

**Notice to Investors and Creditors of Bayou Offshore Master Fund,
Ltd; Bayou Offshore Fund A, Ltd; Bayou Offshore Fund B, Ltd; and
Bayou Offshore Fund C, Ltd – all in Official Liquidation.
(the "Funds")**

As noted in our circular to investors and creditors dated 7 October 2008:

- in early 2008, the two former principals of the Bayou group, Samuel Israel III and Daniel Marino, were each sentenced to twenty years imprisonment for the crimes of investment advisor fraud, mail fraud and wire fraud;
- during the time that the frauds were being perpetrated, a number of investors in the Funds redeemed their investments and were paid purported redemption proceeds (the "**early redemption payments**") on the basis of grossly overstated net asset values for the Funds. The Joint Official Liquidators (the "**JOLs**") demanded repayment of the early redemption payments;
- in 2008, the JOLs reached a confidential settlement agreement in respect of certain such demands, which were subject to the approval of the Grand Court of the Cayman Islands (the "**Grand Court**").

The settlement of the demands referred to above was approved by the Grand Court in late October 2008 and has now been effected. Since then, the JOLs have reached a further confidential settlement agreement in respect of other early redemption payments, which again are subject to Grand Court approval. Should the settlement be approved as sought, all monies from this realisation will be utilised to defray, in part, those liquidation costs and expenses incurred, to date, by the Funds.

The applications for approval of the settlement will be heard by the Grand Court on Wednesday 11 February 2009.

If any investor or creditor wishes to receive additional information in relation to the applications in order to participate or express a view, they should contact the JOLs by email to bayouenquiries@krollcayman.ky. Information will only be provided once the JOLs are satisfied that any such requests are made for a proper purpose and the requesting investor or creditor provides confidentiality undertakings to the JOLs' satisfaction.

Dated: 2 February 2009