

**UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

<b>In re:</b>  <b>LIFE FUND, 5.1, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32672</b>  <b>Hon. A. Benjamin Goldgar</b>
<b>In re:</b>  <b>LIFE FUND, 5.2, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32674</b>  <b>Hon. A. Benjamin Goldgar</b>
<b>In re:</b>  <b>HOUSTON TANGLEWOOD PARTNERS, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32676</b>  <b>Hon. A. Benjamin Goldgar</b>
<b>In re:</b>  <b>A&amp;O RESOURCE MANAGEMENT, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32677</b>  <b>Hon. A. Benjamin Goldgar</b>
<b>In re:</b>  <b>A&amp;O LIFE FUND, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32678</b>  <b>Hon. A. Benjamin Goldgar</b>
<b>In re:</b>  <b>A&amp;O BONDED LIFE ASSETS, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32679</b>  <b>Hon. A. Benjamin Goldgar</b>
<b>In re:</b>  <b>A&amp;O BONDED LIFE SETTLEMENT, LLC</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 09-32681</b>  <b>Hon. A. Benjamin Goldgar</b>

**GLOBAL NOTES AND STATEMENT OF LIMITATIONS, METHODOLOGY, AND  
DISCLAIMER REGARDING DEBTORS' SCHEDULES AND STATEMENTS OF  
FINANCIAL AFFAIRS**<sup>1</sup>

The Schedules of Assets and Liabilities (the "Schedules") and Statement of Financial Affairs (the "Statement" or "SOFA") filed by the Debtors in the above referenced case (the "Debtors"), in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court"), were prepared pursuant to section 521 of Title 11 of the United States Code (11 U.S.C. §§ 101 *et seq.*, the "Bankruptcy Code") and Federal Rule of Bankruptcy Procedure 1007 by Shepherd Capital Management, LLC ("Shepherd Capital") and are unaudited. While the members and staff of Shepherd Capital Management are responsible for the preparation of the Schedules and Statements and have made a reasonable effort to ensure that the Schedules and Statements are accurate and complete based on information known to them at the time of preparation after reasonable inquiries, inadvertent errors may exist and/or the subsequent receipt of information may result in material changes in financial and other data contained in the Schedules and Statements that may warrant amendment of the same. Moreover, because the Schedules and Statements contain unaudited information that is subject to further review and potential adjustment, there can be no assurance that these Schedules and Statements are complete or accurate. These Global Notes comprise an integral part of the Schedules and Statements and should be referred to and considered in connection with any review of them.

1. Case. On September 2, 2009 (the "Petition Date"), the Debtors filed voluntary petitions ("Petitions") for relief under chapter 11 of the Bankruptcy Code. Unless otherwise indicated, the information provided in the Schedules and Statements is as of the close of business on the date of the respective Petitions.

2. Amendments. The Debtors reserve their right to amend the Schedules and Statements in all respects at any time as may be necessary or appropriate, including, without limitation, the right to dispute or to assert offsets or defenses to any claim reflected on the Schedules and Statements as to amount, to liability, or to classification, or to otherwise subsequently designate any claim as "disputed," "contingent," or "unliquidated." Any failure to designate a claim as "contingent," "unliquidated," or "disputed" does not constitute an admission by the Debtors that such claim is not "contingent," "unliquidated," or "disputed."

3. Estimates and Assumptions. The preparation of the Schedules and Statements required the Debtors to make estimates and assumptions that affected the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities on the date of the Schedules and Statements. Actual results could differ from those estimates.

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<sup>1</sup> These Global Notes are followed by the Schedules of Assets and Liabilities and Statement of Financial Affairs.

4. Unknown Amounts. Some of the scheduled liabilities are unknown and unliquidated at this time. In such cases, the amounts are listed as "Unknown." Accordingly, the Schedules and the Statements do not accurately reflect the aggregate amount of the Debtor's liabilities.

5. Shepherd Capital Management, LLC. On or about January 30, 2008, Shepherd Capital Management executed a Management Agreement (the "Agreement") whereby it assumed certain management responsibilities relating to each of the Debtors. Prior to the execution of the Agreement, Shepherd Capital Management did not have any involvement or responsibility in the management of the Debtors. To the extent the Schedules and Statement of Affairs contain representations relating to the period of time prior to January 30, 2008, such representations are made upon information and belief based upon a review of applicable records of the Debtors.

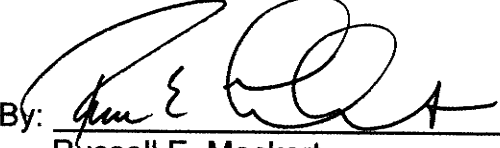
6. GAAP. Given the difference between the information requested in the Schedules and Statements and the financial information utilized under generally accepted accounting principles in the United States ("GAAP"), the statements and other conclusions drawn within the Schedules and Statement of Financial Affairs do not necessarily reflect the amounts that would be set forth in a balance sheet prepared in accordance with GAAP.

7. Asset Values. It would be prohibitively expensive, unduly burdensome, and time-consuming to obtain current market valuations of the Debtors' insurance policies and other property interests. Accordingly, the insurance policies and bonds held by the respective Debtors have not been assigned any market or other values. Unless otherwise indicated, all asset amounts and claim amounts are listed as of the Petition Date.

8. Causes of Action. The Debtor reserves all of its causes of action. Neither these Global Notes nor the Schedules and Statements shall be deemed to be a waiver of any claim or cause of action. Furthermore, nothing contained in the Schedules and Statements shall constitute a waiver of any of the Debtor's rights with respect to its chapter 11 case, equitable subordination, and/or any causes of action arising under the provisions of chapter 5 of the Bankruptcy Code or other relevant bankruptcy or nonbankruptcy laws, including, without limitation, laws that allow the Debtor or any other party to recover assets or avoid transfers.

Neither the Debtor, its agents, nor its attorneys guarantee or warrant the accuracy, the completeness, or correctness of the data that is provided herein or in the Schedules and Statements, and none of these parties are or may be liable for any loss or injury arising out of or caused in whole or in part by any acts, errors or omissions, whether negligent or otherwise, in procuring, compiling, collecting, interpreting, reporting, communicating or delivering the information contained therein. While every effort has been made to provide accurate and complete information herein, inadvertent errors or omissions may exist. The Debtor and its agents, attorneys and advisors expressly do not undertake any obligation to update, modify, revise or re-categorize the information provided herein, or to notify any third party should the information be

updated, modified, revised or re-categorized, other than as required by the Bankruptcy Code or other applicable law. In no event shall the Debtor or its agents, attorneys or advisors be liable to any third party for any direct, indirect, incidental, consequential or special damages (including, but not limited to, damages arising from the disallowance of a potential claim against the Debtor or damages to business reputation, lost business or lost profits), whether foreseeable or not and however caused, even if the Debtor or its agents, attorneys and advisors are advised of the possibility of such damages.

By:   
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