



To: Bayou Family of Funds Members

July 29, 2005

From: Bayou Management LLC

As promised, I would like to update you on the audit/closure process. First, all investors should refer to the following Articles in the Operating Agreement, which has been attached for your convenience. These sections detail how liquidation of the funds shall proceed: Page 21, Article 8 (e), Page 30, Article 10.5 and Pages 33-35, Article 13. Please note that although the page numbers may differ in each fund, the terms in the one attached are the same.

There have been many communications from investors who do not understand why the process should take as long as the operating agreement indicates. The reason for the time frames specified in the agreement is to allow for the fact that, although three to four months may seem an unfair or unreasonably long time frame at first glance, the auditors must review the past 6 months of trades. Although we don't anticipate any major adjustments, the total could be impacted should any booking errors have occurred.

Furthermore, just as all Members are required to follow the terms of the Operating Agreement, so too is the Manager. We will do our best to expedite the process as much as possible. We are not insensitive to our investor's money management requirements. The audit has already begun and confirmation letters regarding activities for the period January through the end of July will be going out next week. Investors can aid in expediting the process by promptly completing and returning these letters to the auditor as soon as they are received. It is our intention to monitor the progress of the audit closely. Upon receipt of all confirmation letters and as soon as it appears to be certain that there are no substantial adjustments forthcoming, it is our intent that a significant portion of capital balances will be distributed. It is not inconceivable that with everyone's cooperation, partial distributions could begin by mid-August; however, we cannot guarantee that.

We expect that the final results will not be materially different from the information furnished to you in your June statement. Further updates will be provided as the audit progresses. We would appreciate your patience and cooperation during this process.

Sincerely,

Bayou Management LLC

Sam Israel III, Manager

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