

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

CAUSE NO. FSD 0190 OF 2010

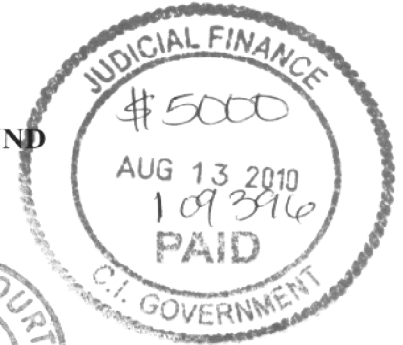
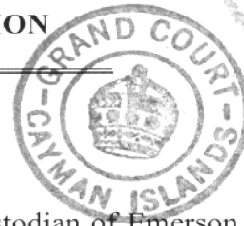
IN THE MATTER OF THE COMPANIES LAW (2010 REVISION)

AND

IN THE MATTER OF POLYGON GLOBAL OPPORTUNITIES FUND



WINDING UP PETITION



TO THE GRAND COURT

The humble petition of Pictet & Cie Ref Emerson, as Custodian of Emerson Ltd., Citco Global Custody (NA) N.V. Ref SON, in its capacity as custodian, UBS Multi-Strategy Alternative Master Fund II Ltd, AFA Otto Fund Ltd., Alternative Portfolio Ltd., Asken Alpha Ltd., Balterna Fund Ltd., Complan Fund Limited, UBS Dynamic Diversified Limited, Global Alternatives Ltd., Guernroy Limited a/c G512731, Barfield Nominees Limited A/C SZZ65, UBS Fund Services (Ireland) Ltd., as custodian, Terri Link Limited, UBS (ES) Alpha Select Hedge Fund, UBS Strategic Alpha, UBS Alternative Strategy Funds-Relative Value Master Limited, Yellow Fund Ltd., Alpha Hedge Fund Ltd., UBS Alpha Select Hedge Fund Master, LA VO SPC on behalf of Sauvignon One Segregated Portfolio, Spring Offshore Fund, Kisco Tax Exempt Investors, LLC, The K. Foundation (client entity ID 00005690), FRM Investment Management Limited, F&C Balanced Alpha Fund of Hedge Funds Limited, F&C Balanced Alpha Fund of Hedge Funds Limited 2 and F&C Select Alpha Fund of Hedge Funds Limited (the "Petitioners") shows that:

Preamble

1. The Petitioners present this petition for the winding up of Polygon Global Opportunities Fund (the “Company”). The Petitioners are shareholders of the Company with a combined holding of 1,863,440.42 shares with an approximate value of US\$165 million.
2. The Petitioners seek the winding up of the Company pursuant to Section 92(e) of the Companies Law (2010 Revision) on the grounds that it is just and equitable to do so in that:
 - 2.1. There has been a failure and/or loss of the substratum of the Company; and/or
 - 2.2. The Petitioners have suffered a justifiable loss of faith in the management of the Company.

Corporate Structure

3. The Company was incorporated on 4 April 2003 as an exempt company under the laws of the Cayman Islands with Registration Number 124695.
4. The registered office of the Company is situated at Ogier Fiduciary Services (Cayman) Ltd., 89 Nexus Way, Camana Bay, Grand Cayman, Cayman Islands.
5. The Company was incorporated to operate as an open-ended investment fund and to act as one of two feeder funds in a master/feeder investment structure (the “Polygon Master/Feeder”). Polygon Global Opportunities Master Fund (the “Master Fund”) is the master fund of the Polygon Master/Feeder and is a Cayman registered exempted company. The other feeder fund in the Polygon Master/Feeder is Polygon Global Opportunities Fund LP, a Delaware limited partnership established under the laws of the State of Delaware (the “US Feeder Fund”).

6. The Company only has one substantial investment, being shares of the Master Fund. According to the audited financial statements of the Master Fund for the year ended 31 December 2009, the Company owns approximately 79.75% of the issued share capital of the Master Fund, with the US Feeder Fund owning the remaining 20.25% of the issued share capital of the Master Fund.
7. According to the audited financial statements of the Master Fund for the year ended 31 December 2009, the Master Fund's investments are predominantly in the European, North American, and Asia Pacific regions.
8. The Company has a share capital of US\$50,000.00 divided into 10 founder shares of par value of US\$0.001 each and 49,999,990 ordinary participating shares of US\$0.001 par value each, which are in turn divided into different classes. All of the founder shares have been issued to the Company's manager, Polygon Investments Ltd. (the "Manager").

Management Structure

9. The directors of the Company and the Master Fund (the "Directors") are identical. They are:
 - 9.1. Mr. Reade Griffith;
 - 9.2. Mr. Andrew Farquhar;
 - 9.3. Mr. Byron L. Knief;
 - 9.4. Mr. Luke Ives Pontifell; and
 - 9.5. Mr. Greville V.B. Ward.
10. The Manager is a Cayman Islands exempted company having its registered office at PO Box 309 GT, Uglund House, South Church Street, George Town, Grand Cayman,

Cayman Islands. The Manager is responsible for the management and administration of the Company and the terms of its engagement are set out in a Management Agreement dated 11 April 2003.

11. The directors of the Manager are:

11.1. Mr Robert Coulsen; and

11.2. Mr Paddy Dear.

12. The Manager has delegated its investment management responsibilities with respect to the Company to each of Polygon Investment Partners LLP, an English limited liability partnership (“Polygon UK”), Polygon Investment Partners LP, a Delaware limited partnership, and Polygon Investment Partners HK Limited, a Hong Kong limited company (collectively, the “Investment Managers”).

13. The principals of the Investment Managers (the “Principals”) are:

13.1. Mr. Reade Griffith; and

13.2. Mr. Paddy Dear.

The Petitioners

14. The Petitioners are, and understand their share holdings as at 31 May 2010 to be, as follows:

14.1. Pictet & Cie Ref Emerson, as Custodian of Emerson Ltd., which holds 44,113.340693 “New Class” Class B shares and 26,641.064217 “New Class” Class D shares, with an approximate combined last stated value of US\$7,328,534.47;

- 14.2. Citco Global Custody (NA) N.V. Ref SON, in its capacity as custodian, which holds 247,858.23 “New Class” Class F shares of the Company with an approximate last stated value of US\$17,856,247.43;
- 14.3. UBS Multi-Strategy Alternative Master Fund II Ltd., which holds 21,586.232141 “New Class” Class B Shares and 282,328.668939 “New Class” Class D shares with an approximate combined last stated value of US\$31,188,610.59;
- 14.4. AFA Otto Fund Ltd., which holds 4,988.919223 Class F shares with an approximate last stated value of US\$356,174;
- 14.5. Alternative Portfolio Ltd., which holds 7,563.65432 Class B shares and 3,342.903003 Class F shares with an approximate combined last stated value of US\$1,015,143;
- 14.6. Asken Alpha Ltd., which holds 18,392.439241 Class F shares and 3,649.644363 Class E shares with an approximate combined last stated value of US\$1,574,878;
- 14.7. Balterna Fund Ltd., which holds 8,551.6748 Class D shares and 7,693.065219 Class F shares with an approximate combined last stated value of US\$1,426,783;
- 14.8. Complian Fund Limited, which holds 3,019.646218 Class D shares and 9,402.383758 Class F shares with an approximate combined last stated value of US\$981,133;
- 14.9. UBS Dynamic Diversified Limited, which holds 10,751.168 Class D shares and 33,476.304 Class F shares with an approximate combined last stated value of US\$3,493,233;

- 14.10. Global Alternatives Ltd., which holds 11,763.926473 Class D shares with an approximate last stated value of US\$1,207,184;
- 14.11. Guernroy Limited a/c G512731, which holds 39,177.920997 Class D shares and 46,972.179642 Class F shares with an approximate combined last stated value of US\$7,373,827;
- 14.12. Barfield Nominees Limited A/C SZZ65, which holds 55,730.499831 Class F shares with an approximate last stated value of US\$3,978,772;
- 14.13. UBS Fund Services (Ireland) Ltd., as custodian, which holds 3,499.032 Class D shares with an approximate last stated value of US\$359,062;
- 14.14. Terri Link Limited, which holds 10,484.153117 Class F shares and 1,490.725551 Class E shares with an approximate combined last stated value of US\$855,424;
- 14.15. UBS (ES) Alpha Select Hedge Fund, which holds 29,946.7478 Class F shares with an approximate last stated value of US\$2,137,991;
- 14.16. UBS Strategic Alpha, which holds 7,562.072916 Class F shares with an approximate last stated value of US\$539,880;
- 14.17. UBS Alternative Strategy Funds-Relative Value Master Limited, which holds 14,013.821302 Class D shares with an approximate last stated value of US\$1,438,062;
- 14.18. Yellow Fund Ltd., which holds 9,519.235529 Class B shares with an approximate last stated value of US\$977,243;

- 14.19. Alpha Hedge Fund Ltd., which holds 4,594.341804 Class B shares, 6,637.386243 Class F shares and 2,822.565327 Class D shares with an approximate combined last stated value of US\$1,235,161;
- 14.20. UBS Alpha Select Hedge Fund Master, which holds 49,893.939455 Class D shares and 155,356.633754 Class F shares with an approximate combined last stated value of US\$16,211,377;
- 14.21. LA VO SPC on behalf of Sauvignon One Segregated Portfolio, which holds 13,712.286219 “New Class” Class D shares with an approximate last stated value of US\$1,407,154.81;
- 14.22. Spring Offshore Fund, which holds 20,368.540006 “New Class” Class F shares with an approximate last stated value of US\$1,454,110.07;
- 14.23. Kisco Tax Exempt Investors, LLC, which holds 5,759.759478 “New Class” Class E shares with an approximate last stated value of US\$413,147.54;
- 14.24. The K. Foundation (client entity ID 00005690), which holds 46,381.032323 “New Class” Class E shares with an approximate last stated value of US\$3,326,911.45;
- 14.25. FRM Investment Management Limited, which holds 105,888 “New Class” Class B shares, 235,469 “New Class” Class D shares, 20,138 “New Class” Class E shares and 102,016 “New Class” Class F shares, on behalf of portfolios managed by it, with an approximate combined last stated value of US\$44,159,213;
- 14.26. F&C Balanced Alpha Fund of Hedge Funds Limited, which holds 21,085.491663 “New Class” Class C shares and 2,806.516921 “New Class” Class E shares with an approximate combined last stated value of US\$2,399,903.52;

14.27. F&C Balanced Alpha Fund of Hedge Funds Limited 2, which holds 5,470.537950 “New Class” Class C shares and 728.142300 “New Class” Class E shares with an approximate combined last stated value of US\$622,644.68; and

14.28. F&C Select Alpha Fund of Hedge Funds Limited, which holds 88,952.793704 “New Class” Class C shares and 11,839.799367 “New Class” Class E shares with an approximate combined last stated value of US\$10,124,409.70.

Background to Liquidity Issues Suffered by Company

15. In the first quarter of 2008, the Company began to face considerable liquidity issues brought about, in large part, by redemption requests that had been made by the Company’s shareholders which the Company was not in a position to satisfy. In response to these liquidity issues, the Company introduced a number of measures (detailed below) to slow the rate at which shareholders could redeem their shares.
16. By letter to investors dated 1 April 2008, Polygon UK stated that, as the Company had received a sufficiently high level of requests for redemptions of shares in the Company for the 1 May 2008 and 1 June 2008 redemption dates, it was expected that the Directors of the Company could seek to impose a limit or “gate” on the amount of redemptions that would be paid for those redemption dates. The letter also noted the difficulties that would be caused to ongoing liquidity by the imposition of a gate. In order to pre-emptively deal with these liquidity issues, the Company notified investors that it was offering a share exchange (the “Share Exchange Offer”) whereby shareholders could exchange their existing classes of shares (“Existing Shares”) for new classes of shares in the Company (the “New Shares”). The terms upon which the New Shares were to be issued were stated to be *“identical to those of its corresponding Existing [Shares], except*

that the New [Shares] will not be subject to a Gate. Instead, each shareholder in a New Class [of Shares] will have the right redeem 12.5% of its holding on any redemption day with respect to such New [Shares] irrespective of the amount of redemption requests from other investors". Polygon UK stated that the intention of offering the exchange to New Shares was *"to improve investor liquidity and eliminate the issues that a 'stacked' and class based gate can create".*

17. By email dated 29 April 2008, Polygon UK notified investors that 85% of the Company's shareholders had converted to New Shares, with 15% of shareholders retaining their Existing Shares.
18. New Shares were also taken in exchange by those Principals and employees of the Manager and the Investment Managers (the Manager and the Investment Manager hereafter referred to as "Polygon Management") who had previously purchased Existing Shares of the Company (some such purchases being facilitated using substantial loans provided to members of Polygon Management by the Master Fund) (the "Management Shares").
19. By emails dated 30 April and 5 June 2008, Polygon UK advised holders of Existing Shares that the Directors of the Company had imposed *"the 10 percent 'gates'"* on redemptions of all Existing Shares.
20. On 31 October 2008, and as a result of liquidity issues faced by the Company, the Directors elected to close down the Polygon Master/Feeder by: ceasing all share subscriptions, ceasing all further new investments, purporting to suspend all share redemptions, and commencing to wind up the Company, the Master Fund and the US

Feeder Fund by liquidating all assets and distributing the proceeds of such liquidations to the investors.

Winding Up of the Company and the Master Fund

21. By letter dated 31 October 2008 (the “Winding Up Notice”), the Company notified all investors that the Directors of the Company and the Master Fund had decided to:

21.1. Suspend all redemptions of shares from the Company on the grounds that *“disposing of assets to meet current redemption requests would be seriously prejudicial to non-redeeming investors and would not be a responsible course of action”*;

21.2. Close the Master Fund to all investments and commence to liquidate all of its assets in order to pay the Master Fund’s leverage providers and thereafter return the remainder of the capital to all investors, including the Petitioners

(hereafter referred to as the “Winding Up”).

22. By letters dated 21 November 2008, 20 January 2009, 24 February 2009, 23 March 2009, 24 April 2009, 29 May 2009, 23 June 2009, 21 July 2009, 18 August 2009, 22 September 2009, 20 October 2009, 23 November 2009, 17 December 2009, 20 January 2010, 26 February 2010, 22 March 2010, and 26 April 2010, Polygon UK sent monthly updates to investors containing limited information on the progress of liquidation of the Master Fund’s underlying assets and disclosure that, in or around December 2011, all of the Master Fund’s underlying assets would be realised and the proceeds distributed to the Company’s shareholders (“Investor Update Letters”).

23. By a letter to investors dated 10 June 2009, Polygon UK confirmed that the Directors had suspended redemptions from the Company as of 31 October 2008 and that the Investment Managers had *“closed [the Master Fund] to new investments and had commenced an orderly process to dispose of assets in a manner designed to maximise value from such dispositions and to use the proceeds thereof to decrease the Master Fund’s leverage and thereafter to return capital to all investors on a pro rata basis as soon as reasonably practical”*. Polygon UK also advised that the Directors had *“resolved to make an interim distribution to all investors equivalent to 20% of the net asset value of the [Company] ...as at 31 May 2009”*. Polygon UK concluded the letter by stating: *“Given the suspension of redemptions, we intend to continue to dispose of assets and to make further distributions of capital on a quarterly basis or as otherwise may be determined by the respective boards of directors”*.
24. By letters dated 1 September 2009, 2 December 2009, 4 March 2010, and 3 June 2010, Polygon UK notified investors of further distributions to shareholders of the Company equal to:
- 24.1. 13% of the net asset value (“NAV”) of the Company as at 31 August 2009;
 - 24.2. 10% of the NAV of the Company as at 30 November 2009;
 - 24.3. 15% of the NAV of the Company as at 26 February 2010; and
 - 24.4. 20% of the NAV of the Company as at 31 May 2010.

GROUND 1

FAILURE OF SUBSTRATUM

25. In accordance with the investment objectives of the Company as set out in the offering documents provided to investors, and in particular as set out in the Confidential Private Offering Memorandum dated April 2008 (“2008 OM”), the Company was incorporated to operate as an investment fund for the purposes of carrying out its investment objective. The investment objective of both the Company and the Master Fund as set in the 2008 OM at page 10 is to “*seek superior risk adjusted returns...by pursuing a market-neutral investment strategy that is a combination of event-driven, merger, convertible bond, credit and capital structure arbitrage, as well as structured credit and private investments*”.
26. By their own admissions, the Company and the Master Fund have ceased all subscriptions and redemptions, ceased any further investing, and are now solely engaged in the liquidation of assets and the distribution of the proceeds of such liquidations to shareholders.
27. As such the Company has ceased to carry out any investment business as set out in its offering documents, or at all, such that the Company’s substratum has therefore wholly failed.
28. The Petitioners seek the appointment of independent liquidators to the Company in order that the liquidation of the Company’s assets and the distribution to its shareholders can be achieved as cost-effectively and efficiently as possible and in accordance with the views of the Company’s shareholders, rather than in accordance with the views of the Directors and/or the Manager and/or the Investment Managers.

29. For the foregoing reasons, it is just and equitable that the Company be wound up and official liquidators appointed.

GROUND 2

JUSTIFIABLE LOSS OF FAITH IN ACTIONS OF DIRECTORS AND MANAGEMENT

30. There are numerous actions of the Directors and Polygon Management which have caused a justifiable loss of faith by the Petitioners in the way that the Company and the Winding Up have been, and are being, managed.

Expenses Charged by Manager for Winding Up are Excessive and Unjustified

31. As set out in the 2008 OM, the Manager is not paid a traditional management fee. Instead, on a monthly basis, the Master Fund reimburses the Manager for all expenses of the Manager and its affiliates, including the Investment Managers (the “Expenses”). The Expenses are then paid as a liability of the Master Fund prior to calculating the Master Fund’s NAV per share. As such, all of the Expenses are borne by the Company and the US Feeder Fund *pro rata* in accordance with their shareholding of the Master Fund.
32. In addition to payment of the Expenses, the Manager is also entitled to be paid an incentive fee by the Company which, in general terms, is an amount equal to 20% of the increase in the value of the NAV of the Company’s shares in any calendar year.
33. Despite numerous assurances, including but not limited to, the 21 November 2008 Investor Update Letter, that the Expenses charged by the Manager would be substantially reduced as a result of the Winding Up, there has been no recognisable reduction in Expenses reimbursed by the Master Fund to the Manager.

34. The Manager charged US\$58,500,001 in Expenses in 2009, representing an amount equal to 2.48% of the average NAV of the Master Fund for that year, despite the fact that the Company was Winding Up and the Manager's role was limited solely to the liquidation of the Master Fund's assets and the payment of partial distributions to investors.
35. The following table (containing information taken from the relevant audited financial statements of the Master Fund) sets out the Expenses charged by the Manager in recent years. The table shows that as a percentage of average annual NAV, the Expenses actually increased by almost 25% in 2009 despite the fact that Company had commenced Winding Up and the Manager's role during that year was limited solely to the liquidation of the Master Fund's assets and the payment of partial distributions to investors.

Year	Management expenses charged (US\$)	% of Average NAV
2007	144,624,938	2.00%
2008	105,184,669	2.00%
2009 (Winding Up)	58,500,001	2.48%

36. Thus, as detailed above, and despite assurances to the contrary, the Manager has failed to reduce the Expenses to a level commensurate with its limited role, or at all, since the Winding Up commenced.
37. The Manager has also failed to provide any substantive detail, whether in the Investor Notices or otherwise, regarding either the US\$58,500,001 of Expenses charged in 2009, or the ongoing costs of the Winding Up.
38. The Petitioners have previously challenged the Expenses reimbursed to the Manager by the Master Fund (including but not limited to sending letters to the Directors of the

Company or the Principals dated 23 December 2008, 6 February 2009, 26 August 2009 and 1 February 2010). However, the Directors have failed to provide any satisfactory explanation to shareholders regarding the Expenses charged.

Master Fund Loans

39. The Directors of the Master Fund authorised it to make substantial loans to Polygon Management for the purposes of working capital which included, *inter alia*, acquiring, refurbishing and furnishing the offices of the Investment Managers in London, New York and Hong Kong (the “Investment Managers’ Offices”). The audited financial statements of the Master Fund reflect that these loans reached a peak of US\$40,465,822 on 31 December 2008. The most recent audited financial statements for the Master Fund, being the audited financial statements for the year ended 31 December 2009, record the outstanding balance of these loans at US\$24,218,056. It is unclear whether these loans are owed by the Manager or the Investment Managers, or by Polygon Management as a whole.
40. All outstanding loans from the Master Fund to Polygon Management that were related to the costs of acquiring and refurbishing the Investment Managers’ Offices are being repaid by charging “Amortisation” to the Master Fund as part of the Expenses. Furthermore, since the Winding Up commenced, the rate of amortisation has been accelerated so that by 31 December 2010 the Master Fund, through its payment of the Expenses, would have effectively paid off its own loan to Polygon Management, and in doing so would have paid all of the acquisition and refurbishment costs of the Investment Managers’ Offices, leaving Polygon Management with any remaining value, or future value, of the assets purchased using the loans. If Polygon Management is unable to charge expenses to the

Master Fund, including the amortised loan repayments, then the repayment of the balance of the loans will have to be repaid in some other way.

Manager is Operating New Funds at the Expense of the Company and the Master Fund

41. Since January 2009 the Manager has utilised office space and staff paid for by the Company and the Master Fund to operate at least two entirely new investment funds.
42. In its 20 January 2009 Investor Update Letter, Polygon UK notified investors that Reade Griffith (director of the Master Fund and Company, and Principal of the Investment Managers) and Paddy Dear (director of the Manager and Principal of the Investment Managers) were incorporating a new management company, being Polygon CB Partners L.P., *“for the purpose of launching new investment vehicles in 2009”*.
43. In its 24 April 2009, 11 June 2009, and 23 June 2009 Investor Update Letters, Polygon UK notified investors that Polygon CB Partners L.P. had set up two entirely new investment funds, being European Equity Opportunity Fund and Convertible Opportunity Fund (the “Manager’s New Funds”). The Manager’s New Funds are offering investors low management fees of 1.5% or less, while the Manager still continues to charge Expenses in excess of 2.0% to conduct the Winding Up of the Company. It is the belief of the Petitioners that the current expense “pass through” creates an inappropriate incentive for the Manager to favor the Manager’s New Funds at the expense of the Company, as evidenced by the higher costs charged since the liquidation announcement, and potentially decreases the incentive for the Manager to liquidate positions in a timely manner.

44. An email from a manager of Polygon CB Partners L.P. dated 2 June 2009 also makes it clear that the Manager's New Funds have utilised the Investment Managers' Offices since at least January 2009 and that at least some of the same staff that are employed on the Manager's New Funds are also employed on the Winding Up of the Company.
45. There has neither been satisfactory detail provided by the Manager or the Company, nor an independent inspection to assess the reasonableness of the Manager's division of the expenses of the Manager's Offices (including the acquisition and refurbishment costs) and the costs of the Manager's staff between the Winding Up of the Company and the Manager's New Funds (if it is dividing them at all).
46. The Petitioners have sought confirmation from the Directors (including but not limited to a letter to the Directors of the Company dated 1 February 2010) that the expenses of the Manager's New Funds are not being charged to the Master Fund (and therefore the Company) as an Expense in the Winding Up. However, the Petitioners have not received any satisfactory response.

Directors Have Breached Duties Owed To Company

47. The Directors have failed to exercise reasonable skill and care in their operation of the Company and/or have failed to act in the best interests of the Company and its shareholders in that they have:
 - 47.1. Attempted to alter the rights attaching to shares in violation of the Company's articles of association;
 - 47.2. Purported to put in place a suspension of redemptions in violation of the Company's articles of association;

47.3. Allowed Management Shares to be redeemed in priority to all other shareholders;
and

47.4. Permitted the assets of the Company to participate in imprudent loans via the Master Fund, as detailed above.

Attempted Alteration of Rights Attaching to Shares by Directors is *Ultra Vires*

48. The 2003 articles of association of the Company (the “Primary Articles”) set out, *inter alia*, the rights attaching to the shares of the Company, and specifically the rights of redemption and the circumstances under which the Directors of the Company could limit or “gate” redemptions of shares.

49. In March 2008, the Directors of the Company purported to amend the Primary Articles (the “Secondary Articles”). However, they invalidly sought to vary the rights of redemption and the circumstances under which the Company could limit or “gate” redemptions of shares.

50. Pursuant to Article 71 of the Primary Articles, a shareholder’s rights of redemption could be limited in circumstances where the Company received redemption requests for a particular redemption date which, when added to the total number of redemptions sought for the same redemption date in the US Feeder Fund, totalled more than 10% of the total NAV of the Master Fund. In such circumstances the Directors were entitled to reduce the redemptions accepted for any one redemption date to 10% of all shares of the Company then in issue, such reduction to be applied *pro rata* across all shareholders of the Company who had sought redemption for the relevant redemption date.

51. Pursuant to Articles 73 and 74 of the Secondary Articles, the Company has attempted to alter the rights attaching to shares by granting the Directors a power to gate redemptions in certain classes of shares in circumstances where the Company and the US Feeder Fund have received redemption requests for a particular redemption date, which together, amount to more than 10% of the NAV of those particular classes of shares.
52. By attempting to alter the threshold at which the Directors may limit or “gate” redemptions of shares (from 10% of Master Fund’s total NAV, to 10% of the NAV of particular classes of shares), the Directors attempted to fundamentally alter the rights that attach to the Company’s shares.
53. Article 21 of the Primary Articles requires that where there is to be any variation in the rights attaching to shares, the Company is required to obtain the consent of two-thirds of the shareholders whose rights are to be varied (whether by way of written consent or by way of resolution passed at the class meeting). However, the attempted variations to the redemption rights of shares as contained in Articles 73 and 74 of the Secondary Articles were never sanctioned by two-thirds of those shareholders affected by the variations.
54. For these reasons, the variations to the redemption rights contained in Articles 73 and 74 of the Secondary Articles are *ultra vires* and unenforceable.
55. As a result of this invalid variation, the gates imposed on Existing Shares on 30 April 2008 and 5 June 2008 (see paragraph 19 above) (the “Gates”) may also be invalid, as the total redemptions requested for either redemption date may not have amounted to more than 10% of the total NAV of the Master Fund as was required under the Primary Articles. By the Company’s own admission “*these [redemption] requests represent only a small percentage of the [Company’s and US Feeder Fund’s] total assets under*

management” and therefore it is conceivable that the relevant redemption requests did not meet the threshold of 10% of the total NAV of the Master Fund that was required to validly impose the Gates.

56. The failure of the Directors to comply with the requirements of the Primary Articles before purporting to alter the rights attaching to the Company’s shares is a breach of the Directors’ duties to exercise reasonable skill and care and/or to always act in the best interests of the Company and its shareholders.

Suspension of Redemptions of Shares by Directors is *ultra vires*

57. As recorded in the Winding Up Notice, the Directors have purported to put in place a suspension of redemptions of shares in the Company on the grounds that “*disposing of assets to meet current redemption requests would be seriously prejudicial to non-redeeming investors and would not be a responsible course of action*” (the “Suspension”).
58. The articles of association of the Company, as amended on 27 March 2008 in the Secondary Articles, set out the circumstances under which a shareholder’s right to redeem its shares may become suspended. Specifically, Article 54 of the Secondary Articles provides that redemptions of shares will be suspended during any period where the Directors have declared a suspension of the calculation of the NAV of the Company. To date, there has been no suspension of the calculation of the NAV of the Company.
59. The Secondary Articles do not contain any provision which would enable the Directors to suspend redemptions on the grounds put forward in the Winding Up Notice and, therefore, the Suspension is *ultra vires* the powers of the Directors.

60. The failure of the Directors to comply with the requirements of the Company's Secondary Articles before seeking to impose the Suspension is a breach of the Directors' duties to exercise reasonable skill and care and/or to always act in the best interests of the Company and its shareholders.

Directors Have Allowed Management Shares to be Redeemed in Priority to Other Shares

61. As set out in paragraph 18 above, Principals, directors and employees of Polygon Management were entitled to purchase ordinary participating shares of the Company ("Management Shares").
62. Pursuant to a leveraged investment programme introduced in January 2007 principals, directors and employees of Polygon Management were able to increase their shareholding in the Company up to twice their initial investment by using leveraging "loans" provided by the Master Fund. The 2008 OM at page 13 notes that this programme was put in place to "*encourage such investments and thus further align the interests of the Principals and employees of the Investment Managers with the interests of third party investors...*".
63. The 2007 audited financial statements of the Company record that as at 31 December 2007 there were 806,406.89 Management Shares in issue with a combined value of US \$105,789,835. The 2008 audited financial statements of the Company record that as at 31 December 2008 the number of Management Shares in issue had been reduced to 56,267.27, thereby indicating that during the course of 2008, some 750,139.62 Management Shares were redeemed (constituting a 93% redemption of all Management Shares that were in issue at the beginning of 2008).

64. Although full details of the redemptions of Management Shares during the course of 2008 are not available, it seems clear from the 2008 audited financial statements of the Company that on or about 1 October 2008 the Directors of the Company redeemed all of the remaining Management Shares which had been purchased with leveraging loans provided by the Master Fund despite the limits that had already been placed on the redemption of all shares pursuant to the Share Exchange Offer and/or the Gates (see paragraphs 16 and 19 above), and despite the fact that the Directors would have known they were about to impose a suspension of all redemptions of shares. Additionally, after 30 September 2008, the Company sustained significant losses with a drawdown over six months that represented greater than 40% of its 30 September 2008 net asset value. It appears that the Directors have allowed Management Shares to be redeemed at a time different from and in an amount in excess of that available to all other shareholders of the Company, thereby failing to treat all shareholders equally.
65. The failure of the Directors to treat all shareholders equally is a breach of the Directors' duties to exercise reasonable skill and care and/or to always act in the best interests of the Company and all of its shareholders.
66. It is also important to note that because almost all of the Management Shares were redeemed prior to the commencement of the Winding Up, the interests of the Principals, directors and employees of Polygon Management are not aligned with those of the Company's shareholders, as was previously asserted.

Directors have failed to ensure the Winding Up is Effected in a Fair and Transparent Way

67. The Directors have failed to ensure that the Winding Up is effected in a fair and transparent way in that they have:

- 67.1. Failed to engage the Manager on reasonable terms;
- 67.2. Failed to properly monitor the Expenses charged by the Manager;
- 67.3. Refused to meet with the Petitioners to discuss their concerns;
- 67.4. Attempted to introduce a flawed secondary market for the Company's shares;
- 67.5. Caused or permitted the use of assets of the Company to fund part of the creation of new investment vehicles; and
- 67.6. Accelerated the redemption of the Management Shares issued pursuant to the leveraged investment programme.

Directors have Failed to Engage Manager on Reasonable Terms

- 68. While it is clear that the Directors have continued to engage the Manager (who in turn continues to engage the Investment Managers) to conduct the Winding Up of the Company, the Directors have failed to seek to renegotiate the basis upon which the Manager charges the Company during the Winding Up, despite the fact that the role of Polygon Management is now limited solely to realising the assets of the Master Fund.

Directors Have Failed to Properly Monitor the Expenses Charged by the Manager

- 69. For the reasons set out above at paragraphs 31 to 38, the Petitioners consider that the Expenses paid to the Manager for undertaking the Winding Up are excessive.
- 70. The Directors have not taken any proactive steps to ensure the levels of Expenses being paid to the Manager are in any way commensurate with the limited role the Manager is fulfilling in the Winding Up.

71. Despite requests from the Petitioners to the Directors for details of how the Directors are ensuring the Expenses charged for the Winding Up are fair and reasonable, including but not limited to letters to the Directors dated 23 December 2008, 6 February 2009 and 1 February 2010, no satisfactory response has been received from the Directors.

Directors Have Refused to Meet Petitioners or Respond to their Concerns

72. Despite requests from the Petitioners, both directly and through their legal counsel (and specifically in their legal counsel's letter to Directors of the Company dated 1 February 2010), to meet with Directors in order to put forward proposals to: address the role of the Manager in the Winding Up; address the high level of Expenses being charged in the Winding Up; address the failure to meet stated realisation targets; and address the issues that arise as a result of the Expenses 'overlap' between the Winding Up and the Manager's New Funds, the Directors have refused to meet with Petitioners and have shown no intention to either: i) take any steps to ensure that the Expenses being charged by the Manager to conduct the Winding Up are in any way commensurate with its limited role, or ii) take any steps to ensure that the Expenses being paid to the Manager are only those which relate to the Winding Up, or iii) take any steps to ensure that the Winding Up has a clearly defined objective and is proceeding in accordance with stated realisation targets.

Directors Have Attempted to Introduce a Flawed Secondary Market for Shares

73. In May 2010 the Company attempted to create a secondary market for the shares of the Company by putting in place a process whereby bids could be made by third parties, and shareholders in the Company could agree to sell their shares to those third party bidders at the prices offered by the bidders (the "Secondary Share Offer"). However, as set forth

in further detail below, the Secondary Share Offer required onerous restrictions, in the form of new incentive fees and releases from liability that were to attach to all shares of a party, even if only one share was transferred pursuant to the Secondary Share Offer. Together, these restrictions acted to severely dampen realizable value.

74. Specifically, it was a requirement of the Secondary Share Offer that purchasers had to agree that the “high water mark” (being the NAV per share over which the Manager can charge 20% incentive fees) on any transferred share was to be reduced from the existing “high water mark” to a “high water mark” equivalent to the NAV per share as at 31 March 2010. The existing “high water mark” attaching to all shares of the Company has prevented the Manager from charging incentive fees since 2007. By reducing the “high water mark” on any shares transferred pursuant to the Secondary Share Offer from the existing level to the NAV per share as at 31 March 2010, the Manager would immediately be able to recommence charging incentive fees to the Company in relation to all shares transferred pursuant to Secondary Share Offer.
75. Additionally, it was a requirement of the Secondary Share Offer that each seller irrevocably release and forever discharge the Company, the Manager, the US Feeder Fund, the general partner of the US Feeder Fund, the Master Fund, and certain related parties (collectively, the “Released Parties”) from any and all claims that the seller could have relating to the seller’s investment in the Company as holder of (i) the shares that participated in the Secondary Share Offer or (ii) any other shares of the Company. Therefore, if any shareholder in the Company participated in the Secondary Share Offer, such shareholder would have no recourse against the Released Parties with respect to any

shares held, including (i) any unsold shares, or (ii) any shares that were not offered to third parties pursuant to the Secondary Share Offer.

76. As such, it appears that the Secondary Share Offer was not reasonably created to allow shareholders to sell their investments in the Company for full value, but was instead designed to reintroduce the ability of the Manager to charge an incentive fee on all shares that were transferred pursuant to the Secondary Share Offer while simultaneously securing blanket releases.
77. By letter dated 18 June 2010 certain investors (including certain of the Petitioners) raised a number of concerns regarding the Secondary Share Offer with the Directors. To date no response has been received to this letter.
78. As a result of the failings of the Directors and Polygon Management as set forth herein, the Petitioners have suffered a justifiable loss in faith in the actions of the Directors and Polygon Management such that it is just and equitable that the Company be wound up and official liquidators be appointed.

YOUR PETITIONERS THEREFORE HUMBLY PRAY THAT:

1. The Company be wound up in accordance with the Companies Law (2010 Revision).
2. Geoffrey Varga and Mark Longbottom, both of Kinetic Partners (Cayman) Ltd. of Ground Floor, Harbour Centre, P.O. Box 10387, Grand Cayman, KY1-1004, Cayman Islands, be appointed as Joint Official Liquidators of the Company.
3. The Joint Official Liquidators not be required to give security for their appointment.
4. The Joint Official Liquidators be authorised to take such steps as may be necessary or expedient for the protection of the Company's assets, and for that purpose may exercise

any of the powers specified in Part I and II of the Third Schedule to the Companies Law (2010 Revision) without further sanction of the Court, and for the avoidance of doubt such powers may be exercised within and outside the Cayman Islands. Specifically, but without prejudice to the generality of the foregoing, the Joint Official Liquidators shall have the power:

- 4.1. To bring or defend any action or other legal proceeding in the name of and on behalf of the Company;
 - 4.2. To take possession of, collect and get in the property of the Company and for that purpose to take all such proceedings as they consider necessary;
 - 4.3. To carry on the business of the Company so far as may be necessary for its beneficial winding up;
 - 4.4. To engage Attorneys and other professionally qualified persons to assist them in the performance of their functions; and
 - 4.5. To engage staff (whether or not as employees of the Company) to assist them in the performance of their functions.
5. The Joint Official Liquidators be authorised to act jointly and severally.
 6. The Joint Official Liquidators be at liberty to apply for further directions concerning their functions and the exercise or proposed exercise of their powers.
 7. No suit, action or other proceeding may be proceeded with or commenced against the Company except with the leave of the Court and subject to such terms as the Court may impose.

8. The remuneration and expenses of the Joint Official Liquidators be paid out of the assets of the Company.
9. The Petitioners' costs of and incidental to this Petition be paid from the assets of the Company as expenses within the liquidation.

AND your Petitioners will ever pray etc.

DATED the 11th day of August 2010



SOLOMON HARRIS
ATTORNEYS-AT-LAW FOR THE PETITIONERS

NOTE: This petition is intended to be served on the Company.

This Petition was presented by **SOLOMON HARRIS** of 3rd Floor, FirstCaribbean House, P.O. Box 1990, Grand Cayman, KY1-1104, Cayman Islands, Attorneys-at-law for and on behalf of the Petitioners whose address for service is that of their said Attorneys.

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman, on _____ at _____ *am/pm*. Any correspondence or communication with the Court relating to the hearing of this petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, telephone 345 949 4296.