

Craig S. Barrack
Managing Director
Deputy General Counsel

731 Lexington Avenue
23rd Floor
New York, NY 10022

T 212 783-1075
F 212 783-1110

Citigroup Alternative Investments



May 21, 2008

VIA OVERNIGHT MAIL

Office of Attorney General Martha Coakley
One Ashburton Place
Boston, MA 02108
Attn: Security Breach Notification

Office of Consumer Affairs and Business Regulations
Ten Park Plaza, Suite 5170
Boston, MA 02116
Attn: Security Breach Notification

Ladies and Gentlemen:

I am writing to inform you about a recent security incident discovered on April 14, 2008. On April 4, clients of CAI Hedge Fund Partners, LLC (the "Fund") were mailed estimated tax information relating to their investment in the Fund. It was subsequently discovered that the client's social security number was printed directly following their name and address and may have been visible to anyone coming in contact with such mailing through the address window of the envelope. Through our internal investigation following the incident, we have determined that approximately 133 individuals may have been affected by the breach including 5 individuals residing in Massachusetts. We plan to notify potentially affected individuals on May 23, 2008 (a copy of the letter that is being sent to potentially affected individuals is attached hereto for your reference).

Please contact me at 212-783-1075 if you have questions.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Craig S. Barrack".

Craig S. Barrack
Deputy General Counsel
Citigroup Alternative Investments LLC
(as Investment Manager of CAI Hedge Fund Partners, LLC)

Attachment

Dear {Cust First}{Cust Last}:

We are writing to inform you that personal information about you may have been inappropriately compromised. On April 4, we mailed you estimated tax information relating to your investment in CAI Hedge Fund Partners, LLC. We recently discovered that your social security number was printed directly under your name and address and may have been visible to anyone coming in contact with your mail through the address window of the envelope.

We recommend that you closely review the information provided in this notice to protect yourself against any potential misuse of personal information about you. In addition, we want you to know that there are steps we are taking to help you monitor your credit and protect you from identity theft.

CAI Hedge Fund Partners has arranged for you, at your option, to enroll within the next 90 days in a complimentary two-year credit monitoring service. Citi® Identity Monitor®, a program provided by Citibank (South Dakota), N.A., provides credit monitoring and helps protect against identity theft. IdentityMonitor will, among other things, proactively check your credit file from one of the national credit reporting agencies every business day to help you stay informed and act quickly in the event of unusual activity. In order to enroll, please complete the enclosed enrollment form and return an original copy to the address provided.

It is important to regularly review your account statements and credit reports for the next twelve months and remain vigilant for the next twelve to twenty-four months. If you discover any suspicious or unusual activity, or suspect identity theft or fraud, be sure to report it immediately to your financial institutions. In addition, you should report it to the three major credit reporting companies shown below and have information relating to fraudulent transactions deleted.

If you think identity theft or fraud has been committed, you should notify law enforcement. You should also notify the FTC, at 1-877-ID-THEFT (1-877-438-4338), at the web site below, or write:

Identity Theft Clearinghouse
Federal Trade Commission,
600 Pennsylvania Avenue, NW,
Washington, DC 20580

To learn more about identity theft and the steps you can take to protect against it from the FTC, you can also go to <http://www.consumer.gov/idtheft>, or <http://www.ftc.gov/credit>. Under federal law, you are entitled to one free copy every twelve months of your credit report from each of the three major credit reporting companies. You should have information relating to fraudulent transactions deleted. You may obtain a free copy of your credit report by going on the Internet to www.AnnualCreditReport.com, by calling 1-877-FACTACT (1-877-322-8228), or by contacting the credit reporting companies as indicated below:

Equifax: 800-525-6285 www.equifax.com
P.O. Box 740241, Atlanta, GA 30374- 0241

Experian: 888-397-3742 www.experian.com
P.O. Box 9532, Allen, TX 75013

TransUnion: 800-680-7289 www.transunion.com.
Fraud Victim Assistance Division
P.O. Box 6790, Fullerton, CA 92834-6790

You can add a fraud alert message to your credit report to help protect your credit information. Fraud alerts can help prevent an identity thief from opening accounts in your name. There are two types of fraud alerts: an initial alert, which stays on your credit report for 90 days; and an extended alert, which stays on your credit report for 7 years, when you provide a valid identity theft report that you have filed with a law enforcement agency. Contact the toll-free telephone numbers of any of the credit reporting companies above to place an alert. When a business sees the alert on your credit report, the business must verify your identity before issuing credit to you. This process may cause some delays if you are trying to obtain credit, and to compensate for possible delays, you may wish to include a telephone number in your fraud alert where you can easily be reached. Remember to keep all contact information current in your alert.

Note, if you plan on signing up for credit monitoring, do not place a fraud alert to your credit file until after enrollment. The fraud alert will hinder enrollment.

Please know that we regret any inconvenience or concern this may cause you. Be assured that CAI Hedge Fund Partners has strong safeguards in place to protect the security of personal information, and continues to take the necessary steps to protect personal information about you.

Please do not hesitate to contact myself at 212-783-1027 or your Smith Barney Financial Advisor or your Citi Private Banker if you have any questions.

Sincerely,

Matthew E. Cusack

CAI Investing Services

731 Lexington Avenue, 27th Floor

New York, NY 10022

Citi® IdentityMonitor®



Dear Mr. Sample: You are entitled to receive a complimentary two-year membership in Citi® IdentityMonitor®. To begin your membership, please complete the entire enrollment form below and return the original to the address included on the form. You will receive your membership materials approximately 2-3 weeks from our receipt of your enrollment authorization. The following information describes the program benefits of Citi® IdentityMonitor®.

Lots of people examine your credit. Shouldn't you be one of them? Citi® IdentityMonitor® provides you with the information and tools you need to...