

**JOINT OFFICIAL LIQUIDATORS  
BEACON HILL MASTER LTD.  
THEO BULLMORE  
PHILLIP S. STENGER**

4 May 2007

Dear Investor,

This notice follows the letter of 7 March 2007 from the Joint Official Liquidators (“JOLs”) of Beacon Hill Master, Ltd. (In Official Liquidation) (the “Master Fund”) and relates specifically to the execution by investors of written releases of all claims against the Funds’ Administrator, ATC Fund Services (Cayman) Ltd. (“ATC”), as well as the Funds’ auditors, Ernst & Young (Cayman Islands) (“EYCI”). For the reasons set out below the JOLs are asking all investors to execute the attached proposed release (the “ATC/EYCI Release”) and return it to them no later than 25 May 2007.

**Release of ATC**

As set out in our letter of 7 March 2007, the settlement with ATC is progressing well. The terms of the agreement are being finalized and we expect to have execution of this agreement in the coming weeks. However, it is a condition of the ATC settlement that the JOLs seek releases from the investors of all claims against ATC in a form suitable to ATC. The ATC/EYCI Release attached to this letter is in a form that has been agreed between the parties.

You will recall that the JOLs wrote to you on 20 March 2006 and 26 July 2006 (the “2006 Releases”) seeking a release and/or cap of claims from all investors who were not named plaintiffs in *Fraternity Fund Ltd. et v. Beacon Hill Asset Management et al*, 03 Civ. 2387 and in two related actions, *Gibraltar Fund I, L.P. et al v Beacon Hill Asset Management et al.*, and *Banca Nazionale del Lavoro S.P.A. v. Beacon Hill Asset Management et al* (collectively the “Investor/Plaintiffs” and “Investor Litigation”). These releases were sought to address the objections raised by ATC and EYCI to an interim distribution of surplus assets of the Funds. You will recall that ATC and EYCI have always asserted that they were contractually entitled to indemnification from the Funds for any claim that could be asserted against EYCI and/or ATC by the investors of the Funds. Moreover, ATC and EYCI consistently have taken the position that they would object to any interim distribution of assets until these potential claims had been provided for.

As a result of the JOLs request for releases in March and July 2006, an overwhelming majority of investors who were not plaintiffs in the Investor Litigation signed a release of all claims against EYCI and ATC.

**Theo Bullmore**

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The JOLs believe that the terms of the attached ATC/EYCI Release goes no further than the 2006 Releases already executed by the majority of investors solicited at that time. Of significant benefit to investors, however, the ATC/EYCI Release provides a mutual release as between all executing investors and ATC, which did not exist in the 2006 Releases. You will also note that under the terms of the ATC/EYCI Release, all investors retain the right to recover as shareholders of the Funds from any damages awarded to the Master Fund in the JOLs' action against Ernst & Young entitled Bullmore et al v. Ernst & Young (Cayman Islands), Index No. 104314/05 (NY Sup. Ct.). The ATC/EYCI Release specifically carves out this right of recovery from the claims that are being released by you.

Additionally, similar to the 2006 Releases, the efficacy of the ATC/EYCI Release remains directly tied to the ability of the JOLs to make an interim distribution of the Master Fund and Feeder Fund assets to the investors. By entering into the ATC settlement, and seeking new waivers from investors, ATC agrees to withdraw any objection it has to an interim distribution provided that it receives a copy of all executed ATC/EYCI Releases. The JOLs consider that this will be a significant hurdle to an interim distribution that has been overcome.

However, a key term of the ATC settlement agreement relates directly to the execution of the ATC/EYCI Release by all investors. Specifically, *the JOLs have agreed not to make an interim distribution of the Master Fund and Feeder Fund assets to any investor who does not execute the ATC/EYCI Release.* Absent this agreement, and regardless of the 2006 Releases, ATC would likely make an argument that investors who did not execute the ATC/EYCI Release may bring future claims against ATC, for which ATC could claim indemnification against the Master Fund and Bristol Fund. In such an event, the Master Fund would be required to retain sufficient funds to satisfy any indemnification claim brought by ATC until such indemnification claim was adjudicated on by the Cayman Court. Barring the creation of a reserve of the assets of non-executing investors, those same non-executing investors could create a liability for the Master Fund that it would be unable to satisfy. Accordingly, to avoid this situation and to facilitate a fulsome interim distribution, we strongly encourage all investors to execute the ATC/EYCI Release.

It is also important to note that ATC has expressly requested that the Investor Plaintiffs execute the ATC/EYCI Release in the attached form. Based on the Investor Plaintiffs' involvement in the ATC settlement agreement, we anticipate that the Investor Plaintiffs will comply with this request. This is a significant movement from the previous position set out in our letters to you of 20 March 2006 and 26 July 2006, whereby the Investor Plaintiffs had only agreed to "cap" the Investor Litigation at US\$40 million rather than give a full release. This concession by the Investor Plaintiffs will not only remove a further potential objection to the distribution by ATC

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and/or EYCI, it will also result in a further US\$40 million being available for interim distribution as the JOLs will no longer be required to retain this sum to provide for the “capped” Investor Litigation.

**EYCI’s Indemnity Claim**

As set out above, EYCI is another party who has objected to an interim distribution on the basis that they were contractually entitled to indemnification from the Funds for any claim that had been, or could be, made against them by investors in the Funds.

The 2006 Release obtained from you provided for this issue and the JOLs had, until recently, no indication from EYCI that they had any issue with the terms of the 2006 Release obtained. However EYCI has recently questioned the enforceability of the 2006 Releases.

Although the JOLs do not agree that the 2006 Releases are insufficient, in order that any potential conflict over the enforceability of the 2006 Release is not used by EYCI as another impediment to an interim distribution, the JOLs have determined that a new release should be drafted in consultation with EYCI and be signed by all investors and EYCI. The JOLs have further considered that a pragmatic approach was to include a release of EYCI in the release being prepared for the ATC settlement in order that all releases are contained in one document.

**Conclusion**

The JOLs consider that the terms of the ATC/EYCI Release go no further than the 2006 Release already signed by you, however by signing this release, you will assist the JOLs in removing grounds for ATC and EYCI to object to an interim distribution.

Again, as stated above, any investor not executing the attached release will *not* be allowed to participate in the interim distribution of the assets of the Master Fund and Feeder Funds. We strongly urge you promptly to consider, execute and return the ATC/EYCI Release to the undersigned.

We look forward to receiving the duly executed ATC/EYCI Release from you before 25 May 2007.

Please do not hesitate to contact Heather Bell at [heather@stengerlaw.com](mailto:heather@stengerlaw.com) or Michael Schulz at [schulz@kpmg.ky](mailto:schulz@kpmg.ky) with any questions or concerns regarding the above. Thank you for your time and consideration.

**Theo Bullmore**

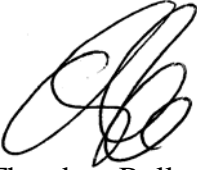
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Yours faithfully,



Theodore Bullmore  
Joint Official Liquidator  
Beacon Hill Master Ltd.



Phillip S. Stenger  
Joint Official Liquidator  
Beacon Hill Master Ltd.

**Theo Bullmore**

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