

Basis Yield Alpha Fund

C/- Fortis Prime Fund Solutions (Cayman) Limited

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Cayman Islands

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Dear Investor,

The Basis Yield Alpha Feeder Fund ("BYAFF") recently attended an informal stakeholders meeting in the Cayman Islands, at the offices of Grant Thornton, whose representatives are the Joint Provisional Liquidators of Basis Yield Alpha Master Fund ("BYAFM").

As reported by the JPL's and measured on both a balance-sheet and a cash-flow basis, BYAFM has returned to solvency. This assessment is based on cash balances alone and before ascribing any value to the portfolio of securities due to the difficulties of evaluating them in the current market.

Additionally, this solvency accounts for all known claims, including some from financial counterparties involved in the margin call process and close out of some of BYAFM's investment positions which BYAFF asserts are overstated.

Despite the return to solvency, BYAFF as the sole shareholder of BYAFM has taken into consideration the advice of the Investment Manager and Advisors, both external and internal, and has decided to support the JPL's petitioning to move to Official Liquidation of BYAFM. This hearing is scheduled for Dec. 19th. 2007, in the Cayman courts. Thereafter, assuming a successful outcome, the Official Liquidators will seek to adjudicate on claims, determine the best approach for realising value from the securities, pursue any remaining assets and return residual cash and securities to the investors, which in this case is the BYAFF.

Yours sincerely

Basis Yield Alpha Fund
December 13th, 2007