

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

April 15, 2005

Dear Investor:

**Beacon Hill Master, Ltd. (In Official Liquidation) (“Master Fund”)**

Subsequent to our last investor notice dated December 23, 2004, please find outlined below an update on the status of the liquidation of the Master Fund.

**Master Fund Litigation**

After the investor notice sent on December 23, 2004, the Joint Official Liquidators of the Master Fund (the “JOLs”) received only one objection to the retention of Scott Berman as litigation counsel to the Master Fund and for payment of the \$500,000.00 to reimburse investor plaintiffs already represented by Mr. Berman. Accordingly, on February 21, 2005, the JOLs filed a *Motion and Brief to Approve and Authorize Payment of Professional Fees and Costs Pursuant to Retention Agreement* (the “Retention Motion”). The initial objection to the investor notice came from counsel for Premier Hedge, Ltd., Premier Hedge, L.P., and Milestone Global Advisors, L.P., who subsequently filed a formal objection to the Retention Motion. Despite this objection, on March 28, 2005, the Honorable Lewis A. Kaplan of the U.S. District Court in the Southern District of New York entered an order approving the retention of Mr. Berman as counsel for the Master Fund, while referring approval of the reimbursement payment of the \$500,000.00 to Magistrate Judge Henry Pitman for resolution.

We are pleased to report that immediately following entry of Judge Kaplan’s order, on March 29, 2005, the Master Fund filed a ten (10) count complaint against Ernst & Young Cayman Islands (“E&Y CI”), Ernst & Young LLP (“E&Y”), Beacon Hill Asset Management, LLC (“BHAM”), John D. Barry, Thomas Daniels, John Irwin, Mark Miskiewicz, and ATC Fund Services (Cayman) Limited (“ATC”) in a New York state court. The claims against E&Y CI and E&Y are for professional malpractice/negligence and aiding and abetting breach of fiduciary duty; the claims against BHAM and its principals include breach of contract, breach of fiduciary duty, self-dealing, and negligence; and the claims against ATC are for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, and breach of contract. None of the defendants have yet to file responsive pleadings. A copy of this complaint can be found at <http://www.beaconhillmaster.com>.

**NAV Recalculation**

As noted in our last update, Gifford Fong was engaged to extend the revaluation of the Master Fund’s assets from January to March 2002 (he had previously done so for the period of April to September 2002). This revaluation has been completed and PricewaterhouseCoopers (“PwC”) has recalculated the NAVs for the Master Fund and Bristol Fund, Ltd. (In Official Liquidation) (“Bristol”) and the Net Assets for Safe Harbor

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Fund, LP ("Safe Harbor") for the period from January to September 2002. Using Mr. Fong's analysis, KPMG further recalculated the NAVs for Safe Harbor for the same period.

**Distribution Update**

As detailed in the First Report of the Provisional Liquidator of the Master Fund and Bristol dated November 26, 2003 ("First Report") there are several outstanding issues which must be resolved prior to any distribution being paid to investors. There are current litigation proceedings by investors and, arising out of that litigation, potential indemnity claims against the funds which make it impossible for the JOLs to determine the quantum of outstanding creditor claims and, therefore, the true value of the Master Fund available for distribution to the Feeder Funds, and then on to the investors. While no indemnity claims have been asserted in response to the March 29, 2005 filing of the Master Fund litigation in the Supreme Court of the State of New York, it is possible that one or more such claims may be made in connection with that case.

Under Cayman Islands' Companies Law, the claims of the company's creditors must be paid prior to distribution of any surplus to investors. Accordingly, prior to any distribution being made to investors, the approved claims of all creditors must first be paid or an adequate reserve must be established. As a result, the Master Fund and Bristol cannot pay either an interim or final distribution to investors until the quantum of monies owing to creditors has been determined.

In order to determine the amount of creditor claims against the Master Fund, in September of 2004, the JOLs made an application to the Grand Court of the Cayman Islands to set a date by which creditors of the Master Fund must submit a Proof of Debt, which date was set for December 1, 2004. As of December 1, 2004, the JOLs had received Proofs of Debt from BHAM, ATC, and PricewaterhouseCoopers Cayman Islands. Additionally, on January 21, 2005, the JOLs received an informal notice of proof of debt from E&Y CI. On March 23, 2005, the JOLs rejected the claims submitted by ATC in the liquidations of the Master Fund and Bristol, and the claim submitted by BHAM in the liquidation of the Master Fund. BHAM and ATC have until April 13, 2005 and April 27, 2005, respectively, to challenge the rejection of their claims in the Cayman Court. On March 23, 2005, the JOLs similarly rejected E&Y's claim, and in order to preserve its claim as a creditor to the Master Fund and to have it considered as such by the Grand Court, it is incumbent on E&Y CI to submit a formal proof of claim to the Master Fund.

As some of you may be aware, a hearing with the Cayman Court was scheduled for April 18, 2005 to seek the Court's sanction of the distribution methodology. This hearing has now been adjourned until early June 2005. A further update will be issued to all investors once the JOLs are in a position to present their recommendation for a distribution methodology to investors.

**The Liquidation Committee**

On December 20, 2004, the Grand Court in the Cayman Islands entered an order which converted the informal Liquidation Committee of the Master Fund into a "formal" Liquidation Committee (the "Committee"). The informal committee was functioning as though it were a "formal" committee, and, therefore, the functions of the Committee will not change.

The Committee and the JOLs have been meeting regularly over the last several months to determine an appropriate distribution methodology of the Master Fund's assets to investors. In consultation with the

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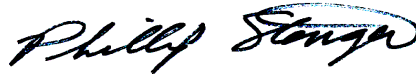
Committee, the JOLs expect to make a recommendation to investors and the Grand Court of the Cayman Island as well as the U.S. District Court in the Southern District of New York in the near future.

Should you have any questions or concerns please contact Sara Fazio at [sara@stengerlaw.com](mailto:sara@stengerlaw.com), Heather Adams at [heather@stengerlaw.com](mailto:heather@stengerlaw.com) or Casey McDonald at [cmcdonald2@kpmg.ky](mailto:cmcdonald2@kpmg.ky).

Yours faithfully,



Theo Bullmore  
*Joint Official Liquidator*



Phillip S. Stenger  
*Joint Official Liquidator*

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