

**SUBSCRIPTION BOOKLET
(Including Prospective Investor Questionnaire)**

FOR

SHARES

IN

MDL ACTIVE DURATION FUND, LTD.

Carefully review and follow the instructions to Subscribers immediately following this cover page.

INSTRUCTIONS TO SUBSCRIBERS

To subscribe, please follow these steps:

I. SUBSCRIPTION AGREEMENT (including Prospective Investor Questionnaire)

You should complete and return the Subscription Agreement, signed in duplicate, to:

Board of Directors
MDL Active Duration Fund, Ltd.
Williams House
20 Reid Street
Hamilton, HM 11 Bermuda

Please complete the Prospective Investor Questionnaire attached as Schedule B to the Subscription Agreement.

II. PAYMENT OF CAPITAL CONTRIBUTION

The amount of your Subscription should be remitted by wire transfer in immediately available funds in accordance with the instructions set forth on Schedule A to the Subscription Agreement. Please contact the Investment Adviser for further instructions for wire transfers.

MDL ACTIVE DURATION FUND, LTD.

SUBSCRIPTION AGREEMENT

TO: Board of Directors
MDL Active Duration Fund, Ltd.
Williams House
20 Reid Street
Hamilton, HM 11 Bermuda

1. Subscription. The undersigned (the "Subscriber") hereby offers to purchase and subscribe for redeemable, non-voting participating shares (the "Shares") of MDL Active Duration Fund, Ltd. (the "Fund"), and consents to make cash contributions to the capital of the Fund in the amount set forth on the signature page above the Subscriber's signature (minimum initial subscription of U.S. \$1,000,000, subject to the discretion of the Fund to reduce such minimum).

Subject to the terms and conditions contained herein and in the Confidential Private Placement Memorandum of the Fund dated January 15, 2003, and all supplements and exhibits attached thereto (the "Memorandum"), the Subscriber hereby subscribes to purchase the Shares as described above at the Initial Offering Price of U.S. \$1,000.00 per share; or if the Fund has commenced operations, at a per Share subscription price equal to the Net Asset Value for the relevant Shares in accordance with the Fund's Bye-laws and as described in the Memorandum.

Upon acceptance of this Subscription Agreement, the Subscriber agrees to pay to the Fund the full purchase price of the Shares subscribed by wire transfer in accordance with the instructions set forth in Schedule A attached hereto.

If the Fund does not accept the subscription for any reason whatsoever, the amount of the subscription payment will be returned to the Subscriber with interest thereon, and thereupon this Agreement shall be null and void and of no further force and effect.

2. Representations and Warranties of Subscriber. The Subscriber hereby represents and warrants as follows:

A) The Subscriber has received and thoroughly reviewed the Memorandum and is relying on the information contained therein, together with other information made available to it on request, in making this subscription. All documents pertaining to this investment have been made available for inspection by the Subscriber, its attorney and accountant. No oral representations have been made to the Subscriber or its advisor(s) in connection with the offering of the Shares, nor has the Subscriber relied on any such representations. The Subscriber has entered into this Subscription Agreement with a thorough knowledge and understanding of the investment and its risks.

B) All information provided by the Subscriber to the Fund is true and correct in all respects as of the date hereof.

MDL Active Duration Fund, Ltd.
Subscription Agreement

C) The Subscriber has had an opportunity to ask questions of and receive answers from the Investment Adviser, or a person or persons acting on its behalf, concerning the terms and conditions of this investment, and all such questions have been answered to the full satisfaction of the Subscriber.

D) The Subscriber does not intend or anticipate that this investment will be a source of current income.

E) The address set forth below represents the true and correct place of business of the Subscriber and that the Subscriber has no present intention of having a place of business in any other state or jurisdiction.

F) The Subscriber has been informed by the Fund in writing and understands that the Shares have not been registered under any federal or state securities laws in reliance on exemptions therefrom for non-public offerings or other exemptions, based in part upon the Subscriber's representations herein, and further understands that the Shares have not been approved or disapproved by the Securities and Exchange Commission or any other federal or state agency.

G) The Subscriber has sufficient liquid assets to pay for the Shares and agrees that the Fund shall have all the rights set forth in this Subscription Agreement and the Memorandum of Association and Bye-laws of the Fund.

H) The Subscriber is acquiring the Shares for the Subscriber's own account, for investment purposes only, and not with a view to the sale or other distribution thereof, in whole or in part, and is aware of the following:

1) The Fund has recently been formed, and its operations have only recently commenced. It has no financial or operating history;

2) There are substantial restrictions on the transferability of the Shares as set forth in the Fund's Bye-laws and described in the Memorandum;

3) No resale or other transfer of the Shares by the Subscriber will be allowed which are not registered under the Securities Act of 1933 (the "Securities Act") and/or under applicable state securities laws (and shareholders have no right to require that the Shares be registered) or exempt from all such registration. There will be no public market for the Shares; accordingly, it may not be possible for a Subscriber to liquidate its investment in the Fund. The Shares have not been registered under any state or foreign securities laws, including those of the jurisdiction in which the Subscriber resides, and may not be sold or transferred without registration under said laws, or an exemption therefrom, and without first receiving the consent of the Board of Directors of the Fund, which consent the Board may unreasonably withhold in its sole discretion;

4) Any income tax benefits which may be available to the Subscriber may be lost through adoption of new laws, amendments to existing laws or regulations, changes in the interpretation of existing laws and regulations.

I) The investment represented by this Subscription Agreement is financially suitable to the Subscriber in that, among other things, (a) the Subscriber is an "Accredited Investor" as defined under the Securities Act and is a "Qualified Purchaser" as defined under Rule 2(a)(51)(A) of the Investment Advisers Act of 1940, and (b) the Subscriber's financial condition is more than adequate, and will continue for the foreseeable future to be more than adequate, to bear the substantial economic risks of this investment. The Subscriber, either alone or with the Subscriber's representative, has sufficient knowledge and experience in investment, tax and business matters to independently evaluate the merits of this investment.

J) Subscriber is not a U.S. Person who is not a Permitted U.S. Person as defined in the Memorandum.

K) Subscriber is not a citizen or resident of Bermuda.

L) Subscriber acknowledges that the Fund may at any time and from time to time following the completion of the Offering issue additional Shares, and that upon such issuance, the percentage of the outstanding equity of the Fund represented by the Shares may be diluted, which dilution could be substantial.

M) Subscriber represents that it has completed and delivered to the Fund the Prospective Investor Questionnaire, Schedule B, hereto, that the information provided by Subscriber on Schedule B hereto is complete and accurate, and that the Fund and the Investment Adviser may rely on such information.

N) Each Subscriber that is an "employee benefit plan," as defined in and subject to the ERISA (a "Plan"), and each fiduciary thereof who is executing this Subscription Agreement on behalf of such Plan (a "Plan Fiduciary") represents and warrants that (a) the Plan Fiduciary has considered an investment in the Fund for such Plan in light of the risks relating thereto; (b) the Plan Fiduciary has been informed and understands the Fund's investment objectives, policies and strategies; (c) the Plan Fiduciary understands that the assets of the Fund may be considered "plan assets" of the Plan under ERISA; (d) the Plan Fiduciary has determined that, in view of such considerations, the investment in the Fund for such Plan is consistent with its responsibilities under ERISA; (e) the investment in the Fund by the Plan does not violate and is not otherwise inconsistent with the terms of any legal document constituting the Plan or any trust agreement entered into thereunder; (f) the Plan's investment in the Fund has been duly authorized and approved by all necessary parties; and (g) the Plan Fiduciary (i) is authorized to make, and is responsible for, the decision for the Plan to invest in the Fund, including the determination that such investment is consistent with the requirement imposed by Section 404 of ERISA that Plan investments be diversified so as to minimize the risks of large losses; (ii) is independent of the Investment Adviser and its affiliates, any other investment advisor to the Fund, any selling agent and any of their respective affiliates, (iii) is qualified to make such investment decisions, and (iv) in making such decision, has not relied primarily on any advice or recommendation of the Investment Adviser, any other investment advisor to the Fund, a selling agent, or any of their respective affiliates or employees.

O) If the Subscriber (other than a Subscriber who is a natural person) is acquiring Shares which, when aggregated with the value of all Shares, if any, previously acquired by it and all securities owned by the Subscriber of all "Designated Issuers" (as defined

below), equal 10% or more of the value of the total assets of the Subscriber, the Subscriber represents and warrants that (a) it is not an "investment company" as such term is defined in Section 3(a)(1) of the Investment Company Act of 1940 (the "Investment Company Act"), and, if the exception provided for in Section 3(c)(1) or (7) of the Investment Company Act were not available, would not be an "investment company," (b) all of its outstanding securities are beneficially owned by one person, (c) it is a defined benefit plan qualified under Section 401 of the Code, and such plan is involuntary (meaning that all contributions to the plan are made by the employer-sponsor rather than the employee participants) or (d) such Subscriber shall have delivered, upon the admission of such Subscriber to the Company, another representation satisfactory to the Board with respect to the Investment Company Act. For purposes hereof, the term "Designated Issuers" shall mean issuers that are or would be, but for the exception set forth in Section 3(c)(1)(A) of the Investment Company Act, excluded from the definition of an investment company solely by reason of Section 3(c)(1) of the Investment Company Act (including the Company).

3. Indemnification. The Subscriber acknowledges that the Subscriber understands the meaning and legal consequences of the representations and warranties contained in this Subscription Agreement, and hereby agrees to indemnify and hold the Fund, the Investment Adviser and the Administrator harmless from and against any and all loss, damage or liability due to or arising out of a breach of any representation or warranty of the Subscriber contained herein.

Notwithstanding any of the representations, warranties, acknowledgements or agreements made herein by the Subscriber, the Subscriber does not hereby or in any other manner waive any rights granted to the Subscriber under federal or state securities laws.

4. Conditions. It is understood that this subscription is expressly conditioned upon:

A) The Subscriber's prior completion, execution and delivery to the Fund of a Prospective Investor Questionnaire. See Schedule B.

B) The acceptance by the Board of Directors on behalf of the Fund of the Subscriber as a qualified offeree eligible to receive an offer to purchase and subscribe for the Shares.

C) The Subscriber's completion, execution and delivery to the Fund of this Subscription Agreement, in duplicate.

D) The acceptance by the Board of Directors on behalf of the Fund of this Subscription Agreement, which determination shall be within the complete discretion of the Board of Directors.

E) Tender to the Fund of the full purchase price of the Shares for which the Subscriber is subscribing upon demand by the Fund.

5. Governing Law; Jurisdiction. This Agreement shall be governed by and construed under the laws of Bermuda without regard to the conflict of laws provisions thereof. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Bermuda for the

adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper.

6. Entire Agreement; Waiver. This Agreement constitutes the entire agreement between the parties with regard to the subject matter hereof, superseding all prior agreements or understandings, whether written or oral, between or among the parties. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended except pursuant to a written instrument executed by or on behalf of the Fund and Subscriber.

7. Anti-Money Laundering. As part of the Fund's responsibility for the prevention of money laundering, the Administrator, its affiliates, subsidiaries or associates may require a detailed verification of the Subscriber's identity and the source of the payment. Depending on the circumstances of each subscription, a detailed verification might not be required where:

- 1) The Subscriber makes the payment from an account held in the Subscriber's name at a recognized financial institution; or
- 2) The subscription is made through a recognized intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognized as having sufficient anti-money laundering regulations.

The Administrator reserves the right to request such information as is necessary to verify the identity of a Subscriber. For example, an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, together with evidence of his or her address, such as a utility bill or bank statement, and date of birth. In the case of corporate investors, the Administrator can require, among other things, production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), and the names, occupations, dates of birth and residential and business addresses of all directors and beneficial owners. The Administrator can request such information as is necessary to verify the identity of an investor. In the event of delay or failure by the Subscriber to produce any information required for verification purposes, the Administrator may refuse to accept the application and the subscription monies relating thereto, or may refuse to honor a redemption request until proper information has been provided. If any person who is resident in Bermuda (including the Administrator) has a suspicion that a payment to the Fund (by way of subscription or otherwise) contains the proceeds of criminal conduct that person is required to report such suspicion pursuant to The Proceeds of Crime Act, 1997, Bermuda.

This subscription is not transferable or assignable by the Subscriber.

MDL ACTIVE DURATION FUND, LTD.
SUBSCRIPTION AGREEMENT

SIGNATURE PAGE FOR INDIVIDUALS AND JOINT ACCOUNTS

I/we hereby subscribe for \$ _____ of Shares.

Signature Print Name Identification No. Date

Signature Print Name Identification No. Date

Residential Address

Mailing Address
(if different)

Citizenship _____

Type of Ownership (Initial One)

- _____ Individual
- _____ Tenants in Common (Both Parties Sign)
- _____ Joint Tenants with Right of Survivorship
(Both Parties Sign)
- _____ Community Property (Both Parties Sign)

MDL ACTIVE DURATION FUND, LTD.
SUBSCRIPTION AGREEMENT

SIGNATURE PAGE FOR ENTITIES
(OTHER THAN EMPLOYEE BENEFIT PLANS)

The undersigned entity hereby subscribes for \$100,000,000.00 of Shares.

Form of Organization: Partnership, Limited Liability Company, Corporation,
 Trust, Other (Describe: _____)

Full Name of Subscriber: STATE OF OHIO BUREAU OF WORKERS'
COMPENSATION

Tax I.D. No. [REDACTED]

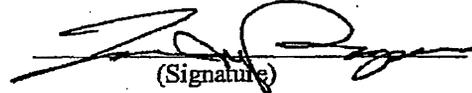
Address: 30 WEST SPRING ST.
COLUMBUS OHIO 43215

Telephone: 614-752-8055

The undersigned warrants that he/she has full power and authority to execute this Subscription Agreement on behalf of the above entity, and investment in the Fund is not prohibited by the governing documents of the entity.

Name: OHIO BUREAU OF WORKERS' COMPENSATION
(Entity Name)

By:


(Signature)

TERRENCE W. GASPER
(Signer's Printed Name)

CHIEF FINANCIAL OFFICER
(Signer's Title)

Date: August 29, 2003

**MDL ACTIVE DURATION FUND, LTD.
SUBSCRIPTION AGREEMENT**

**SIGNATURE PAGE FOR EMPLOYEE BENEFIT PLANS
(OR EMPLOYEE BENEFIT PLAN COMPANIES)**

The undersigned hereby subscribes for \$ _____ of Shares.

Full Name of (circle one) Employee Benefit Plan/Trust/IRA:

Tax ID. No. of (circle one) Plan, Trust or IRA: _____

State and Approximate Date of Formation: _____

Full Name, Address and Phone Number of Authorizing Fiduciary:

Name: _____

Address: _____

Telephone: _____

The undersigned warrants that he/she has full power and authority to execute this Subscription Agreement on behalf of the above entity, and investment in the Fund is not prohibited by the governing documents of the entity.

Name: _____
(Entity Name)

By: _____
(Signature)

(Signer's Printed Name)

(Signer's Title)

The Fund will determine, in its sole discretion, whether the investment is suitable for the Subscriber and whether to accept this subscription.

Accepted _____ Rejected _____ Date: _____

MDL ACTIVE DURATION FUND, LTD.

By: _____
Signature

Name

Title

SCHEDULE A

Subscription Instructions

USD – STANDARD SETTLEMENT INSTRUCTIONS INTO BANK ACCOUNT:

PLEASE USE A MT 100 FORM/PAYMENT ORDER

RECEIVING BANK: RBC Centura
Rocky Mount, NC

SWIFT CODE: [REDACTED]
ABA NO.: [REDACTED]

ACCOUNT NO.: [REDACTED]
REFERENCE: Winchester Reserves SPC

FFC: [REDACTED]

ACCOUNT NAME: The MDL Active Duration Fund, Ltd.

SCHEDULE A

**MDL Active Duration Fund, Ltd.
Subscription Agreement**

SCHEDULE B

PROSPECTIVE INVESTOR QUESTIONNAIRE

TO: Board of Directors
MDL Active Duration Fund, Ltd.
Williams House
20 Reid Street
Hamilton, HM 11 Bermuda

Gentlemen:

The undersigned is furnishing the information contained herein to you in order to enable you to determine whether the Subscription Agreement of the undersigned to purchase redeemable, non-voting participating shares (the "Shares") of MDL Active Duration Fund, Ltd. (the "Fund") may be accepted by you in accordance with the provisions of the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws. The undersigned understands that (a) you will rely on the information contained herein in order to make such determination, (b) the Shares will not be registered under the Securities Act or under any state securities laws in reliance upon the exemptions from registration available thereunder, and (c) this Questionnaire is not an offer of any Shares or any other securities to the undersigned. The undersigned also agrees that the Fund may rely upon the information provided herein in determining whether to consent to the purchase of Shares under the Subscription Agreement.

Accordingly, the undersigned hereby makes the following representations and provides the following information:

(1) The undersigned meets the requirements as an "Accredited Investor" as defined in Rule 501(a) under the Securities Act because (initial in the space provided at least one of the items below):

- ____(i) The undersigned, individually or jointly with his or her spouse, has a net worth in excess of \$1,000,000; or
- ____(ii) The undersigned has had individual income in excess of \$200,000 in each of the two most recent years or joint income with his or her spouse in excess of \$300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year; or
- ____(iii) The undersigned is a corporation, Massachusetts or similar business trust, partnership, or §501(c)(3) organization, not formed for the specific purpose of acquiring the Shares, with total assets in excess of \$5,000,000; or

SCHEDULE B

MDL Active Duration Fund, Ltd.
Subscription Agreement

(iv)

The undersigned is a trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Shares, whose purchase is directed by a person whose knowledge and experience in business and financial matters are such that he or she is capable of evaluating the merits and risks of an investment in the Shares; or

(v)

The undersigned is an employee benefit plan (other than a participant directed plan) within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and either (a) the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of ERISA which is a bank, savings and loan association, insurance company, or registered investment adviser or (b) the employee benefit plan has assets in excess of \$5,000,000; or

(vi)

The undersigned is an entity in which all of the equity owners are persons described above (including a participant-directed IRA or employee benefit plan in which all participants are accredited investors by being a natural person who (a) had an income in excess of \$200,000 in each of the two most recent years (or joint income with his or her spouse in excess of \$300,000 in each of those years) and has a reasonable expectation of reaching the same income level in the current year or (b) has a net worth (or joint net worth with his or her spouse) in excess of \$1,000,000). If this item is checked, please contact the Investment Adviser. Additional requirements may apply; or

(vii)

The undersigned is otherwise an "accredited investor" as defined in Rule 501(a) promulgated under the Securities Act on the grounds specified below (please attach additional sheets if necessary to provide complete information). _____

(2) The undersigned and each of the participants within a participant-directed IRA or employee benefit plan under (1)(iv) above meets the requirements as a "Qualified Purchaser" within the meaning of Section 2(A)(51) of the Investment Company Act of 1940 because the undersigned or each such participant (initial in the space provided at least one of the items below):

- ____(i) An individual who owns not less than \$5,000,000 in Investments;
- ____(ii) A corporation, partnership or trust not formed for the specific purpose of investing in the Shares and owns not less than \$5,000,000 in investments and is owned directly or indirectly (i) by or for two or more natural persons who are (A) related as siblings or spouse (including former spouses), (B) direct lineal descendants by birth or adoption, (C) spouses of such persons, (D) the estates of such persons, or (ii) by foundations, charitable organizations or trusts established by or for the benefit of such persons;
- ____(iii) A trust not formed for the specific purpose of acquiring the Shares and the trustee or other authorized person making decisions with respect to the trust, and each settlor or other person who has contributed assets to the trust, is a qualified purchaser by owning not less than \$5,000,000 in investments;
- ____(iv) An employee benefit plan that owns not less than \$25,000,000 in investments and does not allow participants to decide whether and how much to invest in particular investment decisions;
- ____(v) An entity that was not formed for the specific purpose of investing in the Shares, will not have more than 40% of its net worth in the Fund, would be an investment company under the Investment Company Act of 1940 but for the exclusions in Sections 3(c)(1) or 3(c)(7) thereof, owns not less than \$25,000,000 in investments and each pre-April 30, 1996 beneficial owner has consented to the treatment of the entity as a Qualified Purchaser.
- X____(vi) An entity other than a private investment fund described in (v) above or employee benefit plan described in (iv) above not formed for the specific purpose of investing in the Fund, will not have more than 40% of its net assets invested in the Fund and owns and invests on a discretionary basis not less than \$25,000,000 in investments;
- ____(vii) A "qualified institutional buyer" as defined in Rule 144A under the Securities Act (except qualified institutional buyers which are dealers which own and invest less than \$25 million in investments and except defined contribution

plans whose participants are able to direct their plan investments, unless such participants themselves are qualified purchasers);

_____(viii) Is otherwise a "Qualified Purchaser" within the meaning of Section 2(a)(51)(A) of the Investment Company Act of 1940 by being or having _____

(3) The undersigned is an entity or plan exempt from federal income tax under Section 501(a) or Section 408 of the Internal Revenue Code of 1986, as amended. (Please check: Yes No).

(4) The undersigned is a "benefit plan investor" as defined in regulations of the U.S. Department of Labor promulgated under ERISA. (Please check: Yes No)

(5) The undersigned is not a United States Person, other than a Permitted U.S. Person, as defined in the Memorandum. (Please check: Yes No)

(6) The undersigned is willing and able to bear the economic risk of an investment in the Shares in an amount equal to the total amount for which the undersigned desires to subscribe. In making the foregoing statement, the undersigned has given consideration to whether it can afford to hold the Shares indefinitely and whether, at the present time, the undersigned can afford a complete loss of such investment in the Shares.

(7) Any purchase of the Shares will be solely for the account of the undersigned and not for the account of any other person or with a view to any resale, division or other distribution thereof.

(8) The undersigned hereby represents and warrants to you that (a) the information contained herein is true, accurate and complete and may be relied upon by you, and (b) the undersigned will notify you immediately of any material change in any of the information contained herein occurring prior to your acceptance of any subscription from the undersigned with respect to the purchase of any Shares by the undersigned.

(9) Business address and telephone number:

Ohio Bureau of Workers' Compensation
30 West Spring Street
L-27 Investment Department
Attn: Chief Investment Officer
Columbus, OH 43215

IN WITNESS WHEREOF, the undersigned has executed this Prospective Investor Questionnaire this _____ day of _____, 2003.

FOR COMPLETION BY PROSPECTIVE INVESTORS WHO ARE NATURAL PERSONS:

Name: _____
(print or type)

Signature: _____

FOR COMPLETION BY PROSPECTIVE INVESTORS WHO ARE NOT NATURAL PERSONS

Name: Ohio Bureau of Workers' Compensation
(print or type)

By: _____
(signature of authorized representative)

Its: Terrence W. Gasper
Chief Financial Officer
(name and title of authorized representative)

(Check One)

- Limited Liability Company
- Partnership
- Corporation
- Trust
- Pension or Profit Sharing Plan
- Other Governmental Agency of the
(Specify State of Ohio)