

that each Subsequent Fund will also be structured as a limited liability company, although a Subsequent Fund could be structured as a limited partnership, corporation, trust or other business organization formed as an "employees' securities company" within the meaning of section 2(a)(13) of the Act. The Funds will operate as non-diversified, closed-end management investment companies. The Funds will be established to enable the Partners and certain attorney and non-attorney employees of Pillsbury Group to participate in certain investment opportunities that come to the attention of Pillsbury Group. Participation as investors in the Funds will allow the Eligible Investors, as defined below, to diversify their investments and to have the opportunity to participate in investments that might not otherwise be available to them or that might be beyond their individual means.

3. The Firm will serve as the sole manager (the "Manager") of the Funds. The Funds will have one or more investment committees ("Investment Committees"), each member of which shall be a current Partner. The Manager will appoint the members of each Investment Committee. The Manager or any person involved in the operation of the Funds will register as investment advisers if required under the Investment Advisers Act of 1940 (the "Advisers Act"), or the rules under the Advisers Act.

4. Interests in the Funds ("Interests") will be offered without registration in reliance on section 4(2) of the Securities Act of 1933 (the "Securities Act"), Regulation D under the Securities Act or rule 701 under the Securities Act, or any successor rule, and will be sold solely to Eligible Investors. Eligible Investors consist of "Eligible Employees," "Qualified Investment Vehicles," "Immediate Family Members," each as defined below, and Pillsbury Entities. The term "Fund Investors" refers to Eligible Investors who invest in the Funds. Prior to receiving a subscription agreement from an individual, the Manager must reasonably believe that the individual is a sophisticated investor capable of understanding and evaluating the risks of participating in the Fund without the benefit of regulatory safeguards. An "Eligible Employee" is a person who is, at the time of investment, a current or former Partner or an employee of Pillsbury Group who (a) meets the standards of an "accredited investor" set forth in rule 501(a)(5) or rule 501(a)(6) of Regulation D under the Securities Act, (b) is one of 35 or fewer Partners or employees of Pillsbury Group who meets certain

salary and other requirements ("Category 2 investors"), or (c) is a lawyer employed by the Firm who purchases Interests pursuant to an offering under rule 701 under the Securities Act ("rule 701") ("Category 3 investors").

5. Each Category 2 investor will be a Partner or employee of Pillsbury Group who meets the sophistication requirements set forth in rule 506(b)(2)(ii) of Regulation D under the Securities Act¹ and who (a) has a graduate degree, has a minimum of 3 years of business and/or professional experience, has had compensation of at least \$150,000 in the preceding 12 month period, and has a reasonable expectation of compensation of at least \$150,000 in each of the 2 immediately succeeding 12 month periods, or (b) is a "knowledgeable employee," as defined in rule 3c-5 under the Act, of the Fund (with the Fund treated as though it were a "Covered Company" for purposes of the rule). In addition, a Category 2 investor qualifying under (a) above will not be permitted to invest in any calendar or fiscal year (as determined by the Firm) more than 10% of his or her income from all sources for the immediately preceding calendar or fiscal year in one or more Funds.

6. Each Category 3 investor will be a lawyer employed by the Firm who reasonably expects to have compensation of at least \$120,000 in the next 12 months and who has a reasonable expectation of compensation of at least \$150,000 in each of the 2 immediately succeeding 12 month periods. In addition, any Category 3 investor who is not a Partner will not be permitted to invest in any calendar or fiscal year (as determined by the Firm) more than 10% (or 5%, if he or she has been employed as a lawyer for less than 3 years) of his or her reasonably expected income from all sources for that year in one or more Funds. Category 3 investors will purchase Interests pursuant to an offering under rule 701. Prior to receiving a subscription agreement from any potential Fund Investor pursuant to an offering in reliance on rule 701, the Firm will make available at no charge to potential Fund Investors the services of an independent third party ("Financial Consultant") qualified to provide advice concerning the appropriateness of investing in a Fund.

7. A Qualified Investment Vehicle is a trust or other entity the sole beneficiaries of which are Eligible

Employees or their Immediate Family Members or the settlors and trustees of which consist of Eligible Employees or Eligible Employees together with Immediate Family Members.² Immediate Family Members include any parent, child, spouse of a child, spouse, brother or sister, and includes any step and adoptive relationships. A Qualified Investment Vehicle must be either (a) an accredited investor as defined in rule 501(a) of Regulation D or (b) an entity for which an Eligible Employee is a settlor and principal investment decision-maker. An Immediate Family Member who purchases Interests must be an accredited investor as defined in rule 501(a)(5) or rule 501(a)(6) of Regulation D.

8. Each Fund may issue its Interests in series (each, a "Series" and collectively, the "Series") with new Series of Interests being offered from time to time. Each Series may be further divided into two or more separate classes (each, a "Class"), having such terms and conditions as the Manager may establish. Each Series will represent an interest in some or all of those Fund investments made by the Fund during a specified period of time (the "Investment Period"). Following the end of a Series' Investment Period, no new investment commitments will be made for that Series, although following a Series' Investment Period additional money may be contributed to an existing investment.

9. In order to comply with the requirements of rule 701, at the beginning of each Investment Period (and, if necessary, periodically thereafter), the Fund will accept capital contributions or irrevocable commitments for the relevant Series from those Eligible Investors investing pursuant to Regulation D (the "Regulation D Investors"), and then prepare a balance sheet as required by rule 701. The Fund may then receive and accept subscription agreements, and thereafter accept capital contributions or commitments for that Series from those Eligible Investors investing pursuant to rule 701 (the "rule 701 Investors"). The capital contributions and commitments of the rule 701 Investors, in the aggregate, will not exceed 15% of the total amount of capital contributions and irrevocable commitments received from the Regulation D Investors. No more than approximately 13% (*i.e.*, 15%

¹ Some or all Category 2 investors may purchase their Interests in an offering under rule 701 rather than under Regulation D.

² A Qualified Investment Vehicle is not permitted to participate in a rule 701 offering. The Firm or the Manager may, however, in their discretion and in compliance with rule 701, permit an Eligible Employee who purchases Interests in the Fund in a rule 701 offering to transfer some or all of those Interests to a Qualified Investment Vehicle.