NOTICE TO INTERESTED PERSONS
(To be sent by First Class Mail Through U.S. Postal Service)
EXPRO Submission No. E-00429

The Banc Funds Company, LLC (TBFC) has availed itself of the U.S. Department of Labor's EXPRO procedures[1] for obtaining exemptive relief from the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended (ERISA or the Act). This relief has been deemed a helpful precaution with respect to certain events that might occur during the operation of Banc Fund VII (BF VII).

The EXPRO procedure is a streamlined method for insuring compliance with the prohibited transaction rules of ERISA. It is available only to applicants who have received at least two individual exemptions in the recent past, such as TBFC. Interested Parties are entitled to comment on an applicant's EXPRO filing. As a potential investor in BF-VII, you may comment on TBFC's EXPRO filing. The remainder of this Notice explains the filing and the method by which you may choose to comment.

This Notice is being sent to potential investors in BF-VII. These potential investors will generally be large ERISA employee benefit plans or the investment managers of pooled assets for ERISA employee benefit plans, who have either invested in prior Banc Funds sponsored by TBFC or who have already expressed a significant interest in an investment in BF-VII.

The Addendum to this Notice provides greater detail about the transactions contemplated in the EXPRO submission. The Addendum contains three Sections. Section I sets out the facts and circumstances of the transactions contemplated by the EXPRO submission. Section II sets out the significant operating conditions upon which the exemptive relief sought through the EXPRO submission are based. Section III supplies certain definitions that are relied upon in this Addendum and the Notice.

A. DESCRIPTION OF PROPOSED TRANSACTIONS

There are three types of circumstances that will or may occur during the life of BF-VII and which are the subject of the EXPRO filing.

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[1] See Prohibited Transaction Class Exemption 96-62, or EXPRO, issued by the Employee Benefits Security Administration of the U.S. Department of Labor and appearing in Volume 62 of the Federal Register at page 39988 (July 29, 1996), as amended in Volume 67 of the Federal Register at page 44622 (July 3, 2002).

1. Merger Activities.

One of the investment goals of BF-VII is the acquisition of minority positions in subregional or supercommunity financial institutions (Portfolio Companies) that represent attractive merger or acquisition targets to larger financial institutions. If such a merger or acquisition occurs, BF-VII would exchange its Portfolio Company stock for cash (hopefully at a premium) from the acquiring financial institution. Portfolio Company stock represents a "plan asset," as defined by ERISA. If the acquiring financial institution is a party-in-interest to any employee benefit plan investor in BF-VII, a technically prohibited sale of plan assets (the Portfolio Company stock) to a party-in-interest (the acquiring financial institution) may have occurred.

There is no way that TBFC can ascertain whether an acquiring financial institution is a party-in-interest to any employee benefit plan that invests in BF-VII at any particular time. Sufficient safeguards have been designed into BF-VII's operating procedures to insure that the stock price in a merger transaction will represent the best price available to investors in BF-VII, and under these circumstances the merger transaction should not be prohibited.

2. Redemption Transactions.

Although the overriding philosophy of BF-VII is that investors will retain their interest in the limited partnership until its affairs are wound up and it is liquidated, there are some circumstances where an investor's interest may be prematurely redeemed. Two examples are: (i) where an investor fails to make a required capital contribution when due; and (ii) where ERISA prevents a Plan investor from maintaining its interest. In such instances, the affected investor may be cashed out of BF-VII, using partnership assets, which are "plan assets" according to ERISA. The effect of a cash out or redemption upon the remaining partners is to increase their proportionate interests in BF-VII. One of the remaining partners will be MidBanc VII L.P., an affiliate of TBFC, which is a party-in-interest under ERISA. It might be considered a technical prohibited transaction to use plan assets (partnership cash) to increase the proportionate interest of a party-in-interest (MidBanc VII, L.P.). However, the cash out price is strictly controlled by formula and accounting conventions so that exemptive relief is warranted.

3. Performance Fee.

MidBanc VII L.P. will receive a performance fee (Performance Fee) for its investment management services rendered to BF-VII. The performance fee can be paid prior to the complete liquidation of BF-VII. Also, MidBanc VII L.P. will suffer income tax liability when gains are realized by BF-VII, even though cash distributions are not due at the time that the tax liability accrues. The BF-VII documents provide that MidBanc VII should be paid enough to retire its tax liability when and as it becomes due. Since MidBanc VII, an ERISA fiduciary with respect to the assets of BF-VII, controls the timing of the sales of Portfolio Company stock and those sales will control the accrual of tax liability and the timing and amount of performance fee payments, a technical

prohibited transaction may occur in connection with the sale of Portfolio Company securities.

A number of safeguards have been incorporated into the operating rules of BF-VII to insure that MidBanc VII does not improperly exercise its discretion over when and at what price the stock of Portfolio Companies is sold. Tax liability payments are made only when and in the amount prescribed by the Internal Revenue Code. Performance fees are not paid until all investors receive a 100% return of capital and in no event before 2012. No more than 75% of the performance fee can be paid prior to the complete liquidation of BF-VII. If the 25% cushion is ever eroded, MidBanc VII is precluded from taking any additional performance fees until the cushion is restored and must pay back any performance fees that would be required to balance the performance fee account. Net unrealized losses of BF-VII are taken into account in calculating the performance fee. Under these circumstances, exemptive relief from possible prohibited transaction restrictions is warranted.

B. APPROXIMATE DATE OF TRANSACTIONS.

The initial sale of interests in BF-VII is expected to occur in April of 2005 and certainly within six (6) month after final authorization is received through the EXPRO procedure. The merger transactions that are the subject of the EXPRO submission can take place at any time during the life of BF-VII. The redemption transactions and tax liability payments that are the subject of the EXPRO submission can take place at any time during the life of BF-VII, but are unlikely to occur after 2012. The performance fee payments that are the subject of the EXPRO submission will not occur until after 2012. .

C. TENTATIVE AUTHORIZATION.

The proposed transactions have met the requirements for tentative authorization under Section IV(c) of Prohibited Transaction Class Exemption 96-62.

D. COMMENTS,

You and other interested parties have the right to comment on TBFC's EXPRO filing. You may do so in writing and your comment should be addressed to the U.S. Department of Labor at the following address.

Office of Exemption Determinations
U.S. Department of Labor
200 Constitution Avenue, N.W.
Room N-5649
Washington, D.C. 20210

E. COMMENT PERIOD.

Any comment that you wish to make must be received by the U.S. Department of Labor not later than March 7, 2005.

F. SUBSTANTIALLY SIMILAR INDIVIDUAL EXEMPTIONS.

TBFC has received individual prohibited transaction exemptions for the same activities as are covered by this EXPRO filing in connection with the preceding two Banc Funds. The Proposed Exemptions and the Final Exemptions for these two similar, individual exemptions can be found in the *Federal Register* at the following citations.

(i) issued to the Banc Funds Company LLC in connection with the 1998 Banc Fund V (PTE 2000-37, 65 FR 49018 (August 10, 2000); Application No. D-10624 65 FR 33360 (May 23, 2000)); and

(ii) issued to the Banc Funds Company LLC in connection with the 2002 Banc Fund VI (PTE 2002-36 67 FR 51886 (August 9, 2002); Application No. D-11083, 67 FR 39053 (June 6, 2002)).

ADDENDUM TO NOTICE TO INTERESTED PERSONS

EXPRO SUBMISSION NO. E-00429

This Addendum accompanies the Notice to Interested Persons that is provided to you in connection with the EXPRO submission made by The Banc Funds Company, L.L.C. with respect to investments in and the operation of Banc Fund VII, L.P. The Addendum provides greater detail than the Notice about the transactions contemplated in the EXPRO submission.

This Addendum contains three Sections. Section I sets out the facts and circumstances of the transactions contemplated by the EXPRO submission. Section II sets out the significant operating conditions upon which the exemptive relief sought through the EXPRO submission are based. Section III supplies certain definitions that are relied upon in this Addendum and the Notice.

SECTION I. SUMMARY OF FACTS AND REPRESENTATIONS

1. The Banc Funds Company, L.L.C. (TBFC) is a Chicago, Illinois-based investment advisory firm founded in 1997 as a spin-off from, and by the individuals who managed the financial services company advisory division of The Chicago Corporation (TCC). TBFC is a registered investment adviser under the Investment Advisers Act of 1940, as amended, and it has a single line of business. TBFC provides institutional investors with investment management services through Banc Fund IV (BF-IV), Banc Fund V (BF-V) and Banc Fund VI (BF-VI) and it acts as a fiduciary with respect to these clients. TBFC currently manages $260 million in assets of plans that are covered under the Employee Retirement Income Security Act of 1974 (the Act), $391 million in the assets of governmental plans and $391 million in non-Plan assets.

TBFC's relevant specialty is its expertise in the financial services and banking industries. In this regard, TBFC employees provide management, investment and capital formation services to collective investment vehicles which invest in commercial banks and other financial institutions and expend significant resources to research specific financial institutions.

As described below, TBFC has made a submission to the Office of Exemption Determinations of the Employee Benefits Security Administration of the U.S. Department of Labor (the Department) that is intended to provide EXPRO relief from the possible application of certain provisions of the Act with respect to the purchase or redemption of interests in the Banc Fund VII, L.P (the Partnership) by employee benefit plans covered by the Act (Plans) that invest in the Partnership, where TBFC, a party in interest with respect to such Plans, is the general partner of MidBanc VII, which is, in turn, the general partner of the Partnership (MidBanc VII being referred to hereafter as the General Partner). In addition, TBFC intends to receive EXPRO relief to permit the sale, for cash or other consideration, by the Partnership of

certain securities that are held as Partnership assets (securities of Portfolio Companies) to a party in interest with respect to a Plan participating in the Partnership, where the party in interest proposes to acquire or merge with the Portfolio Company that issued such securities. Further, TBFC expects relief with respect to the General Partner's receipt of compensation (Performance Fee) from the Partnership that is based upon a debit account structure (i.e., the Performance Fee Account) which will keep track of the General Partner's compensation for managing the Partnership but will not represent actual dollars that are reserved or set aside for the General Partner.

2. The Partnership is intended to be a "pooled fund," as that term is defined in 29 CFR 2570.31(g). All employee benefit plan investors that are Limited Partners of the Partnership (Limited Partners) must evidence the following characteristics in order to acquire interests as Limited Partners:

(a) each investor must commit to making at least $2 million in capital contributions;

(b) each Plan must have at least $50 million in assets;

(c) no Plan may invest more than 10 percent of its assets in interests in the Partnership, and such interests held by a Plan may not exceed 25 percent of the Partnership; and

(d) no Plan may subscribe for a Limited Partner's interest which, when aggregated with all other assets of that Plan that are subject to investment funds or separate accounts managed by TBFC and/or its affiliates, is valued in excess of 25 percent of such Plan's net assets.

The Partnership will not be organized unless $50 million in capital contribution commitments is subscribed for by investors.

3. Approximately 5 to 10 Plans may invest in the Partnership. An additional 8 to 12 non-Plan investors are also expected to participate in the Partnership. No Plan benefiting employees of TBFC will be permitted to invest in the Partnership.[1]

4. Pooled investments for Plans investing in the Partnership will be made through the Partnership. The maximum capital contribution commitment of the Partnership will be $450 million. The primary purpose of the Partnership is to provide capital to, acquire equity and debt interests in, and make available consultative services to Portfolio Companies such as Bank Companies and Financial Services Companies having assets under $10 billion. The Partnership may also invest in demutualizing thrift institutions, business services companies (providing outsourcing, transaction processing and other information management services to Financial Services Companies), insurance contracts, short term investments, derivatives (for hedging

[1]Although TBFC will not be affiliated with, or under the control of, or controlling, any participating Plan, it is likely that certain Plans will have a preexisting relationship with TBFC in the form of an investment in BF IV, BF V or BF VI, investment vehicles managed by TBFC.

purposes only) and covered put and call options. Further, the Partnership may make loans of securities. In short, it is anticipated that the Partnership will share the same basic investment strategy as was held by Banc Funds previously established by TCC and TBFC, and in many ways, the operations and fee structures of these entities.

5. The General Partner of the Partnership will be MidBanc VII LP. The general partner of MidBanc VII LP will be TBFC and the Limited Partners will be individuals employed by TBFC. The General Partner will acquire at least a one percent interest in the Partnership, for cash. As described later in this Addendum, all fees that are paid to the General Partner and/or its affiliates will be paid by the Partnership.

The principal place of business of the Partnership will be 208 LaSalle Street, Chicago, Illinois or at such other location as the General Partner may select. The Partnership is expected to terminate on December 31, 2014, unless terminated sooner.

6. Some of the Limited Partners of the Partnership will consist of non-Plan investors, which will acquire, by making capital contributions in cash directly to the Partnership, a Limited Partner's interest in such Partnership. However, as noted above, other Limited Partners will be Plans covered under the provisions of the Act, and governmental plans. In the same manner, these Plans will acquire, for cash, a Limited Partner's interest in the Partnership. It is expected that upon the creation of this structure, the Plans will own a 75 percent equity interest in the Partnership. Because none of the exceptions to the plan asset regulations will apply, the assets of the Partnership will constitute plan assets.[2]

The General Partner will not have any control over the decision to cause any Plan to invest in the Partnership. Under these circumstances, the decision to participate in the Partnership will be made by a Plan fiduciary which is independent of the General Partner. In each instance, even though the General Partner may present a Plan fiduciary with information concerning investment in the Partnership, the Plan fiduciary who makes the investment decision will agree not to rely on the advice of the General Partner as the primary basis for a Plan's investment, and the Independent Fiduciary will be specifically required to do so in every instance.[3] The General Partner assumes that a Plan will invest in the Partnership only if the fiduciaries of the Plan determine that investment performance is anticipated to be superior.

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[2]See 29 CFR 2510.3-101(a)(2)(ii) and (f).

[3]The general standards of fiduciary conduct promulgated under the Act would apply to the participation in the Partnership by an Independent Fiduciary (Independent Fiduciary). Section 404 of the Act requires that a fiduciary discharge his duties respecting a plan solely in the interest of the plan's participants and beneficiaries and in a prudent fashion. Accordingly, an Independent Fiduciary must act prudently with respect to the decision to invest in the Partnership. An Independent Fiduciary, prior to investing in the Partnership, must fully understand all aspects of such investments following disclosure by the General Partner of all relevant information.

7. The contribution provisions for the Partnership will be identical as between Plan and non-Plan investors. For example, capital calls for Plans participating in the Partnership will be concurrent and in the same proportional amount as are capital calls by the Partnership from Limited Partners that are not Plans.[4] The General Partner may call any amount of the capital commitment upon 10 days' advance written notice, and in increments of 3 percent or more, when cash is needed to fund the acquisition of Portfolio Company securities by the Partnership.

If an investing Plan cannot or does not meet a capital call, the Partnership Agreement provides that ten days after the investor receives notice of default on a capital call, the General Partner may: (a) permit the investor's continued participation in the Partnership with a commensurate reduction in both the investor's proportionate interest in such Partnership and aggregate size of the Partnership;[5] (b) declare the investor's entire capital commitment due and pursue collection of the same; or (c) expel, at fair market value, the defaulting investor and offer its interest in the Partnership first to the non-defaulting investors and then to non-investors who are qualified to invest in such Partnership. In making the choice between these alternatives, the General Partner will be guided by then-current investment strategies and the best interest of the non-defaulting investors.

8. The terms of the Partnership control the duties and authority of the General Partner. For example, the General Partner, at its own expense, will provide the Partnership with personnel who are able to undertake the investment strategies for these entities as well as perform their clerical, bookkeeping and administrative functions. In addition, the General Partner, at its own expense, will provide the Partnership with office space, telephones, copying machines, postage and all other necessary items of office services. Further, the General Partner will control proxy voting on all Portfolio securities. The Partnership Agreement permits the General Partner to allocate securities transactions to broker-dealers of its choice.

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[4]Capital calls will be handled as follows: On the same day, the General Partner will notify all Limited Partners, including Plan investors that capital is being called. All investors will have 10 days to forward the appropriate amount of cash. As a matter of practice, all Limited Partners will wire their contributions to the Partnership on the same day. All investors' contributions will be credited to the Partnership's Capital Account. The General Partner will then utilize the Partnership's Capital Account to acquire the appropriate securities until the Partnership account is exhausted, at which time, another capital call will be made.

[5]Reductions in a Limited Partner's participations are based upon the relative amount of capital contributions that are omitted. For example, if a Limited Partner subscribes for a 10 percent interest in the Partnership and neglects to honor 25 percent of its commitment, the Limited Partner will only have a 7.5 percent interest in the Partnership if it is permitted to continue its investment.

The General Partner will prepare, or cause to be prepared on behalf of the Partnership, the following reports: (a) annual audited financial statements; and (b) quarterly unaudited financial statements. In addition, the General Partner will keep the accounts of the Partnership.[6]

9. Under the Partnership Agreement, two types of fees will be payable to the General Partner by the Partnership. These fees are a management fee (the Management Fee) and the Performance Fee, the components of which are described below.

The General Partner's Management Fee is payable as a percentage of the aggregate capital contributions to the Partnership. The fee will be equal to 5 percent of the first $20 million in capital contributions, 1.79 percent of the next $280 million of capital contributions and 2 percent on amounts in excess of $300 million. On average, the fee will not exceed 2 percent of committed capital when all capital is contributed, even if the Partnership is capitalized at less than $450 million.[7] When all capital is called, the management fee will set at 2% of contributed capital.

10. In addition to the Management Fee, the General Partner[8] will be entitled to receive the Performance Fee, which will accrue annually in a debit account (i.e., the Performance Fee Account) between the date the first contribution is made to the Partnership until the time the Partnership disposes of its last investment. As noted above, the Performance Fee Account will provide a mechanism for measuring the General Partner's compensation for managing the

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[6]Some examples of the types of accounts that will be maintained by the Partnership for each Limited Partner are: (a) the Capital Account, which reflects the original capital paid into the Partnership by the Limited Partner and any adjustments thereto; (b) the Income Account, to which will be credited income, interest, dividends, fees for services (i.e., consulting services provided by the Partnership to financial institutions) and any other income items (other than gains or losses on the sale or other disposition of securities or other assets and other than income from high yield investments) and to which will be debited any expenses of the Partnership other than those which are to be taken into account to determine gains and losses; and (c) the Gain Account, to which will be credited or debited gains or losses after expenses of sale, when and as realized from the sale or other disposition by the Partnership of securities or other assets, whether or not any such gain or loss is recognized or constitutes long-term or short-term capital gain or loss or ordinary income or loss for Federal income tax purposes.

[7]TBFC has concluded that the Management Fee is covered by the statutory exemptive relief available under section 408(b)(2) of the Act.

[8]As briefly alluded to in Paragraph 1, certain employees of TBFC, generally those who take an active part in the management of the Partnership, are limited partners in MidBanc VII, the General Partner of the Partnership. MidBanc VII will be entitled to receive the Performance Fee to the extent that it is earned. MidBanc VII will then allocate the Performance Fee among TBFC and the employees of TBFC who are limited partners in MidBanc VII.

Partnership. Such account will be a moving balance that will reflect the activity of the Partnership instead of actual dollars that are reserved or set aside for the General Partner. Until distributions from the Performance Fee Account are made, funds that the debit account credits represent will be invested for the benefit of all Fund Partners.

The Performance Fee will be paid during the final three years of the Partnership. Simply stated, the Performance Fee will equal 20 percent of the excess of net realized gains minus net unrealized losses of the Partnership, minus allowed distributions determined annually between the date of the first contribution to the Partnership until the disposition of the last Partnership asset.

In addition, the General Partner's Performance Fee will be subject to the following terms and conditions:

(a) Fee Base. As noted above, the amount credited to the General Partner as the Performance Fee will be equal to a percentage of net realized gains minus net unrealized losses. The fee will be annually credited to the General Partner.[9]

(b) Reduced Availability. Prior to the termination of the Partnership, only 75 percent of the General Partner's Performance Fee may be drawn from the Partnership. (This limit will also apply to special income tax draws as described in Paragraph 12.)

(c) Limited Deferral/Return of Capital. Again, with the exception of the General Partner's income tax liabilities that are described in Paragraph 12, distributions of the Performance Fee cannot be made until January 1, 2012, which is after the projected completion of the Partnership's Acquisition Phase. Withdrawals with respect to the Performance Fee cannot be paid until investors have received distributions equal to 100 percent of their capital contributions.[10]

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[9]Any payments of the Performance Fee will reflect realized gains inuring to the Partnership. For the Partnership to make a Performance Fee payment to the General Partner, it must sell a Partnership investment for a price exceeding the purchase price for such investment. Therefore, the proceeds of the sale will reflect the source of Performance Fee payments. After the Partnership has invested its capital, it will have two sources of cash. One is income received from its investments, such as dividends or interest. The other is money received when it sells an investment.

[10]Where a partnership, such as the Partnership described herein, makes a distribution to the Limited Partners, that distribution can include any of the following: income, realized gains, and/or return of capital. Income and gains can arise at any time during the partnership's life. Although income and gains occur after the initial investment phase of a partnership, in the case of the prior Funds, such distributions have occurred during the Acquisition Phase. However, the contributed capital that gives rise to a gain attributed to the Partnership will generally be distributed to investors by the General Partner after the gain is realized.

(d) Debits. The General Partner's Performance Fee Account is debited for the appropriate percentage of realized losses and net unrealized losses and distributions pursuant to the formula. The Performance Fee cannot be drawn when the Performance Fee Account is in a deficit position. Thus, if a gain is realized when the Performance Fee Account is in a deficit position, no Performance Fee can be paid to the General Partner and accrue in the Performance Fee Account. Sufficient gains must be realized to restore the deficit, restore the 25 percent cushion and generate surplus before any part of the Performance Feet can eventually be drawn down.

(e) Unrealized Gains. Although net unrealized losses are subtracted from net realized gains before the Performance Fee is calculated, net unrealized gains are excluded from the calculation of the General Partner's Performance Fee. In essence, the exclusion of net unrealized gains serves as an additional reserve ensuring that the General Partner will not be permitted withdrawals based on early gains that are subject to offset by later losses. The exclusion of net unrealized gains and the inclusion of net unrealized losses in the Performance Fee calculation operate to create a moving threshold or hurdle. If the General Partner draws on its Performance Fee Account and the Partnership experiences a later loss, the General Partner cannot take another fee until that loss is made up.

(f) Distribution Repayment. The General Partner must repay any deficit in the Performance Fee Account such that if the Partnership were to terminate at any time, the General Partner would not have received a Performance Fee in excess of that which reflects the Partnership's performance to that date.

11. The following examples illustrate the calculation of the General Partner's Performance Fee. Although the Performance Fee may be drawn annually for the specific purpose of satisfying the General Partner's tax liabilities under certain limited circumstances (see Paragraph 12), generally the Performance Fee can only be drawn during 2012 through 2014, the final three years of the Partnership's anticipated term. However, for purposes of illustration, four draw years have been assumed in the examples.

EXAMPLE #1

Year	Cumulative Net Position	Performance Fee Account	Maximum Draw	Draw or Refund
1	$ 800	$ 160	$ 120	$ 120
2	200	40	30	(90)
3	1,000	200	150	120
4	700	140	105	(45)

Year 1 Assume that when the Performance Fee first becomes drawable in 2012 the Partnership's Cumulative Net Position is $800. The General Partner's Performance Fee is 20% of $200 or $160. The General Partner may draw 75% of the $160 or $120.[11]

Year 2 The Partnership's Cumulative Net Position at the end of Year 2 is $200. The General Partner's Performance Fee is 20% of $200 or $40. The General Partner is entitled to draw $30, but since it has previously drawn $120, it must refund $90.

Year 3 The Partnership now has a Cumulative Net Position of $1,000. The General Partner's Performance Fee is $200 with a permitted draw of $150. Because the General Partner has previously drawn a net amount of $30 at the end of Year 2 (i.e., $120 - $90), it may now draw an additional $120.

Year 4 The Partnership's Cumulative Net Position falls to $700 and the General Partner's Performance Fee falls to $140. The 75% draw equals $105, but the General Partner has previously drawn a total of $150 (i.e., $120 - $90 + $120). Therefore, the General Partner must make a refund to the Partnership of $45.

EXAMPLE #2

Year	Cumulative Net Position	Performance Fee Account	Maximum Draw	Draw or Refund
1	$2,000	$400	$300	$300
2	1,000	200	150	(150)
3	500	100	75	(75)
4	900	180	135	60

Year 1 Assume that when the General Partner's Performance Fee first becomes drawable in 20012, the Cumulative Net Position for the Partnership is $2,000. The General Partner's Performance Fee is 20% of $2,000 or $400. The General Partner may draw 75% of the $400 fee or $300. $100 or 25% of the draw amount must be left in the Partnership as a cushion.12

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[11] The assumption is, for purposes of this example, that all Limited Partners investing in the Partnership have received a 100 percent return of their capital contributions.

[12] The assumption is again, for purposes of this example, that all Plans investing in the BF VII have received a 100 percent return of their capital contributions.

Year 2 The Cumulative Net Position for the Partnership at the end of Year 2 has fallen to $1,000. The General Partner's Performance Fee is 20% of $1,000 or $200. TCC is entitled to draw $150, but since it has previously drawn $300, it must refund $150.

Year 3 The Cumulative Net Position for the General Partner has fallen to $500. The General Partner's Performance Fee now falls to $100 (i.e., 20% of $500) with a permitted draw of $75 and a cushion of $25. Because the General Partner has previously drawn $150 ($300 - $150), it must make a refund to the Partnership of $75.

Year 4 The Cumulative Net Position for the Partnership is $900 at the end of Year 4. The General Partner's Performance Fee is 20% of $900 or $180. The General Partner's 75% draw on the Performance Fee equals $135. However, since the General Partner has previously drawn a total of $75 ($300 - $150 - $75), it may now draw a Performance Fee of $60.

12. The General Partner has been informed by its counsel that gains realized by the Partnership will, to the extent that they are allocable to the General Partner's Performance Fee Account, be taxable to the General Partner in the year gains are realized by the Partnership, even though the distribution of gains attributable to the General Partner will be deferred. Therefore, to enable the individual owners of the General Partner or its affiliates (collectively, referred to as the General Partner) to discharge their obligations to state or federal taxing authorities, it is proposed that an amount sufficient to pay taxes (representing approximately 5 percent of the gains of the Partnership) be distributed to the General Partner solely during the Partnership's Acquisition Phase. The sale of the Portfolio Company securities that gives rise to the early distribution of such gains may only occur in connection with a third party merger, acquisition or tender offer and not through an exercise of discretion by the General Partner.

Such distributions will be charged against the General Partner's Performance Fee Account and will reduce the balance that is used to calculate the 25 percent cushion required before actual distributions can be made to the General Partner.[13] In the event the General

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[13]With the exception of the General Partner, all Limited Partners will receive distributions of gains when they are realized. (As noted previously, this could occur prior to the ending of the Acquisition Phase for the Partnership.) For example, if at any time during the Partnership's existence, a Portfolio Company security is purchased for $1 million and sold by the General Partner for $3 million, a $2 million gain will be realized by the Partnership. The Limited Partners will own $1.6 million of the gain while the General Partner will own $400,000 of the gain (i.e., 20 percent of the Performance Fee). Both Plan and non-Plan Limited Partners will receive an aggregate distribution of $1.6 million which will be allocated among such Limited Partners. Depending on whether the Limited Partner receiving a portion of the $1.6 million gain is a taxable or non-taxable entity, the amount allocated to the Limited Partner will be taxed. Although the $400,000 gain attributable to the General Partner will be deferred, the Service will view the General Partner as having received taxable income of $400,000. If the tax rate is 25 percent, the General Partner will owe the Service $100,000. It is the $100,000 that the

Partner receives a tax refund, the amount will be repaid by the General Partner to the Partnership to the extent a distribution has been made to such General Partner.

To ensure that tax refunds are repaid, the General Partner will retain an independent accounting firm to calculate the tax liabilities and credits. If a tax payment is owed by the General Partner, it will appear as an asset (i.e., a receivable) on the Partnership's financial reports that are given to the Limited Partners.

In addition, the tax distributions will be in the exact amount of the General Partner's tax liability. All funds received in the distribution will be forwarded to the Service and no portion will be retained by either the General Partner or the Limited Partners. Therefore, there will be no gain by the General Partner.

13. The Partnership will terminate upon the earliest to occur of (a) the complete distribution of its assets, (b) a vote in favor of termination by 75 percent of the Limited Partners,[14] or (c) December 31, 2014. If it would be to the financial benefit of the Limited Partners to extend the term of the Partnership beyond 2014, extensions of up to two years may be initiated by the General Partner. Any further extension must be approved by the Limited Partners holding a majority of the Limited Partnership interests. Neither the General Partner nor the Partnership may acquire additional Partnership investments at the time of an extension. The purpose of the extension will be to allow the General Partner to liquidate the Partnership's existing investments, distribute the cash proceeds received from the liquidation to the Limited Partners, and terminate the Partnership.

Upon termination of the Partnership, all Portfolio positions will be liquidated, Partnership expenses will be paid and distributions will be made (including any remaining portion of the General Partner's Performance Fee). If all assets cannot be converted into cash, or if it would be disadvantageous to liquidate every asset, remaining assets may be distributed in-kind, at the discretion of the General Partner. The General Partner will then receive a fractional portion of its fee, in-kind. To ensure that the General Partner will not select higher income-generating Partnership assets for itself, each Limited Partner, as well as the General Partner, will receive a proportionate share of each Portfolio Company security that is distributed in-kind.

14. The following example illustrates the manner in which in-kind distributions will be made by the General Partner:

General Partner seeks to obtain as a tax distribution. The General Partner's remaining Performance Fee amount of $300,000 will stay in the Partnership even though the Limited Partners will receive their proportionate share of the $1.6 million.

[14]A vote of 75 percent of the Limited Partners to remove the General Partner will also result in the termination of the Partnership.

Assume that there are only two Limited Partners investing in the Partnership and that each has received a full return of capital. Non-Plan A investor has a Partnership interest worth $60 and Plan B investor has a Partnership interest worth $40.

The Partnership holds 100 shares of Bank X stock which it acquired for $5 per share. Upon termination of the Partnership, Bank X stock is worth $7 per share.

The total unrealized gain attributable to Bank X stock is ($7 - $5) x 100 = $200.

The General Partner's Performance Fee is equal to $200 x 20% = $40.

The General Partner receives $40 divided by $7 = 5.7 shares of Bank X stock.

The non-Plan investor receives 60% x 94.3 = 56.6 shares of Bank X stock.

The Plan investor receives 40% x 94.3 = 37.7 shares of Bank X stock.

15. In general, Partnership interests will not be assignable, and no Limited Partner may assign or otherwise transfer, pledge or otherwise encumber any or all of its interest in the Partnership without the prior consent of the General Partner. However, a Limited Partner may transfer its interest only after extending to the Partnership and the other Limited Partners the right of first offer.

In addition, because the Partnership's investment philosophy is inconsistent with at-will withdrawals, redemptions of Partnership interests by Plan investors are limited to situations where (a) a replacement Plan is available from either current Plans investing in the Partnership or there are new, qualified investors; (b) a Plan submits to the General Partner, a written opinion of counsel to the effect that the Plan's continued participation in the Partnership would violate the Act and that relief from the violation cannot be obtained; and (c) the Partnership fails to obtain the exemptive relief requested herein necessary for its operation. This information will be disclosed to investors.

16. The Partnership Agreement requires that the General Partner provide the Independent Fiduciary of each Plan proposing to invest in the Partnership with a copy of the Private Placement Memorandum by the General Partner. The Private Placement Memorandum describes all material facts concerning the purpose, structure and operation of the Partnership.

If the Independent Fiduciary expresses further interest in participating in the Partnership, such Independent Fiduciary will be provided with copies of the Partnership Agreement outlining the organizational principles, investment objectives and administration of the Partnership, the manner in which Partnership interests can be redeemed, the duties of the parties retained to administer the Partnership and the manner in which Partnership assets will be valued, the duties and responsibilities of the General Partner, the rate of remuneration that the General Partner will be paid and the conditions under which the General Partner may be removed. Once the

Independent Fiduciary has made a decision to invest in the Partnership, the General Partner will provide such Independent Fiduciary with the names and addresses of all other participating Plans as well as non-Plan investors.

17. The Independent Fiduciary will be required to acknowledge, in writing, prior to purchasing a Limited Partner's interest in the Partnership that such fiduciary has received copies of the foregoing documents. The Independent Fiduciary will also be required to acknowledge, in writing, to the General Partner that such fiduciary is independent of the General Partner and its affiliates, capable of making an independent decision regarding the investment of Plan assets, knowledgeable with respect to the Plan in administrative matters and funding matters related thereto, and able to make an informed decision concerning participation in the Partnership.

With respect to its ongoing participation in the Partnership, each Plan will receive the following written disclosures from the General Partner:

(a) Within 90 days after the end of each fiscal year of the Partnership as well as at the time of termination, an annual financial report containing a balance sheet for the Partnership as of the end of such fiscal year and a statement of the changes in the financial position for the fiscal year, as audited and reported upon by independent, certified public accountants. The annual report will also disclose the remuneration actually paid or accrued to the General Partner.

(b) Within 60 days after the end of each quarter (except in the last quarter) of each fiscal year of the Partnership, an unaudited quarterly financial report consisting of at least a balance sheet for the Partnership as of the end of such quarter and a profit and loss statement for such quarter. The quarterly report will also specify the remuneration that is actually paid or accrued to the General Partner.

In addition to the foregoing reports, the General Partner will prepare and distribute to each Plan such other information as may be reasonably requested by the Plans to comply with the reporting requirements of the Act or Code (including copies of the Notice to Interested Persons and this Addendum).

At least annually, the General Partner will hold a meeting of the Partnership, at which time, the Independent Fiduciaries of participating Plans will have the opportunity to decide on whether the Partnership or the General Partner should be terminated as well as discuss any aspect of the Partnership and Partnership Agreement under which it is operated. Finally, during each year of the Partnership, representatives of the General Partner will be available to confer by telephone or in person with Independent Fiduciaries on matters concerning the Partnership.

18. The terms of all transactions that are entered into on behalf of the Partnership by the General Partner will be at least as favorable to an investing Plan as those obtainable in arm's length transactions with unrelated parties. In this regard, valuations of (and for) the Partnership will be needed for general accounting purposes, to determine the value of the Partnership's assets

for reports to the Limited Partners, for distributions of securities and to calculate the General Partner's Performance Fee when the General Partner seeks to draw upon it. The General Partner, subject to the review and approval of the Valuation Committee, will determine the fair market value of the assets and liabilities of the Partnership as of each fiscal date.[15] The Valuation Committee, which is the same advisory committee that served MBF I, MBF II and BF III, and currently serves BF IV, BF V and BF VI, will also serve as the Independent Appraiser. The Valuation Committee is composed of three members who are experienced in valuing the securities of Portfolio Companies. None of the members of the Valuation Committee has an ownership or creditor relationship with the General Partner.

As the Independent Appraiser, each member of the Valuation Committee must not be controlled by (or control) TBFC or the Partnership and must not receive more than 5 percent of their lowest annual income from the General Partner or the Partnership, either during the term of the Partnership or in the three years preceding its creation. Individual members of the Valuation Committee or the entire committee may be removed by the General Partner only for cause and with or without cause by Limited Partners holding a majority of the Limited Partnership interests. A majority of the Limited Partners must approve a replacement Independent Appraiser. If the Limited Partners and the General Partner cannot agree upon a replacement Independent Appraiser, an independent certified public accounting firm will be appointed.

Although the General Partner will nominate the Independent Appraiser, the Limited Partners will be given the option of either approving or disapproving the nominee. The Independent Appraiser will not be appointed absent the affirmative written approval of a majority of the Limited Partners. However, the Limited Partners will have no veto power over the General Partner's decision that an Independent Appraiser is required.

If applicable, the Independent Appraiser will use the principles set forth in Revenue Ruling 59-60 and any regulations that the Department might propose to define "Adequate Consideration" to determine fair market value. The valuations made by the Independent Appraiser will be binding upon the General Partner. In addition, the Independent Appraiser will issue a report to the General Partner which sets forth the Independent Appraiser's pricing methodology and rationale for securities it has been asked to value. Such report will be issued after each required valuation and will comply with the aforementioned regulations.

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[15]The General Partner will gather all requisite information to produce the valuation. This information may include pricing information on any exchange-traded securities plus more voluminous operating and financial data on the companies for whose securities there is a thinner market. The General Partner will then compile this information into a report which is submitted to the Valuation Committee. After reviewing the submitted information, the Committee will meet with the staff of the General Partner to discuss the valuation materials. At the end of this meeting, the Valuation Committee will set the valuation for all Portfolio hedgings. Thus, from both a legal and operative standpoints, the Partnership Agreement will control the valuation process and the Valuation Committee will value the Fund.

With respect to securities for which a market exists, the Independent Appraiser will determine their value according to the following principles:

(a) National Securities Exchange. Any security which is listed on a national securities exchange generally will be valued based on its last sales price on the national securities exchange on which the security is principally traded on the valuation date.[16] If no sale of a listed security occurred on the valuation date, the value will be based on the last bid price.

(b) No Listing. Any security which is not listed on a national securities exchange will be valued upon the last publicly available bid price.[17]

(c) Discount for Illiquidity. Anything herein to the contrary notwithstanding, the Independent Appraiser in its discretion may apply a discount for illiquidity, on the valuation of securities that have a thin public market.

In the event that there is no independent market for a security or the security is not listed on a national securities exchange, the Independent Appraiser will be required to value such securities. Under such circumstances, the securities will be valued at the time of acquisition at their cost. The Independent Appraiser will continue valuing the securities at their cost until a determination is made that a different valuation level is indicated by the occurrence of (a) a significant change in book value, (b) a significant change in a Portfolio Company's business, (c) a significant third-party transaction, or (d) any other significant change in the Financial Company, its industry or the general market.

19. With respect to transactions that may arise during the existence of the Partnership and which involve parties in interest with respect to participating Plans, the General Partner requests exemptive relief from the provisions of section 406(a) of the Act. Specifically, TBFC requests exemptive relief where the Partnership sells securities in the Partnership Portfolio for cash or other securities to a party in interest with respect to a participating Plan in the context of an acquisition or merger by the party in interest, provided the party in interest is not an affiliate of the General Partner. The Partnership will receive the same offer that other shareholders of Portfolio Companies will receive. Because the Partnership will always be a minority shareholder

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[16]The phrase "principally traded" means that if a security is traded on more than one exchange and if the trade prices differ between exchanges, the value will be taken from the exchange on which the largest volume of that security has traded.

[17]The most recent trade price is not used to value a security in this instance because it may be too dated to provide an accurate estimate of value. Instead, TBFC considers the bid price to be indicative of the current value at which someone would be willing to acquire a security on the valuation date. The use of the bid price rather than the previous trading or closing price in valuing a security provides a conservative valuation approach which will result, in most instances, in a lower Performance Fee paid to the General Partner.

in such situation, the Partnership will be in the position of a beneficiary of the acquisition offer, and it will not be in the position of an active player in the merger or acquisition transactions.

20. In summary, the proposed transactions will satisfy the criteria for final authorization under PTCE 96-62 because:

(a) The participation by a Plan in the Partnership will be approved by an Independent Fiduciary.

(b) Each Plan investing in the Partnership will have assets that are in excess of $50 million.

(c) No Plan will invest more than 10 percent of its assets in the Partnership and a Plan's respective interest in this entity will not represent more than 25 percent of the assets of such Partnership.

(d) No Plan will invest more than 25 percent of its assets in investment funds and separate accounts managed or sponsored by TBFC and/or its affiliates.

(e) Prior to making an investment in the Partnership, each Independent Fiduciary contemplating investing therein will receive offering materials which disclose all material facts concerning the purpose, structure and operation of the Partnership and the fees paid to the General Partner.

(f) Each Plan investing in the Partnership will be required to acknowledge, in writing, prior to purchasing interests that such fiduciary has received copies of such documents and to acknowledge, in writing, to the General Partner that such fiduciary is (1) independent of the General Partner and its affiliates, (2) capable of making an independent decision regarding the investment of Plan assets; and (3) knowledgeable with respect to the Plan in administrative matters and funding matters related thereto, and able to make an informed decision concerning participation in the Partnership.

(g) The General Partner will make quarterly and annual written disclosures to participating Plans with respect to the financial condition of the Partnership and the total fees that it will receive for services rendered to such Partnership.

(h) The General Partner will hold annual meetings and conduct periodic discussions with Independent Fiduciaries to address matters pertaining to the Partnership.

(i) The terms of all transactions that are entered into on behalf of the Partnership by the General Partner shall remain at least as favorable to an investing Plan as those obtainable in arm's length transactions with unrelated parties. In this regard, the valuation of assets of the Partnership will be based upon independent market quotations or determinations made by an Independent Appraiser.

(j) As to each Plan, the total fees paid to the General Partner and its affiliates will constitute no more than reasonable compensation.

(k) Any increase in the General Partner's Performance Fee will be based upon a predetermined percentage of net realized gains minus net unrealized losses. In this regard,

(1) Except as described below in paragraph (m) of this Paragraph 20, no part of the General Partner's Performance Fee may be withdrawn before December 31, 2012, which represents the completion of the Acquisition Phase of the Partnership and not until the Limited Partners have received distributions equal to 100 percent of their capital contributions to the Partnership.

(2) Prior to the termination of the Partnership, no more than 75 percent of the Performance Fee credited to the General Partner may be withdrawn from the Partnership.

(3) The Performance Fee Account established for the General Partner will be credited with net realized gains and charged for net unrealized losses and Performance Fee distributions.

(4) The General Partner will repay all deficits in its Performance Fee Account and it will maintain a 25 percent cushion in such account before receiving any further distribution.

(l) The General Partner will be entitled to take distributions with respect to its Performance Fee in the amount of any income tax liability it or its affiliates become subject to with respect to net capital gains of the Partnership, provided such gains are based on the sale of Portfolio Company securities that is initiated by a third party in connection with a merger, tender offer or acquisition.

(m) The General Partner will be obligated to repay to the Partnership any tax refund received to the extent a distribution have been made to such General Partner.

SECTION II. GENERAL CONDITIONS

(1) Prior to a Plan's investment in the Partnership, a Plan fiduciary which is independent of TBFC and its affiliates (the Independent Fiduciary) approves such investments on behalf of the Plan.

(2) Each Plan investing in the Partnership has total assets that are in excess of $50 million.

(3) No Plan may invest more than 10 percent of its assets in the Partnership, and the interests held by the Plan may not exceed 25 percent of the assets of the Partnership.

(4) No Plan may invest more than 25 percent of its assets in investment vehicles (i.e., collective investment funds or separate accounts) managed or sponsored by TBFC and/or its affiliates.

(5) Prior to investing in the Partnership, each Independent Fiduciary contemplating investing therein receives a Private Placement Memorandum and its supplement containing descriptions of all material facts concerning the purpose, structure and the operation of the Partnership.

(6) An Independent Fiduciary which expresses further interest in the Partnership receives a copy of the Partnership Agreement describing the organizational principles, investment objective and administration of the Partnership, the manner in which the Partnership interests may be redeemed, the manner in which Partnership assets are to be valued, the duties and responsibilities of the General Partner, the rate of remuneration of the General Partner, and the conditions under which the General Partner may be removed.

(7) If accepted as an investor in the Partnership, the Independent Fiduciary is --

(a) Furnished with the names and addresses of all other participating Plan and non-Plan investors in the Partnership;

(b) Required to acknowledge, in writing, prior to purchasing an interest in the Partnership as a limited partner (the Limited Partner) that such Independent Fiduciary has received copies of such documents; and

(c) Required to acknowledge, in writing, to the General Partner that such fiduciary is independent of TBFC and its affiliates, capable of making an independent decision regarding the investment of Plan assets, knowledgeable with respect to the Plan in administrative matters and funding matters related thereto, and able to make an informed decision concerning participation in the Partnership.

(8) Each Plan receives the following written disclosures from the General Partner with respect to its ongoing participation in the Partnership:

(a) Within 90 days after the end of each fiscal year of the Partnership, as well as at the time of termination, an annual financial report containing a balance sheet for the Partnership as of the end of such fiscal year and a statement of changes in the financial position for the fiscal year, as audited and reported upon by independent, certified public accountants. The annual reports will also disclose the remuneration that has accrued or is paid to the General Partner.

(b) Within 60 days after the end of each quarter (except in the last quarter) of each fiscal year of the Partnership, an unaudited quarterly financial report consisting of at least a balance sheet for the Partnership as of the end of such quarter and a profit and loss statement for such quarter. The quarterly report will also specify the remuneration that is actually paid or accrued to the General Partner.

(c) Such other written information as may be needed by the Plans, including copies of the Notice to Interested Persons, including this Addendum.

(9) At least annually, the General Partner will hold a meeting of the Partnership, at which time, the Independent Fiduciaries of the participating Plans will have the opportunity to decide on whether the Partnership and/or the General Partner should be terminated as well discuss any aspect of the Partnership and the agreements promulgated thereunder with the General Partner.

(10) During each year of the Partnership, representatives of the General Partner will be available to confer by telephone or in person with Independent Fiduciaries of participating Plans to discuss matters concerning the Partnership.

(11) The terms of all transactions that are entered into on behalf of the Partnership remain at least as favorable to a Plan investing in the Partnership as those obtainable in arm's length transactions with unrelated parties. In this regard, the valuation of assets in the Partnership that is done in connection with the distribution of any part of the General Partner's Performance Fee will be based upon independent market quotations or (where the same are unavailable) determinations made by an independent appraiser (the Independent Appraiser).

(12) In the case of the sale by the Partnership of Portfolio Company securities to a party in interest with respect to a participating Plan that occurs in connection with the acquisition of a Portfolio Company represented in the Partnership's portfolio (the Portfolio), the party in interest may not be the General Partner, TBFC, any employer of a participating Plan, or any affiliated thereof, and the Partnership receives the same terms as is offered to other shareholders of a Portfolio Company.

(13) As to each Plan, the total fees paid to the General Partner and its affiliates constitute no more than "reasonable compensation" within the meaning of section 408(b)(2) of the Act.

(14) Any increase in the General Partner's Performance Fee is based upon a predetermined percentage of net realized gains minus net unrealized losses determined annually between the date the first contribution is made to the Partnership until the time the Partnership disposes of its last investment. In this regard,

(a) Except as provided below in Section II(15), no part of the General Partner's Performance Fee may be withdrawn before December 31, 2012, which represents the end of the Acquisition Phase (the Acquisition Phase) for the Partnership, and not until Plans

have received distributions equal to 100 percent of their capital contributions made to the Partnership.

(b) Prior to the termination of the Partnership, no more than 75 percent of the Performance Fee credited to the General Partner may be withdrawn by the Partnership.

(c) The debit account established for the General Partner to calculate the Performance Fee (the Performance Fee Account) is credited annually with a predetermined percentage of net realized gains minus net unrealized losses, minus Performance Fee distributions.

(d) No portion of the Performance Fee may be withdrawn if the Performance Fee Account is in a deficit position.

(e) The General Partner repays all deficits in its Performance Fee Account and it maintains a 25 percent cushion in such account prior to receiving any further distribution.

(15) During the Acquisition Phase of the Partnership,

(a) The General Partner is entitled to take distributions with respect to the Performance Fee in the amount of any income tax liability it or its affiliates become subject to with respect to net capital gains of the Partnership.

(b) The tax distributions are deducted from the Performance Fee.

(c) The General Partner repays to the Partnership any tax refund received to the extent a distribution has been made to such General Partner.

(d) The General Partner provides the Plans with an annual report and accounting of all distributions and repayments attributable to income taxation of the General Partner and its affiliates, including written evidence that the distributions have been utilized exclusively to pay the income tax liability.

(16) The General Partner maintains, or causes to be maintained, for a period of six years, from the date of the Covered Transactions, such records as are necessary to enable the persons described in paragraph (17) of this Section II to determine whether the conditions of this authorization have been met, except that –

(a) If the records necessary to enable the persons described in paragraph (17) to determine whether the conditions of the authorization have been met are lost or destroyed, due to circumstances beyond the control of the General Partner, then no prohibited transaction will be considered to have occurred solely on the basis of the unavailability of those records; and

(b) No party in interest other than the General Partner responsible for recordkeeping shall be subject to the civil penalty that may be assessed under section 502(i) of the Act, or to the taxes imposed by section 4975(a) and (b) of the Code, if the records are not maintained, or are not available for examination as required by paragraph (q) below.

(17)(a) Except as provided in section (17)(b) of this paragraph and notwithstanding any provisions of subsections (a)(2) and (b) of section 504 of the Act, the records referred to in paragraph (16) of this Section II shall be unconditionally available at their customary location during normal business hours by:

(i) Any duly authorized employee or representative of the Department or the Internal Revenue Service (the Service);

(ii) Any Independent Fiduciary of a participating Plan or any duly authorized representative of such Independent Fiduciary;

(iii) Any contributing employer to any participating Plan or any duly authorized employee representative of such employer; and

(iv) Any participant or beneficiary of any participating Plan, or any duly authorized representative of such participant or beneficiary.

(17)(b) None of the persons described above in subparagraphs (ii)-(iv) of this paragraph shall be authorized to examine the trade secrets of the General Partner or TBFC or commercial or financial information which is privileged or confidential.

SECTION III. DEFINITIONS

For purposes of this Addendum,

(1) The term "TBFC" means The Banc Funds Company, L.L.C. and any affiliate of TBFC as defined in paragraph (2) of Section III.

(2) An "affiliate" of TBFC includes –

(a) Any person directly or indirectly through one or more intermediaries, controlling, controlled by, or under common control with TBFC.

(b) Any officer, director or partner in such person, and

(c) Any corporation or partnership of which such person is an officer, director or a 5 percent partner or owner.

(3) The term "control" means the power to exercise a controlling influence over the management or policies of a person other than an individual.

(4) An "Independent Fiduciary" is a Plan fiduciary which is independent of TBFC and its affiliates and is either a Plan administrator, trustee, named fiduciary, as the recordholder of the Limited Partner's interest in the Partnership or an investment manager.

(5) The term "Portfolio Companies" include commercial banks and other depository institutions such as savings banks, savings and loan associations, holding companies controlling those entities (together, the Bank Companies), and companies providing financial services in the United States, which include, but are not limited to, consumer finance companies and demutualizing life insurance companies (together, the Financial Services Companies).

(6) The term "net realized gains" refers to the excess of realized gains over realized losses.

(7) The term ":net realized losses" refers to the excess of realized losses over realized gains.

(8) The term "net unrealized losses" refer to the excess of unrealized losses over unrealized gains.

(9) The term "net unrealized gains" refers to the excess of unrealized gains over unrealized losses.

For a gain or loss to be "realized," an asset of the Partnership must be sold for more than or less than its acquisition price. For a gain or loss to be "unrealized," the Partnership asset must increase or decrease in value but not be sold.