



To: Bayou Family of Funds Members

August 11, 2005

From: Bayou Management LLC

This letter is to update you on the fund closing process. The "audit letters" for the domestic funds have now gone out. Included in these letters are July NAV statements. Please follow the instructions on the letter and return as soon as possible in order to expedite the process. Should you have any questions or find any discrepancies between our records and yours please note them on the audit confirm letter itself. Either someone from Bayou or the auditor will get back you with regard to any issues.

We are trying to make arrangements, with the auditor's approval, to send out the 90% balance by next week. We are aiming for Wednesday. We will be able to finalize the date toward the end of this week. The remaining balance will be distributed upon receipt and reconciliation of audit letters from all investors. To date, there have been no indications that any adjustments will be proposed by the auditor and we don't anticipate any.

I suspect that the final 10% balance will be paid by the close of August, which is substantially ahead of the time allowed under the operating agreement.

Distribution will be made via check. The check will be accompanied by a letter and photocopy of the check that must be signed and returned to Bayou acknowledging receipt and agreement with the account balance reflected. This procedure will be applied to both the 90% refund and the 10% balance payments.

For this reason, it is important that, should you wish the checks to be mailed to any address other than the one your NAV statement is currently mailed to, you please provide it to us at this time. All communication should be addressed to Bayou at 40 Signal Road, Stamford, Connecticut 06902 or info@bayougroup.com. The offices will be open through the end of October.

Your cooperation in responding to our information request will expedite the process. I will send out another e-mail as soon as possible with further updates.

Sincerely,

Sam Israel

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