

Letter sent from Renaissance Technologies President Jim Simons to investors

August 9, 2007

Dear Renaissance Investor,

Results in July were quite disappointing. Returns ranged between negative 4.0% and 4.5%, bringing the year to date to profits averaging a bit over 1.0%.

	<u>Onshore LLC</u>		<u>Offshore LP</u>	
	July	YTD	July	YTD
Series A	-4.50%	0.61%	-4.55%	0.19%
Series B	-3.96%	1.34%	-4.00%	0.97%
Series C	-4.40%	1.31%	-4.45%	0.89%
Series D	-4.38%	1.49%	-4.43%	1.08%

Returns are for continuing investors.

While much of the damage was due to weak markets, our system experienced meaningful relative losses during the first two weeks of the month. Thereafter these relative losses decreased, but the markets proceeded to decline substantially. As I reported at our mid-July investor meeting, the principal culprit was our Basic System, the platform upon which almost all of our predictions are added. The predictions themselves performed adequately during the month, but not sufficiently to overcome the down-draft in the Basic. As I showed at that meeting, while the Basic System is a low volatility approach, which, over time, should match the S&P and other indices, it does not track them, and excursions of this size and larger (in either direction) may be expected to take place.

Research continues at a strong pace, with three very promising new signals in final stages of release. Such continued work and our share of good luck should ultimately produce attractive rewards.

Regrettably we have not had good luck during these last few days of August. We have been caught in what appears to be a large wave of de-leveraging on the part of quantitative long/short hedge funds. These undoubtedly share some signals in common with our own, and the result has been losses for RIEF of the order of 7% at the time of this writing. Many investors have called to see how we are faring, and after the close today we will send an e-mail to all with an update and additional color on the situation.

Sincerely,

Jim Simons

Email from Renaissance Technologies President Jim Simons to investors, Aug. 9, 2007

Dear Renaissance Investor,

As promised in my July letter, posted today on the RIEF website, I want to share some thoughts on August-to-date performance in order to provide perspective on a most unusual period.

RIEF results through July 31 were below expectations, but not extraordinarily so. I've previously stated that the low volatility Basic System, to which our predictions are added, was not in sync with the market during much of this period. Nonetheless, we remain confident that over time the Basic System will match the return of the S&P and, enhanced by our predictive signals, should exceed it. Since we do not attempt to track this or any other index there will be periods of positive and negative relative returns.

August (down 8.7% through today) is a different story. The culprit is not the Basic System but our predictive overlay. While we believe we have an excellent set of predictive signals, some of these are undoubtedly shared by a number of long/short hedge funds. For one reason or another many of these funds have not been doing well, and certain factors have caused them to liquidate positions. In addition to poor performance these factors may include losses in credit securities, excessive risk, margin calls and others. All of this may not influence the direction of the overall market, but it may certainly alter the relationships of stocks to each other in a dramatic way. Given the undoubted partial overlap of our portfolios, these liquidations have had a negative impact on RIEF.

Other examples of such liquidations are the meltdown of risk arbitrage positions in the October 1987 crash, the forced liquidation of junk bonds around 1990 and the collapse of European bonds in 1994. Some of these were in the midst of a bear market, some not.

Such events tend to occur extremely infrequently. We cannot predict the duration of the current environment, but usually such behavior causes first pain and then opportunity. While we may hedge out some market risk, our basic plan is to stay the course and, as conditions revert to the norm, we anticipate the possibility of an attractive opportunity for RIEF. Our firm remains strong, and although Medallion has experienced some losses in August, it is solidly profitable year-to-date.

We are confident in our approach, and we urge you to contact our staff should you have any questions.

Sincerely,

Jim Simons