

Important Message to all Participants

We are pleased to report that the Program Portfolio is continuing to stay in positive territory despite the extremely volatile market conditions resulting in no loss allocations this year – see attached table. We are also pleased to report that whilst October was an extremely bad month for investments, the Program went up in the month. This is largely due to the Program's Investment Committee maintaining a cautious approach to the management of the portfolio and the advice received from third party advisors, including the Arch Group and Barings Asset Management.

The Foundations Program, being structured as a fund, has a legal obligation to report according to Isle of Man fund rules, and audit procedures for a fund.

One of these audit requirements is that we have a loan facility in place for at least 12 months from the financial year end. As readers of the September newsletter will be aware, we are in the process of changing our lender and switching to a diversified lender arrangement. These discussions are continuing and shortly we expect to be announcing the new lenders and mechanisms that we will be using.

Therefore, for the audit and regulatory purposes we must notify you that we do not currently have a lender committed to lend for the next full year. This may be self-evident as we have already informed you that we will be leaving the exclusive relationship with Barclays. As we are close to finalising new arrangements, we believe this is only a short term issue. Specifically, we expect to be appointing new lenders by 10 December 2008. However, until we have finalised the new lending arrangements, rather than release the accounts with a qualification in the audit report for the accounts to 30 June 2008 we are delaying release until we remove this issue.

On other fronts, we are maintaining a much lower level of, both borrowing and exposure to investments. Essentially, we are still borrowing less than half of the full entitlement per Program rules. This maintains an LTV of only 22%. This is a small increase on what we reported in the September bulletin. This is due to the assignments as a whole going down in value and the relative strength of the USD rather than any changes in Program management.

We have some exciting investment opportunities that we are looking to move into over the next few weeks, following our increasing the loan.

Performance	
Seven months to 31 Dec 2005	3.17% (annualized)
Calendar year 2006	3.6%
Calendar year 2007	4.22%
First quarter 2008 No allocation	-1.45%
Second quarter 2008 No allocation	2.41%
Third quarter 2008 No allocation	-1.14%
October 2008	0.67%
Based on profit generated per average borrowing level. All participator experiences will be different.	

Important Note

The Program return is not guaranteed. Investments made can go down as well as up. Your Assigned Asset is part of the security provided to the bank to support the loan and reinvestment made by the Program. As such, you may not get back the full value of your Assigned Asset on exit from the Program. This document summarises aspects of, and is not a substitute for, the Offering Document. Neither the Company nor the Program is subject to any form of regulation or approval in the Isle of Man and participants are not protected by any statutory compensation arrangements in the event of the Company's failure. The Isle of Man Government Financial Supervision Commission does not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to the Company or the Program. The Program constitutes an "experienced investor fund" and complies with the requirements of the Financial Supervision (Experienced Investor Fund) (Exemption) Order 1999 of the Isle of Man.