

*H. Thomas Moran II, Receiver
for Lydia Capital, LLC*

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August 25, 2008

RE: Lydia Capital, LLC Receivership

Dear Investor:

As you were previously notified, on June 1, 2007, H. Thomas Moran, II was appointed as Receiver of Lydia Capital, LLC ("Lydia") and the Lydia Capital Alternative Investment Fund LP ("Fund"), by Order of the United States District Court, District of Massachusetts.

On July 31, 2008, the court approved the sale of five policies in the Lydia Capital, LLC portfolio. The policies were sold for a total amount of \$1,703,039.49 (includes sale proceeds, reimbursed premiums and servicing costs). It appears, at this time, that those additional funds should allow the Receiver to pay premiums, servicing costs and attorney fees through approximately April, 2009.

If you have any questions, please contact us in writing, at the address, fax, or email address above. Please continue to check the Receiver's website at www.lydiacapital.com for updates and court documents.

Sincerely,

H. Thomas Moran

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Court Appointed Receiver of Lydia Capital, LLC