Fourth Amended and Restated
Confidential Private Placement Memorandum

SATURN PARTNERS LIMITED PARTNERSHIP III

A Delaware Limited Partnership

PRIVATE PLACEMENT OF LIMITED PARTNERSHIP INTERESTS

A venture capital fund that will source and lead investments focusing primarily on software and information technology, with secondary focus on specialty energy, biotechnology and advanced materials. The fund may also invest in follow-on investments in certain Saturn Affiliate portfolio companies and special opportunities that are believed to have potential for significant growth.

The purchase of a limited partnership interest in Saturn Partners Limited Partnership III involves a high degree of risk. See "RISK FACTORS" in this Memorandum.

September 1, 2012

Name of Offeree: ____________________

Memorandum No.: ___________________

THIS FOURTH AMENDED AND RESTATED PRIVATE PLACEMENT MEMORANDUM (THIS "MEMORANDUM") AMENDS AND RESTATES THE THIRD AMENDED AND RESTATED PRIVATE PLACEMENT MEMORANDUM DATED SEPTEMBER 1, 2011, THE SECOND AMENDED AND RESTATED PRIVATE PLACEMENT MEMORANDUM DATED DECEMBER 1, 2010, THE AMENDED AND RESTATED PRIVATE PLACEMENT MEMORANDUM DATED AUGUST 1, 2010 AND THE PRIVATE PLACEMENT MEMORANDUM DATED JUNE 1, 2010, AND HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR HAS SUCH COMMISSION OR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY DETERMINED WHETHER IT IS ACCURATE OR COMPLETE, OR PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, A SECURITY IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION IN SUCH JURISDICTION.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FUND AND THE TERMS OF THE PRIVATE PLACEMENT OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE UNITS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR FOREIGN SECURITIES LAWS. THESE UNITS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OF UNITS TO YOU UNLESS YOUR NAME AND AN IDENTIFICATION NUMBER APPEAR AT THE BOTTOM OF THE FRONT COVER. DELIVERY OF THIS MEMORANDUM TO ANYONE OTHER THAN THE OFFEREE NAMED ON THE FRONT COVER IS PROHIBITED.

EACH OF THE INVESTORS IN THIS PROPOSED OFFERING OF UNITS WILL BE REQUIRED TO EXECUTE A LIMITED PARTNERSHIP AGREEMENT TO EFFECTUATE THE SUBJECT INVESTMENT. IN THE EVENT THAT ANY OF THE TERMS, CONDITIONS OR OTHER PROVISIONS OF SUCH AGREEMENT ARE INCONSISTENT WITH, OR CONTRARY TO, THE DESCRIPTION OR TERMS IN THIS MEMORANDUM, THE LIMITED PARTNERSHIP AGREEMENT SHALL CONTROL. THE OFFEREE, BY ACCEPTING DELIVERY OF THIS MEMORANDUM, AGREES TO RETURN THIS MEMORANDUM AND ALL ENCLOSED DOCUMENTS TO THE FUND IF THE OFFEREE DOES NOT PURCHASE ANY OF THE UNITS OFFERED HEREBY.

THESE UNITS INVOLVE A HIGH DEGREE OF RISK. SEE "RISK FACTORS" IN THIS MEMORANDUM. THIS OFFERING IS SPECULATIVE, AND THESE UNITS SHOULD BE PURCHASED ONLY BY PERSONS WHO CAN AFFORD THE RISK OF LOSS OF THEIR ENTIRE INVESTMENT.

ANY DISCUSSION OF TAX MATTERS CONTAINED IN THIS MEMORANDUM WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING ANY FEDERAL TAX PENALTIES THAT THE INTERNAL REVENUE SERVICE MAY ATTEMPT TO IMPOSE. BECAUSE ANY SUCH TAX DISCUSSION COULD BE VIEWED AS A "MARKETED OPINION" UNDER THE TREASURY REGULATIONS, PROSPECTIVE

INVESTORS ARE HEREBY INFORMED THAT ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE "PROMOTION OR MARKETING" OF THE MATTERS SET FORTH IN THIS MEMORANDUM. PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

ANY PROJECTIONS OR OTHER ESTIMATES IN THIS MEMORANDUM, INCLUDING ESTIMATES OF VALUE, RETURNS OR PERFORMANCE, ARE FORWARD-LOOKING STATEMENTS AND ARE BASED UPON CERTAIN ASSUMPTIONS. OTHER EVENTS THAT WERE NOT TAKEN INTO ACCOUNT MAY OCCUR AND MAY SIGNIFICANTLY AFFECT THE ANALYSIS. ANY ASSUMPTIONS SHOULD NOT BE CONSTRUED TO BE INDICATIVE OF THE ACTUAL EVENTS THAT WILL OCCUR. ACTUAL EVENTS ARE DIFFICULT TO PREDICT AND MAY DEPEND UPON FACTORS THAT ARE BEYOND THE FUND'S CONTROL. CERTAIN ASSUMPTIONS HAVE BEEN MADE TO SIMPLIFY THE PRESENTATION AND, ACCORDINGLY, ACTUAL RESULTS MAY DIFFER, PERHAPS MATERIALLY, FROM THOSE PRESENTED. FINANCIAL, MARKET, ECONOMIC OR LEGAL CONDITIONS, THE PERFORMANCE OF INDIVIDUAL INVESTMENTS, REGULATORY DEVELOPMENTS AND OTHER FACTORS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS AND PROJECTIONS SET FORTH IN THIS MEMORANDUM. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT ESTIMATED VALUES, RETURNS OR PROJECTIONS CAN BE REALIZED OR THAT ACTUAL VALUES, RETURNS OR RESULTS WILL NOT BE MATERIALLY LOWER THAN THOSE ESTIMATED IN THIS MEMORANDUM. SUCH ESTIMATED VALUES, RETURNS AND PROJECTIONS SHOULD BE VIEWED AS HYPOTHETICAL AND DO NOT REPRESENT THE ACTUAL RETURNS THAT MAY BE ACHIEVED BY AN INVESTOR. INVESTORS SHOULD CONDUCT THEIR OWN ANALYSIS, USING SUCH ASSUMPTIONS AS THEY DEEM APPROPRIATE AND SHOULD FULLY CONSIDER OTHER AVAILABLE INFORMATION.

PROSPECTIVE INVESTORS ARE CAUTIONED NOT TO RELY ON THE PRIOR RETURNS SET FORTH IN THIS MEMORANDUM WHEN MAKING A DECISION TO INVEST IN THE FUND. THE PRIOR RETURN INFORMATION CONTAINED IN THIS MEMORANDUM HAS NOT BEEN AUDITED OR VERIFIED BY ANY INDEPENDENT PARTY AND SHOULD NOT BE CONSIDERED REPRESENTATIVE OF THE RETURNS THAT MAY BE RECEIVED BY AN INVESTOR IN THE FUND.

EXCEPT AS OTHERWISE PROVIDED HEREIN, STATEMENTS IN THIS MEMORANDUM AS TO PERFORMANCE AND VALUATION ARE MADE AS OF JUNE 30, 2012. 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 RESPECTIVE DATES.

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EXECUTIVE SUMMARY

The following is a summary of certain information about the Fund and the Offering. This summary does not purport to be complete and is qualified in its entirety by more detailed information contained elsewhere in this Memorandum. Prospective investors should read this Memorandum in its entirety before making an investment in the Units. Potential investors are not to construe the contents of this Memorandum as legal, tax, ERISA or investment advice. Information not contained herein or furnished by or on behalf of the Fund should not be relied upon in making a decision to invest in the Fund. No person other than the General Partner or their agents is authorized to provide information concerning the Fund, its investment objective and policies, or any matters related thereto.

OFFERING OF UNITS

Saturn Partners Limited Partnership III (the "Fund") is a Delaware limited partnership. The Fund is seeking capital commitments ("the Capital Commitments") totaling up to $100,000,000 through an offering (the **"**Offering") of its units of limited partnership interests ("the Units"). An Initial and Principal Closing of the Fund occurred on March 31, 2011 (the "Initial Closing Date" and the "Principal Closing Date") and additional closings (the "Closings") have also occurred since that time. Additional Closings will be held by the General Partner from time to time, as permitted by the Partnership Agreement. The General Partner also reserves the right to increase the size of the Offering up to an additional $50,000,000 in its sole discretion. Saturn Partners III LLC (the "General Partner") is a Delaware limited liability company and the general partner of the Fund. Each Unit represents $1,000,000 of Capital Commitments. Each investor must subscribe for one Unit, although the General Partner may, in its discretion, waive this minimum investment requirement. The General Partner may accept or reject any subscription for Units in its sole discretion and may terminate the Offering or modify the terms of the Offering at any time. For additional information, see "SUMMARY OF TERMS" and "THE OFFERING AND SUBSCRIPTION PROCEDURES".

THE FUND AND ITS AFFILIATES

The Fund. The Fund will be governed by the Second Amended and Restated Limited Partnership Agreement dated August 22, 2012 (the "Second Amended Partnership Agreement Date"), as has been or may be amended and restated from time to time (the "Partnership Agreement"). Amendments to the Partnership Agreement will generally be approved by the General Partner and a majority of the Fund's limited partners (the "Limited Partners"); however, certain amendments may be effected in the sole discretion of the General Partner and certain amendments may only be effected by the unanimous vote of each Limited Partner and the General Partner. Prospective investors in the Fund (the "Prospective Investors") should carefully review the Partnership Agreement before making any investment in the Fund.

The Fund's investment objective is to generate capital appreciation by sourcing and leading investments in software and information technology, specialty energy, biotechnology, advanced materials, follow-on investments in certain Saturn Affiliates, and special opportunities which are believed to have the potential for significant growth (the "Investment Objective").

The Fund offers the following advantages:

- ***Early Stage Experience.*** The Management Team collectively has over a century of experience in all facets of early stage investing including venture capital, entrepreneurial management, public and private finance, mergers and acquisitions, business development, and operations and financial management. Most members of the Management Team have worked together for at least a decade, advising and financing portfolio companies. They will use this expertise to assist the Fund's portfolio companies (the "Portfolio Companies") in navigating the many challenges presented in the early stages of development and growth.

- ***Active Investment Management.*** The Management Team will be actively involved in Portfolio Companies, as needed. The Management Team may assist Portfolio Companies with developing and implementing business plans, building financial models, managing operations, marketing products and services, complying with financial, legal and regulatory requirements, building strategic relationships, recruiting key employees, and negotiating and executing exit strategies. They will work with Portfolio Companies to fill voids and remove obstacles to building successful companies.

- ***Significant Strategic Network.*** The Management Team has built a diverse network of trusted investors, industry professionals, technical and professional advisors, scholars and strategic partners. They have used this network to identify and analyze potential investments of the Fund and will continue to use this network to generate and evaluate other investment opportunities. The Management Team will also use this extensive network of relationships to provide Portfolio Companies with access to management expertise, market intelligence, technical advice, customers, strategic relationships and additional sources of capital.

- ***Capitalize on Opportunities in the Market.*** The Management Team plans to invest in companies that are pursuing commercial innovation in the gap between angel and later stage institutional venture funding. The Management Team believes this market provides a rich range of investment opportunities, particularly in the current economy. The scarcity of early stage and follow-on capital provides the Fund with opportunities to invest in developmental stage companies at attractive valuations.

- ***Integrity and Commitment.*** The Management Team is accessible to Portfolio Companies and its Limited Partners, and is committed to their success. The Fund size and selectivity promotes communication and aligns the interest of all stakeholders. The Fund's Management Team strives to uphold the highest ethical standards in its interactions with entrepreneurs, strategic partners and investors.

Additional information can be found in this Memorandum under the headings "FUND MANAGEMENT", "INVESTMENT STRATEGY" and "RISK FACTORS".

Fund Affiliates. Since 1993, Saturn Affiliates (as defined in "FUND MANGEMENT") have been dedicated to creating and growing individual, family and institutional net worth through identifying, developing and investing in innovative early stage companies and special opportunities. Saturn Affiliates have provided sophisticated investors with access to the high-growth private equity and venture capital sector. The Fund will continue Saturn's mission of providing individual, family and institutional investors access to venture capital investments and leveraging their collective investment power with Saturn's experienced, professional management to provide significant returns. For additional information, see APPENDIX I – "VALUATION OF SATURN AFFILIATES" and APPENDIX II – "SATURN AFFILIATE PORTFOLIO COMPANIES".

THE MANAGEMENT TEAM

Jeffrey S. McCormick, Susan M. N. Antonio, Robert J. Chicoski, Dr. William L. Guttman, and Edward A. Lafferty are members of the Investment Committee of the General Partner (the "Investment Committee") and principal members and managers of the General Partner ("Saturn's Principals"). Saturn's Principals along with other members of the Investment Committee, if any, (collectively, the "Management Team"), Saturn Partners III LLC, the general partner of the Fund (the "General Partner") and Saturn Management LLC, the manager of the Fund (the "Manager"), (collectively, the "Saturn Management Entities") will be responsible for the management of the Fund. For additional information, see "FUND MANAGEMENT".

Information regarding each of Saturn's Principals is set forth below:

Jeffrey S. McCormick – Managing Partner. Mr. McCormick has actively participated in private equity transactions for over twenty years. He heads the investigation of investment opportunities and the structuring of securities offerings for all Saturn entities. He has worked with management teams of Saturn Affiliate portfolio companies arranging for financing, developing strategic relationships, formulating and articulating strategies for product development, marketing and distribution and developing business strategies that position companies for significant growth.

Susan M. N. Antonio **–** Partner. Ms. Antonio has over twenty-five years of venture capital, legal, and financial management experience. She is responsible for analyzing, structuring and negotiating portfolio company investments, financings, strategic transactions and exit events. Ms. Antonio also advises portfolio companies on the myriad issues associated with advancing early stage companies, commercializing technologies and monetizing value creation.

Robert J. Chicoski – Partner. Mr. Chicoski has over fifteen years of experience as a venture capitalist and advisor, with expertise in software and information technology and specialty energy. Mr. Chicoski provides deal flow to the Fund, investigates and negotiates investment opportunities, and works with portfolio companies to drive growth, improve performance and harvest opportunities.

William L. Guttman, Ph. D. – Partner. For over fifteen years, Dr. Guttman has been building and advising technology companies. He provides deal flow to the Fund and investigates and negotiates investment opportunities, particularly in the software and financial technology industry. He is Special Advisor to the Provost of Carnegie Mellon University.

Edward A. Lafferty **–** Partner. Mr. Lafferty has over twenty years of financial management experience with a focus in private equity and start-up companies. He interacts closely with the management teams of portfolio companies developing growth strategies, arranging financing, recruiting key employees and building relationships with strategic partners, customers and advisors. He has also taken an active interim operating role in certain Saturn Affiliate portfolio companies.

Saturn's Principals will monitor and participate, if necessary, in the management of Portfolio Companies and manage the day-to-day management of the Fund's business. The Manager and the General Partner may recruit other members to the Manager and Investment Committee, as needed. For additional information, see "FUND MANAGEMENT" and "CONFLICTS OF INTEREST".

INVESTMENT STRATEGY

The Management Team believes that the significant downturn in the early stage venture capital sector provides unique investment opportunities for the Fund. While there is a scarcity of early stage capital, there is an abundance of ideas, innovation and individuals capable of successfully commercializing them. The Management Team believes it has identified, and will continue to identify, fundamentally strong early stage companies with sound business models at valuations that have the potential for significant return.

The Fund will seek to invest in Portfolio Companies that have the following characteristics:

> ***Strong Management*** **–** committed management team with deep industry knowledge, executional excellence, and the ability to adapt to shifts in technology, markets or competition.
>
> ***Technology and Innovation*** **–** proprietary or innovative technology or business model that addresses a clear market need or disrupts the status quo.
>
> ***Competitive Advantage*** **–** product or service with a compelling and defensible value proposition that creates a first mover advantage or barrier to entry.
>
> ***Attractive Market and Sound Strategy*** **–** achievable business plan in a large and growing market with a clear path to profitability and viable exit strategies.
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> ***Interest Alignment*** **–** commitment to growth and success reinforced by a capital structure that aligns the interests of management with those of the shareholders.

For additional information, see "INVESTMENT STRATEGY" and "RISK FACTORS".

SUMMARY OF TERMS

The following information is presented as a summary of the terms of the Fund ("Summary") and is qualified in its entirety by the final principal agreements relating to the Fund including the final Partnership Agreement governing the Fund. Any capitalized terms not defined in this Summary shall have the meanings attributed to such terms in the Partnership Agreement. The rights and obligations of the Limited Partners will be governed by the Partnership Agreement, which will be circulated to investors prior to closing. Descriptions in this Memorandum of the rights and obligations of the Limited Partners are merely summaries of certain provisions of the Partnership Agreement and are subject in all respects to the definitive terms of the Partnership Agreement. Therefore, investors should carefully review the Partnership Agreement before subscribing for Units.

Closings: The Fund is seeking Capital Commitments totaling up to $100,000,000. An Initial and Principal Closing of the Fund occurred on March 31, 2011 and additional Closings have also occurred since that time. Additional Closings will be held by the General Partner from time to time, as permitted by the Partnership Agreement. The General Partner also reserves the right to increase the size of the Offering up to an additional $50,000,000, in its sole discretion. For additional information, see "THE OFFERING AND SUBSCRIPTION PROCEDURES".

Drawdowns: The General Partner has drawn down 30% of the Capital Commitments made by each Limited Partner admitted to the Fund. The Fund has made five investments as of June 30, 2012. A summary of the Fund's initial Portfolio Companies is set forth in Appendix III. Additional drawdowns will be made from each Limited Partner from time to time as determined by the General Partner, with written notice from the General Partner.

Additional Limited Partners: Each Limited Partner that is issued Units after the Initial Closing (the "Additional Limited Partner") will be required to pay at the issuance of its Units, an amount equal to any Capital Contributions that such Additional Limited Partner would have been required to pay at and after the Initial Closing as if such Additional Limited Partner had participated in the Initial Closing together with a premium of 5% per annum on such amount calculated from the Principal Closing Date through the due date of each applicable Drawdown. Any such premium may be reduced by the General Partners in its sole discretion. For additional information, see "THE OFFERING AND SUBSCRIPTION PROCEDURES".

Parallel Fund: In order to facilitate investments by non-U.S. and certain other investors, the General Partner may organize one or more separate accounts, partnerships or other entities that will invest in one or more Portfolio Companies alongside the Fund (a "Parallel Fund"). In the event that a Parallel Fund is prohibited from investing in certain portfolio companies due to tax, legal or other regulatory reasons, the Parallel Fund may not invest pro rata in all Portfolio Companies. Capital Commitments received with respect to any Parallel Fund will count toward the aggregate Capital Commitments received pursuant to the Offering, in the sole discretion of the General Partner.

Blocker Entities:

In the event that the Fund proposes to make an investment in a Portfolio Company that is treated as a partnership for U.S. federal income tax purposes and that is expected to be engaged in a trade or business for U.S. federal income tax purposes, the General Partner will provide non-U.S. investors the opportunity to participate in such Portfolio Company investment through a domestic entity that is established and owned by the Fund and that is treated as a corporation for U.S. federal income tax purposes (a "Blocker Entity"). The General Partner intends to administer the Fund and the Blocker Entities so that participating non-U.S. investors do not receive allocations of "effectively connected income" for U.S. federal income tax purposes. The expenses of establishing and maintaining each Blocker Entity and all Blocker Entity tax liabilities will be economically borne by the participating non-U.S. investors.

Fees and Expenses:

Management Fee. A management fee will be payable by the Fund in an amount equal to (i) 2.5% per annum of Net Capital Commitments from the Principal Closing Date through the Expiration Date and (ii) 1.0% per annum of Net Capital Commitments from and after the Expiration Date until the final dissolution and liquidation of the Fund (the "Management Fee").

The Management Fee will be reduced by Portfolio Management Fees, Other Portfolio Company Fees and Direct Placement Fees earned by Affiliates of the Management Team (collectively, the "Fees") in accordance with Section 3.2 of the Partnership Agreement. Such reductions shall be carried forward and applied against any future payments of the Management Fee until such reductions have been fully applied. For additional information, see "CONFLICTS OF INTEREST".

Other Expenses. The Fund will pay all ongoing expenses, including fees and expenses of legal counsel, accountants, consultants, interest and insurance premiums, but excluding administrative expenses and salaries of management personnel which will be paid by the General Partner and/or Manager. The organizational and offering expenses of the Fund and any Parallel Fund will be borne by the Fund and any Parallel Fund in an amount not to exceed 0.5% of total Capital Commitments pro rata based on aggregate Capital Commitments *provided* that, for the purpose of calculating this cap, the organizational and offering expenses will not include sales agents selling Units of the Fund or lobbying expenses and the Fund may also incur these costs. For additional information, see "FUND MANAGEMENT— EXPENSES".

Investment Period and Investment Policies:	The General Partner and the Limited Partners (collectively, the "Partners") will have no obligation to make additional capital contributions to fund new investments, with certain limited exceptions, after the earlier of (a) the fifth anniversary of the Final Closing Date and (b) the first date when all of the Fund's Capital Commitments have been invested in Portfolio Companies, committed for investments in Portfolio Companies or prospective Portfolio Companies and/or expended or reserved for prior or future Fund expenses (the "Investment Period"); *provided, however,* that after the end of the Investment Period (i) the Partners will have continuing obligations to make contributions to finance investments to which the Fund has previously committed or Follow-On Investments, pay Fund expenses and make contributions for certain investments that are likely to occur shortly after the end of the Investment Period and (ii) the Fund may make additional capital calls for other purposes with the consent of a majority in interest of the Limited Partners. The investment policies of the Fund will allow for international investments, reinvestments, leverage and other investment derivatives. See "INVESTMENT STRATEGY – INVESTMENT POLICIES".
Term:	The Fund will terminate ten years after the Principal Closing Date, but may be extended by the General Partner in its sole discretion for as many as three additional one-year periods and extended thereafter upon the vote of 66.67% of the Limited Partners. The Fund may terminate prior to such period in accordance with the Delaware Revised Uniform Limited Partnership Act, upon the election to dissolve the Fund by the General Partner and upon certain other events set forth in the Partnership Agreement.
Allocations and Distributions:	The manner and priority of the allocations and distributions by the Fund of income, gain and loss are generally described below. ***Allocations.*** Net profits or losses of the Fund generally will be allocated among the Partners to reflect their entitlement to the distributions described below. Distributions in kind will be treated as sales for purposes of determining the Fund's profits and losses. Capital accounts will be maintained for each Partner that will reflect all contributions made by that Partner, all income, gains and losses allocated to that Partner and all distributions made to that Partner.

Priority of Distributions. Except upon dissolution and liquidation of the Fund, distributable cash and distributable securities will generally be distributed to the Partners on a cumulative basis in the following order and priority:

> *First*, to all Partners, pro rata based on their Invested Amount until each Partner has received an amount equal to an 8% per annum, cumulative, non-compounded priority return on their Invested Amount.
>
> ***Second***, to all Partners pro rata based on their aggregate Capital Contributions until their respective net Capital Contributions are equal to zero.
>
> *Third*, 100% to the General Partner until it has received under this clause *Third* (taking into account any prior distribution under this clause) an amount equal to 20% of the cumulative aggregate distributions made to the Partners under clause *First* and this clause *Third*;
>
> *Fourth*, 80% to the Partners, pro rata in accordance with their aggregate Capital Contributions and 20% to the General Partner.

Upon the liquidation of the Fund, distributions to the Partners will be made in accordance with the positive balances in their respective capital accounts.

General Policies. Cash generated by Fund investments will be distributed from time to time; *provided*, *however*, that the Fund may retain any reserves that the General Partner deems prudent to defray expenses or liabilities of the Fund. Distributions prior to the termination of the Fund may be in the form of cash or securities. The timing, amount and form of any distributions will be determined by the General Partner in its sole discretion.

Defaults: A Limited Partner who fails to make a capital contribution when due will be subject to significant liquidated damages, including potential loss of some or all of its Units. For additional information, see "THE OFFERING AND SUBSCRIPTION PROCEDURES".

Reserves: The Fund may establish, from Capital Contributions or any cash proceeds received from Portfolio Company investments or temporary investments, cash reserves as it deems appropriate for its expenses and liabilities.

Limited Liability of Limited Partners: The liability of a Limited Partner is generally limited to its Capital Commitment.

Transferability of Units and Withdrawal: A Limited Partner may not sell, assign or transfer any Units in the Fund except with the prior written consent of the General Partner. Generally, withdrawals of capital are not permitted.

Reports: The Fund will provide to each Limited Partner quarterly reports on the Fund, including unaudited financial statements of the Fund. The Fund will provide to each Limited Partner within 120 days after the close of each fiscal year of the Fund an annual report for the fiscal year, including (i) audited financial statements of the Fund, (ii) a statement of each Partner's capital account and (iii) a description of the investment activities of the Fund. The Fund will also provide, annually, all information concerning the Fund that is necessary for the preparation of the Limited Partners' federal and state income tax returns. The reporting and fiscal year of the Fund shall be the twelve-month period ending December 31. The books of the Fund shall be kept in accordance with generally accepted accounting principles in the U.S. consistently applied. The tax year of the Fund shall be the calendar year.

Potential Conflicts of Interest and Risk: The General Partner and its Affiliates (defined in "CONFLICTS OFINTEREST" in this Memorandum) will not participate in the offering of any new privately-offered fund (other than the Fund or any Co-Investment Vehicle) until the earlier to occur of (a) the expiration of the Investment Period or (b) when at least 75% of the aggregate Capital Commitments have been (i) invested in Portfolio Companies, (ii) applied to Fund expenses, (iii) reserved for the payment of future Fund expenses or future Portfolio Investments or Follow-On Investments ("Fully Invested"). This restriction will not apply to investment partnerships or funds with investment goals and strategies substantially dissimilar to those of the Fund (e.g., those that focus primarily on specific industry or geography or on later stage investments than those typically contemplated by the Fund).

Without the approval of the Limited Partner Committee, the General Partner will not permit any member of the Management Team to make an investment in any Portfolio Company other than through the Fund. See also "CONFLICTS OF INTEREST". An investment in Units involves significant risk and potential conflicts of interest. Investors should carefully consider these risks and conflicts of interest before subscribing for Units. See also "RISK FACTORS".

Tax Matters:	Ownership of Units may affect the tax liabilities of a Limited Partner in different ways depending on such factors as the Limited Partner's sources and levels of income, the nature of the Limited Partner's investment portfolio and the nature and amount of the Limited Partner's tax deductions unrelated to the Fund. Prospective Investors are urged to consult and rely upon their own tax advisors with specific reference to their own tax situations. (See "RISK FACTORS – TAX RISKS" AND "CERTAIN FEDERAL INCOME TAX CONSIDERATIONS".)
Legal Counsel to the Fund:	Bingham McCutchen LLP
Auditors to the Fund:	McGladrey LLP

THE OFFERING AND SUBSCRIPTION PROCEDURES

SUBSCRIPTION PROCEDURE; MINIMUM INVESTMENT

The Fund is seeking Capital Commitments totaling up to $100,000,000. An Initial and Principal Closing of the Fund occurred on March 31, 2011 and additional Closings have occurred since that time. The General Partner will hold additional Closings from time to time, as permitted by the Partnership Agreement. The General Partner reserves the right to increase the size of the Offering up to an additional $50,000,000, in its sole discretion. From the period commencing on the Initial Closing Date and ending on a date extending to December 31, 2012 or such earlier date as determined by the General Partner in its sole discretion, the General Partner may schedule additional Closings.

The minimum investment in the Fund will be $1,000,000 for individual investors and institutional investors. The General Partner reserves the right to accept Capital Commitments in amounts less than these amounts in its sole discretion. The General Partner also reserves the right, in its sole discretion, to reject any subscription for Units that are tendered. However, the General Partner will not reject any subscription in part without the consent of the investor. Eligible investors must complete and execute a Subscription Agreement and an Investor Questionnaire contained in a separate Subscription Booklet (collectively, the "Subscription Documents") available from the Fund, in order to subscribe for Units. Investors should deliver the completed Subscription Documents to the Fund. A subscription, once accepted by the General Partner, is not subject to termination by the investor except in accordance with applicable law.

To be eligible to invest in the Fund, a prospective investor must qualify as an accredited investor as such term is defined in Rule 501(a) under the Securities Act (the "Accredited Investors") and meet the qualifications of an eligible investor as specified in the Subscription Documents. As a purchaser of a Unit in a private placement not registered under the Securities Act of 1933, as amended (the "Securities Act"), each investor will be required to represent, in the Subscription Documents, that it is acquiring the Unit for investment and not with a view for resale or distribution. Further, each investor must be prepared to bear the economic risk of the investment for an indefinite period, because the Units cannot be sold unless they are subsequently registered under the Securities Act, or an exemption for such registration is available. It is extremely unlikely that the Units will ever be registered under the Securities Act.

The Fund will make available to each Prospective Investor, at a reasonable time prior to the purchase by such prospective investor of any Units, the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and to obtain any additional information which the Fund possesses or can obtain without unreasonable effort or expense that is necessary to verify the accuracy of information contained in this Memorandum. The Fund will make copies of all applicable documents available to potential investors upon request. Requests for further information should be directed to Susan M. N. Antonio at Saturn Management LLC, 75 Federal Street, Suite 1320, Boston, Massachusetts 02110, (617) 574-3330.

In addition to and apart from this Memorandum and the Subscription Documents, the Fund may utilize certain sales materials in connection with the Offering of the Units. Although the information contained in such material does not conflict with any of the information contained in this Memorandum, the Partnership Agreement and the Subscription Documents, such material does not purport to be complete and should not be considered as part of this Memorandum, nor should it be relied on in making an investment decision to purchase Units, nor is it incorporated herein.

PAYMENT OF CAPITAL CONTRIBUTIONS

Each Unit represents a Capital Commitment of $1,000,000. The General Partner has drawn down 30% of the Capital Commitments made by each Limited Partner admitted to the Fund and plans to make additional draw downs in installments from time to time, upon prior notice from the General Partner. Each Limited Partner that is issued Units after the Initial Closing (the "Additional Limited Partner") will be required to pay at the issuance of its Units, an amount equal to any Capital Contributions that such Additional Limited Partner would have been required to pay at and after the Initial Closing as if such Additional Limited Partner had participated in the Initial Closing.

Capital calls will generally be made in connection with Fund investments in Portfolio Companies and in order to pay Fund expenses, including the Management Fee. After the end of the Investment Period, the Fund shall make no further capital calls without the consent of a majority in interest of the Limited Partners except: (i) to cover Fund expenses or other liabilities or obligations of the Fund, (ii) to make investments in Portfolio Companies with respect to which transactions were in process as of, or contemplated by the terms of securities held by the Fund prior to the termination of the Investment Period or (iii) to make follow-on investments in any Portfolio Company, in any successor to any Portfolio Company by way of merger, consolidation, recapitalization or similar transaction, or in an Affiliate of any Portfolio Company or such successor (investments described in this clause (iii), "Follow-On Investments").

Any installment of the capital commitment for a Unit that is not paid when due, will bear interest from the due date until paid, at the rate of eight percent per annum, compounded monthly. Any Limited Partner that fails to pay any capital contribution within 10 days after the applicable due date will be considered a "Defaulting Limited Partner" under the Partnership Agreement. In addition to any other remedies (including legal proceedings to recover the amount due plus interest and collection expenses), the General Partner may require the Defaulting Limited Partner to forfeit or offer to sell first to the other Limited Partners, and then to the General Partner (or its designee), a portion of the Defaulting Limited Partner's Units determined as provided in the following table

Percent of Total Price for Units Funded through Due Date	Percent of Defaulting Partner's Units Subject to Forfeiture or Mandatory Sale
Up to and including 25%	50%
Over 25% up to and including 50%	40%
Over 50% up to and including 75%	30%
Over 75%	20%

No payment will be made to a Defaulting Limited Partner upon a forfeiture and any payment made in consideration of a mandatory sale of Units by a Defaulting Limited Partner will be remitted to the Fund. A Defaulting Limited Partner may be subject to further forfeitures and mandatory sales if the Defaulting Limited Partner fails to pay further installments of the purchase price for its Units. Any further forfeitures and mandatory sales will be calculated as a percentage of the Defaulting Limited Partner's original subscription for Units (or in the case of a Defaulting Limited Partner that has made multiple subscriptions for Units, its maximum subscription for Units). Limited Partners will be required to grant the General Partner and the Fund security interests in their Units and powers of attorney for purposes of implementing the forfeiture and mandatory sale provisions.

FUND MANAGEMENT

SATURN AFFILIATES

Since 1993, SMLLC, SCI, SPLP I, SPLP I OLP and SPLP II (collectively the "Saturn Affiliates" or the "Existing Partnership Affiliates") have been dedicated to creating and growing individual, family and institutional net worth through identifying, developing and investing in innovative early stage companies and special opportunities. These Saturn Affiliates have provided sophisticated investors with access to the high-growth private equity and venture capital sector. The Fund will continue Saturn's mission of providing individual, family and institutional investors access to venture capital investments and leveraging their collective investment power with Saturn's experienced, professional management to provide significant returns.

Details on the Saturn Affiliates are set forth below.

Saturn Management LLC ("SMLLC"). SMLLC, a Delaware limited liability company, serves as the manager of the Fund as well as for SPLP I, SPLP I OLP, SPLP II and SCI.

Saturn Capital, Inc. ("SCI"). SCI**,** a Massachusetts corporation, is a registered broker-dealer and acts as placement agent or in a similar capacity for its portfolio companies. SCI targets emerging growth companies with initial capital infusions typically between $1 million and $5 million. Since its inception, SCI has arranged direct equity financing totaling over $100 million for 23 early stage companies which include Knopp Biosciences LLC (f/k/a Knopp Neurosciences, Inc.), an investment of SPLP I OLP, SPLP II and a potential investment of the Fund.

Saturn Partners Limited Partnership ("SPLP I"). SPLP I, a $25 million venture capital fund that invested predominately in emerging companies and special situation opportunities in the electronic commerce, healthcare, digital media and consumer products industries, was closed in 2001. Since inception, SPLP I invested $22.1 million in 9 portfolio companies and is now fully invested.

SPLP I Opportunity LP ("SPLP I OLP"). SPLP I OLP is a side fund to SPLP I established to give SPLP I limited partners the opportunity to invest $8.8 million in Preferred Units of Knopp Biosciences LLC.

Saturn Partners Limited Partnership II ("SPLP II"). SPLP II is a $33 million venture capital fund that invested predominately in software and information technology, biotechnology and advanced materials companies. SPLP II was closed in March 2009. Since inception, SPLP II invested $31.3 million in 13 portfolio companies and is now fully invested.

SCI, SPLP I and SPLP I OLP are collectively referred to as the "Initial Saturn Portfolio".

For additional information on (i) the valuation of Saturn Affiliates, see "APPENDIX I" and (ii) Saturn Affiliate Portfolio Companies, see "APPENDIX II".

THE MANAGEMENT TEAM

The Saturn Management Entities, which includes the Management Team, are responsible for management of the Fund. The Fund will seek to take advantage of the expertise of the Management Team, who collectively have over a century of experience in venture capital, entrepreneurial management, investments, public and private finance, business development, operations, financial management, corporate and securities law, taxation and accounting. Most members of the Management Team have worked together over the past decade advising and financing portfolio companies.

Details on key members of the Management Team are set forth below.

Jeffrey S. McCormick is a Managing Partner of the Fund, a member of the General Partner and Chairman of its Investment Committee. He is also a Managing Member of the Manager, a Managing Partner of SPLP I, SPLP I OLP and SPLP II and Chairman of their Investment Committees. He formed SPLP I in 2001, SPLP II in 2005 and SPLP I OLP in 2009. Mr. McCormick also founded SCI, which has been organizing investments in early stage growth companies since 1994.

Mr. McCormick has over twenty years' experience as an investment banker, entrepreneur and venture capitalist. He heads the investigation of investment opportunities and the structuring of securities offerings for all Saturn entities. He also works with management teams of portfolio companies arranging for financing, developing strategic relationships, formulating and articulating strategies for product development, marketing and distribution and developing business strategies that position companies for significant growth. He has acted or currently acts as an advisor to or member of the board of directors of several Saturn Affiliate portfolio companies including FreeMarkets, Inc., Knopp Biosciences LLC, MooBella, Inc., National Healthcare Exchange Services, Inc., Twin Rivers Technologies, L.P., ModelGolf LLC, Panopto, Inc., American Made LLC, Applied CleanTech, Inc., Think Through Learning Inc. (f/k/a Apangea Learning, Inc.) and The Ride, Inc.

From 1988 to 1992, Mr. McCormick was an acquisition and syndication specialist with Bariston Associates, Inc., a Boston firm that originates and manages private investments for individual and institutional clients. In this capacity, he reviewed potential investment opportunities including performing financial analysis and due diligence. While in graduate school, Mr. McCormick studied advanced molecular genetics and focused his research on HIV detection techniques. Mr. McCormick holds an MBA in finance and a BS in biology from Syracuse University. He also holds the following NASD designations: Series 7, 22, 24 and 63.

Susan M. N. Antonio is a Partner of the Fund and a member of its Investment Committee. She is a Partner and Investment Committee member of SPLP II and a Manager and Investment Committee Member of SPLP I. Ms. Antonio is also Chief Legal Counsel of the Manager. She joined Saturn in 2000.

Ms. Antonio has over twenty-five years of venture capital, legal and financial management experience. She has extensive experience in the entrepreneurial area. Ms. Antonio advises portfolio companies on the strategic, financial and legal issues associated with advancing early stage companies, commercializing technologies and monetizing value creation. Her responsibilities include analyzing, structuring and negotiating portfolio company investments, financings, strategic transactions and exit strategies. Ms. Antonio also directs the legal aspects of Saturn's fund administration and corporate operations. She serves and has served on the board of directors of various Saturn Affiliate portfolio companies including COGO Optronics, Inc., a portfolio company of the Fund.

From 1996 to 2000, Ms. Antonio practiced law in the general corporate and securities area of Bingham McCutchen LLP with emphasis on structuring and financing new ventures, public and private offerings of securities and mergers and acquisitions. From 1987 to 1993, Ms. Antonio held several senior financia management positions in various early-stage and middle-stage development companies. From 1980 to 1987, Ms. Antonio worked as an auditor and tax practitioner in the public accounting profession, completing her tenure as a tax manager with Ernst & Young LLP in Boston.

Ms. Antonio holds a Juris Doctor degree from the University of Miami School of Law, a MS in Taxation from Bentley University and a BS in Business Administration from Boston College.

Robert J. Chicoski is a Partner of the Fund and a member of its Investment Committee. He has over fifteen years of experience as a venture capitalist, entrepreneur and advisor, with expertise in software and information technology, specialty energy and advanced materials. Mr. Chicoski provides deal flow to the Fund, investigates investment opportunities and works with portfolio companies to drive growth, improve performance and harvest opportunities. He is a member of the Board of Directors for Paneve LLC, and OPE, Inc., both portfolio companies of the Fund. Mr. Chicoski joined Saturn in 2010.

Mr. Chicoski has helped build several early and expansion stage businesses as an investor and advisor including World Energy Solutions, EPV Solar, Umagination Labs, Speyside Distillers and Tauntr. Prior to joining Saturn, from 2005 to 2009, Mr. Chicoski was Managing Director at Junction Investors Ltd., a family office focusing on direct venture capital investments in a variety of sectors and geographies. Since 2003, Mr. Chicoski has served as an advisor to several leading enterprises including Pfizer, Massachusetts Institute of Technology, Harrah's Entertainment and Bank of America. From 1999 to 2002, Mr. Chicoski was Vice President then Chief Operating Officer of Industry To Industry, Inc. (i2i), a software and services business founded out of the World Economic Forum (Davos). Mr. Chicoski served as a management consultant at Deloitte Consulting from 1997 to 1999, with Eli Lilly and Reuters Instinet among his clients. From 1991 to 1994, Mr. Chicoski worked at the Federal Reserve Bank of Boston as research associate to current president Eric Rosengren. Mr. Chicoski served for a year in the Domestic Peace Corps (AmeriCorps Vista) prior to business school.

Mr. Chicoski holds an MBA from Harvard Business School, where he was a Horace W. Goldsmith Fellow, and a BA in Economics from Georgetown University.

William Guttman, Ph. D. is a Partner of the Fund and a member of its Investment Committee. He is also a Partner of SPLP II and a member of its Investment Committee. For over fifteen years, Dr. Guttman has been building and advising technology companies. He provides deal flow to the Fund and investigates and negotiates investment opportunities, particularly in the software and financial technology industry. Dr. Guttman joined Saturn in 2006.

Dr. Guttman is Special Advisor to the Provost of Carnegie Mellon University ("CMU") and Chairman of iCarnegie, Carnegie Mellon's for-profit education company. During his tenure as Distinguished Service Professor of Economics at Carnegie Mellon, he served on the National Academies of Sciences and Engineering's cybersecurity committee, established by Congress to advise it on Federal R&D priorities. He previously co-founded Cylab, one of the world's largest University-based research initiatives focused on dependability and security in software and networked systems. Dr. Guttman has been instrumental in a variety of University tech transfers; most recently, he co-founded the video search software company, Panopto, Inc., whose board he also chairs.

Dr. Guttman has founded, co-founded or held other leadership roles in more than a dozen institutionally-backed ventures – serving as chief executive at several of these, including Printcafe (NASDAQ: PCAF), a 500-person software developer acquired by Electronics for Imaging (NASDAQ: EFII). Earlier in his career, Dr. Guttman served in advisory capacities for the United States, the World Bank, the International Monetary Fund and the OECD. He is the author of *Pacific-Asian Capital Markets* (OECD/Oxford & IBH), *Between Bailout and Breakdown: A Modular Approach to the Latin American Debt Crisis* (Center for Strategic and International Studies), and *US Telecommunications Policy in Sub-Saharan Africa* (U.S. Agency for International Development), along with other publications and patents. Dr. Guttman completed his Masters and Doctoral degrees at Balliol College, Oxford University, where he was a British Council Scholar.

Edward A. Lafferty is a Partner of the Fund and a member of its Investment Committee. He is also a Partner and Investment Committee member of SPLP II and Chief Financial Officer of the Manager. Mr. Lafferty joined Saturn in 2001.

Mr. Lafferty has over fifteen years of experience in private equity and venture capital and has participated in all stages of company development from business plan creation and early stage financing through IPO. Mr. Lafferty is responsible for the oversight of the firm's finance and administration activities, information technology and reporting to investors. He has previously taken an active interim operating role in certain portfolio companies. In addition, he manages relationships with investors, advisors and financial institutions and interacts closely with the management teams of select Saturn's portfolio companies developing growth strategies, arranging financing, recruiting key employees, and building relationships with strategic partners, customers and advisors. Mr. Lafferty has acted, or currently acts, as an advisor to or member of the Board of Directors of Applied CleanTech, Inc., ModelGolf LLC, BodyMedia, Inc. and 3form, Inc.

From 1997 to2001, Mr. Lafferty served as fund controller for Berkshire Partners, a Boston-based private equity firm. Earlier in his career, Mr. Lafferty assisted in the formation, development and management of a number of entrepreneurial companies, most notably, Corporate Performance Systems and Millennium Consulting Group.

Mr. Lafferty received his MBA in Finance from Bentley University and his BS in Business Administration from Northeastern University. He has earned FINRA designations of Registered Representative (Series 7 and 63) and Financial Principal (Series 27).

Members of the Saturn Management Entities (their affiliates, members of their families and/or their family trusts) plan to make collective capital contributions, either as a Limited Partner or through their investment in the General Partner, representing at least 4% of the total capital contributions to the Fund. The Fund encourages these investments to align the interests with those of the Limited Partners.

THE GENERAL PARTNER

Saturn Partners III LLC, a Delaware limited liability company, will serve as the sole general partner of the Fund. The principal office of the General Partner is located at 75 Federal Street, Suite 1320, Boston, Massachusetts 02110, (617) 574-3330.

Under the terms of the Partnership Agreement, the General Partner will be vested with exclusive responsibility for managing the business and the affairs of the Fund. Under the terms of the Management Agreement, the General Partner and the Fund will delegate responsibilities to the Manager which include arranging and managing the Fund's investments. The General Partner will have full and exclusive management authority, with the authority to delegate some or all of its obligations to service providers, over all investments, asset dispositions, distributions and other affairs of the Fund. The General Partner is, however, commencing on the Initial Closing Date, restricted from making certain portfolio investments described in the Partnership Agreement, such as investments in commodities, interests in oil, gas or mineral rights, real estate or in Portfolio Companies where aggregate investments in such Portfolio Company would exceed 15% of Capital Commitments without the consent of the Limited Partners Committee (or, if there is no Limited Partner Committee, a majority in interest of the Limited Partners). The General Partner may only be removed for "Cause" (as defined in the Partnership Agreement) with the consent of a majority in interest of the Limited Partners (excluding any Limited Partner that is an Affiliate of the General Partner).

The General Partner has agreed that it and its Affiliates will not participate in the offering of any new privately offered investment fund (other than one or more parallel investment vehicles organized for the purpose of co-investing with the Fund) until the earlier to occur of: (a) the end of the Investment Period; or (b) the time when the Fund is Fully Invested. This restriction will not apply to investment partnerships or funds with investment goals and strategies substantially dissimilar to those of the Fund (e.g., those that focus primarily on a specific industry or geography or on later stage investments than those typically contemplated by the Fund). Each member of the Management Team will agree not to transfer during the Investment Period any of his or her interests in the General Partner, any member of the General Partner or the Manager to any other person, provided that such members of the Management Team may transfer non-managing economic interests in the General Partner, any member of the General Partner or the Manager to (a) members of their families or family trusts, (b) officers, members, managers, directors, shareholders and employees of the General Partner, any member of the General Partner, the Manager or their Affiliates and (c) business partners, including, among others, co-investment partners and service providers. The Management Team may divide the assets of the General Partner and the Manager into separate legal entities, in which case the foregoing restrictions will apply to each such entity.

The liability of the General Partner and its Affiliates to the Fund and the other Partners will be limited, and the General Partner and its Affiliates will be entitled to indemnification from the Fund from certain losses, expenses, judgments, liabilities and amounts as described under "FIDUCIARY RESPONSIBILITY OF GENERAL PARTNER".

Members of the Management Team will be responsible for conducting the business of the General Partner. Saturn's Principals will hold controlling equity interests in the General Partner. For additional information, see "CONFLICTS OF INTEREST".

THE MANAGER

Saturn Management LLC will serve as the Fund's Manager. The principal office of the Manager is located at 75 Federal Street, Ste 1320, Boston, Massachusetts 02110, (617) 574-3330.

The Fund, the General Partner and the Manager will enter into a management agreement pursuant to which the Manager will provide management services to the Fund (the "Management Agreement"). The Manager will be responsible for, among other things: (i) arranging for the Fund to invest in Portfolio Companies; (ii) exercising Fund management rights in Portfolio Companies; (iii) arranging for the Fund to sell or otherwise dispose of its investments; (iv) reporting on the performance of Fund investments; and (v) supporting the Investment Committee. The Management Agreement will continue for the term of the Fund and will not be terminable by the Fund unless both: (i) the Manager acts with fraud, willful misconduct or gross negligence in fulfilling its duties to the Fund; and (ii) Limited Partners holding at least two-thirds of the Units (excluding any Limited Partners that are Affiliates of the Manager) vote to terminate the Management Agreement. The Management Agreement will provide that the Manager has no liability to the Fund for any loss suffered by the Fund that arises out of any action or omission of the Manager if the Manager, reasonably and in good faith, determined that such course of conduct was in the best interest of the Fund and such course of conduct did not constitute fraud, willful misconduct or gross negligence on the part of the Manager. The Management Agreement will also provide that the Fund will indemnify the Manager on a current basis from any losses, expenses, judgments, liabilities and amounts paid in contesting (including legal fees and court costs) or in settlement of any claims sustained by the Manager in connection with the Fund, provided that the same were not the result of fraud, willful misconduct or gross negligence on the part of the Manager.

The Manager has agreed that it and its Affiliates will not participate in the offering of any new privately offered investment fund (other than one or more Parallel Funds) until the earlier to occur of: (a) the end of the Investment Period; or (b) the time when the Fund is Fully Invested. This restriction will not apply to investment partnerships or funds with investment goals and strategies substantially dissimilar to those of the Fund (e.g., those that focus primarily on a specific industry or geography or on later stage investments than those typically contemplated by the Fund). Certain Saturn Principals hold controlling interests of the Manager. Mr. McCormick, Ms. Antonio and Mr. Lafferty are officers of the Manager. In addition to serving as Manager of the Fund and subject to the limitations described in the preceding paragraph, the Manager is expected to continue to provide management and administrative services to Saturn Affiliates. (For additional information, see "CONFLICTS OF INTEREST".)

FEES

The Fund will pay the Manager an annual management fee equal to: (i) 2.5% of the Net Capital Commitments from the Principal Closing Date through the Expiration Date; and (ii) 1.0% per annum of the Net Capital Commitments from and after the Expiration Date until the final dissolution and liquidation of the Fund. The Management Fee will be payable quarterly in advance on the first day of each quarter based on Capital Commitments or Capital Contributions, as applicable, at the end of the preceding quarter and will not be refundable. The Management Fee for partial quarters will be prorated. Each Limited Partner admitted after the Principal Closing Date will be responsible for paying its portion of the Management Fee as if admitted on the Principal Closing Date plus interest, if applicable. It is anticipated that a similar management fee will be paid by any Parallel Fund.

The Management Team and its Affiliates may receive Portfolio Management Fees, Other Portfolio Company Fees and Direct Placement Fees (collectively, the "Fees") in connection with the Fund's direct investments in certain portfolio companies. The Management Fee will be reduced by the Fees received in accordance with Section 3.2 of the Partnership Agreement. Such reductions shall be carried forward and applied against any future payments of the Management Fee until such reductions have been fully applied.

EXPENSES

The Fund will be responsible for all expenses of the Fund, General Partner and Manager in connection with performing their duties except for the General Partner expenses set forth below. Fund expenses will be allocated ratably to each Unit regardless of whether that Unit was issued after the expense was incurred. In the event any expenses to be borne by the Fund are advanced by the General Partner or Manager, the Fund will reimburse the General Partner or Manager upon demand. Expenses to be borne by the Fund include, but are not limited to:

(i) the Management Fee;

(ii) costs and expenses incurred in connection with the organization of the Fund or the offering of Units in an amount not to exceed 0.5% of total Capital Commitments, including legal and accounting fees and disbursements, printing costs, governmental filing fees and travel expenses, but excluding all finder's fees, selling commissions, fees of selling agents and lobbying expenses;

(iii) all finder's fees, selling commissions, fees of selling agents and lobbying expenses;

(iv) third party and out-of-pocket costs and expenses connected with evaluating, monitoring, advising, assisting, reviewing or otherwise participating in the management or control of Portfolio Companies, including legal, accounting, engineering, scientific and consulting costs and travel expenses;

(v) all costs and expenses incurred in the structuring, arranging, negotiating and closing of any investment (regardless of whether such transaction is consummated) and all costs and expenses that directly relate to the holding, restructuring, refinancing or disposition of any Fund investment including legal, accounting, engineering, scientific and consulting costs, travel expenses, expenses of advisors and due diligence costs;

(vi) premiums on insurance policies insuring the Fund, its personnel (including General Partner and/or Manager personnel that act on behalf of the Fund) and/or the Fund's assets;

(vii) the reasonable out-of-pocket costs relating to any meetings of the Limited Partner Committee (including the costs of reimbursement of all out-of-pocket expenses reasonably incurred by the members of the Limited Partner Committee in connection with attending any meeting of such committee); and

(viii) without duplication, all costs and expenses of the Fund and the General Partner in connection with the Partnership Agreement (other than those costs and expenses to be borne by the General Partner as outlined below).

The General Partner or its Affiliates shall bear and be responsible for the following costs and expenses in connection with performing its duties for the Fund:

(i) normal overhead expenses of the General Partner and the Fund, including rental of office space and costs of office equipment, office supplies and utilities;

(ii) all costs and expenses that directly relate to identifying and evaluating any investments, but excluding any third party costs and expenses that directly relate to the evaluation by such third party of any investment (regardless of whether such transaction is consummated);

(iii) salaries, benefits and other personnel costs of employees of the General Partner;

(iv) organizational expenses in excess of 0.5% of Capital Commitments (not including finder's fees, selling commissions, fees of selling agents and lobbying expenses);

(v) subject to any indemnification or advance of expenses as contemplated in the Partnership Agreement, all costs and expenses of claims to which the General Partner or its Affiliates are subject; and

(vi) except for the Management Fee and the other expenses for which the Fund is responsible, the fees and expenses of any persons to whom the General Partner delegates its duties.

PAYMENTS BY PORTFOLIO COMPANIES TO MANAGEMENT TEAM

Portfolio Companies may directly compensate the General Partner, the Manager, the members of the Management Team and their Affiliates for services provided to the Portfolio Companies. Unless otherwise agreed to by the Limited Partner Committee (or if there is no Limited Partner Committee, the Majority Consent of the Limited Partners) and subject to Section 3.2 of the Partnership Agreement, the General Partner will reduce the Management Fee by the value of such compensation, with certain exceptions. For additional details, see "CONFLICTS OF INTEREST".

INVESTMENT NETWORK

The Management Team's extensive investment network includes fund investors, co-investors, follow-on investors, former portfolio company executives, colleagues at venture capital and private equity firms, academic and industry experts, fund advisors, technology transfer offices, incubator organizations, strategic partners and service providers such as lawyers and accountants. The Management Team believes this network provides valuable input to the Fund based on the management experience, market intelligence, technical expertise, reputation and business relationships of the members of this network. For additional information, see "CONFLICTS OF INTEREST".

This Investment Network provides the Fund with:

Deal Flow **–** The Fund's proprietary deal flow is due to the Saturn Management Entities' excellent reputation for developing and facilitating value creation in early stage companies. Investment opportunities originate from multiple sources developed by the Management Teams over the last two decades.

Due Diligence Resources **–** When performing investment due diligence, the Saturn Management Entities have the ability to access an inner circle of seasoned professionals with deep industry, technical and functional expertise who provide candid and timely input on a variety of due diligence topics.

These professionals include:

David Andrews is Founder and Chief Executive Officer of Andrews Consulting Group, a software and IT services company operating for over 20 years. Mr. Andrews has over 40 years' experience in the IT industry holding IT management positions at Timex, Citibank and AT&T. He is recognized as an expert in the IT mid-market. Mr. Andrews is also the author of the book *Revolutionizing IT* and of more than 50 IT industry white papers. Mr. Andrews served for 5 years on the Cheshire Board of Education.

Lawrence J. Gabriel, Sr. is the Managing Member of Gabriel Wireless, LLC. He began his telecommunications career in 1962, ultimately becoming President and Chief Executive Officer of Gabriel Communications, one of the earliest providers of two-way communications to the public using the latest technologies provided and authorized by the Federal Communications Commission. In 1982, Mr. Gabriel organized local radio common carriers and the Washington Post to form a joint venture of Florida Cellular Telephone Company (Cellular One), the successful licensee on the non-wire line side for the first cellular service. In 1988, Mr. Gabriel became a founding member of Gateway American Bank and remained on the Board of Directors until its sale in 2002.

Irwin Heller is a Member, former Executive Committee Member and former Managing Partner of Mintz, Levin, Cohn, Ferris, Glovsky & Popeo P.C., one of the country's most prominent law firms for high-tech, bio-tech and healthcare. Mr. Heller devotes a significant portion of his practice to representing early-stage companies and individuals with new products or concepts, both high tech and low tech, that require strategic partners or seed money. He provides wide-ranging assistance to growing companies of all sizes, including involvement in mergers and acquisitions and public and private financings. He also served as CEO of one of the largest oleo-chemical manufacturing companies and is an active investor in energy infrastructure and bio-tech companies.

T. Scott Johnson, M.D. is Vice President, New Business Ventures & Chief Medical Advisor and former director of the Medicines Company. Since July 1999, Dr. Johnson has also been a partner at JSB Partners, L.P., an investment bank that he founded and that focuses on mergers and acquisitions, private financings and corporate alliances within the healthcare sector. Drawing on 30 years of experience as a physician and 17 years as a transaction advisor, Dr. Johnson has executed a wide range of transactions for pharmaceutical and biotechnology companies, North American and European venture firms and private investors.

Albert G. Mulley, Jr., M.D. is Chief of the General Medicine Division and Director of the Medical Practices Evaluation Center at Massachusetts General Hospital and Associate Professor of Health Policy at Harvard Medical School. Dr. Mulley's work, aimed at improving the quality of decision-making in the healthcare of individuals and populations, has influenced the agendas of many public and private organizations. He is also a founding director of the Foundation for Informed Medical Decision Making where he played a pivotal role in structuring a highly successful partnership between the Foundation and Health Dialog.

Larry Murray is the CEO of Global Technology Solutions, a fast growing, next generation lithium ion battery and energy solutions company. Prior to that, Mr. Murray was the President and CEO of Separation Technologies, an MIT technology company that recycles fly ash from coal fired burners. He was the President and CEO of another company with MIT roots: Groundwater Technologies, separated oil from water in situ (which was taken public). Mr. Murray was also President and CEO of CleanTech, a division of AVCO (sold to American Airlines).

Glenn Rice Ph.D. is Senior Advisor of SRI International. Dr. Rice served as COO, President and Director of Pharmacyclics, Inc., a NASDAQ listed drug company with four drugs in the clinic for cancer, autoimmune and allergic diseases until 2010. Dr. Rice was the founder and CEO of Bridge Laboratories, the first FDA compliant drug testing lab in China. He has worked with the startup and building of seven biotech companies as founder/member of the early executive management teams, which has led to a total of four acquisitions resulting in significantly enhanced shareholder value and one IPO. Dr. Rice is also an inventor on over 20 patents or patent applications and has authored over 75 manuscripts and book chapters.

William L. Scherlis, Ph.D. is a full Professor in the School of Computer Science at Carnegie Mellon University ("CMU"). He is the founding director of CMU's Ph.D. Program in Software Engineering and director of CMU's International Software Research Institute. He is an expert on software technology and cyber security and has advised companies and venture investors in information technology for more than 20 years. Dr. Scherlis also led software-related investment at DARPA for 6 years where he had responsibility for research and strategy in computer security, aspects of high performance computing and information infrastructure. He has more than 70 scientific publications.

Downstream Investment and Exit Strategies **–** Saturn Principals' co-investors, strategic investors and follow-on investors include many well-known venture capital, private equity and investment firms. These relationships facilitate additional investment capital and liquidity strategies.

These Investors include:

- Alara Capital (formerly Guggenheim Venture Partners)
- Ascension Health Ventures
- Battery Ventures L.P.
- Biogen Idec
- Commonwealth Capital Ventures
- Decameron Partners
- Delphi Ventures
- Dolphin Equity Partners
- DQE Enterprises
- Draper Fisher Jurvetson ePlanet
- Draper Triangle Ventures
- Farallon Capital Management
- Goldman Sachs
- Greylock Partners
- Inventages Venture Capital S.A.
- Kleiner, Perkins, Caufield and Byers
- Longworth Venture Partners
- Mobius Technology Ventures
- Morgan Stanley Venture Partners
- Oak Venture Partners
- Oak Investment Partners
- OnPoint Ventures
- Pacific Venture Group
- Petersen Partners
- Prescient Capital
- Provenance Venture Partners
- Salmon River Capital LLC
- Solstice Capital
- Sverica International
- Trident Capital
- Trinity Industries
- TL Ventures
- University of Pittsburgh Medical Center
- US Boston Capital Corporation
- VeriSign, Inc.

INVESTMENT STRATEGY

INVESTMENT OBJECTIVE

The Fund's investment objective is to generate capital appreciation by sourcing and leading investments in early stage companies, with a primary focus on software and information technology, specialty energy, biotechnology, and advanced materials, including follow-on investments in certain Existing Partnership Affiliates and special opportunities which are believed to have the potential to provide for significant growth. We often invest in companies seeking capital to bridge the gap between angel and institutional later stage venture funding. The Management Team continues to believe that companies at this stage provide a rich range of investment opportunities, particularly in the current economy.

The Management Team believes that the economic downturn offers a timely opportunity for the Fund to achieve its objectives as evidenced by the progress of the SPLP II portfolio in 2008 and 2009. They believe that scarcity of early stage capital has produced lower portfolio company valuations, reduced investor competition and created a higher quality of potential investment targets. Our Partners also believe that investors who invest during a downturn or early upturn in the overall economy or venture capital cycle will benefit when the imminent rebound occurs as corporations return to growth strategies and the market for initial public offerings mergers and acquisitions strengthens. The Fund's focus will be in software and information technology, specialty energy, biotechnology and advanced materials. The Fund may also invest in innovative technologies in other niche markets and in special opportunities that have potential for significant growth.

The Fund will seek to invest in companies that have the following characteristics:

> ***Strong Management –*** committed management team with deep industry knowledge, executional excellence, and the ability to adapt to shifts in technology, markets or competition.
>
> ***Technology and Innovation –***proprietary or innovative technology or business model that addresses a clear market need or disrupts the status quo.
>
> ***Competitive Advantage –*** product or service with a compelling and defensible value proposition that creates a first mover advantage or barrier to entry.
>
> ***Attractive Market and Sound Strategy –*** achievable business plan in a large and growing market with clear path to profitability and viable exit strategies.
>
> ***Interest Alignment –*** commitment to growth and success reinforced by a capital structure that aligns the interests of management with those of the shareholders.

The Management Team understands early stage investing and has experience establishing priorities, setting and adhering to funding and technology development milestones, and identifying and managing risks. The team's ability to leverage their extensive experience and expertise is expected to provide a key competitive advantage to the Fund.

The Management Team believes the Fund needs to be a value-added investor to generate significant returns. Therefore, the Saturn Management Entities will seek to add value to the Fund's investments in the following ways:

- introducing Portfolio Companies to customers and partners, and driving these relationships to mutually beneficial economic outcomes;
- advising Portfolio Companies on technology and intellectual property strategy and development including identification and sourcing of technologies from universities;
- evaluating market trends, growth opportunities and competition;
- developing and guiding growth strategies for Portfolio Companies;
- enhancing product development and marketing strategies at Portfolio Companies;
- recruiting board members and senior executives for Portfolio Companies;
- building relationships between Portfolio Companies and potential sources of additional financing including co-investors;
- developing or improving internal processes and controls at Portfolio Companies; and
- identifying and executing harvest strategies for Portfolio Companies .

The nature and extent of the Saturn Management Entities' involvement with each Portfolio Company will vary according to the Portfolio Company's requirements. In some cases, members of the Saturn Management Entities will take an active role in the formation and day-to-day management of a Portfolio Company. If a Portfolio Company requires additional management or professional expertise, a member of the Saturn Management Entities may serve as an interim officer, senior manager or "entrepreneur in residence" of the Portfolio Company. In other cases, the Management Team may draw upon its extensive network of investors, advisors and other strategic partners to provide, recommend or refer sources of management and professional expertise to Portfolio Companies.

EARLY STAGE INVESTMENT

The Fund intends to invest predominately in early stage companies. The Fund expects to invest primarily in non-public companies and will often purchase securities that are subject to restrictions on transfer. The Fund may also co-invest with other venture and corporate groups to build a larger portfolio of superior investment opportunities.

PORTFOLIO DEVELOPMENT

As discussed earlier, the Management Team believes that the relationships they have cultivated with portfolio companies, management teams, investors and strategic partners have allowed them and will continue to allow them to identify and invest in companies with significant growth potential. They believe that these relationships, combined with attractive valuations resulting from the condition of the equity and credit markets, will allow the Fund to invest later in the portfolio company development cycle at valuations that provide an opportunity for substantial returns. Sufficient funds will be allocated by the Fund so capital is available to make follow-on investments beyond early stage investments. These follow-on investments are intended to leverage earlier Fund investments in Portfolio Companies, minimize dilution and provide the potential for greater returns on investment.

GEOGRAPHIC FOCUS

The Management Team plans to invest primarily in companies located in the eastern United States, most notably the New England and Mid-Atlantic regions. In addition to focusing on markets that are more developed, such as Boston, MA, Philadelphia, PA, Washington, D.C. and New York, NY, the Management Team plans to focus on geographic areas that are rich with start-up opportunities but under-served by early stage investors, such as Pittsburgh, PA. The Fund's Mid- Atlantic focus builds on a history of high-profile investments made by Saturn Affiliates in those areas.

INVESTMENT POLICIES

Types of Investments. The Fund's equity investments will include common and preferred stock and may include convertible debt, subordinated debt, options, warrants and, on occasion, partnership interests and interests in limited liability companies.

Diversification. The Fund will generally target initial investments in the $1,000,000 to $5,000,000 range. The Fund will not invest more than 15% of the aggregate Committed Capital in any single Portfolio Company without the consent of the Limited Partner Committee (or, if there is no Limited Partner Committee, a majority in interest of the Limited Partners). The Fund has not adopted policies requiring that Portfolio Companies be diversified in different geographic areas or industry sectors.

International Investments. While the Fund intends to invest predominately in the United States, it may also acquire interests in Portfolio Companies in other countries, particularly when an opportunity is related to an existing Portfolio Company and has the potential to provide synergy. The Fund will not invest more than 20% of the aggregate Capital Commitments of the Partners in Portfolio Companies headquartered outside of the United States.

Liquidation of Investments. The Fund may liquidate its investment in a Portfolio Company through several strategies, including, for example, an outright sale of its investment position to another investor, a partnering relationship that results in liquidity for the Fund, a public offering of the Fund's investment in a Portfolio Company or a merger or consolidation transaction. Generally, the Investment Committee's goal will be to liquidate Portfolio Company investments within 3 to 5 years after each investment; however, there can be no assurance that the Fund will be able to liquidate its investments within this time frame.

Investment Period. The Investment Period will commence on the Initial Closing Date and end on the earlier to occur of (a) the fifth anniversary of the Final Closing Date of the Fund and (b) the first date when all of the Fund's Capital Commitments have been invested in Portfolio Companies, committed for investments in Portfolio Companies or prospective Portfolio Companies or expended or reserved for prior or future Fund expenses. After the end of the Investment Period, the Fund may make follow-on investments in existing Portfolio Companies.

Leverage and Derivative Investments. As further described in the Partnership Agreement, prior to the end of the Final Closing Date, the Fund will not, without the consent of the Limited Partner Committee (or, if there is no Limited Partner Committee, a majority in interest of the Limited Partners), borrow money if at the time of such borrowing the Fund's total indebtedness is in excess of 35% of Capital Commitments. On and after the end of the Final Closing Date, the Fund will not, without the consent of the Limited Partner Committee (or, if there is no Limited Partner Committee, a majority in interest of the Limited Partners), borrow money if at the time of such borrowing the Fund's total indebtedness is in excess of 10% of Capital Commitments or if the Fund's total indebtedness plus outstanding obligations exceed the aggregate amount of the Remaining Capital Commitments of the Partners. The Fund may secure any such borrowings by pledging some or all of its assets, including Limited Partner capital contributions and commitments, to the lender. The Fund will not participate in futures contracts (except for hedging currency exposure in relation to international investments), forwards or swaps. The Fund has obtained a revolving line of credit with Square 1 Bank of up to $10,000,000 to bridge the timing between the receipt of capital call proceeds and portfolio investments and the payment of management fees (the "LOC"). The advances under the LOC will be secured by uncalled committed capital.

Purchase of Investments from a Saturn Management Entity. Without the consent of the Limited Partner Committee, the General Partner will not cause the Fund at any time to (i) purchase an interest or otherwise make a Portfolio Investment in a Portfolio Company in which any Saturn Management Entity, or any investment vehicle managed by any Saturn Management Entity, (other than a parallel investment vehicle), holds any interest at such time; or (ii) on or after the Second Amended Partnership Agreement Date, engage in any transaction, including, without limitation, the disposition of any Portfolio Investment, with any Saturn Management Entity, any investment vehicle managed by any Saturn Management Entity (other than a parallel investment vehicle) or any entity in which any of the foregoing Persons holds an interest, unless the terms of such transaction are expressly permitted under the Partnership Agreement (including, without limitation, the payment of Management Fees).

Loans by Partners. No Partner is required to lend any funds to the Fund and no Partner will generally have the right to make any loans to the Fund. However, the General Partner, the Manager or its Affiliates may, subject to the borrowing limitations applicable to the Fund, (i) advance monies to the Fund as necessary or convenient for the conduct of the Fund's business (including the purchasing of a Fund investment) under commercially reasonable terms and (ii) cause the Fund to borrow money from another Partner upon such terms as may be mutually agreed.

Short Positions. The Fund will not make short sales of securities or maintain a short position in any security except for hedging currency exposure in relation to international investments.

Temporary Investments. Pending investment in Portfolio Companies, application to Fund expenses or distributions to Limited Partners, the Fund may hold funds in bank or money market accounts, obligations of the U.S. Treasury, commercial paper that is rated at least A-1 by Standard and Poor's Corporation (or have an equivalent rating from another recognized rating agency), liquid short-term investments that are rated at least AA by Standard and Poor's Corporation (or have an equivalent rating from another recognized rating agency) and registered investment companies that limit their investments to the foregoing. Issuers of these short-term investments are not considered Portfolio Companies.

Amendments. The Fund will not materially change its investment objective or the investment policies outlined in this section without the approval of Limited Partners holding at least 66.67% of the outstanding Units.

RISK FACTORS

Investing in the Units involves significant risks. No assurance can be given that the investment objective of the Fund will in fact be achieved. This section sets forth certain risks that pertain to an investment in Units. Prospective Investors should consider all of these risks before investing in Units.

General risks related to the Fund's investments in Portfolio Companies. The investment performance of the Fund will depend upon the overall performance of the Portfolio Companies in which it invests. Venture capital investments, and in particular early stage investments, often require multiple rounds of capital infusion before the company reaches maturity. No assurance can be given that the Portfolio Companies will attract financing in addition to financing provided by the Fund or achieve profitable operations. Therefore, no assurance can be given that the Portfolio Companies will provide the Fund with a return on the Fund's investment.

Investing in companies at an early stage of development involves significant risk. Among other things, early stage companies:

(i) have little or no history of operations;

(ii) often operate at a financial loss and experience substantial variations in operating results from period to period;

(iii) may not have well defined business plans, products or strategies;

(iv) may be dependent upon unproven or speculative concepts or technologies;

(v) may have inexperienced and untested management and employees;

(vi) may be dependent upon the expertise and initiative of a single or a few key individuals; and

(vii) may lack the financial, management and other resources necessary to address problems that arise.

Although the Fund intends to invest in Portfolio Companies with strong operating management teams that have a successful track record, there can be no assurance that the existing management team, or any new one, will be able to operate a Portfolio Company successfully. Furthermore, although the General Partner and Manager will monitor the performance of each Portfolio Company, it will be primarily the responsibility of the Portfolio Company's management to operate the Portfolio Company on a day-to-day basis.

Additionally, the performance of the Portfolio Companies and the value of the Fund's interests in the Portfolio Companies may be adversely affected by numerous factors that generally affect business enterprises, including, but not limited to, for example, the following:

(i) business and economic conditions throughout the world generally and particularly in the industry sectors and geographic regions in which the Portfolio Companies are based;

(ii) the supply of and demand for the goods and services produced, provided or sold by Portfolio Companies;

(ii) changes and advances in technology that may, among other things, render goods and services sold by the Portfolio Companies obsolete; and

(iv) actual and potential competition from other companies.

Risks of Participating in Management. The Fund may be subject to risks because it will actively participate in the management and control of the Portfolio Companies. For example, creditors of a Portfolio Company might seek to hold the Fund responsible for obligations of the Portfolio Company. These claims might include those by persons who claim to have been injured by the actions of a Portfolio Company. The Fund, as a controlling shareholder, might be subject to claims against a Portfolio Company that arise in legal areas including but not limited to tort, securities and environmental law. T he Fund might be subject to liabilities arising under laws for the protection of the environment and the control of hazardous materials. These laws may impose liability without regard to whether the Fund is responsible for environmental problems or hazardous materials. In addition, the Fund may be subject to claims by other investors in a Portfolio Company, who may, among other things, object to the manner in which the Fund exercises its rights to participate in the management of the Portfolio Company. Defending any such claims may be very costly and time-consuming.

Limits on Transfer of Units. An investment in the Fund requires a long-term commitment, with no certainty of return. Units are not traded on a public market and are otherwise non-transferable, except under certain limited circumstances. Voluntary withdrawal of limited partnership interests is not permitted, except under certain limited circumstances. Limited Partners may not be able to liquidate their investments in Units in the event of an emergency or for any other reason. As a result, Units should be considered only as a long-term investment.

Illiquid Fund Investments. The Portfolio Companies in which the Fund expects to make investments will usually initially be privately held and as a result, there will be no readily available secondary market for the interests in such Portfolio Companies and those interests will be subject to legal restrictions on transfer. There is no assurance that the Fund will be able to realize liquidity from investments in Portfolio Companies in a timely manner or at all.

Long-Term Nature of Investments. The inherent nature of venture capital investing dictates a significant length of time between the initial investment and the realization of gains, if any. The holding period for a typical venture capital investment is anywhere from five to seven years. Since the Fund will be investing in early stage investments, a liquidation event, if any, will likely occur at the latter part of this range. Thus, there may be a number of years when the only income from the Fund is dividend, if any, and interest income from its temporary investments. Such income is not expected to be significant and operating expenses are expected to exceed income during that period.

Publicly Traded Fund Investments. While the Fund intends to invest primarily in non-public companies, it may make or hold investments in securities that are publicly traded. The Fund will be subject to special risks when it or an affiliate acquires more than five percent (5%) of a class of securities that is publicly traded in the United States. Upon acquiring such a five percent (5%) interest, the Fund will become subject to reporting and other requirements under U.S. federal securities laws. When the Fund reports that it has acquired such a five percent (5%) interest, it may become subject to litigation or other parties may seek to invest in the company in competition with the Fund. The Fund's rights may also be limited by state anti-takeover laws. Complying with the requirements of U.S. federal securities laws and state anti-takeover laws may be expensive and time-consuming.

International Investments. While the Fund intends to invest primarily in the United States, it may acquire interests in Portfolio Companies with operations in various other countries, including emerging market countries at early stages of development. Investments in countries other than the United States involve risks in addition to the risks that apply to U.S. investments, including risks relating to adverse political, social and economic developments in other countries, as well as risks resulting from the differences between the regulations to which issuers and markets are subject in different countries. These risks may include expropriation of assets, confiscatory taxation, withholding taxes on dividends and interest paid on Fund investments, currency exchange controls and other limitations on the use or transfer of Fund assets and political or social instability. Investments outside the United States also involve currency exchange rate risks. There may be rapid changes in the value of foreign currencies or securities, causing the value of Fund investments to be volatile.

Availability and Competition for Investments. The task of identifying investment opportunities and managing investments is difficult. The Fund can give no assurance that the Investment Committee will be able to identify a sufficient number of attractive investment opportunities for the Fund to meet its investment objective. Once the General Partner identifies suitable investment opportunities for the Fund, the Fund may be required to compete for these opportunities with other potential investors. Some of these other potential investors may have greater financial and other resources than the Fund or invest in the potential Portfolio Company on terms more acceptable to the potential Portfolio Company. There is no assurance that the Fund will consummate an investment opportunity identified by the Investment Committee.

Reliance on the General Partner, the Manager and the Investment Committee. The Limited Partners, in their capacity as Limited Partners, have no right or power to participate in the management of the Fund. The success of the Fund will, to a large extent, depend upon the management provided by the General Partner, the Manager and the Investment Committee, particularly in the selection of Portfolio Companies for investment by the Fund. The Limited Partners must rely on the General Partner, the Manager and the Investment Committee to make investment decisions consistent with the Fund's investment objectives and policies, negotiate and structure the Fund's investments, administer, monitor and add value to the Portfolio Companies and dispose of such investments. The success of the Fund will depend significantly on these members of the Saturn Management Entities.

Reliance on Key Personnel. The Fund will be dependent upon the activities of the Saturn Management Entities. The death, disability or departure of any member of the Saturn Management Entities could have a significant adverse impact on the operations of the Fund. Some members of the Saturn Management Entities will not have employment contracts with the General Partner, the Manager or the Fund, although their interests in the General Partner will, directly or indirectly, be subject to vesting arrangements.

Distributions of Assets other than Cash. The Fund may elect to make distributions to the Limited Partners of assets other than cash, including securities. A Limited Partner that receives assets other than cash from the Fund may incur substantial costs and delays in converting those assets to cash. The Fund may distribute securities that are subject to restrictions on transfer and, in such case, Limited Partners may be unable to convert such securities into cash for an indefinite period of time.

Distributions of Operating Income Unlikely. Distributions to the Limited Partners by the Fund are expected to be made only when the Fund disposes of its Portfolio Company investments. The General Partner has sole discretion as to the timing and amount of cash distributions to the Limited Partners. Limited Partners should not subscribe for Units for the purpose of obtaining current income.

Investment Company Act and Investment Advisors Act Considerations. The Fund is not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act") and neither the General Partner nor the Manager is registered under the Investment Advisors Act of 1940, as amended (the "Investment Advisors Act"). Therefore, investors in the Fund are not afforded the protection provided by the Investment Company Act or the Investment Advisors Act and the extensive regulations promulgated thereunder.

Risk of Loss of Limited Liability. In general, Delaware law provides that limited partners are not personally liable for the debts, liabilities, contracts or other obligations of Delaware limited partnerships, unless a limited partner takes part in the control of the business of the partnership (except for limited voting or approval rights). In addition, any limited partner who receives a distribution from a Delaware limited partnership and who knows at the time that the distribution effectively causes the partnership's liabilities to exceed the fair value of its assets, may be liable to the partnership for the amount of such distribution. In addition, some jurisdictions may be unwilling, in certain circumstances, to apply Delaware law in determining the liability of a Limited Partner for debts of the Fund.

Limited Operating History and No Assurance of Investment Return. The Fund has commenced operations in October 2009 and has a limited operating history. Information contained in this Memorandum relating to the performance of prior financings arranged by and prior investments made and managed by the members of the Saturn Management Entities or Saturn Affiliates is not necessarily indicative of the future performance of the Fund. There is no assurance that the Fund's investment objective will be attained, that the value of the investments will not decline or that there will be any return of capital.

General Partner's Interest. The capital contribution of the General Partner represents only a small portion of the Fund's capital. Distributions of income and gains to Limited Partners may be proportionally less than those corresponding to their aggregate capital commitments and the income and gains to the General Partner may be proportionally greater than those corresponding to its Capital Commitment. The right of the General Partner to its carried interest may create an incentive for the General Partner to make investments that may be more risky or speculative than otherwise.

Potential Conflicts of Interest. Conflicts among the General Partner (and its Affiliates) and the Limited Partners may arise from time to time (See "CONFLICTS OF INTEREST".)

Uncertainty of Future Results. This Memorandum contains certain forward-looking statements. These statements are identified by words such as "may", "will", "should", "could", "expected", "scheduled", "plan", "intend", "anticipate", "believe", "estimate", "potential", "proposed", "future", or "continue" or the negative of such terms or other similar words. You should read these statements carefully because they discuss expectations, and the Fund believes that it is important to communicate these expectations to its investors. However, these statements are only anticipations. Actual events or results may differ materially. Although the Fund believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements. Moreover, the Fund does not assume any responsibility for the accuracy and completeness of such statements in the future.

Tax Risks. The Fund and its Limited Partners are subject to a number of risks related to tax matters. For a discussion of certain federal income tax considerations relevant to a prospective investor in the Fund, see "CERTAIN FEDERAL INCOME TAX CONSIDERATIONS", page 42. Prospective investors should consult with their own tax advisors regarding the consequences to them of an investment in the Fund.

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The foregoing list of risk factors does not purport to be a complete description of the risks involved in the investment of Units. Potential investors should read this entire Memorandum, as amended, as well as the entire Partnership Agreement, before investing in the Fund.

FIDUCIARY RESPONSIBILITY OF GENERAL PARTNER

The General Partner will be accountable to the Fund as a fiduciary and consequently must exercise good faith and integrity in managing Fund affairs. The scope of the fiduciary duties of general partners is an evolving area of the law and potential investors who have questions concerning the responsibilities of the General Partner should consult with their legal counsel.

The Delaware Revised Uniform Limited Partnership Act (the "Act"), pursuant to which the Fund is organized, provides that a limited partner may institute legal action on behalf of a partnership (a partnership derivative action) to recover damages from a third party where the general partner with authority has failed to institute the action or where an effort to cause the general partner to do so is not likely to succeed.

The Partnership Agreement contains certain provisions which are intended to limit the liability of the General Partner and its Affiliates for any acts or omissions in good faith on behalf of the Fund. The Partnership Agreement provides that none of the General Partner, the Manager, any member of the Management Team, any of the respective Affiliates of any of the foregoing Persons and any member of the Limited Partner Committee (together with the Limited Partner that such member represents) will have any liability to the Fund or to any Partner for any loss suffered by the Fund that arises out of any action or omission of such Person or its Affiliates, if such person or its Affiliates reasonably and in good faith determined that such course of conduct was in the best interest of the Fund and such course of conduct did not constitute fraud, willful misconduct or gross negligence by such Person or its Affiliates in fulfilling its duties to the Fund.

The Partnership Agreement also provides that the Fund will indemnify the General Partner, the Manager, each member of the Management Team, any of the respective affiliates of any of the foregoing Persons and each member of the Limited Partner Committee (together with the Limited Partner that such member represents), from any losses, expenses, judgments, liabilities and amounts paid in contesting (including legal fees and court costs) or in settlement of any claims sustained by them in connection with the Fund, *provided* that the same were not the result of fraud, willful misconduct or gross negligence by such Person or any of its Affiliates in fulfilling its duties to the Fund.

The Fund shall not incur the cost of any insurance, other than public liability insurance, to insure any party against any liability as to which such party is prohibited under the Partnership Agreement from being indemnified. In particular, the General Partner may cause the Fund to purchase, at the Fund's expense, insurance to cover the Fund's indemnity obligations to the General Partner.

As a result of the provisions of the Partnership Agreement described above, a Limited Partner may be entitled to more limited rights than would otherwise be the case absent such provisions.

CONFLICTS OF INTEREST

The Fund is subject to conflicts of interest arising out of its relationships with the Saturn Management Entities (the General Partner, the Manager, and members of the Management Team) and their Affiliates which include the Existing Partnership Affiliates. The General Partner will attempt to resolve all conflicts of interest by exercising the good faith required of a fiduciary and believes that it will generally be able to resolve conflicts on an equitable basis. The General Partner shall refer to the Limited Partner Committee (or, if there is no Limited Partner Committee, a majority in interest of the Limited Partners) conflicts of interest relating to the Fund. However, there can be no assurance that all conflicts of interest that arise will be resolved on the basis that is most favorable to the Limited Partners. After the Principal Closing Date, the General Partner shall establish a committee of Limited Partners of the Fund (the "Limited Partner Committee") having at least three members appointed by the General Partner, provided that at least three Limited Partners are willing to provide a representative who will serve on the Limited Partner Committee.

For purposes of this Memorandum, "Affiliate" means with respect to any person or entity (the "first person") any other person or entity that: (i) directly or indirectly controls, is controlled by or is under common control with the first person; (ii) is an officer, manager, partner or trustee of the first person; or (iii) is any entity for which the first person acts as an officer, director, manager, partner or trustee. Holders of non-managing economic interests in the General Partner, the Manager or any first person under consideration will not, solely by virtue of such holdings, be considered Affiliates of the General Partner, the Manager or such first person, respectively.

Various contractual arrangements may exist between and among the Fund and the Saturn Management Entities and their Affiliates. The Saturn Management Entities and their Affiliates may receive fees from the Fund for services rendered to or on behalf of the Fund. Any transactions between the Fund and the Saturn Management Entities and/or their Affiliates will be entered into without the benefit of arm's-length bargaining and will involve conflicts of interest. The General Partner, the Manager and their Affiliates will receive payments of fees, distributions and expense reimbursements from the Fund. Any distributions of Distributable Cash to the General Partner will reduce the Distributable Cash available for the Limited Partners. The Limited Partners may rely on the general fiduciary standards which apply to a general partner to prevent unfairness by the General Partner in any transaction with the Fund, but litigation to enforce the rights of the Limited Partners might, under certain circumstances, prove to be prohibitively expensive.

The Saturn Management Entities and their Affiliates may engage in other business ventures for their own account, or for the account of others to the extent permitted by the Partnership Agreement. Such business ventures include (and will include) ventures similar to the business of the Fund and its Portfolio Companies and neither the Fund nor any Limited Partner will be entitled to any interest in any such other ventures. The Saturn Management Entities and their Affiliates may engage in other ventures which may compete directly or indirectly with the business (or any portion thereof) of the Fund as permitted by the Partnership Agreement. The Saturn Management Entities will devote as much time to Fund affairs as they reasonably believe is necessary. Other business ventures of the Saturn Management Entities, particularly those in which it serves as general partner of other partnerships, could also adversely affect the General Partner's ability to perform its duties to the Fund because of direct and contingent liabilities which might arise from such other ventures.

In carrying out their responsibilities to the Fund, the Saturn Management Entities and their Affiliates may be subject to various other conflicts of interest. Since such person may from time to time deal with the Fund or other institutions or other persons with which the Fund may be doing business, or which may be seeking investments similar to those desired by the Fund, situations may develop in which the interests of the Saturn Management Entities and its Affiliates and/or entities advised by the Saturn Management Entities or their Affiliates may conflict with those of the Fund. Neither the Saturn Management Entities nor any of their Affiliates are obligated to present to the Fund any other investment opportunity except for Investment Opportunities (defined in "Other Clients and Ventures" and subject to Section 3.3(a) of the Partnership Agreement).

Set forth below is an outline of some, but not necessarily all, of the conflicts of interest that may arise.

OTHER RELATIONSHIPS WITH PORTFOLIO COMPANIES

The Saturn Management Entities and their Affiliates may have a number of separate relationships with Portfolio Companies in which the Fund invests, or with other private equity investors which may have relationships with Portfolio Companies. Many of these relationships are consistent with the investment goals of the Fund and the active investment management philosophy of the Management Team. Overall, the Management Team believes that these relationships will benefit the Fund by aligning the interests of the Saturn Management Entities with those of the Portfolio Companies. However, as described below, these relationships may also result in conflicts of interest.

The Management Team or their Affiliates may serve as directors, officers, employees or consultants of Portfolio Companies. While the Management Team believes that direct involvement by these persons in managing Portfolio Companies are supportive of the Fund's investment objectives they may have duties and responsibilities to the Portfolio Companies and other investors in the Portfolio Companies that conflict with the interests of the Fund. As directors, officers, employees or consultants of Portfolio Companies, these persons may receive confidential information from the Portfolio Companies that they are not permitted to disclose to, or use for the benefit of, the Fund.

Portfolio Companies may directly compensate members of the Management Team or their Affiliates that may serve as directors, officers, employees or consultants of Portfolio Companies for their services. This compensation may consist of cash payments including salaries, expense reimbursements, board member fees and equity interests. Cash payments from a Portfolio Company to such a person, while intended to compensate such person for the value of the services provided to such Portfolio Company, may reduce the profits of the Portfolio Company and/or the value of the Fund's interest in the Portfolio Company. Payments to these persons may also be viewed as not arm's length or above market value for the services provided. Moreover, equity interests issued by a Portfolio Company to such a person for such services, while intended to align the interests of such person with those of the investors of the Portfolio Company including the Fund, may dilute the interest of the Fund in the Portfolio Company. These cash payments and equity interests (collectively, the "Other Portfolio Company Fees") may be retained by such persons. Unless otherwise agreed to by the Limited Partner Committee (or, if there is no Limited Partner Committee, the Majority Consent of the Limited Partners) and subject to Section 3.2(g) of the Partnership Agreement, the General Partner will reduce the Management Fee by the value of any Other Portfolio Company Fee that is actually received (net of taxes) and retained by the members of the

Management Team and their Affiliates after the Second Amended Partnership Agreement Date, provided, however, that the Management Fee will not be reduced by; (i) any expense reimbursements from Portfolio Companies, (ii) the value of meals, travel, and entertainment provided by Portfolio Companies, and (iii) non-cash gifts having an aggregate value in any calendar year of not more than $500.

The Manager or any of its Affiliates may receive and retain fees from Portfolio Companies for consulting and management services provided directly by the Manager or any of its Affiliates to such Portfolio Companies (all such fees, the "Portfolio Management Fees"). Unless otherwise agreed to by the Limited Partner Committee (or, if there is no Limited Partner Committee, the Majority Consent o the Limited Partners) and subject to Section 3.2(g) of the Partnership Agreement, the General Partner will reduce the Management Fee by the value of any Portfolio Management Fee that is actually received and retained by the Manager and its Affiliates after the Second Amended Partnership Agreement Date provided however, that the Management Fee will not be reduced by any reimbursements from Portfolio Companies and other parties for expenses relating to the Fund that are to be borne by the Manager.

One or more Affiliates of the General Partner, including but not limited to Saturn Capital, Inc., may serve as placement agent or arranger in connection with the making of Portfolio Investments by the Fund and, in connection therewith, may receive and retain placement fees or other compensation from the applicable Portfolio Company directly as a result of the Fund's investment in such Portfolio Company (all such placement fees or other compensation, the "Direct Placement Fees"). In respect of commitments made by the Fund to Portfolio Investments after the Principal Closing Date, unless otherwise agreed to by the Limited Partner Committee (or, if there is no Limited Partner Committee, the Majority Consent of the Limited Partners) and subject to Section 3.2(g) of the Partnership Agreement, the General Partner will reduce the Management Fee by the value of any Direct Placement Fees that are earned by such Affiliate and retained by such Affiliate for such investments. The Management Fee will not be reduced by placement fees and other compensation earned by such placement agent or arranger for investments made in Portfolio Companies by investors other than the Fund.

PORTFOLIO COMPANY INVESTMENTS BY SATURN MANAGEMENT ENTITIES

It is expected that some Portfolio Companies will require capital commitments in excess of those to be provided by the Fund. The Saturn Management Entities and other investment vehicles or clients managed by any Saturn Management Entity now or in the future may invest alongside the Fund in Portfolio Companies. While these investments are intended generally to further align the interests of the Management Team and those of the Fund, these investments may generate conflicts of interest. For example, if Saturn Management Entities invest in a Portfolio Company, they may have an interest in causing the Fund to make further investments in the Portfolio Company in order to maintain or increase the value of their investments in the Portfolio Company. The Manager may have an interest in devoting additional management resources to Portfolio Companies in which Saturn Management Entities have significant stakes. Saturn Management Entities may hold equity or other financial interests in, or have an affiliated relationship with, prospective Portfolio Companies prior to the date on which the Fund invests in those Portfolio Companies. These interests may produce significant conflicts of interest. A Fund investment in such a Portfolio Company may increase the value of earlier investments in the Portfolio Company, including those made by Saturn Management Entities. Thus, the Manager may have an incentive to cause the Fund to invest in enterprises in which Saturn Management Entities have existing investments. Also, if the Fund invests in Portfolio Companies in which Saturn Management Entities have existing investments, the Fund's ability to dispose of its investments may be subject to additional limitations. If a Management Team member has an employment or other affiliated relationship with a prospective Portfolio Company, the Management Team may be more inclined to make the investment in that company. In these cases, the Management Team will have conflicts of interest in valuing the Portfolio Company for purposes of the Fund's investment and in determining the other terms of the Fund's investment. These conflicts are complicated by the fact that valuing private companies involves a large degree of subjective judgment.

Without the consent of the Limited Partner Committee, the General Partner will not cause the Fund at any time to (i) purchase an interest or otherwise make a Portfolio Investment in a Portfolio Company in which any Saturn Management Entity, or any investment vehicle managed by any Saturn Management Entity, (other than a parallel investment vehicle), holds any interest at such time or (ii) on or after the Second Amended Partnership Agreement Date, engage in any transaction, including, without limitation, the disposition of any Portfolio Investment, with any Saturn Management Entity, any investment vehicle managed by any Saturn Management Entity (other than a parallel investment vehicle) or any entity in which any of the foregoing Persons holds an interest, unless the terms of such transaction are expressly permitted under the Partnership Agreement (including, without limitation, the payment of Management Fees).

Without the approval of the Limited Partner Committee, the General Partner will not permit any member of the Management Team to make an investment in any Portfolio Company other than through the Fund.

OTHER CLIENTS AND VENTURES

The Saturn Management Entities and their Affiliates are involved in a variety of investment-related and non-investment-related activities and intend to remain so in the future. For example, in addition to serving as investment manager of the Fund, certain members of the Manager are expected to provide management and administrative services to Existing Partnership Affiliates (SPLP II, SPLP I, SPLP I OLP and SCI) and other Saturn Affiliates. Also, one of the Saturn Principals is a venture partner in other investment vehicles. The Partnership Agreement and the Management Agreement authorize the Saturn Management Entities and their Affiliates to engage independently or with others in other business activities of every nature or description and provides that neither the Fund nor any Limited Partner shall have any rights in and to such independent ventures or the income or profits derived therefrom. However, the General Partner and the Manager have agreed that they and their Affiliates will not participate in the offering of any new third-party investment fund (other than one or more parallel investment vehicles organized for the purpose of co-investing with the Fund) until the earlier to occur of (a) the expiration of the Investment Period or (b) when the Fund is Fully Invested. This restriction will not apply to investment partnerships or funds with investment goals and strategies substantially dissimilar to those of the Fund (e.g., those that focus primarily on a specific industry or geography or on later stage investments than those typically contemplated by the Fund).

The Saturn Management Entities and their Affiliates may have conflicts of interest in allocating management time, services, functions and investment opportunities among themselves, the Fund and other investors and entities. In addition, there may be a conflict of interest between the Fund and such other parties with respect to which of them will make an investment in a company that is a suitable investment for both of them. Some of the other companies in which the

Management Team and their Affiliates have an interest could compete with one or more of the Portfolio Companies for customers, suppliers, credit or business opportunities. In addition, some of the enterprises for which Saturn Management Entities provide consulting and other services may compete with Portfolio Companies. In such cases, there could be conflicts of interest in the allocation of management resources and business opportunities among such businesses and ventures and the Portfolio Companies. There can be no assurance that the conflicts will not adversely affect the interests of the Limited Partners.

Prior to the earlier of the end of the Investment Period and such time as the Fund is Fully Invested, Saturn Management Entities will offer, to the Fund and to any Existing Partnership Affiliate any investment opportunity which may be presented to them independently for their participation and which they are not prohibited by any third-party agreement from making know and available to the Fund and Existing Partnership Affiliates, which they in good faith believe, after taking into account all relevant factors including the amount of the aggregate Remaining Capital Commitments of the Partners available for investments, would be an appropriate investment for the Fund given the Investment Objective (the "Investment Opportunity"); provided that the allocation of any such Investment Opportunity to the Fund vis-à-vis an Existing Partnership Affiliate shall be made in good faith by the General Partner (taking into account, among other factors, the diversification of each such fund's portfolio, the investment philosophy of each fund, the aggregate remaining capital commitments of each fund and the investment stage of each fund at the time of allocation).

Following the earlier of the end of the Investment Period and such time as the Fund is Fully Invested, the General Partner may allocate all or any portion of an Investment Opportunity among the Fund, any other collective investment vehicles or other clients managed by any Saturn Management Entity now or in the future or a Saturn Management Entity on an equitable basis, taking into account all relevant factors including the amount of the aggregate Remaining Capital Commitments of the Partners available for investment at such time relative to the aggregate amount of capital available for such investment from such other collective investment vehicle, other client or Saturn Management Entity.

If the General Partner or the Manager determines in good faith that an investment that falls within the scope of the Investment Objective of the Fund is not an appropriate investment for the Fund at a particular time, such investment may be made by any Saturn Management Entity or by any collective investment vehicle or other client managed by any Saturn Management Entity now or in the future.

Investment companies and other clients advised by the Saturn Management Entities, or their Affiliates or other investment vehicles, or clients management by any Saturn Management Entity or their Affiliates, now or in the future, may concurrently invest with the Fund under certain conditions, or may provide managerial assistance to the issuers thereof. The Fund also may invest, subject to the Partnership Agreement and applicable law, in companies in which officers and directors of the Manager, the Management Team or their Affiliates have invested, or for which they serve as directors or executive officers. Such relationships may limit the Fund's ability to acquire certain securities and to dispose of certain securities when the Fund otherwise would. These investments would inherently cause a conflict of interest between the Saturn Management Entities or their Affiliates and the Fund and Portfolio Company.

In some cases, the Manager, the Management Team and their Affiliates may be engaged initially as consultants by existing venture or institutional investors in a company for the purpose of developing a strategy to refocus and ultimately restructure the company. These engagements involve additional risks and conflicts of interest. For example, the existing investors that engage the Manager, the Management Team or their Affiliates as consultants may claim that the Manager, the Management Team or their Affiliates performed the consulting services negligently or otherwise improperly. In particular, consulting clients might claim that the Manager, the Management Team and its Affiliates sought to arrange an attractive investment opportunity for the Fund rather than provide required consulting advice. The Manager, the Management Team and its Affiliates may have duties to its consulting clients that conflict with the interests of the Fund. For example, it might be in the best interests of a consulting client to restructure a company without involving the Fund. The Manager and the Management Team will endeavor to address any such conflicts in good faith, but there can be no assurances that all such conflicts will be resolved in the manner most favorable to the Fund.

JOINT VENTURES AND SPECIAL OPPORTUNITY VEHICLES

The General Partner and the Manager may in certain cases arrange for the Fund to acquire an interest in a Portfolio Company through a joint venture with another client, a special opportunity vehicle managed by a Saturn Management Entity or one of its Affiliates thereof or account of the General Partner, the Manager or one of their Affiliates. Such Saturn Management Entities, including the General Partner, the Manager and their Affiliates may have fiduciary duties to other participants in such joint ventures, special opportunity vehicles or accounts and these fiduciary duties may limit actions that would otherwise be taken to protect the interests of the Fund in any such joint venture special opportunity vehicle or account.

REPRESENTATION

The attorneys and accountants who perform services for the Fund, including members of the Management Team, may each perform services for the General Partner, the Manager, the Management Team, Portfolio Companies and their Affiliates. It is anticipated that such representation will continue in the future.

Legal counsel for the Saturn Management Entities and their Affiliates do not and will not represent the interests of the Limited Partners as such and disclaim any fiduciary or attorney-client relationship with the Limited Partners. In some instances, the same legal counsel acting for the Fund may act for Saturn Management Entities, which may create an additional conflict. They also may provide services to enterprises that compete with, or co-invest together with, the Fund and Portfolio Companies.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The following discussion, which does not purport to be comprehensive, addresses certain federal income tax consequences of an investment in the Fund by an investor holding a limited partnership interest in the Fund (an "Investor"). This discussion is based on the provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), judicial decisions, the permanent and temporary treasury regulations promulgated under the Code (the "Treasury Regulations") and published rulings and administrative procedures of the Internal Revenue Service (the "IRS") currently in effect, all of which are subject to change either prospectively or retroactively. This Memorandum does not attempt to address the federal income tax consequences of an investment in the Fund by an Investor in special circumstances. In addition, this summary does not discuss any non-income tax considerations, any aspects of state, local, or non-U.S. tax laws, or the impact of any income tax treaty, that in each case may be applicable to the Fund or to an Investor in the Fund. Prospective Investors should consult their own independent tax advisors with respect to an investment in the Fund and seek advice based on their particular circumstances as to the specific consequences under U.S. federal tax law and under other tax laws, such as state, local and non-U.S. tax laws, which are not addressed here.

The tax treatment of a partnership and each partner thereof will generally depend on the status and activities of the partnership and such partner. Accordingly, partnerships and other pass-through entities that propose to invest in limited partnership interests in the Fund and persons that would hold limited partnership interests in the Fund through such entities, should consult with their own tax advisors regarding the consequences of an investment in the Fund.

As used in this discussion, a "U.S. Investor" is any Investor that is treated for federal income tax purposes as:

- an individual citizen or resident of the U.S.;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or of any State thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) it has in effect a valid election to be treated as a U.S. person for U.S. federal income tax purposes.

A "Non-U.S. Investor" is any Investor (other than an entity that is treated as a partnership or other pass-through entity for federal income tax purposes) that is not a U.S. Investor. A "Tax-Exempt U.S. Investor" is a U.S. Investor that is generally exempt from federal income taxation.

Prospective Non-U.S. Investors and prospective Tax-Exempt U.S. Investors should be aware that an investment in the Fund could have significant tax consequences for them, some of which may be adverse. Accordingly, those Prospective Investors are urged to consult their own tax advisors as to whether an investment in the Fund is appropriate for them.

The statements in this Memorandum were not intended or written to be used and cannot be used, for the purpose of avoiding any federal tax penalties. Because the statements in this Memorandum could be viewed as a "marketed opinion" under the "Circular 230" rules set forth in applicable Treasury Regulations, Prospective Investors are hereby informed that such statements were written to support the "promotion or marketing" of the Fund and the arrangements described in this Memorandum. Each prospective Investor in the Fund should seek advice from that person's independent tax advisors regarding the tax consequences of an investment in the Fund based on that person's particular circumstances.

CLASSIFICATION OF THE FUND

A domestic limited partnership such as the Fund generally will be treated as a partnership for federal income tax purposes unless it files an affirmative election with the IRS to be classified as an association taxable as a corporation for federal income tax purposes. The Fund will not file such an election with the IRS and thus the Fund should, subject to the potential application of the "publicly traded partnership" provisions discussed below, be treated as a partnership for federal income tax purposes.

An entity that would otherwise be characterized as a partnership for federal income tax purposes may be taxed as a corporation if the entity is a "publicly traded partnership" within the meaning of Section 7704 of the Code. The Fund believes that it will be able to satisfy certain applicable safe harbor tests so that it will not be treated as a "publicly traded partnership"; however, there can be no assurance that this will be the case.

Even if the Fund were treated as a "publicly traded partnership", it may not be taxable as a corporation since a "publicly traded partnership" is not taxed as a corporation if 90% or more of its income for a taxable year consists of "qualifying income" (the "90% passive-type income test"). Qualifying income consists of dividends, interest, gain from the disposition of a capital asset held for the production of dividends or interest and certain other categories of income. Because of certain ambiguities in the definition of "qualifying income", it is difficult to determine with certainty that the income of the Fund would so qualify. There can be no guarantee that the income of the Fund will so qualify in any Fund taxable year.

If the Fund were classified as a "publicly traded partnership" and does not satisfy the 90% passive-type income test in any Fund taxable year, it would be subject in that taxable year and all future Fund taxable years to federal income tax at corporate tax rates and to all provisions of the Code applicable to a corporate entity and the holders of equity interests in the Fund would be treated as corporate shareholders and not as partners of a partnership. Income, gains, losses, deductions and credits of the Fund would not be passed through to the holders of equity interests in the Fund and distributions would, to the extent of the current and accumulated earnings and profits of the Fund, be taxable as dividend income to the holders of equity interests in the Fund.

The remainder of this discussion assumes that the Fund will be classified as a partnership that is not a "publicly traded partnership" taxable as a corporation for federal income tax purposes. Under those circumstances, the Fund will not itself be subject to federal income tax and the Investors will be taxed in the manner described below.

CONSIDERATIONS FOR U.S. INVESTORS IN THE FUND

GENERALLY. In determining its taxable income and federal income tax obligations, each U.S. Investor must include, for any taxable year of the Fund ending within or with its taxable year, its distributive share of each item of income, gain, loss, deduction and tax credit of the Fund, whether or not any actual distribution is made to that U.S. Investor during such taxable year. Thus, a U.S. Investor's tax liability in respect of its investment in the Fund may exceed the cash distributed to it by the Fund in any particular year. The character in the hands of a U.S. Investor of each item of Fund income, gain, loss, deduction or tax credit generally will be determined as if such item were realized by the U.S. Investor and incurred in the same manner as incurred (or treated as incurred) by the Fund.

The Fund may hold equity interests in entities that are treated as partnerships for federal income tax purposes (each, a "Portfolio Partnership"). In determining the income, gain, loss, deductions and tax credits it will allocate to the U.S. Investors, the Fund must include, for any taxable year of a Portfolio Partnership ending within or with its taxable year, its distributive share of each item of income, gain, loss, deduction and tax credit of the Portfolio Partnership, whether or not any actual distribution is made to the Fund. The character of the Fund's (and hence of the U.S. Investors') distributive share of each item of income, gain, loss, deduction and tax credit of a Portfolio Partnership generally will be determined as if such item were realized by the Fund and incurred in the same manner as incurred by the Portfolio Partnership.

If the Fund invests in entities that are disregarded as entities separate from the Fund for federal income tax purposes (generally, limited liability companies and other non-corporate entities wholly owned by the Fund), then all of the activities, income, gain and loss of those entities will be treated as activities, income, gain and loss of the Fund for those purposes, and the Fund will for those purposes be treated as holding directly all of the assets of those entities subject to all of the liabilities of those entities.

Notwithstanding the foregoing, the Fund may structure its operations and investments (including investments in Portfolio Partnerships) so as to minimize the amount of unrelated business taxable income generated by the Fund. See "Special Considerations for Tax-Exempt U.S. Investors in the Fund" for additional information. As a result of such structuring, entities controlled by the Fund may be subject to entity-level taxes that would not have been incurred and the Fund may generate a lower overall after-tax return for its Investors compared to the return it would have generated, had the Fund not engaged in such structuring. Prior to engaging in any transaction that would require such structuring, the Manager will consider whether such transaction, after the imposition of any expected entity-level taxes or other expenses, would be consistent with the Fund's targeted return goals.

U.S. Investors will receive annual information returns itemizing their respective distributive shares of the Fund's income or loss and other items for each Fund taxable year.

BASIS; FUND LOSSES. Should the Fund incur losses, the amount of such losses that may be deducted by a U.S. Investor in any year is limited to the lesser of (1) its tax basis in its Fund interest, or (2) with respect to individuals, estates, trusts and certain closely held corporations, the U.S. Investor's amount "at risk" at the end of such year. Fund losses that are not currently deductible by a U.S. Investor under either the "at risk" or the tax basis limitations may be deducted in a subsequent taxable year to the extent that the U.S. Investor has an additional amount of "at risk" investment in the Fund or tax basis, as applicable, as of the close of such year. As a result of these limitations, a U.S. Investor may not be able to deduct fully its allocable share of Fund losses in the year those losses are incurred.

The tax basis of a U.S. Investor's interest in the Fund generally includes the amount of money and the adjusted tax basis of other property contributed to the Fund, increased by the U.S. Investor's share of Fund income (taxable and tax exempt) and its share of increases in Fund liabilities (as determined under the Code and the Treasury Regulations) and decreased (but not below zero) by distributions (including redemption distributions) of money and the adjusted tax basis of distributed property, its share of any reduction in such Fund liabilities, and the U.S. Investor's share of Fund losses and nondeductible Fund expenditures not chargeable to capital account.

The amount that a U.S. Investor will be considered to have "at risk" for a taxable year will be determined as of the close of the Fund's taxable year. Generally, a U.S. Investor's investment in the Fund will be considered "at risk" to the extent it is made with cash, property or with the proceeds of a loan for which the U.S. Investor is personally liable, or which is secured by personal assets other than an interest in the Fund. A U.S. Investor's amount "at risk" will be increased by the U.S. Investor's share of subsequent income of the Fund and will be decreased by the U.S. Investor's share of Fund losses and distributions (including redemption distributions) made by the Fund to that U.S. Investor.

PASSIVE ACTIVITY LOSS LIMITATION. In addition to the limitations described under "Basis; Fund Losses," above, in the case of an individual, estate, trust and certain corporate investors, the excess of aggregate losses from passive activities over aggregate income from passive activities generally is not allowed to be deducted in a taxable year. Losses from one passive activity generally are available to be deducted against income from other passive activities. Unusable passive activity losses can be carried forward indefinitely (but not carried back) to be applied against passive activity income in subsequent years. Passive income and losses are generated from participation in a passive activity which includes (a) the conduct of any trade or business in which the taxpayer does not materially participate throughout the year and (b) all rental activities (with limited exceptions). A U.S. Investor's ownership of limited partnership interests in the Fund will generally be treated as a passive activity. Accordingly, a portion of the U.S. Investors' distributive shares of the Fund's income and losses may be treated as passive income and losses. In the event of a taxable disposition of a taxpayer's entire interest in a passive activity or the disposition by the Fund of all of its assets, any suspended passive losses from such activity or assets, as applicable, will be deductible without regard to the taxpayer's passive income; that is, such losses can be used against any income of the taxpayer, subject to other applicable limitations under the Code.

However, so-called portfolio income of a partnership (consisting of income from interest, dividends, annuities or royalties not "derived in the ordinary course of a trade or business" and gain or loss attributable to the disposition of such property or property held for investment) is not treated as passive in nature and therefore cannot be offset by passive losses. The Fund expects that the majority of its income and losses will be treated as portfolio income and losses, respectively. Accordingly, individual, estate, trust and certain closely held corporate investors with passive losses from other investments will not be able to offset such losses against such portfolio income generated from the Fund.

DISTRIBUTIONS AND REDEMPTIONS. A distribution of money by the Fund to a U.S. Investor, including a distribution in redemption of a portion or all of a U.S. Investor's interest in the Fund, will not be taxable to the U.S. Investor for federal income tax purposes except to the extent that the amount of the distribution exceeds the tax basis of the U.S. Investor's interest in the Fund immediately before the distribution. The amount of such excess (above any amount of the prior years' losses recaptured under the "at risk" rules - see above) will be treated as realized from a taxable disposition of an interest in the Fund, discussed below. In general, a U.S. Investor will not recognize any gain or loss on a distribution of property other than money until the U.S. Investor sells or otherwise disposes of the property. Distributions of marketable securities, however, are generally treated in the same manner as distributions of money for purposes of the gain recognition rules and such securities must be taken into account at their fair market value for this purpose. There is an exception to this rule for distributions to an "eligible partner" by an "investment partnership". Generally, in order to qualify as an "eligible partner", a U.S. Investor must, prior to the date of the distribution, have contributed only cash and certain other qualifying assets to the Fund. Generally, in order to qualify as an "investment partnership", substantially all of the value of the Fund's assets must always have consisted of a combination of money, stock, partnership interests, debt instruments, certain notional principal contracts, foreign currencies and certain derivative financial instruments (collectively, the "Investment Assets") and the Fund must never have been engaged in a trade or business (other than by reason of its activities as an investor, trader or dealer in Investment Assets). In making this determination, the Fund's interest in a Portfolio Partnership will be treated as an Investment Asset if the Fund holds less than a 20% interest in the capital and profits of the Portfolio Partnership and if the Fund does not actively and substantially participate in the management of the Portfolio Partnership; otherwise, the Fund will be treated as holding its proportionate share of the assets of and as engaged in any trade or business engaged in by, the Portfolio Partnership. Whether the Fund will own less than a 20% interest in the capital and profits of a Portfolio Partnership will depend on the investments made by the Fund and the other investors in the Portfolio Partnership; whether the Fund will be treated as actively and substantially participating in the management of a Portfolio Partnership will depend on the nature of the parties' relationship while the Fund holds an interest in the Portfolio Partnership. Because there can be no assurance that the proposed activities of the Fund will not result in the Fund being treated as engaged in a trade or business for this purpose and because (i) the Fund may hold a 20% or greater interest in the capital or profits of one or more Portfolio Partnerships or may be treated as substantially participating in the management of one or more Portfolio Partnerships, and (ii) the Fund may not be able to control the investments or activities of any Portfolio Partnerships in which it invests, there can be no assurance that the Fund will qualify as an investment partnership under the rules described above.

If the Fund qualifies as an investment partnership and the U.S. Investors qualify as "eligible partners", a U.S. Investor receiving a distribution of marketable securities should not recognize gain for federal income tax purposes even if the fair market value of the distributed securities exceeds the U.S. Investor's adjusted tax basis in its interest in the Fund.

It should be noted that although gain may be recognized upon a distribution to a U.S. Investor or a partial redemption of a U.S. Investor's interest in the Fund, a loss will be recognized only upon a complete liquidation or redemption of a U.S. Investor's interest in the Fund where the liquidation or redemption proceeds are paid solely in cash. Therefore, a U.S. Investor will not be allowed a loss for federal income tax purposes prior to the liquidation of the Fund, except in circumstances where the U.S. Investor's entire interest in the Fund is redeemed for cash prior to the liquidation of the Fund.

CONSEQUENCES OF A TAXABLE DISPOSITION OF AN INTEREST IN THE FUND. The amount of gain or loss recognized on the taxable disposition of a U.S. Investor's interest in the Fund will, in general, equal the difference between (a) the value of the consideration received in the disposition transaction plus the U.S. Investor's share of liabilities of the Fund, if any, as to which it is relieved and (b) the adjusted basis of the U.S. Investor's interest in the Fund at the time of the taxable disposition. Because a U.S. Investor is deemed to receive money to the extent that it is relieved of its share of liabilities of the Fund, the taxable gain and even the federal income tax liability of a U.S. Investor incurred in the year of the taxable disposition of its interest in the Fund could exceed the actual cash proceeds realized on the taxable disposition. Gain or loss recognized by a U.S. Investor on the taxable disposition of the U.S. Investor's interest in the Fund generally will be taxable as capital gain or loss. The deductibility of capital losses is subject to limitations. However, that portion of the U.S. Investor's gain allocable to "inventory items" and "unrealized receivables" as defined in Section 751 of the Code will be treated as ordinary income. Similar rules would apply in the event of a taxable disposition by the Fund of its interest in a Portfolio Partnership.

FEES AND EXPENSES. The Fund will pay the Management Fee and will also pay legal, accounting, interest and other expenses related to the organization and operation of the Fund and the offering of interests in the Fund. Expenses directly related to the organization of the Fund generally will be capitalized and amortized over a 180 month period for U.S. federal income tax purposes; however, those expenses related to the sale of interests in the Fund must be capitalized and cannot be amortized.

The fees and expenses of the Fund allocated to the U.S. Investors who are individuals, estates or trusts will be treated as miscellaneous itemized deductions subject to rules (i) disallowing miscellaneous itemized deductions up to two percent (2%) of adjusted gross income and (ii) in the case of U.S. Investors that are individuals, reducing allowable itemized deductions (up to a maximum reduction of eighty percent (80%)) by three percent (3%) of adjusted gross income over a threshold level. For tax years beginning before January 1, 2013, the latter reduction will not apply.

The General Partner's carried interest might be re-characterized by the IRS and treated as an additional fee paid to the General Partner. If it were so re-characterized as a fee, it would be treated as a miscellaneous itemized deduction subject to the foregoing restrictions. Those restrictions could, if the General Partner's carried interest were so re-characterized, have the consequence of causing a U.S. Investor who is an individual, estate or trust to be effectively taxable on a portion of the distributions made to the General Partner in respect of the carried interest.

LIMITATION ON DEDUCTIBILITY OF INVESTMENT INTEREST. Interest paid or accrued on indebtedness properly allocable to property held for investment, other than a passive activity ("investment interest"), generally is deductible by U.S. Investors who are individuals and other non-corporate taxpayers only to the extent it does not exceed net investment income. A U.S. Investor's investment interest includes both investment interest paid or accrued directly by that U.S. Investor as well as that U.S. Investor's distributive share of investment interest paid or accrued by the Fund and any Portfolio Partnerships in which the Fund invests. Investment interest disallowed under this limitation is carried forward and treated as investment interest in succeeding taxable years. For this purpose, net investment income equals the excess of investment income over investment expense. In general, investment income includes gross income from and, subject to certain elections that may be made by a taxpayer, net gain (less net capital gain) attributable to the disposition of, "property held for investment", Long-term capital gains are excluded from the definition of investment income except to the extent a taxpayer elects to reduce his long-term capital gain eligible for the reduced maximum rate generally applicable to long-term capital gains and "qualified dividend income" is excluded from the definition of investment income except to the extent a taxpayer elects to pay tax at ordinary income rates on such "qualified dividend income". For this purpose, property held for investment includes property that produces income that would be "portfolio income" under the passive activity loss rules and any interest in a trade or business activity that is not a passive activity and in which the holder does not materially participate. Any item of income or expense taken into account under the passive activity loss limitation is excluded from investment income and expense for purposes of computing net investment income.

SPECIAL CONSIDERATIONS RELATED TO THE FUND'S INVESTMENTS IN DEBT OBLIGATIONS. The Fund may invest in debt obligations. The Fund may be required to accrue original issue discount income for federal income tax purposes on debt obligations in its portfolio prior to its receipt of cash payments that correspond to the original issue discount. As a result, a U.S. Investor's distributive share of the Fund's taxable income from those investments in any particular year (and, potentially, the U.S. Investor's income tax liability for that year attributable to such income) may exceed the cash distributed to that U.S. Investor by the Fund in respect of those investments for that year.

The Fund may participate in restructurings whereby it will exchange its debt obligations for new debt and/or equity interests in the applicable issuer engaged in the restructuring or in a purchaser of the issuer's assets or securities. A restructuring of a debt issuer may take any number of forms including foreclosures and transfers in lieu of foreclosure, recapitalizations, debt modifications, asset sales, sales of issuer securities, refinancings and combinations of the foregoing. Because it is not possible to determine at this time the manner in which any such restructuring may be accomplished, it is not possible to describe at this time the federal income tax consequences of such a restructuring. Such restructuring transactions may result in the recognition of taxable gains or losses and any such gains may be recognized prior to the receipt by the Fund of cash or readily marketable property. There can be no assurance that restructurings in which the Fund participates will be accomplished without gain recognition. Under some circumstances, such as a restructuring of an issuer of debt held by the Fund that is classified as a partnership for federal income tax purposes, or in connection with a purchase by a third party of a debt issuer's assets or securities that is itself a partnership for federal income tax purposes, it is possible that the Fund may receive an equity interest in an entity taxed as a partnership in exchange for a debt security held by the Fund. In that case, the entity would be considered to be a Portfolio Partnership which would have the collateral consequences to the Investors that are discussed herein. U.S. Investors are strongly encouraged to consult with their own tax advisors as to the potential tax consequences to them of the potential investment by the Fund in debt obligations, including potential restructurings of those debt obligations.

PASSIVE FOREIGN INVESTMENT COMPANIES AND CONTROLLED FOREIGN CORPORATIONS. It is possible that the Fund may invest in non-U.S. corporations treated as "passive foreign investment companies" ("PFICs") or "controlled foreign corporations" ("CFCs"). In the case of PFICs, a U.S. Investor's share of certain distributions from such corporations and gains from the sale of interests in such corporations (or gains from the sale by a U.S. Investor of its interest in the Fund) could be subject to an interest charge and certain other disadvantageous tax treatment, including ordinary income treatment. In the case of CFCs, a portion of the income of such corporations (whether or not distributed) could be imputed currently as ordinary income to certain U.S. Investors. Furthermore, in the case of CFCs, gains from the sale of an interest in such corporations (or gains recognized by certain U.S. Investors on the sale of their interests in the Fund) could be characterized as ordinary income (rather than as capital gains) in whole or in part.

If a "qualified electing fund" ("QEF") election is made with respect to a PFIC, each U.S. Investor would in general be required to include in income annually its share of the PFIC's current income and gains (losses are not currently deductible), but would avoid the interest charge and ordinary income treatment as to gains described above. As a result of a QEF election, a U.S. Investor could recognize income subject to tax prior to the receipt by the Fund of any distributable proceeds. There can be no assurance that the QEF election will be available with respect to a PFIC in which the Fund invests.

SPECIAL CONSIDERATIONS FOR TAX-EXEMPT U.S. INVESTORS IN THE FUND

A Tax-Exempt U.S. Investor is taxable on its unrelated business taxable income ("UBTI") to the extent that its UBTI from all sources exceeds $1,000 in any year. The extent to which Tax-Exempt U.S. Investors in the Fund may have UBTI as a result of their investments in the Fund will depend upon the operations and activities of the Fund and the Portfolio Partnerships, if any, in which the Fund invests. It is possible that the activities of the Fund and such Portfolio Partnerships may cause the Fund to be treated as engaged in a trade or business for federal income tax purposes. If the Fund is so treated, a Tax-Exempt U.S. Investor's share of certain income derived by the Fund may constitute UBTI. The Fund may structure its operations and investments so as to minimize the amount of UBTI generated by the Fund. However, prior to engaging in any such structuring, the Fund will consider whether such structuring, after the imposition of any expected entity-level taxes or other expenses, would be consistent with the Fund's targeted return goals.

Interest, dividends and gains realized from the sale or disposition of property (other than inventory) are generally not treated as UBTI. A Tax-Exempt U.S. Investor's share of income derived by the Fund from other sources, including the Fund's distributive share of the operating income derived from a trade or business by any Portfolio Partnership in which the Fund invests, may constitute UBTI. In addition, the Fund may receive certain fees, which generally will constitute UBTI.

Interest, dividends and gains that would otherwise be exempt may instead be included in UBTI to the extent that the property generating such income is subject to "acquisition indebtedness" (i.e., generally, indebtedness that would not have been incurred but for the acquisition or improvement of the property). A Portfolio Partnership's investments may be subject to acquisition indebtedness and, consequently, may generate UBTI for the Fund's Tax-Exempt U.S. Investors. However, in order to minimize UBTI for its Tax-Exempt U.S. Investors, the Fund does not intend to incur acquisition indebtedness at the Fund level other than on a temporary basis pursuant to the Fund's subscription credit facility. If a Tax-Exempt U.S. Investor itself incurs "acquisition indebtedness" in connection with its interest in the Fund, the Tax-Exempt U.S. Investor may realize UBTI from its investment in the Fund irrespective of the nature of the Fund's assets and activities.

SPECIAL CONSIDERATIONS FOR NON-U.S. INVESTORS IN THE FUND

The Fund is required to withhold tax at the rate of 30% (or lower treaty rate, if applicable) on each Non-U.S. Investor's distributive share of interest (subject to certain exemptions) and dividends (including, in certain cases, payments in lieu of interest and dividends made pursuant to securities lending and repurchase transactions) received by the Fund that are deemed to be from U.S. sources, if any (but not on interest or dividends deemed to be from sources outside the U.S.). Income and gains attributable to futures, options, forward contracts, swaps and other financial derivative contracts may be subject to U.S. federal withholding tax depending on the nature of the transaction. The Fund is generally not required to withhold U.S. federal income tax from the proceeds of the sale of its portfolio securities.

In general, a non-U.S. investor that invests in a partnership that is "engaged in a trade or business within the United States" is considered to be engaged in a trade or business within the United States, and the non-U.S. investor's share of the partnership's income that is treated as effectively connected with that trade or business is subject to U.S. federal income taxation on a net income basis. The non-U.S. investor is generally required to file a U.S. federal income tax return to report its "effectively connected income" to the IRS and a partnership that has non-U.S. investor partners is required to withhold U.S. federal income tax from the partnership's "effectively connected income" that is allocated to those non-U.S. investor partners. Because the specific activities of the Fund will determine whether it is treated as engaged in a trade or business within the United States, there can be no assurance that the Fund will not be treated as so engaged in one or more of its taxable years. Moreover, as noted above, it is possible that the Fund may invest in Portfolio Partnerships. If a Portfolio Partnership derives income that would be treated as "effectively connected income" (including, for example, by owning an interest in a business that generates "effectively connected income" either directly or indirectly through lower-tier entities that are treated as partnerships or that are disregarded for federal income tax purposes), the Fund will be treated as engaged in the applicable trade or business and as deriving "effectively connected income" from such trade or business. In addition, the Fund may receive certain fees, which generally will constitute "effectively connected income", that will be subject to tax in the manner described below.

If the Fund were treated as engaged in a trade or business in the United States for this purpose, each Non-U.S. Investor's distributive share of the income of the Fund that is treated as effectively connected with such trade or business would, as noted above, be subject to net basis U.S. federal income tax and in the case of Non-U.S. Investors that are corporations, "branch profits" tax at a rate of 30% (or, possibly, a reduced rate under an applicable U.S. income tax treaty). The Fund would be required to withhold tax on each Non-U.S. Investor's allocable share of such effectively connected income at the maximum marginal rate applicable to individuals or corporations, as appropriate, and also to make estimated withholding tax payments on a quarterly basis. If the amount of such withholding tax exceeded such Non-U.S. Investor's total U.S. federal income tax liability, such Non-U.S. Investor would be entitled to claim a refund of such excess upon filing a timely U.S. federal income tax return.

In the event that the Fund proposes to make an investment in a Portfolio Partnership that is expected to be engaged in a trade or business for U.S. federal income tax purposes, the General Partner will provide Non-U.S. Investors the opportunity to participate in such Portfolio Partnership investment through a domestic entity that is established and owned by the Fund and that is treated as a corporation for U.S. federal income tax purposes (a "Blocker Entity"). The General Partner intends to administer the Fund and the Blocker Entities so that participating Non-U.S. Investors do not receive allocations of "effectively connected income" for U.S. federal income tax purposes. However, there can be no assurance that the IRS will not challenge the Fund's allocations or will not otherwise assert that a Non-U.S. Investor is engaged in a U.S. trade or business notwithstanding that Non-U.S. Investor's election to invest through a Blocker Entity. The expenses of establishing and maintaining each Blocker Entity and all Blocker Entity tax liabilities will be economically borne by the participating non-U.S. investors.

PROCEDURAL MATTERS APPLICABLE TO THE FUND AND ITS INVESTORS

REPORTABLE TRANSACTIONS. Under the Treasury Regulations, the activities of the Fund may include one or more "reportable transactions" (as defined in Treasury Regulation Section 1.6011-4(b)), requiring the Fund and, in certain circumstances, the Investors to file information returns, as described below. In addition, the Manager and other "material advisors" to the Fund may each be required to maintain for a specified period of time a list containing certain information regarding the reportable transaction and the Investors in the Fund, which information may be inspected, upon request, by the IRS. If the Fund engages in a reportable transaction, the Treasury Regulations require the Fund to complete and file Form 8886 with its tax return for each taxable year in which the Fund participates in such reportable transaction. Each Investor treated as participating in a reportable transaction of the Fund is also required to file Form 8886 with its tax return. Failure to disclose (i) a reportable transaction that is a "listed transaction" will result in a $100,000 penalty in the case of a natural person and a $200,000 penalty for all others and (ii) all other reportable transactions will result in a $10,000 penalty for natural persons and a $50,000 penalty for all others. An Investor's recognition of a loss upon its disposition of an interest in the Fund could also constitute a "reportable transaction" for such Investor. Prospective Investors should consult with their tax advisors concerning the application of these reporting obligations to their specific situations.

ALLOCATION OF TAX ITEMS. Section 704(b) of the Code and the Treasury Regulations promulgated thereunder provide that a partner's distributive share of income, gain, loss, deduction or credit, or any item thereof, will be determined under the governing partnership agreement provided the allocations have "substantial economic effect" or are in accordance with the partner's interest in the partnership. Although the provisions in the Partnership Agreement have been drafted in a manner intended to reflect the partners' interests in the Fund, there remains the possibility that the IRS might challenge the allocations made by the Fund. If such an IRS challenge were to be successful, the allocations made by the Fund to the Investors would be adjusted.

AUDITS AND ADJUSTMENTS TO TAX LIABILITY. A federal income tax audit of the Fund's tax return may result in an Investor-level audit and any such audit could result in proposed adjustments to the tax liability of the Investors (including the Investors' tax liability in respect of income and gains that are unrelated to the Fund). Prospective Investors should also recognize that they might be forced to incur substantial legal and accounting costs in resisting any proposed adjustments by the IRS, even if the assertions made by the IRS should prove unsuccessful. The Manager, the Fund and their respective affiliates will not be responsible for paying any expenses incurred by an Investor in connection with an Investor-level audit or its participation in an audit of the tax return of the Fund.

CERTAIN ERISA CONSIDERATIONS

Subject to the limitations applicable to investors generally, Units in the Fund may be purchased using assets of various employee benefit plans including employee benefit plans ("ERISA Plans") subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or retirement plans covering only self-employed individuals and individual retirement accounts or otherwise defined as a "plan" in Section 4975(e) of the Code (collectively the "Qualified Plans"). **However, neither the Fund nor the General Partner nor any of their principals, agents, employees or Affiliates, makes any representation with respect to whether a purchase of Units is a suitable investment for any such plan, including any ERISA Plan or Qualified Plan.**

In considering whether to invest assets of an employee benefit plan in the Fund by purchasing Units, the persons acting on behalf of the plan should consider in the plan's particular circumstances whether the investment will be consistent with their responsibilities and any special constraints imposed by the terms of such plan and applicable U.S., state or other law, including ERISA and the Code. Some of the responsibilities and constraints imposed by ERISA and the Code are summarized below. The following is merely a summary. **All investors are urged to consult their legal advisors before investing assets of an employee benefit plan, including an ERISA Plan or Qualified Plan, in Units and make their own independent decisions.**

FIDUCIARY RESPONSIBILITIES UNDER ERISA PLANS

Persons acting as fiduciaries on behalf of an ERISA Plan are subject to specific standards of behavior in the discharge of their responsibilities. As a result, such persons must, *e.g.*, conclude an investment in the Fund by an ERISA Plan would be prudent and in accordance with the documents and instruments governing the ERISA Plan and would satisfy the diversification requirements of Section 404(a)(1) of ERISA. In making those determinations, such persons should take into account, among the other factors described in this Memorandum and the terms of the Partnership Agreement: (1) the relative illiquidity of Units, including the resulting difficulty of valuing Units; (2) that the Limited Partners may consist of a diverse group of investors and that the General Partner will not take the particular objectives of any class of investors into account; and (3) that, as discussed below, the General Partner intends to structure the Fund so that neither the Fund, the General Partner nor any of their principals, agents, employees or Affiliates will be a "fiduciary" as to any investing ERISA Plan or Qualified Plan. See also, "Identification of Plan Assets," below.

PROHIBITED TRANSACTIONS

Both ERISA Plans and Qualified Plans are subject to special rules limiting direct and indirect transactions between any such Plan and certain persons "related" to the Plan, termed "parties in interest" under ERISA and "disqualified persons" under the Code. Disqualified persons and parties in interests include any fiduciary for a plan, any service provider to a plan, the employer sponsoring a plan and persons affiliated with any such fiduciary, service provider or employer. Engaging in any such "prohibited transactions" can result in substantial excise tax penalties or personal liability. The persons acting on behalf of the Plan should consider whether an investment of Plan assets in the Fund might constitute such a prohibited transaction, as might occur for example if the General Partner or one of its Affiliates were a fiduciary or service provider to an investing ERISA Plan or Qualified Plan. See, also, "Identification of Plan Assets," below.

IDENTIFICATION OF PLAN ASSETS

Under Section 3(42) of ERISA and applicable regulations issued by the Department of Labor, the prohibited transaction and other applicable provisions of ERISA and the Code, including the rules for determining who is a party in interest or disqualified person, generally are applied treating the investing Plan's assets as including its investment in the Fund, but not solely by reason of such investment, including any of the underlying assets of the Fund. Under the same rules, this may not be the case, however, if immediately after any acquisition of an equity interest in the Fund, 25% or more of the value of the equity interests in the Fund are held by "benefit plan investors" (disregarding for this purpose any interests held by persons with discretionary authority over the Fund's assets and their Affiliates) and the Fund does not qualify as an operating company, including a "venture capital operating company" (a "VCOC"). For this purpose, "benefit plan investors" include not only ERISA Plans and Qualified Plans, but also any entities deemed to hold the plan assets of ERISA or Qualified Plans (but in the case of any such entity, generally only in proportion to the percentage of equity interests in such entity held by benefit plan investors).

Generally, the regulations define a VCOC as an entity which invests at least 50% of its assets (on a cost basis) in operating companies in which the entity has management rights, which rights are actually exercised by the Fund to some degree. In determining whether the Fund has management rights in an entity, factors such as the right to elect a director or attend board meetings, the right to inspect the books and records of a company and ownership of a significant portion of the equity capital of a company will be considered.

The General Partner will use its best efforts to organize and operate the Fund so that its assets will not be treated as "plan assets". Should the interests of benefit plan investors exceed the foregoing threshold and the Fund fails to meet the requirements of a VCOC, however, the General Partner could be characterized as a fiduciary of investing ERISA Plans under ERISA, and it and its Affiliates could be characterized as "parties in interest" and "disqualified persons" under the Code with respect to investing ERISA and Qualified Plans. In such circumstances, various transactions between the General Partner and its Affiliates and other parties in interest and disqualified persons with respect to investing Plans on the one hand and the Fund on the other hand could constitute prohibited transactions under ERISA or the Code. In addition, the "prudence" standards and other provisions of Title I of ERISA applicable to investments by ERISA Plans and their fiduciaries would extend to investments made by the Fund and, in that case, ERISA Plan fiduciaries who make the decision to invest the Plan's assets in the Fund could, under certain circumstances, be liable as co-fiduciaries for actions taken by the Fund or the General Partner.

ANNUAL VALUATION AND REPORTING REQUIREMENTS

ERISA PLANS AND QUALIFIED PLANS ARE REQUIRED TO DETERMINE AT LEAST ANNUALLY THE FAIR MARKET VALUE OF THEIR ASSETS AS OF THE CLOSE OF EACH PLAN'S FISCAL YEAR. TO FACILITATE SUCH DETERMINATIONS AND GENERALLY TO ENABLE FIDUCIARIES OF ERISA PLANS OR QUALIFIED PLANS SUBJECT TO ANNUAL REPORTING REQUIREMENTS UNDER ERISA OR THE CODE TO FILE ANNUAL REPORTS AS THEY RELATE TO AN INVESTMENT IN THE FUND, LIMITED PARTNERS WILL BE FURNISHED EACH YEAR WITH AUDITED FINANCIAL STATEMENTS OF THE FUND AND CERTAIN OTHER FINANCIAL INFORMATION WITH RESPECT TO THE FUND, SEE, "REPORTS TO LIMITED PARTNERS". HOWEVER, BECAUSE NO MARKET FOR UNITS IS LIKELY TO DEVELOP, THE FAIR MARKET VALUE OF UNITS MAY BE DIFFICULT TO ASCERTAIN. FURTHERMORE, THERE CAN BE NO ASSURANCE GIVEN (A) THAT ANY VALUE ESTABLISHED ON THE BASIS OF THE REPORTS AND OTHER STATEMENTS OF THE FUND COULD OR WILL ACTUALLY BE REALIZED BY INVESTORS UPON THE FUND'S LIQUIDATION, (B) THAT INVESTORS COULD REALIZE SUCH VALUE IF THEY WERE ABLE TO AND WERE TO SELL THEIR UNITS OR (C) THAT SUCH VALUE WILL IN ALL CIRCUMSTANCES SATISFY THE APPLICABLE ERISA OR CODE REPORTING REQUIREMENTS (*E.G.*, IF THE FUND'S FISCAL YEAR END SHOULD NOT COINCIDE WITH THE FISCAL YEAR END OF THE ERISA PLAN OR QUALIFIED PLAN).

VALUATION OF SATURN AFFILIATES AND FUND PORTFOLIO COMPANIES

Valuation information is presented for the Initial Saturn Portfolio, Saturn Partners Limited Partnership II and Saturn Partners Limited Partnership III as of June 30, 2012. The Initial Saturn Portfolio is the aggregate pool of capital from Saturn Capital Inc., Saturn Partners Limited Partnership I and SPLP I Opportunity LP; this capital has been combined for reporting purposes because it has a similar investor base and is predecessor to Saturn Partners Limited Partnership II.

The amounts presented in the Fully Realized Financings and Fully Realized Investments sections reflect the actual value of cash and/or securities which have been distributed to investors. The amounts presented in the Continuing Financings and Continuing Investments sections are valued at fair value in accordance with FASB ASC 820, *Fair Value Measurements and Disclosure* ("ASC 820"), where fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, ASC 820 requires that the Manager consider: the investments' trading price if it is traded on a recognized exchange, transactions with unrelated third parties, the financial condition and operating results of the company, the amount investors can reasonably expect to realize upon the sale of these securities and any other factors deemed relevant by the Manager. Because of the inherent uncertainty of valuations, estimated values may differ significantly from the values that would have been used had a ready market for the securities existed and the differences could be material.

(For additional information, see "FUND MANAGEMENT" and "CONFLICTS OF INTEREST".)

Appendix I

SATURN PARTNERS

Valuation of Saturn Affiliates and Fund Portfolio Companies

Initial Saturn Portfolio - as of 6/30/12

Portfolio Company	Initial Investment Date	Total Cost Basis	Realized Investment Gain/(Loss)	Unrealized Investment Gain/(Loss)	Total Value of Investments	Net IRR	Footnote
Fully realized financings							
Early Development Companies	May-95	$ 4,595,000	$ (4,580,000)	$ -	$ 15,000		[a]
3form, Inc.	Apr-02	1,272,000	4,712,000	-	5,984,000		
A/F Protein, Inc./ AquaBounty Technologies	Jan-96	4,000,000	4,000,000	-	8,000,000		[b]
AKVA, USA, Inc.	Jun-94	2,300,000	(2,300,000)	-	-		
Catalyst Oncology, Inc.	Jun-05	1,364,000	(283,000)	-	1,081,000		
CompuSport, LLC	Dec-97	3,700,000	(3,510,000)	-	190,000		
Connectivity, Inc.	May-94	1,800,000	(1,800,000)	-	-		
Constant Contact, Inc.	Jul-99	3,091,000	33,863,000	-	36,954,000		
face2face Animation, Inc.	Apr-00	5,723,000	(5,723,000)	-	-		
FreeMarkets, Inc.	Apr-96	10,088,000	948,163,000	-	958,251,000		
Instream Corporation	Apr-95	1,150,000	(1,150,000)	-	-		
Knopp Neurosciences, Inc.	Nov-06	25,671,000	9,406,000	-	35,077,000		[c] [d]
Mediasite, Inc./Sonic Foundry, Inc.	Jul-99	7,176,000	(6,178,000)	-	998,000		
ModelGolf LLC	Nov-02	4,215,000	(4,215,000)	-	-		
Modis Training Technologies, Inc.	Aug-98	3,512,000	(3,512,000)	-	-		
TenCom, Inc.	Dec-96	1,800,000	(1,800,000)	-	-		
Touch Technology International, Inc.	Jul-98	3,164,000	(3,164,000)	-	-		
Twin Rivers Technologies, L.P.	Dec-94	5,250,000	31,725,000	-	36,975,000		
Total fully realized financings		89,871,000	993,654,000	-	1,083,525,000		
Continuing financings							
BodyMedia, Inc.	Jan-01	1,211,000	(4,000)	(691,000)	516,000		[e]
Boston Duck Tours, L.P.	Aug-94	1,250,000	24,000,000	12,765,000	38,015,000		[f] [g]
Knopp Biosciences LLC	Sep-10	-	1,100,000	95,006,000	96,106,000		[c] [d] [e] [h]
Marathon Technologies Corporation	Oct-95	5,757,000	-	(5,757,000)	-		[i]
MooBella, Inc.	Jun-00	16,531,000	-	(16,531,000)	-		[i]
National Healthcare Exchange Services, Inc.	Aug-00	5,337,000	(77,000)	(5,129,000)	131,000		[j]
The Ride, Inc.	Jan-10	7,770,000	-	(1,314,000)	6,456,000		[e]
Total continuing financings		37,856,000	25,019,000	78,349,000	141,224,000		
Total Initial Saturn Portfolio		**$ 127,727,000**	**$ 1,018,673,000**	**$ 78,349,000**	**$ 1,224,749,000**	**101.16%**	[k]

SATURN PARTNERS

Valuation of Saturn Affiliates and Fund Portfolio Companies

Saturn Partners Limited Partnership II Portfolio - as of 6/30/12

Portfolio Company	Initial Investment Date	Total Cost Basis	Realized Investment Gain/(Loss)	Unrealized Investment Gain/(Loss)	Total Value of Investments	Net IRR	Footnote
Fully realized investments							
Knopp Neurosciences, Inc.	Nov-06	$ 6,175,000	$ 1,622,000	$ -	$ 7,797,000		[c] [l]
Alphacet, Inc.	Dec-07	2,334,000	(2,334,000)	-	-		
NorthStar Systems International, Inc.	Oct-06	360,000	(360,000)	-	-		
Total fully realized investments		8,869,000	(1,072,000)	-	7,797,000		
Continuing investments							
American Made, LLC	Sep-06	3,000,000	-	6,292,000	9,292,000		[m]
Applied CleanTech, Inc.	Jan-08	2,250,000	-	(1,779,000)	471,000		[n]
Axioma, Inc.	May-06	1,970,000	-	9,233,000	11,203,000		[o]
Express KCS, Inc.	Jul-07	2,000,000	-	3,204,000	5,204,000		[p]
Knopp Biosciences LLC	Sep-10	-	255,000	25,727,000	25,982,000		[c] [d] [e] [h]
Mismi, Inc.	Mar-07	1,530,000	-	(1,053,000)	477,000		[e]
MooBella, Inc.	Feb-06	2,200,000	-	(2,200,000)	-		[i]
Panopto, Inc.	Aug-07	3,450,000	-	6,736,000	10,186,000		[q]
The Ride, Inc.	Aug-08	1,950,000	-	(1,656,000)	294,000		[e]
SureLogic, Inc.	Aug-06	2,865,000	-	(186,000)	2,679,000		[r]
Think Through Learning Inc.	Jan-08	1,250,000	-	-	1,250,000		[e]
Total continuing investments		22,465,000	255,000	44,318,000	67,038,000		
Total SPLP II Portfolio		**$ 31,334,000**	**$ (817,000)**	**$ 44,318,000**	**$ 74,835,000**	**19.74%**	[k]

Saturn Partners

Valuation of Saturn Affiliates and Fund Portfolio Companies

Saturn Partners Limited Partnership III Portfolio - as of 6/30/12

Portfolio Company	Initial Investment Date	Total Cost Basis	Realized Investment Gain/(Loss)	Unrealized Investment Gain/(Loss)	Total Value of Investments	Net IRR	Footnote
COGO Optronics, Inc.	Mar-11	5,000,000	-	-	5,000,000		[s]
Mismi, Inc.	Jul-11	1,250,000	-	-	1,250,000		[s]
OPE, Inc.	Feb-12	1,000,000	-	-	1,000,000		[s]
Panève, LLC	Mar-11	1,450,000	-	-	1,450,000		[s]
Think Through Learning Inc.	May-11	1,500,000	-	-	1,500,000		[s]
Total continuing investments		10,200,000	-	-	10,200,000		
Total SPLP III Portfolio		**$ 10,200,000**	**$ -**	**$ -**	**$ 10,200,000**	**N/A**	[t]

Valuation of Saturn Affiliates and Fund Portfolio Companies

Footnotes - as of 6/30/12

The multiples used for valuing the above listed companies were derived from the multiples of publicly traded peer companies for the period ended 6/30/12.

Saturn's return information excludes investments from other venture capital firms.

[a]	Early Development Companies includes six (6) sub-$1 million investments. Saturn's principals elected not to finance each company beyond its initial commercialization stage.
[b]	Estimated realized value from public offering on the London AIM
[c]	In September of 2010, as part of a significant investment and licensing transaction from Biogen Idec, Knopp Neurosciences, Inc. (KNI) participated in a merger with Knopp Biosciences LLC (KBS). As part of the merger, investors fully realized their investment in KNI and received shares of KBS.
[d]	As of 6/30/12, Knopp Neurosciences, Inc. has distributed $36.2 million (inclusive of an estimated $1.1 million from Knopp Biosciences LLC) to Initial Saturn Portfolio investors.
[e]	Valuation based on a recent round of financing and consideration of the following factors: participants in the round, motivation of the buyers, and market conditions at the time of the transaction
[f]	Distributions received plus 6x free cash flow from 2011 audited results
[g]	As of 6/30/12, Boston Duck Tours LLC has distributed $24 million to Initial Saturn Portfolio investors.
[h]	Based on a discounted third party valuation
[i]	Projecting that debt and senior shares of the Company receive all of the company's value
[j]	Based on expected proceeds from pending sales transaction
[k]	Net IRR represents the cash-on-cash return, net of fees, expenses and carried interest from inception through 6/30/12 for the aggregate investments as well as the net asset value of the aggregate continuing investments as determined by the Manager. It is calculated using the average weighted date for each investment which were determined on a quarterly basis.
[l]	As of 6/30/12, SPLP II has distributed $6.7 million to its Limited Partners related to SPLP II's investment in Knopp Neurosciences, Inc. (inclusive of $0.3 million from Knopp Biosciences LLC).
[m]	9.0 x 2013 projected EBITDA using a 20% discount rate
[n]	0.7 x 2014 projected revenue using a 60% discount rate
[o]	5.2 x 2014 projected revenue using a 25% discount rate
[p]	9.2 x 2014 projected EBITDA using a 20% discount rate
[q]	5.9 x 2012 projected revenue using a 40% discount rate
[r]	5.8 x 2014 projected revenue using a 20% discount rate
[s]	Equity securities of private companies are valued at the initial negotiated transaction price, which is cost, until another basis of asset value is apparent.
[t]	Vintage year funds formed since 2009 are too young to have produced meaningful returns. Analysis and comparison of partnership returns to benchmark statistics may be irrelevant. Benchmark N/A (not applicable).

Valuation Policy

The amounts presented in the Fully Realized Financings and Fully Realized Investments sections reflect the actual value of cash and/or securities which have been distributed to investors. The amounts presented in the Continuing Financings and Continuing Investments sections are valued at fair value in accordance with FASB ASC 820, Fair Value Measurements and Disclosure ("ASC 820"), where fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, ASC 820 requires that the Manager consider: the investments' trading price if it is traded on a recognized exchange, transactions with unrelated third parties, the financial condition and operating results of the company, the amount investors can reasonably expect to realize upon the sale of these securities and any other factors deemed relevant by the Manager. Because of the inherent uncertainty of valuations, estimated values may differ significantly from the values that would have been used had a ready market for the securities existed and the differences could be material.

Initial Saturn Portfolio - as of 6/30/12

Portfolio Company	Initial Investment	Investment	Business Description
3form, Inc.	Apr-02	$ 1,272,000	3form is the leading designer and producer of resin-based panels for architectural, transportation, furniture, lighting and display markets worldwide. 3form's encapsulated resin panels are ideal for architects and designers seeking to introduce the elements of form, texture and light. The Company was acquired by Hunter Douglas in 2008.
A/F Protein, Inc./AquaBounty Technologies	Jan-96	$ 4,000,000	AquaBounty is a biotechnology company dedicated to the improvement of productivity in aquaculture. Aqua Bounty Technologies completed its initial public offering in 2006 on London's AIM Exchange.
Akustica, Inc.	Dec-03	$ 750,000	Akustica designs innovative sound solutions that improve the way sound is captured, processed and reproduced in electronic products. Its MicroElectro Mechanical Systems (MEMS)-based acoustic System-on-Chip solutions deliver exceptional performance capabilities and design advantages over conventional acoustic components. The Company was acquired by the Bosch Group in 2009.
AKVA USA, Inc.	Jun-94	$ 2,300,000	AKVA imported premium spring water from Iceland. The Pure Soul of Iceland was introduced in 1993 and made available throughout the Northeast by 1997. Akva's assets were acquired by Vermont Pure Brands in 1997.
BodyMedia, Inc.	Jan-01	$ 1,211,000	BodyMedia is a pioneer in developing wearable body monitoring systems designed to help people lose weight, improve performance and live a healthier lifestyle. The Company's multi-sensor technologies are used in a variety of markets where they enable consumers and health practitioners to monitor calorie intake, steps taken, amount of physical activity expended and sleep efficiency.
Boston Duck Tours, L.P.	Aug-94	$ 1,250,000	Boston Duck Tours provides a sightseeing tour of historic Boston. Riders cruise by Boston's landmarks riding in World War II vintage amphibious vehicles. Just when the riders think they have seen it all, it's time for "Splashdown" in the Charles River for a breathtaking view of the Boston and Cambridge skylines.
Catalyst Oncology, Inc.	Jun-05	$ 1,364,000	Catalyst Oncology provided diagnostic and prognostic test services that examined the risks of recurrence and likely response to treatment for cancer patients. The Company's tests were applicable for breast and colon cancer. Catalyst Oncology's assets were acquired by Diagnocure in 2009.
CompuSport, LLC	Dec-97	$ 3,700,000	CompuSport developed an interactive, Internet-accessible golf instruction method based on the scientific analysis of the biomechanics of expert golfers under the brand name ModelGolf.

Initial Saturn Portfolio - as of 6/30/12

Portfolio Company	Initial Investment	Investment	Business Description
Connectivity, Inc.	May-94	$ 1,800,000	Connectivity was a network communications company dedicated to installing and integrating the network cable plant, which involved interconnecting computer bases nationwide, through cable, fiber optic or telephone lines, as well as through satellite, microwave, laser or radio transmission.
Constant Contact, Inc.	Jul-99	$ 3,091,000	Constant Contact provides e-marketing solutions for small and medium sized businesses. The Company's software is licensed to e-commerce merchants to help them build customer loyalty and increase sales. Constant Contact is integrated with popular commerce storefront software and is available through hosting providers including portals, malls, ASP's and ISP's. Constant Contact completed its initial public offering on the NASDAQ Exchange in 2007.
face2face Animation, Inc.	Apr-00	$ 5,723,000	face2face created a software suite that provided innovative facial capture solutions for facial animation and lip synchronization used in film and television production, electronic gaming and the Internet.
FPD, Inc.	May-95	$ 840,000	FPD was engaged in the business of producing and marketing IceWheels, a product that increased the breaking and control capabilities of in-line skates.
FreeMarkets, Inc.	Apr-96	$ 10,088,000	FreeMarkets created business-to-business online auctions for buyers of industrial parts, raw materials, commodities and services. The Company created auctions for goods and services in more than 195 product categories, including: injected molded plastic parts, commercial machinings, metal fabrications, chemicals, printed circuit boards, corrugated packaging and coal. The Company completed its initial public offering on the NASDAQ Exchange in 2000 and subsequntly was acquired by ARIBA in 2004.
Instream Corporation	Apr-95	$ 1,150,000	Instream created and operated a national electronic data network called the Instream Provider Network to move and manage information within the behavioral healthcare industry.
Integrated Fuel Cell Technologies, Inc.	Feb-04	$ 750,000	Integrated Fuel Cell Technologies created, patented and tested in prototype, a breakthrough design for a fuel cell to meet demands of today's power-hungry portable devices and larger powered devices.

Initial Saturn Portfolio - as of 6/30/12

Portfolio Company	Initial Investment	Investment	Business Description
Knopp Biosciences LLC [a]	Nov-06	$ 25,671,000	Knopp Biosciences (KBS) is a drug discovery company focused on delivering treatments for neurological disorders. KBS recently partnered with Biogen Idec to launch a Phase III trial for KBS' lead compound, KNS-760704 (dexpramipexole), for treating amyotrophic lateral sclerosis (ALS). The Company is rapidly expanding its discovery program with the goal of delivering high-impact treatments for other neurological disorders including Parkinson's and Alzheimer's diseases.
Marathon Technologies Corporation	Oct-95	$ 5,757,000	Marathon developed a software-based enabling technology that allowed multiple industry standard PC's or workstations to operate as a single fault tolerant system.
MediaSite, Inc./Sonic Foundry, Inc.	Jul-99	$ 7,176,000	MediaSite's software applications converted traditional video into an interactive and searchable medium, facilitating internal management of video archives and external distribution of video in a form which provided an interactive experience for the Internet end-user. MediaSite's assets were acquired by Sonic Foundry in 2002.
MLM Group, L.L.C. d/b/a Decorative Home Wa	Feb-96	$ 850,000	Decorative Home Warehouse specialized in retailing furniture and nationally branded decorative home accessories. The store was located in a no-frills, off-price warehouse environment intending to denote exceptional value and high quality.
ModelGolf LLC	Nov-02	$ 4,215,000	ModelGolf (f/k/a CompuSport, LLC) was a provider of software based on the biomechanics of expert golfers that helps golfers improve their games through better instruction, fitness and properly fitted equipment.
Modis Training Technologies, Inc.	Aug-98	$ 3,512,000	Modis Training was a provider of technology-based training and virtual reality simulation software for the United States Department of Defense and several commercial industries.
MooBella, Inc.	Jun-00	$ 16,531,000	The MooBella Ice Creamery is the ATM of ice cream. MooBella has developed a revolutionary, fully automated ice cream machine for the food service industry that dispenses freshly made, scoop-style, premium quality ice cream and fat-free frozen desserts on demand, in 40 seconds with 96 varieties from 100% all-natural dairy.

[a] In September 2010, as part of a significant investment and licensing transaction from Biogen Idec, Knopp Neurosciences, Inc. (KNI) participated in a merger with Knopp Biosciences LLC (KBS). As part of the merger, investors fully realized their investment in KNI and received shares of KBS.

Initial Saturn Portfolio - as of 6/30/12

Portfolio Company	Initial Investment	Investment	Business Description
National Healthcare Exchange Services, Inc.	Aug-00	$ 5,337,000	National HealthCare Exchange (NHXS) provides turnkey solutions to improve payment accuracy and reduce dispute resolution costs for physicians and hospitals. The NHXS rules engine maintains fee schedules, pricing, and clinical edit logic for each payor and automatically identifies and disputes underpayments.
The Ride, Inc.	Jan-10	$ 7,770,000	The Ride is an entertainment company founded on the concept that cities are the new theme parks of the 21st century. The Ride incorporates high-tech, multi-media enhanced motor coaches with live interactive performance from entertainers and bystanders to explore the character of city landscapes and make the ordinary extraordinary. The Ride is currently operating in New York City.
TenCom, Inc.	Dec-96	$ 1,800,000	TenCom was an information distribution company that used proprietary telecommunications technology and the infrastructure of existing paging networks.
Texas Ice Stadium, L.P.	Mar-96	$ 530,000	Texas Ice developed a country club quality ice-skating complex located in the Clear Lake section of Houston, Texas. The facility provided ice-skating and ice hockey for the community, as well as family recreation.
Touch Technology International, Inc.	Jul-98	$ 3,164,000	Touch Technology designed and developed smart card applications. Smart cards, plastic cards with an embedded computer chip, created new opportunities for processing information and exchanging various forms of electronic value.
Tremont Medical, Inc.	May-97	$ 875,000	Tremont Medical developed and marketed mobile, point-of-care information systems based upon wireless technology. These systems were intended to enhance the efficiency of patient care and monitoring, thus improving the quality of care and reducing the cost to healthcare providers.
Twin Rivers Technologies, L.P.	Dec-94	$ 5,250,000	Twin Rivers Technologies (TRT) operates the former Proctor & Gamble fatty acid and glycerin manufacturing facility. The Company produces a product line that includes over 80 different types of fatty acids, including food grade and kosher fatty acids. TRT is one of the largest and fastest growing oleo chemical producers in North America. TRT was acquired by FELDA in 2007.

Saturn Partners Limited Partnership II Portfolio Companies - as of 6/30/12

Portfolio Company	Initial Investment	Investment	Business Description
Alphacet, Inc.	Dec-07	$ 2,334,000	Alphacet developed software to assist portfolio managers, traders and financial analysts design non-linear alpha strategies and optimize their market timing and market-exit approaches.
American Made, LLC	Sep-06	$ 3,000,000	American Made is a supplier of specially designed, versatile sheet materials made from woven glass fibers with tough, corrosion- and moisture-resistant polypropylene. Materials are used in the truck body/trailer, RV, rail car, shipping container, refrigerated truck and refrigerated rail car markets.
Applied CleanTech, Inc.	Jan-08	$ 2,250,000	Applied CleanTech's technology reduces sludge by extracting bio-solids from waste water treatment plants via trapping and extraction, rather than the current digesting process. The extracted bio-solids are recycled into Recyllose, a feedstock that can be used to produce combustibles for power plants, pulp products for the paper industry and cellulosic ethanol.
Axioma, Inc.	May-06	$ 1,970,000	Axioma develops and markets innovative portfolio risk analysis, rebalancing and performance attribution software for the financial services industry. Axioma helps leading financial firms to increase returns, productivity and scalability by improving the efficiency and speed of their investment processes. Axioma's software optimizes over $1 trillion in securities for customers worldwide.
Express KCS, Inc.	Jul-07	$ 2,000,000	Express KCS is a provider of pre-media, graphic arts and artwork creation services primarily to U.S. and U.K.-based Global 1,000 clients. Express KCS combines industry skills, modern production equipment and the cost advantages of an offshore workforce. The Company maintains offices in the U.S., U.K., Australia and the Middle East, as well as an ISO 9001 certified production center in Gurgaon, India.

Saturn Partners Limited Partnership II Portfolio Companies - as of 6/30/12

Portfolio Company	Initial Investment	Investment	Business Description
Knopp Biosciences LLC [a]	Nov-06	$ 6,175,000	Knopp Biosciences (KBS) is a drug discovery company focused on delivering treatments for neurological disorders. KBS recently partnered with Biogen Idec to launch a Phase III trial for KBS' lead compound, KNS-760704 (dexpramipexole), for treating amyotrophic lateral sclerosis (ALS). The Company is rapidly expanding its discovery program with the goal of delivering high-impact treatments for other neurological disorders including Parkinson's and Alzheimer's diseases.
Mismi, Inc.	Mar-07	$ 1,530,000	Mismi is an electronic broker-dealer and alternative trading system. Mismi has developed a suite of next-generation trade execution technologies that offers traders control, flexibility and superior single-name and portfolio execution capability.
MooBella, Inc.	Feb-06	$ 2,200,000	The MooBella Ice Creamery is the ATM of ice cream. MooBella has developed a revolutionary, fully automated ice cream machine for the food service industry that dispenses freshly made, scoop-style, premium quality ice cream and fat-free frozen desserts on demand, in 40 seconds with 96 varieties from 100% all-natural dairy.
NorthStar Systems International, Inc.	Oct-06	$ 360,000	Northstar was a leading wealth management technology provider. Its software was being used by the leading financial industry firms providing wealth managers with cross platform solutions. Northstar was acquired by SEI in 2012.
Panopto, Inc.	Aug-07	$ 3,450,000	Panopto is a leading provider of presentation capture and management solutions. The Company's web-based technology captures, edits, posts and saves presentations, lectures, training sessions and meetings to build a searchable repository of critical knowledge. Panopto's software has been adopted by leading universities, Fortune 500 companies and government agencies.

[a] In September 2010, as part of a significant investment and licensing transaction from Biogen Idec, Knopp Neurosciences, Inc. (KNI) participated in a merger with Knopp Biosciences LLC (KBS). As part of the merger, investors fully realized their investment in KNI and received shares of KBS.

Saturn Partners Limited Partnership II Portfolio Companies - as of 6/30/12

Portfolio Company	Initial Investment	Investment	Business Description
The Ride, Inc.	Aug-08	$ 1,950,000	The Ride is an entertainment company founded on the concept that cities are the new theme parks of the 21st century. The Ride incorporates high-tech, multi-media enhanced motor coaches with live interactive performance from entertainers and bystanders to explore the character of city landscapes and make the ordinary extraordinary. The Ride is currently operating in New York City.
SureLogic, Inc.	Aug-06	$ 2,865,000	SureLogic empowers Java developers with powerful tools that can help them build complex, high quality, high performance applications. The SureLogic suite is based on software analysis technology and is designed to enhance developer productivity, afford unique levels of specialized software assurance and enable a range of performance improvements.
Think Through Learning	Jan-08	$ 1,250,000	Think Through Learning (TTL), formerly Apangea Learning, is a leader in developing one-on-one, online math tutoring services for grades K-12. TTL automatically adapts to each student's cognitive level, so they can work on a custom path that's right for them. The instruction is integrated with just-in-time tutoring from certified U.S. math teachers who intervene when students need assistance.

Saturn Partners Limited Partnership III Portfolio Companies - as of 6/30/12

Portfolio Company	Initial Investment	Investment	Business Description
COGO Optronics, Inc.	Mar-11	$ 5,000,000	COGO produces key transmission components for 40G optical networks and has developed solutions for 100G and beyond, a necessary step for carriers to meet their performance and cost demands. COGO's technology enables higher speeds within existing infrastructure by utilizing optical modulator components that are smaller, offer up to 10x higher speeds and consume less power than the lower speed devices they replace.
Mismi, Inc.	Jul-11	$ 1,250,000	Mismi is an electronic broker-dealer and alternative trading system. Mismi has developed a suite of next-generation trade execution technologies that offers traders control, flexibility and superior single-name and portfolio execution capability.
OPE, Inc. (DBA CORE Outdoor Power)	Feb-12	$ 1,000,000	OPE, Inc. has developed a revolutionary new motor technology called Conductor Optimized Rotary Energy (CORE) specifically for use in its new line of gasless emission-free outdoor power equipment.
Panève, LLC	Mar-11	$ 1,450,000	Panève has created a software-driven, scalable processor that provides unprecedented performance and efficiency for video, graphics, imaging and audio for mobile devices, tablets and televisions.
Think Through Learning Inc.	Mar-11	$ 1,500,000	Think Through Learning (TTL), formerly Apangea Learning, is a leader in developing one-on-one, online math tutoring services for grades K-12. TTL automatically adapts to each student's cognitive level, so they can work on a custom path that's right for them. The instruction is integrated with just-in-time tutoring from certified U.S. math teachers who intervene when students need assistance.