



To: Bayou Family of Funds Members

July 27, 2005

From: Sam Israel III General Members

It is with great regret, but with an overriding sense of pride and accomplishment in a job done to the best of our abilities, that I announce the closing of the Bayou Family of Funds at the end of the July 2005. Upon completion of the final audit, all investors will receive a 100% payout on their investments. The current investors who have sent in redemption notices recently will be subject to the final audit and those redemptions will be part of the final payments. We will send updates to the investors while the audit is in progress indicating an anticipated date of final payments.

Over the nine years of Bayou's existence we have tried to always perform to the best of our abilities while managing the risk profile and to provide returns of which everyone can be proud. With the exception of what I would call "growing pains" inherent to the learning curve of business, I feel we have done an admirable job in the stewardship of the funds with which we have been entrusted and hope that you agree.

I have always been of the opinion that in order to be successful in our business one must be able to devote the majority of one's time, effort and focus on the business. At this point in time, however, I want to devote the majority of my time to my children and to my personal life. As you probably know, I am currently in the process of getting divorced. As most of you will also know, major changes like this often result in periods of self reflection, involving the examination of your life, your goals and your priorities. What has become very clear to me during this time is that the years when your children are growing from young dependent children into independent adults are extremely fleeting and precious. The opportunity to share in this miracle is not one that I plan to miss. I am in the enviable position of being able to arrange my life to make the most of this opportunity. Therefore, it is my intention to spend some time relaxing and enjoying my children and focusing on rebuilding my personal life. I will continue to trade my own and Dan's personal funds; keeping my toe in the business which I love too much to give up entirely. Additionally, when the right time comes I may well invite others to join me in this. For the immediate future, however, I hope that you will understand and respect my decision and know that it was not an easy decision to make, but that I do believe it to be the right one.

Finally, I wish to thank everyone for your support of Bayou over these nine years. We, as a team, have done our best for you, our investors, and we have certainly enjoyed working with and getting to know each of you. I realize that many of you will wish to contact me personally; however, I am asking you to please respect my desire to focus on my family and direct all communications through Bayou via info@bayougroup.com or the Investor Relations department. These communications will be forwarded to me and I will try to respond in a timely fashion.

Thank you all again. It has been my great pleasure to be associated with you all.

Sincerely,

Sam Israel III

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