

VegaPlus Capital Partners

Letter to Investors

October 5, 2006

Dear Investors and Friends,

Vega Asset Management has been in the press recently due to the negative returns of one of its funds.

The VegaPlus platform, which operates independently, has not been materially affected by issues impacting Vega. This year alone, VegaPlus has raised more than \$350MM in assets from external investors.

VegaPlus operates from offices in New York, London and Madrid, and has approximately \$2.5 billion in assets. Formed in mid 2004 to incubate new strategies, VegaPlus now manages 11 funds and several managed accounts. VegaPlus provides its portfolio management teams with mid-office, risk management, operational, legal, compliance, marketing and shareholder services infrastructure.

BBVA and Vega continue to make progress toward the formation of the Proxima Alfa joint venture. Proxima Alfa, which is owned 51% by BBVA and 49% by Vega, will continue to expand the VegaPlus businesses globally.



Robert Slutz

CEO

VegaPlus Capital Partners (USA), LLC

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