

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

16 February 2006

Dear Investors:

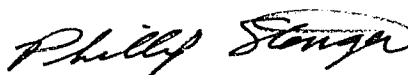
Beacon Hill Master, Ltd. (In Official Liquidation) and Bristol Fund, Ltd. (In Official Liquidation)

On February 15, 2006, a hearing was held before the Grand Court in the Cayman Islands regarding the Joint Official Liquidators' request for an interim distribution of assets over the objection of Beacon Hill Asset Management, LLC and its principals, Ernst & Young Cayman Islands and ATC Fund Services (Cayman) Ltd. The attached letter from Laura Hatfield, Cayman counsel for the Master Fund, explains the results of that hearing.

Very truly yours



Theo Bullmore
*Joint Official Liquidator
Beacon Hill Master Ltd. & Official
Liquidator Bristol Fund Ltd.*



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

Theo Bullmore

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15 February 2006

PRIVILEGED AND CONFIDENTIAL

REPORT TO INVESTORS OF BEACON HILL MASTER LIMITED (IN OFFICIAL LIQUIDATION)
("MASTER FUND") AND BRISTOL FUND LIMITED (IN OFFICIAL LIQUIDATION) ("BRISTOL")
("the Funds")

Dear Investor,

We write to report on the Application for directions for distribution of Master Fund assets and consequent distribution of Bristol allocation of Master Fund assets heard on February 15th 2006 by the Grand Court of the Cayman Islands.

We are pleased to inform you that the Court seemed favorably disposed to ensuring there is a prompt distribution of assets to the investors. The Court indicated that it sees no reason why a distribution of assets of the Master Fund and Bristol cannot proceed if the Ernst and Young Cayman Islands ("EYCI"), ATC Fund Administrators (Cayman) Ltd ("ATC") and Beacon Hill Asset Management LLC's ("BHAM") claims for indemnity and contribution against the Funds have been adjudicated or otherwise reserved for by the Liquidators before distributing assets to shareholders.

Although it was not possible for the Court to decide this at the hearing today, partly due to late filing of evidence and argument by ATC, EYCI and BHAM, it has taken an active case management role and set a timetable for resolution of all such issues. The timetable requires ATC, BHAM and EYCI to give an estimate of the value of their claims and an indication of the reserve for those claims that the Liquidators should make within 28 days. The Court has also set a timetable to consider whether the EYCI, ATC, and BHAM claims to indemnity and contribution are valid, and if so what value they have, at hearings scheduled for 24 and 25th May and 30th and 31st May 2006.

The Court will hear the distribution application not later than 31st July 2006. Although the Court considers it makes sense to look at the issues of the validity and value of the indemnity and contribution claims prior to the application for distribution being considered, the Liquidators have specifically reserved the right to pursue that application even if those issues have not been fully resolved by 31st July 2006. By that time the ATC, BHAM and EYCI will have definitively stated their positions on the indemnity and contribution claims and the Liquidators will show the Court that the parts of those claims that have any value have been adjudicated or reserved for by the Liquidators before distributing assets to shareholders.

Yours faithfully



SOLOMON HARRIS