the overall technology and/or telecommunications sectors decline, returns to Limited Partners may decrease. In addition, communications regulation can dramatically affect the business environment faced by new, emerging, and established businesses. Regulatory actions could have a material adverse effect on a market or a company in which the Partnership may have invested and could cause the Partnership to incur a substantial or total loss of its investment.

Market and Credit Risks of Debt Securities. Portfolios with debt securities are subject to credit and interest rate risks. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument. Securities that are rated by rating agencies are often reviewed and may be subject to downgrade, which generally results in a decline in the market value of such security. "Interest rate risk" refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Use of Leverage. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. The Partnership's investments may involve varying degrees of leverage, as a result of which economic downturns, operating problems and other general business and economic risks (as well as particular risks associated with investing in technology and telecommunications businesses) may have a more pronounced effect on the profitability or survival or such companies. Moreover, rising interest rates may significantly increase portfolio company interest expense, causing losses and/or the inability to service debt levels. If a Portfolio Company cannot generate adequate cash flow to meet debt obligations, the Partnership may suffer a partial or total loss of capital invested in the Portfolio Company. Additionally, the securities acquired by the Partnership may be the most junior in what will typically be a complex capital structure of the Portfolio Company, and thus subject to the greatest risk of loss.

Nature of Distressed Investments. The Partnership will be authorized to invest in the securities and obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer of those obligations might not make any interest or other payments.

Nature of Bankruptcy Process. There are a number of significant risks inherent in the bankruptcy process, including, for example, the deleterious effects of litigation between the creditors and debtor, the duration of the bankruptcy proceeding and the tangible and other intangible costs to the debtor issuer including the potential adverse affects on personnel and business relationships and operations. There can be no assurance that these factors can be successfully overcome. First, many events in a bankruptcy are the product of contested matters and adversary proceedings and are beyond the control of the creditors. While creditors are generally given an opportunity to object to significant actions, there can be no assurance that a bankruptcy court in the exercise of its broad powers would not approve actions that would be contrary to the interests of the Partnership. Second, the effect of a bankruptcy filing on a company may adversely and permanently affect the company. The company may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. If for this, or any other reason, the proceeding is converted to a liquidation, the liquidation value of the company may not equal the liquidation value that was believed to exist at the time of the investment. Third, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be adversely affected by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court and until it ultimately becomes effective. Fourth, the administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors. For example, if a proceeding involves protracted or difficult litigation, or turns into a liquidation, substantial assets may be devoted to administrative costs. Fifth, bankruptcy law permits the classification together of "substantially similar" claims in determining the classification of claims in a reorganization. Because the standard for classification is vague, there exists the risk that the Partnership's influence with respect to the class of securities of a Portfolio Investment can be lost by increases in the number and amount of claims in that class or by different classification and treatment. Sixth, in the early stages of the bankruptcy process, it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. Seventh, especially in the case of investments made prior to the commencement of bankruptcy proceedings, creditors can lose their ranking and priority if they exercise "domination and control" over a debtor and other creditors can demonstrate that they have been harmed by such actions. Eighth, certain claims that have priority by law (for example, claims for taxes) may be quite significant.

Fraudulent Conveyance Considerations. Various federal and state laws enacted for the protection of creditors may apply to the Portfolio Investments by virtue of the Partnership's role as a creditor with respect to the issuers of such investments. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of a borrower, such as a trustee in bankruptcy or the borrower as debtor-in-possession, were to find that (a) the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and granting any security interest or other lien securing such investment and (b) after giving effect to such indebtedness, the borrower either (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, then such court could invalidate, in whole or in part, such indebtedness and any security interest or other lien securing such investment as fraudulent conveyances, could subordinate such indebtedness to existing or future creditors of the borrower or could recover amounts previously paid by the borrower (including to the Partnership) in satisfaction of such indebtedness or amounts representing proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, upon any insolvency of an issuer of an investment, payments made on the investment could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year) before insolvency. The measure of insolvency for purposes of the foregoing will vary depending on the law of the jurisdiction that is being applied. Generally, however, a borrower would be considered insolvent at a particular time if the sum of its debts was greater than all of its property at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether a borrower was insolvent after giving effect to the particular indebtedness or, that, regardless of the method of evaluation, a court would not determine that the borrower was "insolvent" upon giving effect to such indebtedness.

Participation on Creditors' Committees and Boards of Directors; Receipt of Material Non-Public Information. The Principals may participate on committees formed by creditors to negotiate with the management of financially troubled companies that may or may not be in bankruptcy. The Principals may also seek to negotiate directly with debtors with respect to restructuring issues. In the situation where the Principals choose to join a creditors' committee, they, on behalf of the Partnership, would likely be only one of many participants, each of whom would be interested in obtaining an outcome that is in its individual best interests. There can be no assurance that the Partnership would be successful in obtaining results most favorable to it in such proceedings, although the Partnership may incur significant legal fees and other expenses in attempting to do so. As a result of participation by the Principals on such committees, the Partnership may be deemed to have duties to other creditors represented by the committees, which might thereby expose the Partnership to liability to such other creditors who disagree with the Partnership's actions.

Participation in restructuring activities and other negotiated transactions frequently provides the participant with material non-public information that may restrict the Partnership's ability to trade in a company's securities. Determination of whether information is material and non-public and how long knowledge of such information restricts trading is a matter of considerable uncertainty and judgment. While the Partnership intends to comply with all applicable securities laws and to make judgments concerning restrictions on trading in good faith, the Partnership may trade in a company's securities while engaged in restructuring activities relating to that company. Such trading creates a risk of litigation and liability that may cause the Partnership to incur significant legal fees and potential losses.

Management Risks

Reliance on Key Personnel. The success of the Partnership depends in substantial part upon the skill and expertise of the Principals and others providing investment advice with respect to the Partnership. There can be no assurance that these key investment professionals will continue to be associated with the General Partner, the Investment Manager or GOG throughout the life of the Partnership. The loss of key personnel could have a material adverse effect on the Partnership.

Experience of Key Personnel. Certain of the Principals, including five individuals in the M&A Group, have recently joined GTG. While these individuals have previous experience making investments of the sort the Partnership intends to make, such individuals have not been involved in implementing GTG's investment strategy for an extensive period of time nor are such individuals responsible for the performance of GTG's investments as set forth in this Memorandum.

Board Participation. The Partnership may be represented on the boards of directors of certain of its Portfolio Companies or may have its representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to the Partnership's investment strategy and may enhance the General Partner's and the Investment Manager's ability to manage the Portfolio Investments, they may also have the effect of impairing the General Partner's ability to sell the related securities when, and upon the terms, it may otherwise desire, and may subject the General Partner, the Investment Manager and the Partnership to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Partnership will indemnify the General Partner and the Investment Manager from such claims.

Partnership Risks

Absence of Operating History. The Partnership is a newly formed entity and has no prior operating history upon which an investor can base its prediction of future success or failure. Any prior investment results of GTG or the Principals and the persons associated with them are not necessarily indicative of the Partnership's future investment results. The nature of, and risks associated with, the Partnership's future investments may differ substantially from those investments and investment strategies undertaken historically by such persons and entities. There can be no assurance that Portfolio Investments will perform as well as the indicated past investments of any such persons or entities. Moreover, since the investment criteria that governed investments of the prior investment portfolios may not govern Portfolio Investments and investment strategies of the Partnership generally, such investments in the prior investment portfolios conducted in accordance with such criteria, and the results they yielded, may differ substantially from other investments to be made by the Partnership.

An investment in the Partnership does not entitle a Limited Partner to, or otherwise represent an interest in, any other investment portfolio of GTG, the Principals or their affiliates, including without limitations, any indicated investment portfolio historical performance. Further, neither the General Partner nor the Principals make any direct or indirect representation or assurance as to the Partnership's investment activities or future investment results.

Passive Investment in Interests. Limited Partners will be relying entirely on the General Partner and the Investment Manager to conduct and manage the affairs of the Partnership. The Partnership Agreement will prohibit the Limited Partners from engaging in the active management and business of the Partnership. The Portfolio Investments to be made by the Partnership have not yet been identified. As a result, the Limited Partners must rely on the ability of the General Partner and the Investment Manager to make appropriate Portfolio Investments for the Partnership and to manage and dispose of such Portfolio Investments.

Lack of Diversification. The Partnership may not invest more than 25% of the aggregate commitments to the Partnership in any one Portfolio Company without the consent of the Advisory Committee. In addition, without the consent of the Advisory Committee, (i) the total investment by the Partnership in Portfolio Companies that are organized under the laws of a jurisdiction outside of the U.S. and Canada may not exceed 20% of aggregate Commitments and (ii) the total investment by the Partnership in publicly traded securities at any point in time (not including private placements of public company securities, securities which were not publicly traded at the time of such investment and temporary investments) of companies which the Partnership does not control may not exceed 20% of aggregate Commitments. Notwithstanding the foregoing limitations, the General Partner will not be subject to any additional diversification limitations and may consequently allow the Partnership to invest in a limited number of Portfolio Companies or Portfolio Companies concentrated in a particular industry or geographic area. Unfavorable performance by such Portfolio Companies could substantially adversely affect the aggregate returns realized by the Limited Partners.

Exculpation and Indemnification. Certain exculpation and indemnification provisions contained in the Partnership Agreement may limit the rights of action otherwise available to Limited Partners and other parties against the General Partner, the Investment Manager, or the Advisory Committee or any employee, member or affiliate of any of them, absent such a limitation in the Partnership Agreement.

Liability for Return of Distributions. If the Partnership is otherwise unable to meet its obligations, the Limited Partners may, under applicable law, be obligated to return cash distributions with interest previously received by them if such distributions are deemed to be wrongfully paid to them. In addition, a Limited Partner may be liable under applicable federal or state bankruptcy laws to return a distribution made during the Partnership's solvency.

Failure to Make Capital Contributions. If any Partner fails to fund its subscription obligation or make required capital contributions when due, the Partnership's ability to complete its investment program or otherwise continue operations may be substantially impaired. A default by a substantial number of Partners could leave the Partnership with less than the minimum capital commitment and, as described above, would limit opportunities for investment diversification and likely reduce returns to the Partnership. Any Partner that defaults in making a required capital contribution will be subject to certain adverse consequences pursuant to the provisions of the Partnership Agreement.

Lack of Transferability of Interests in the Partnership; No Right of Withdrawal. The Interests have not been registered under the Securities Act, the securities laws of any state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration of the Interests under the Securities Act or other securities laws will ever be effected. There is no public market for the Interests and one is not expected to develop. A Limited Partner will not be permitted to assign or transfer its Interests without the prior written consent of the General Partner, which may be given or withheld in the General Partner's sole and absolute discretion. In addition, no such sale, transfer, assignment, pledge or other disposition may take place unless it would not cause the Partnership to be treated as a "publicly traded partnership" within the meaning of Section 7704 of the Code. Except in extremely limited circumstances, voluntary withdrawals from the Partnership will not be permitted. Limited Partners must be prepared to bear the risks of owning Interests and contributing capital for an extended period of time.

Tax-Exempt Investors. Certain prospective investors may be subject to U.S. federal and state laws, rules and regulations which may regulate their participation in the Partnership or their engaging directly, or indirectly through an investment in the Partnership, in investment strategies of the types which the Partnership may utilize from time to time. In addition, certain entities are generally exempt from U.S. taxation under Section 501 of the Code except to the extent that they have UBTI. UBTI is income from an unrelated trade or business regularly carried on, excluding various types of income (so long as not derived from debt-financed property) such as dividends, interest, royalties, rents from real property (and incidental personal property) and gains from the sale of property other than inventory and property held primarily for sale to customers. Accordingly, prospective U.S. tax-exempt or non-U.S. investors should consult their own tax and other advisors as to the advisability and tax consequences to their particular circumstances of an investment in the Partnership. See "*Certain Regulatory and Tax Considerations*" above.

Tax Risks. There are a number of tax considerations with respect to an investment in the Partnership. See "*Certain Regulatory and Tax Considerations*" above. In particular, Limited Partners should be aware that they will be taxed annually on Partnership income and realized gains, if any, whether or not they receive any cash distributions from the Partnership. In addition, the Partnership may realize short-term and long-term gains and losses at any time and in any amounts without regard to whether they are short- or long-term.

The amount of U.S. tax due, if any, with respect to gains and income of the Partnership is determined separately for each Partner. The Partnership will be required to file a U.S. information return on IRS Form 1065 and, following the close of the Partnership's fiscal year, to provide each Partner with a Schedule K-1 indicating such Partner's allocable share of Partnership income, gain, losses, deductions, credits and items of tax preference. Each Partner, however, is responsible for keeping its own records for determining such Partner's tax basis in its Interest and calculating and reporting any gain or loss resulting from a Partnership distribution or disposition of an Interest.

Financial and Tax Situation. The results of the Partnership's activities may affect individual Partners differently, depending upon their individual financial and tax situations because, for instance, of the timing of a cash distribution or of an event of realization of gain or loss and its characterization as long-term or short-term gain or loss. The General Partner will endeavor to make decisions in the best interest of the Partnership as a whole, but there can be no assurance that a result will not be more advantageous to the General Partner than to a particular Partner.

Securities Laws. The Interests have not been, nor will be, registered under the Securities Act, or any state or other U.S. or non-U.S. securities laws. The Partnership will not be registered under the Investment Company Act. Neither the General Partner nor the Management Company is required to, and will not, register as an investment adviser under the Investment Advisers Act.

Prevention of Money Laundering. As part of GTG's responsibility for the prevention of money laundering under the United States International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 (the "PATRIOT Act"), the Partnership may require a detailed verification of a prospective Limited Partner's identity and the source of such prospective Limited Partner's capital commitment. In the event of delay or failure by a prospective Limited Partner to produce any such information required for verification purposes, the Partnership may refuse to accept the subscription and any monies relating thereto. In addition, each prospective Limited Partner will be required to represent and warrant to the Partnership, among other things, that (i) the proposed investment by such prospective Limited Partner in the Partnership will not directly or indirectly contravene U.S. federal, state, international or other laws or regulations, including the PATRIOT Act, (ii) no capital contribution to the Partnership by such prospective Limited Partner will be derived from any illegal or illegitimate activities, (iii) such prospective Limited Partner is not a country, territory, person or entity named on a list promulgated by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") prohibiting, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals nor is such prospective Limited Partner or any of its affiliates a natural person or entity with whom dealings are prohibited under any OFAC regulations or (iv) such prospective Limited Partner is not otherwise prohibited from investing in the Partnership pursuant to other applicable U.S. anti-money laundering, anti-terrorist and foreign asset control laws, regulations, rules or orders. Each Limited Partner will be required to promptly notify the General Partner if any of the foregoing ceases to be true with respect to such Limited Partner.

Non-US. Investments. The Partnership may invest globally, including in companies located in emerging markets. Foreign securities involve certain risks not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters, (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative illiquidity of some foreign securities markets, (iii) the absence of uniform accounting and financial reporting standards and disclosure requirements, (iv) certain economic and political risks, including potential restrictions on foreign investment and repatriation of capital or dividends and the risks of political, economic or social instability, (v) obtaining foreign governmental approvals and complying with foreign laws and (vi) the possible imposition of foreign taxes on income and gains recognized with respect to such securities or distributions therefrom. In addition, rules in certain countries in which the Partnership may invest with respect to regulating ownership, control and corporate governance of companies may be inadequate and may confer little protection for the Partnership. Anti-fraud and anti-insider trading legislation in these countries may be rudimentary. There may be no prohibitions or restrictions on the ability of management to terminate existing business operations, sell or otherwise dispose of a company's assets, or otherwise materially affect the value of the company without the consent of the company's shareholders. Anti-dilution protection also may be very limited. In these countries, the concept of fiduciary duty on the part of the management or directors of companies to shareholders may be limited. The legal systems in these countries may offer no effective means for the Partnership to seek to enforce its rights or otherwise seek legal redress or to seek to enforce foreign legal judgments. Prospective investors also should note the considerations discussed under "*Certain Regulatory and Tax Considerations*" above.

Currency Exchange Risk. The Portfolio Investments in securities or obligations of non-U.S. issuers may be denominated in currencies other than the U.S. dollar, and hence the value of such investments will depend in part on the relative strength of the U.S. dollar. The Partnership may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between foreign currencies and the U.S. dollar. Changes in foreign currency exchange rates may also affect the value of dividends and interest earned, and the level of gains and losses realized on the sale of securities. The rates of exchange between the U.S. dollar and other currencies are affected by many factors, including forces of supply and demand in the foreign exchange markets. Exchange rates also are affected by the international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. The Partnership is not obligated to engage in any currency hedging operations, and there can be no assurance as to the success of any hedging operations that the Partnership may implement.

Conflicts of Interest

Services to Portfolio Companies. GOG, an affiliate of the Investment Manager, will provide certain services of its operating professionals to evaluate new Portfolio Investments and to improve the operations and management of Portfolio Companies. Such services are consistent with those that would be provided by consultants, lawyers and other third-party advisors. In exchange for such services, GOG will be entitled to receive from each Portfolio Company, as agreed upon by such Portfolio Company, (i) due diligence fees and other transaction expenses in respect of completed transactions, (ii) quarterly advisory fees, and (iii) management equity in such Portfolio Company. In addition, the Partnership may pay fees to GOG for due diligence and other transaction expenses in connection with unconsummated transactions in addition to third-party expenses. Individuals who, directly or indirectly, receive management equity in Portfolio Companies through GOG will not receive Carried Interest Distributions.

Performance Allocation. The existence of the General Partner's carried interest in the circumstances described above under "Summary of Principal Terms – Distributions" may create an incentive for the Investment Manager to make more speculative Portfolio Investments on behalf of the Partnership than it would otherwise make in the absence of such performance-based arrangement, although the General Partner's capital commitment to the Partnership described under *"Summary of Principal Terms – General Partner's Commitment"* should tend to reduce this incentive.

Other Investments. Separate from the Partnership, GTG and the Principals may make investments in privately held operating companies or privately held securities through acquisitions, restructurings or negotiated transactions. In order to address any potential conflicts of interest arising between the Partnership and GTG and/or the Principals, GTG will not make any investments outside of the Partnership of a kind suitable for investment by the Partnership after the Initial Closing until the earlier of (a) the expiration of the Commitment Period and (b) such time as at least 75% of the aggregate Commitments have been (i) invested, (ii) committed to Portfolio Investments, (iii) reserved for Follow-On Investments or (iv) used to pay or reserved for Partnership expenses, unless such investment is (A) an add-on or follow-on investment, or of strategic importance, to an existing investment of GTG or (B) otherwise approved by the Advisory Committee.

GTG Co-Investment. GTG, its affiliates and their respective professionals will mandatorily invest alongside the Partnership an amount equal to a certain specified percentage (the "GTG Co-Investment Percentage"), not to be less than 10% or in excess of 30%, of the amount of each Portfolio Investment. The GTG Co-Investment Percentage will be determined on an annual basis by the General Partner with notice to the Limited Partners prior to January 1st of the annual period beginning on such date. Further, GTG will retain the right to coinvest alongside the Partnership amounts greater than the GTG Co-Investment Percentage to the extent that a potential Portfolio Investment exceeds the Partnership's investment limitations. Notwithstanding the foregoing, the Partnership will have no right to participate in an investment that is an add-on or follow-on investment, or is of strategic importance, to an existing investment of GTG.

Allocation of Personnel. The Principals are expected to devote a portion of their time and attention to manage investments made by GTG and its affiliates outside of the Partnership. However, the Principals intend to devote a significant amount of time sufficient to and as may be necessary to prudently manage the investment activities of the Partnership.

Legal Counsel and Accountants. The Partnership and the General Partner use the same legal counsel and accountants. Such counsel and accountants do not represent the Limited Partners. Each Limited Partner should consult its own legal, tax and accounting advisers with respect to its investment in the Partnership.

Diverse Membership. The Limited Partners may have conflicting investment, tax and other interests with respect to their investments in the Partnership. The conflicting interests of individual Limited Partners may relate to or arise from, among other things, the nature of the Portfolio Investments, the structuring or the acquisition of Portfolio Investments and the timing of disposition of Portfolio Investments. As a consequence, conflicts of interest may arise in connection with a decision made by the General Partner or the Investment Manager, including with respect to the nature or structuring of Portfolio Investments, that may be more beneficial for one Limited Partner than for another Limited Partner, especially with respect to Limited Partners' individual tax situations. In selecting and structuring investments appropriate for the Partnership, the General Partner and the Investment Manager will consider the investment and tax objectives of the Partnership and its Partners as a whole, not the investment, tax or other objectives of any Limited Partner individually.

NOTICES TO UNITED STATES RESIDENTS

NOTICE TO THE RESIDENTS OF FLORIDA

The Interests have not been registered under the Florida Securities Act. If sales are made to five (5) or more investors in Florida, any Florida investor may, at his or her option, void any purchase hereunder within a period of three (3) days after he or she (a) first tenders or pays to the Partnership, an agent of the Partnership, or an escrow agent the consideration required hereunder or (b) delivers his or her executed subscription agreement, whichever occurs later. To accomplish this, it is sufficient for a Florida investor to send a letter or telegram to the Partnership within such three (3)-day period, stating that he or she is voiding and rescinding the purchase. If any investor sends a letter, it is prudent to do so by certified mail, return receipt requested, to insure that the letter is received and to evidence the time of mailing.

NOTICE TO THE RESIDENTS OF GEORGIA

These securities will be issued or sold in reliance on paragraph (13) of Code Section 10-5-9 of the Georgia Securities Act of 1973, and may not be sold or transferred except in a transaction which is exempt under such act or pursuant to an effective registration under such act.

NOTICE TO THE RESIDENTS IN OTHER STATES OF THE UNITED STATES

In making an investment decision investors must rely on their own examination of the Partnership and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

These securities are subject to restrictions of transferability and resale and may not be transferred or resold except as permitted under the Partnership Agreement and the Securities Act, and applicable state securities laws, or pursuant to registration or exemption therefrom. Investors should be aware that they may be required to bear the financial risks of their investment for an indefinite period of time.

NOTICES TO NON-UNITED STATES RESIDENTS

The distribution of this Memorandum and the offer and sale of the Interests in certain jurisdictions outside the United States may be restricted by law. This Memorandum does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Prospective non-U.S. investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of Interests, and any foreign exchange restrictions that may be relevant thereto.

NOTICE TO THE RESIDENTS OF AUSTRALIA

The offer of Interests made by way of this Memorandum is made in circumstances under which no disclosure is required under the Corporations Act, and does not purport to be an offer of Interests in circumstances under which disclosure is required under such Act. In addition, the Partnership is not a registered scheme, as defined in the Corporations Act.

NOTICE TO THE RESIDENTS OF AUSTRIA

Interests in the Partnership are not offered by way of public offering (or public solicitation of offers) to investors in Austria. This Memorandum is not a prospectus pursuant to the Capital Markets Act (*Kapitalmarktgestcz*) and has not been reviewed or authorized by an Austrian authority.

NOTICE TO RESIDENTS OF BAHRAIN

All applications for investment should be received, and any allotments made, from outside Bahrain.

NOTICE TO THE RESIDENTS OF BELGIUM

The Partnership has not been and will not be registered with the Belgian Banking and Finance Commission (*Commissie voor het Bank – en Financiewezen / Commission bancaire et financière*) as a foreign collective investment institution under Article 137 of the Belgian Law of December 4, 1990, on financial transactions and financial markets. The offering in Belgium has not been and will not be notified to the Belgian Banking and Finance Commission. This Memorandum has not been and will not be approved by the Belgian Banking and Finance Commission. The Interests shall, whether directly or indirectly, be offered, sold, transferred or delivered in Belgium (i) only to those investors referred to in Article 3, 2° of the Belgian Royal Decree of July 7, 1999, on the public character of financial transactions, acting for their own account, or (ii) subject to the restriction of a minimum investment of € 250,000 per investor.

This Memorandum has been issued to the intended recipient for personal use only and exclusively for the purposes of the offering. Therefore, it may not be used for any other purpose nor passed on to any other person in Belgium.

NOTICE TO THE RESIDENTS OF BRAZIL

This Memorandum does not constitute an offer or solicitation to the public in Brazil to subscribe to Interests. Interests have not been registered under the applicable laws of the United States as an offer to the public. Interests are being offered at the express request of the investors and this Memorandum has been sent to the investors at their request.

NOTICE TO RESIDENTS OF BRUNEI

This Memorandum and the interests to which it relates have not been delivered to, registered with nor approved by the registrar of companies.

NOTICE TO THE RESIDENTS OF CANADA

This Memorandum is not, and under no circumstances is to be construed as, an advertisement or public offering of interests in Canada. No securities commission or similar authority in Canada has reviewed this document or has in any way passed upon the merits of the interests which may be offered in the manner contemplated hereby and any representation to the contrary is an offence. The Interests offered hereby will be offered in Canada without the benefit of a prospectus, in reliance upon exemptions pursuant to applicable securities legislation in each of the provinces of Canada and may be subject to resale restrictions which vary depending on the province in which those interests are distributed. Investors should consult with counsel with respect to the purchase of such interests. Each investor resident in Canada will be representing that such investor is eligible, under applicable provincial securities legislation, to purchase the relevant number of Interests without the benefit of a prospectus qualified under such securities legislation. Securities legislation in certain of the provinces of Canada provide investors who acquire Interests with, in addition to any other right they may have at law, rights of rescission or to damages, or both, where this document or any amendment thereto contains a misrepresentation. Such rights must be exercised by investors within certain prescribed time limits.

NOTICE TO THE RESIDENTS OF DENMARK

This offer is exempt from Danish prospectus requirements.

NOTICE TO THE RESIDENTS OF DUBAI

The information contained in this Memorandum and other relevant documents does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law

No. 8 of 1984), Banking Law (Federal Law No. 10 of 1980) or otherwise. Further, the information contained in this Memorandum and other relevant documents is not intended to lead to the conclusion of any contract of whatever nature within the territory of the United Arab Emirates.

NOTICE TO RESIDENTS OF FINLAND

This Memorandum has been prepared for private information purposes of interested investors only. It may not be used for and shall not be deemed a public offering of shares. The Rahoitustarkastus has not authorized any offering of interests in the Fund; accordingly, interests may not be offered or sold in Finland or to residents thereof except as permitted by Finnish law. This Memorandum is strictly for private use by its holder and may not be passed on to third parties.

NOTICE TO THE RESIDENTS OF FRANCE

This Memorandum does not constitute an offer or a solicitation by any person in any jurisdiction in which such offer or solicitation is unlawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

In particular, this Memorandum may not be distributed to the public in France or used in connection with any offer for subscription or sale of securities in France. This Memorandum has not been submitted to the Commission des Opérations de Bourse for approval and does not constitute an offer for sale or subscription of securities.

NOTICE TO THE RESIDENTS OF GERMANY

Interests must not be distributed within Germany by way of a public offer, public advertisement or in any similar manner and this Memorandum and any other document relating to Interests, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of Interests to the public in Germany. This Memorandum and other offering materials relating to the offer of Interests are strictly confidential and may not be distributed to any person or entity other than the recipients hereof.

NOTICE TO RESIDENTS OF GREECE

This Memorandum and the Interests to which it relates and any other material related thereto may not be advertised, distributed or otherwise made available to the public in thereto may not be advertised, distributed or otherwise made available to the public in Greece. The Greek Capital Market Committee has not authorized any public offering of the subscription of the Interests. Accordingly, the Interests may not be advertised, distributed or in any way offered or sold in Greece or to residents thereof except as permitted by Greek law. The information contained in this Memorandum is personal, confidential and not for public use. Limited Partners should make their investment decision based on their own professional advice.

NOTICE TO THE RESIDENTS OF HONG KONG

No steps have been taken to register this Memorandum as a prospectus in Hong Kong. Subscription will not be accepted from any person other than the person to whom this Memorandum has been delivered. This Memorandum is delivered only to the recipient and may not be used, copied, reproduced or distributed in whole or in part, to any other person.

NOTICE TO THE RESIDENTS OF THE ISLE OF MAN

The Partnership is not subject to approval or regulation by the Isle of Man Financial Supervision Commission and the Commission does not vouch for the correctness of any statements made or opinions expressed with regard to it. The Partnership is not subject to the benefit of any compensation arrangements in the Isle of Man.

This Memorandum may not be circulated or delivered to any person in the Isle of Man except in circumstances specified in Section 1 of the Isle of Man Financial Supervision Act 1988 and may not be circulated or delivered by any person authorized for the purposes of that Act except in accordance with the Financial Supervision (Promotion of Unregulated Schemes) (Exception) Order 1992 of the Isle of Man.

NOTICE TO THE RESIDENTS OF ISRAEL

No action has been or will be taken in Israel that would permit a public offering of the Interests, or possession or distribution of offering material in connection with the issuance of the Interests to the public in Israel. It is the responsibility of any person wishing to purchase the Interests to satisfy himself as to the full observance of the laws of Israel in connection with any such purchase, including obtaining any required governmental or other consents or observing any other applicable formalities.

The information contained in this Memorandum is of a generic nature only and not tailored to the specific investment or financial needs or any particular person. Any person considering acquiring the Interests is strongly advised to obtain his own independent investment advice before doing so.

NOTICE TO THE RESIDENTS OF ITALY

No action has been or will be taken which would allow the offering of Interests in Italy. Accordingly, the Interests may not be offered, sold or delivered, and neither this Memorandum nor any other offering material relating to the Interests may be distributed or made available in Italy except in response to unsolicited requests from Italian residents.

NOTICE TO THE RESIDENTS OF JAPAN

The Interests do not constitute securities under the Japanese Securities and Exchange Law and therefore have not been and will not be registered under the Japanese Securities Exchange Law.

NOTICE TO THE RESIDENTS OF KUWAIT

The offer of Interests is aimed at institutions and sophisticated, high net worth individuals only, this Memorandum is being sent at the written request of the investor, no public offering of Interests is being made in Kuwait, no mass-media means of contact are being used and the transaction will be concluded outside Kuwait.

NOTICE TO THE RESIDENTS OF LUXEMBOURG

This Memorandum does not constitute a public offer or solicitation in Luxembourg and accordingly should not be construed as such. To the extent this Memorandum is circulated in Luxembourg it is considered as used in relation to a private placement only. The Interests of the Partnership may not be offered to the public in or from Luxembourg.

NOTICE TO THE RESIDENTS OF MEXICO

The Interests have not been and will not be registered with the Securities Section of the National Registry of Securities (*Registro Nacional de Valores*) maintained by the National Banking and Securities Commission of Mexico (*Comision Nacional Bancaria y de Valores*). They cannot be offered or sold outside the United Mexican States unless it is permitted by the laws of the country in which the offer is made. This offer does not constitute a public offer under Article 2 of the Securities Act.

NOTICE TO THE RESIDENTS OF MONACO

This Memorandum is personal to the recipient and has been prepared solely for use in connection with private placement of the Interests. Distribution of this Memorandum to any person other than the recipient and those persons, if any, retained to advise such recipient with respect to the offer and sale of the securities is unauthorized, and any disclosure of any of its contents is prohibited. Each recipient, by accepting delivery of this Memorandum, agrees to the foregoing and agrees to make no copies of this Memorandum.

This Memorandum does not constitute an offer to sell, or any solicitation of an offer to buy, any Interests offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such an offering or solicitation. Neither the delivery of this Memorandum nor any sale made hereunder of Interests shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof. If the recipient does not purchase the securities, or this offering is terminated, the recipient agrees to return this Memorandum and all documents delivered herewith to the Partnership.

NOTICE TO THE RESIDENTS OF THE NETHERLANDS

This Memorandum regarding the issue of the Interests is not addressed to or intended for any individual or legal entity except for individuals or legal entities who or which trade or invest in securities in the conduct of a profession or trade within the meaning of Dutch securities legislation which includes banks, brokers, insurance companies, pension funds, other institutional investors and treasuries and financing companies of groups which in a professional manner are active in the financial markets for their own account.

NOTICE TO THE RESIDENTS OF NEW ZEALAND

No offeree shall directly or indirectly offer, sell or deliver any Interests, or distribute this Memorandum or any advertisement in relation to any offer of Interests, in New Zealand, other than to persons whose principal business is the investment of money, or who, in the course of and for the purposes of their business, habitually invest money, or who in all the circumstances can properly be regarded as having been selected otherwise than as members of the public, or in other circumstances where there is no contravention of the Securities Act 1978 of New Zealand.

NOTICE TO THE RESIDENTS OF NORWAY

The Partnership is not an investment fund as defined in the Norwegian Investment Funds Act of 12 June 1981 and has neither been registered with or approved by the Norwegian authorities as an investment fund, nor has it been registered under the public offer rules in the Securities Trading Act of 19 June 1997. The recipient of this Memorandum must not copy or in any other way transmit its contents to any other person.

NOTICE TO RESIDENTS OF OMAN

Prospective Limited Partners should seek professional advice before making any investment in the Interests.

NOTICE TO THE RESIDENTS OF SAUDI ARABIA

The Interests offered pursuant to this Memorandum are offered to citizens of the Kingdom of Saudi Arabia and to citizens in other jurisdictions. Where Interests are offered to citizens in other jurisdictions, the General Partner has complied with the disclosure requirements in each of those jurisdictions. Neither the Interests nor this Memorandum have been approved, disapproved or passed on in any way by the Saudi Arabian Monetary Agency or the Saudi Arabian Ministry of Commerce and Industry, nor has the General Partner received authorization or licensing from the Saudi Arabian Monetary Agency or the Saudi Arabian Ministry of Commerce and Industry to market or sell Interests within the Kingdom of Saudi Arabia. This Memorandum does not constitute an offer to sell or a solicitation of offers to purchase in any country or other jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular and without prejudice to the generality of the foregoing, Interests may only be offered as part of, and on the terms and conditions of, this Memorandum.

NOTICE TO THE RESIDENTS OF SINGAPORE

The Partnership acknowledges that no offering circular has been registered with the Registrar of Companies in Singapore and that the Debentures are offered in Singapore pursuant to an exemption invoked under section 106C and section 106D of the Singapore Companies Act. Accordingly, the Partnership represents and agrees that the Interests may not be offered or sold, nor may any offering, document or material relating to the Interests be circulated or distributed, directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor or other body or person specified in section 106C of the Singapore Companies Act or (ii) to a sophisticated investor specified in section 106D of the Singapore Companies Act in accordance with the conditions stipulated therein, or otherwise pursuant to, and in accordance with the conditions of, section 106E(2) of the Singapore Companies Act or any other applicable exemption invoked under Division 5A of Part IV of the Singapore Companies Act.

NOTICE TO THE RESIDENTS OF SOUTH AFRICA

This Memorandum is strictly private and confidential, is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purpose, nor provided to any person other than the original recipient thereof.

NOTICE TO THE RESIDENTS OF SPAIN

This Memorandum will only be circulated among "selected sophisticated investors" who: (i) have previously approached either the Partnership or a third party to gather information about the Partnership and (ii) are capable of assuming the financial risk associated with such an investment. Copying this Memorandum or passing it on to anyone else is unauthorized and may contravene the law. Any person receiving this Memorandum should not only rely on the information contained herein but also on specific investment advice sought in the light of his/her personal circumstances.

NOTICE TO THE RESIDENTS OF SWITZERLAND

The Partnership does not qualify as a foreign investment fund under the laws of Switzerland. This Memorandum is not addressed to the general public in Switzerland, and no advertising to the general public will take place. Marketing of the Partnership in Switzerland is restricted to a limited number of institutions and individuals. Therefore, the Partnership does not require a license from the Swiss Federal Banking Commission.

NOTICE TO THE RESIDENTS OF THE UNITED ARAB EMIRATES

This Memorandum does not constitute a public offer. Only a restricted number of investors in the UAE have been invited to participate.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

Interests are not to be offered to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995. This Memorandum has not been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000. Accordingly, unauthorized persons may only distribute it to persons falling within one or more exemptions contained in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 and subsequent statutory instruments amending that Order. Recipients of this Memorandum are not permitted to transmit it to any other person.

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GORES CAPITAL PARTNERS, L.P.

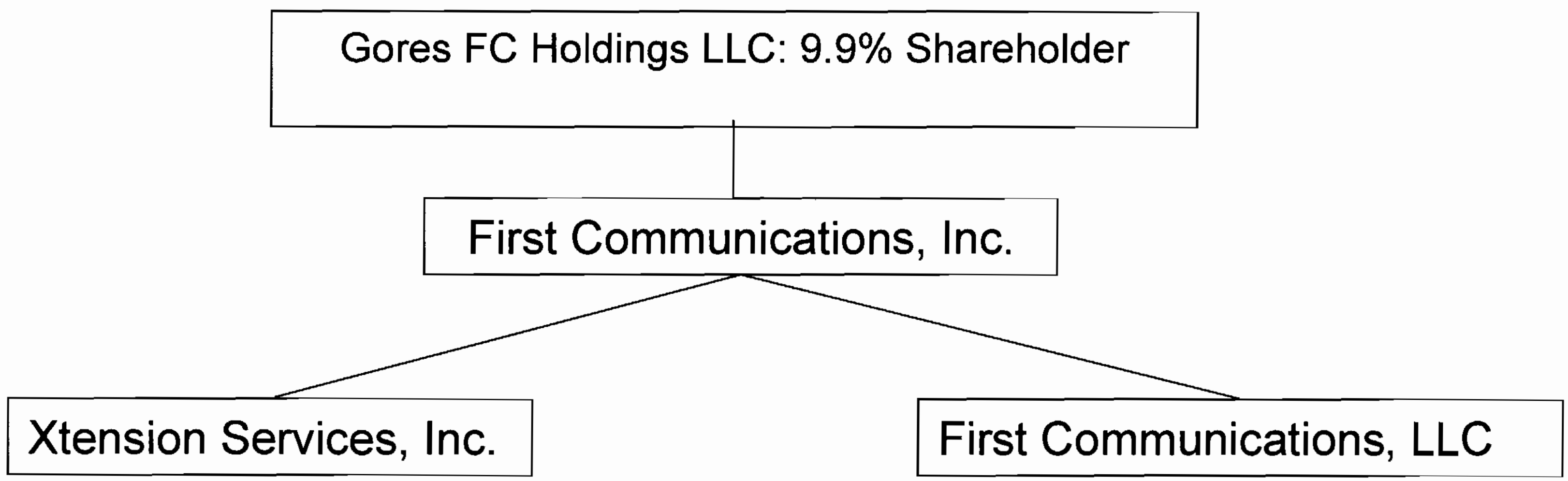
10877 Wilshire Boulevard
Suite 1805
Los Angeles, CA 90024

Telephone: (310) 209-3010
Facsimile: (310) 209-3310

EXHIBIT C

Illustrative Charts

Pre-Transaction Corporate Structure



Post-Transaction Corporate Structure

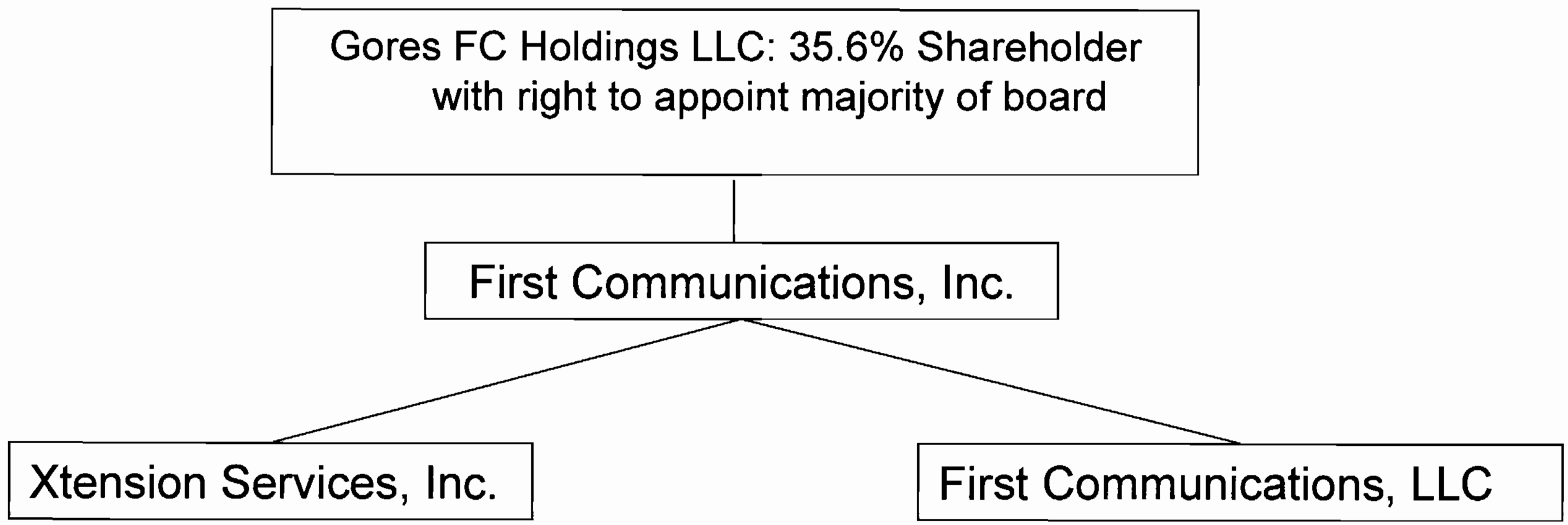


EXHIBIT D

Transaction Document

(CONFIDENTIAL - Submitted Under Seal)

Petitioners seek confidential treatment of the proprietary and confidential information contained in Exhibit D regarding Petitioners' proposed business operations. This information is not normally subject to inspection by the public. Unrestricted availability of the details of the confidential information or terms of the agreement would provide competitors with key knowledge regarding Petitioners' finances and operations that would otherwise be unavailable and could place Petitioners at a significant competitive disadvantage. Confidential treatment of the information contained in Exhibit D is therefore required to avoid commercial and competitive injury. Accordingly, Exhibit D is being filed under seal in separate sealed envelopes.

STATE OF OHIO §
§
CITY OF AKRON §

VERIFICATION

I, Joseph R. Morris, state that I am Chief Operating Officer of First Communications, Inc., the parent of First Communications, LLC; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to First Communications, Inc. are true and correct to the best of my knowledge, information, and belief.

Joseph R. Morris
Chief Operating Officer
First Communications, Inc.

Sworn and subscribed before me this 5th day of July, 2007.

Cheryl L. Hassinger
Notary Public

My commission expires Cheryl L. Hassinger my commission expires January 8, 2008

TN

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STATE OF CALIFORNIA §
§
CITY OF LOS ANGELES §

VERIFICATION

I, BRENT D. BRADLEY state that I am Vice President and Secretary; that I am authorized to make this Verification on behalf of Gores FC Holdings, LLC; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to Gores FC Holdings, LLC are true and correct to the best of my knowledge, information, and belief.

Brent D. Bradley
Vice President and Secretary
Gores FC Holdings, LLC

Sworn and subscribed before me this 10 day of July, 2007.

Notary Public

My commission expires 5/23/2008

TAMI LYNN MC GUIRT
Commission # 1491179
Notary Public - California
Los Angeles County
My Comm. Expires May 23, 2008

TN

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