

ADVERSE FINDINGS

On May 3, 2002, the Illinois Department of Human Rights found evidence with respect to Charging Party's claims of age, race, and sex discrimination (IDHR #2001 CA 1936) by Bankmont Financial Corp. ("Bankmont"), an entity in the ownership chain of Halyard Capital Fund, L.P. The case remains in litigation before the Illinois Human Rights Commission, ALS #11795. No final determination has been made.

On September 11, 2002, the Equal Employment Opportunity Commission made an adverse administrative determination against Bankmont regarding age discrimination in connection with a promotion case (EEOC #210A201623). The parties are currently in conciliation with the EEOC. No final determination has been made.

To Halyard's knowledge and that of its attributable investors, there have been no other adverse findings made and no adverse final actions taken by any court or administrative body against any party to this application.