

**MINUTES OF  
BEACON HILL MASTER, LTD  
(IN OFFICIAL LIQUIDATION) (the “Master Fund”)  
INFORMAL INVESTOR MEETING  
NEW YORK, NEW YORK  
MARCH 4, 2004  
10:00 A.M.**

PRESENT:

Joint Official Liquidator: Theo Bullmore, KPMG Cayman Islands  
Joint Official Liquidator: Phillip S. Stenger, Stenger & Stenger, P.C.  
Keith D. Blake, KPMG Cayman Islands  
Lee T. Silver, Stenger & Stenger, P.C.  
Douglas W. Van Essen, Stenger & Stenger, P.C.  
Tsui Donnelly, KPMG Cayman Islands  
Sara E. D. Fazio, Stenger & Stenger, P.C.  
William Regan, Simpson Thacher & Bartlett  
Amanda Persaud, Simpson Thacher & Bartlett

39 INVESTORS AND/OR REPRESENTATIVES PRESENT

17 Safe Harbor Fund, LP Investors and/or Representatives  
20 Bristol Fund, Ltd Investors and/or Representatives  
2 Milestone Plus Partners, LP Investors and/or Representatives

I. PRELIMINARY MATTERS (MR. SILVER):

- A) Introduction of Liquidation Team.
- B) Guidelines for the meeting.
  - 1) Mr. Silver will be the moderator of the meeting.
  - 2) Attendees asked to not speak unless the Moderator has recognized them and given them the floor, to refrain from interrupting, and to be as brief as possible when posing a question or making a comment so that everyone has the opportunity to be heard.
  - 3) Attendees asked to state their name and, where applicable, the entity they represent prior to posing questions or making comments.
  - 4) Each topic on the agenda will be discussed in an orderly fashion. Attendees are asked to confine their questions and comments to the agenda topic being discussed. There will be an open question and answer session at the end of the meeting.
  - 5) The meeting will last approximately two hours and the Liquidation Team will remain for approximately one hour after the meeting to answer investor questions. More detailed questions that do not apply to all investors should be reserved for this time.
  - 6) Due to potential litigation, the Liquidation Team will be unable to discuss matters that are subject to attorney-client privilege.
- C) Background of the SEC Action, SEC v. Beacon Hill Asset Management, et al., and the appointment of the Receiver for Safe Harbor Fund, L.P.

- D) Background of Cayman Islands Liquidation of the Master Fund, and the appointment of the Joint Official Liquidators.

## II. STATUS OF SEC LITIGATION (MR. STENGER)

- A) Litigation is progressing slowly. Currently, discovery in the SEC Action is stayed until May 31, 2004 pursuant to the request of the U.S. Attorney's Office.
- B) The Receiver's dual role as Safe Harbor Receiver and Joint Official Liquidator for the Master Fund creates symmetries between the U.S. Court and the Cayman Islands Court as well as between the Receiver and the Liquidators.
- C) The Receiver regularly interfaces with the SEC. If an investor has any information that may be helpful to the SEC's investigation, please call David Kagan-Kans at (202) 942-4711.
- D) The Receiver is in the process of gathering documents and information to assist him in conducting the Safe Harbor Receivership. One tool for gathering such information is the "Investor Response Form" that was distributed to each investor of record. If anyone would like an Investor Response Form, please contact the Receiver's office.
- E) ATC Fund Services (Cayman), Inc., the administrator for Safe Harbor, has refused to turn over Safe Harbor's books and records to the Receiver. The Receiver is currently exploring his options, including litigation, to force ATC to turn over Safe Harbor's books and records.
- F) The Receiver has established a website at [www.safeharborfund-receivership.com](http://www.safeharborfund-receivership.com).
- G) Questions from attendees regarding:
  - 1) payments to ATC
  - 2) SEC allegations
  - 3) timeline of investigation
  - 4) possible criminal activities
  - 5) information obtained from investors
  - 6) civil and criminal investigations
  - 7) role and duties of ATC
  - 8) ATC's withholding of Safe Harbor's books and records

## III. STATUS OF CAYMAN ISLANDS LIQUIDATION (MR. BULLMORE)

- A) Mr. Bullmore was appointed as Official Liquidator of Bristol Fund, Ltd and Joint Official Liquidator of the Master Fund.
- B) While the Cayman Islands Court has jurisdiction over the liquidations of Bristol Fund and the Master Fund, the U.S. District Court in the SEC Action has jurisdiction over the assets of the Master Fund. Consequently, the Cayman Islands Court will be responsive to the wishes of the U.S. Court and the SEC and the Joint Official Liquidators plan to coordinate efforts in both jurisdictions.
- C) ATC has cooperated with Bristol and the Master Fund in providing the funds' books and records to Admiral Administration, the successor fund administrator, pursuant to a Severance Agreement. However, the Liquidators believe that some documents, including some correspondence files, may have been withheld.
- D) The Liquidators strive for transparency and openness in the conduct of the liquidation. The Liquidators will pursue the input of the investors and hope to

abide by their wishes regarding the course of the liquidation including potential litigation and valuation methodology.

- E) The Liquidators have reserved URLs for a Master Fund website and hope to have the website available to the public within the next several weeks.
- F) Although most Bristol investors have expressed a wish to have, at least, a partial distribution of the funds held by Master Fund, a distribution cannot take place until the following issues are addressed:
  - 1) The funds would have to be released from the freeze order, and a distribution of funds would have to be approved by both the Grand Court of the Cayman Islands and the U.S. District Court. The Liquidators will also seek the approval of the SEC.
  - 2) Bristol Fund, Safe Harbor, Milestone and the Master Fund entered into an Administration Agreement between ATC. The Funds also entered into an Investment Management Agreement with Beacon Hill Asset Management, LLC. Pursuant to the Administration Agreement and the Investment Management Agreement, the Funds agreed to indemnify ATC and Beacon Hill Asset Management against liability arising from certain claims asserted by third parties in connection with their duties as fund administrator and investment advisor, respectively. ATC has notified the Funds that that they may have an indemnity claim of up to \$1 billion for any liability and attorneys' fees it may incur as a result of investor actions that have been filed against ATC. Likewise, Beacon Hill Asset Management has also claimed an indemnity from the Funds based upon the Investment Management Agreement for legal costs incurred in defending proceedings brought against them by third parties as a result of its role as investment manager for the Funds. Due to these indemnifications, ATC and Beacon Hill Asset Management would likely object to any distribution of the Master Fund's assets until the indemnification issues are resolved.
  - 3) No funds can be distributed until the Liquidators determine the basis upon which each investor will participate in any distribution. There are three, and perhaps more, potential distribution methodologies:
    - a) Distributions could be made based upon the share registers of Feeder Funds.
    - b) Distributions could be made based upon the actual net cash or principal loss each investor incurred.
    - c) Distributions could be made based upon the revaluation of NAVs for each subscription and redemption as performed by Gifford Fong & Associates and PricewaterhouseCoopers. Gifford Fong & Associates has completed most of its portion of the revaluation work. PWC has completed the necessary calculations, but cannot issue a report until the work of Gifford Fong & Associates is finalized.
- G) Questions from attendees regarding:
  - 1) work of Gifford Fong & Associates
  - 2) reports of Gifford Fong & Associates and PWC

- 3) credentials of Gifford Fong & Associates
- 4) ATC indemnification
- 5) professional fees
- 6) Safe Harbor K-1s

IV. TAX ISSUES (MR. STENGER)

Many Safe Harbor investors have expressed concern regarding the issuance of 2002 K-1 statements. Unfortunately, at this time the Safe Harbor Receiver is unable to issue 2002 K-1s. The primary impediment is that Safe Harbor has not received a K-1 from the Master Fund, which from inception chose to be treated as a U.S. partnership for U.S. tax purposes. Initially, the Receiver was informed that PWC was preparing the Master Fund's K-1s. On October 15, 2003, however, the Receiver learned that PWC was unable to prepare K-1s for the Master Fund due to the inability to calculate the true NAVs of each partner. Now that the Liquidators have been appointed for the Master Fund, this issue is being addressed. However, it is unlikely that a K-1 can be issued to Safe Harbor prior to valuation reports from Gifford Fong & Associates and, subsequently, PWC.

V. PRE-LIQUIDATION PROFESSIONAL FEES (MR. BULLMORE)

The Joint Official Liquidators have drafted a report regarding pre-liquidation professional fees incurred at the direction of the Directors of the Master Fund. However, Justice Smellie of the Grand Court of the Cayman Islands has indicated that he would like to review the report prior to it being distributed to the investors. The Liquidators plan to file the report on pre-liquidation professional fees with the Cayman Islands Court next week and hope to provide the report to investors shortly thereafter.

VI. ASSETS (MR. STENGER)

- A) Total Assets: \$322,726,104
  1. Cash and Cash Equivalents: \$321,475,943
  2. Investments in Securities: \$1,250,161 in Beacon Hill CBOs.
- B) The Liquidators have sent Requests for Proposal to several financial institutions in an effort to obtain the best return on the assets of the Master Fund with low risk.
- C) Question by attendee regarding CBOs.

VII. FORMATION OF LIQUIDATION COMMITTEE (MR. BULLMORE)

- A) A recent Practice Direction was issued by the Cayman Court in December 2003 which states that a committee shall be appointed for liquidations such as these.
- B) Committee will be constituted by way of investors indicating their willingness to sit on the committee and then a vote of all investors to elect a number to serve.
- C) Committee will be informal and could have as many members as investors would choose, but the committee will likely be unworkable if more than 8 or 10 investors served.
- D) It would be better to have one committee to address the needs of all investors in the feeder funds rather than have one committee for each feeder fund.
- E) The creation of a creditors' committee shifts some power from the Liquidators to the committee, including scrutiny and approval of Liquidators' fees.

- F) A letter will be sent to investors early next week to canvas views on committee membership.
- G) Questions from attendees regarding:
  - 1. Representation of Safe harbor investors
  - 2. Whether investors who are taking legal action in their own right should be allowed to be on the committee
  - 3. Allowing a cross-section of all investors to be represented (Including litigating investors)
  - 4. Voting power of committee members (one vote per person versus shareholding)

VIII. LITIGATION (MR. VAN ESSEN)

- A) The Liquidators will only discuss litigation efforts on behalf of the funds on a limited basis. The Liquidators cannot go into specifics about potential litigation due to attorney-client privilege and confidentiality issues.
- B) The Receiver for Safe Harbor is contemplating litigation against ATC to obtain Safe Harbor's books and records.
- C) The Liquidators are currently considering "defensive litigation" against ATC and Beacon Hill Asset Management in an effort to have a Court determine that the indemnification provisions in the Administration Agreement and the Investment Management Agreement are unenforceable.
- D) The Liquidators are also looking at potential "offensive litigation" against various targets in an effort to maximize the amount of money to be returned to investors.
- E) Questions from attendees regarding:
  - 1) effect of investor litigation on distribution of funds
  - 2) dismissal of the Alteram Case
  - 3) potential litigation against ATC
  - 4) potential litigation against Beacon Hill Asset Management
  - 5) defensive litigation to declare Administration Agreement and Investment Management Agreement unenforceable

IX. INVESTOR QUESTIONS (MR. VAN ESSEN)

- A) Re: litigation
- B) Re: ATC
- C) Re: website and a possible list serve

X. CLOSING REMARKS (MR. SILVER):

Thanking investors for attending and inviting investors to meet with the Liquidation Team after the meeting if they have any further questions.