

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. ⁵¹² OF 2007

B E T W E E N:

- (1) BNY AIS NOMINEES LIMITED
(2) GVA MARKET NEUTRAL MASTER LIMITED

Plaintiffs

AND

CPIM STRUCTURED CREDIT FUND 1000 INC.

Defendant

WRIT OF SUMMONS

TO: CPIM Structured Credit Fund 1000 Inc., whose registered office is at Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands

THIS WRIT OF SUMMONS has been issued against you by the above-named Plaintiffs in respect of the claim set out herein.

Within 14 days after the service of this Writ on you, counting the day of service, you must either satisfy the claim or return to the Court office, P.O. Box 495 GT, George Town, Grand Cayman, the accompanying Acknowledgement of Service stating therein whether you intend to contest these proceedings.

If you fail to satisfy the claim or to return the Acknowledgment within the time stated, or if you return the Acknowledgment without stating therein an intention to contest the

proceedings, the Plaintiff may proceed with the action and judgment may be entered against you forthwith without further notice.

Issued this day of October 2007

NOTE - This Writ may not be served later than 4 calendar months (*or, if leave is required to effect service out of the jurisdiction, 6 months*) beginning with the date of issue unless renewed by order of the Court.

IMPORTANT

Directions for Acknowledgement of Service are given with the accompanying form.

STATEMENT OF CLAIM

Introduction

1. The First Plaintiff (“BNY”) is a limited liability company incorporated in the Republic of Ireland, whose registered office is BNY Fund Services (Ireland) Limited, TA Dept, Guild House, P.O. Box 4935, IFSC, Dublin 1, Ireland.
2. The Second Plaintiff (“GVA”) is a limited liability incorporated in the British Virgin Islands, whose registered office is c/o Citco B.V.I. Limited, P.O. Box 662, Road Town, Tortola, British Virgin Islands.
3. The Defendant (“the Company”) is an exempted company with limited liability incorporated in the Cayman Islands.
4. The Company is a limited partner in CPIM Structured Credit Fund 1000 L.P. (“the Partnership”), an exempted limited partnership formed under the laws of the Cayman Islands. The Company’s only substantial asset is its limited partnership interest in the Partnership.
5. According to a Private Placement Memorandum dated 23 March 2007 (“the PPM”) issued on behalf of the Company and the Partnership:
 - 5.1 The Partnership and the Company operate together as an integrated investment fund structure (“the Fund”) in which investors participate by purchasing either shares in the Company or limited partnership interests in the Partnership. Investment management of the Company’s underlying assets takes place at the level of the Partnership [page 4 of the PPM].

- 5.2 The Fund invests in asset-backed securities, mortgage-backed securities and other securities or related instruments including collateralised debt obligations and through investment in companies and issuers which are exposed to or undertake mortgage or credit activities in a variety of markets worldwide [page 13 of the PPM].
- 5.3 The share capital of the Company consists of seven different classes of shares, each with its own separate characteristics and defining terms as to notice period for subscriptions and redemptions, frequency of Dealing Day, and the length of period from the Dealing Day on which redemption occurs to the date on which the Company must pay the redemption price [page 14 of the PPM].
- 5.4 Class A shares are subject to a management fee of 1.5% per annum and a performance related allocation of 20% payable in arrears in respect of each Performance Period.
- 5.5 Applications to invest in Class A shares must be received by the Administrator by 5.00 pm (Dublin time) on the business day immediately preceding any Dealing Day (a term defined in the PPM to mean the last business day in each calendar month unless amended by the directors of the Company) [page 20 of the PPM].
- 5.6 Investors in Class A shares may apply to redeem their shares in whole or in part on any Dealing Day subject to such requests to redeem being received by the Administrator by 5.00 pm (Dublin time) on the business day immediately preceding the relevant Dealing Day [page 20 of the PPM]. Class A shareholders pay a 1% redemption fee in return for this right to redeem on 1 day's notice, whereas shareholders of other Classes of shares do not have to pay any redemption fee after the first 12 months from subscription but are subject to longer redemption notice periods [pages 6-8 of the PPM].

- 5.7 Redemption amounts for Class A shares will normally be paid 90 days after the relevant Dealing Day at the price applicable on that Dealing Day. For all other public investor share classes, payments are normally paid within 30 days of the relevant Dealing Day, save that the directors have the discretion to make such payments within a further 30 days after that date, or in conditions, in the opinion of the Directors, of market disruption, within 75 days of the relevant Dealing Day [pages 20-22 of the PPM].
6. The Company's articles of association adopted by special resolution dated 2 August 2004 ("the Articles") provide (inter alia) as follows:
- 6.1 Save to the extent that the provisions of any applicable Offering Memorandum provide to the contrary, the holder of any class or series of Participating Shares may, provided that such holder has held such Participating Shares for the minimum period of time as set out in the applicable Offering Memorandum (if any), by the delivery to the Company's duly authorised agent of a redemption request (and any other documents referred to in the applicable Offering Memorandum) in such form as the Directors may from time to time determine on the Business Day immediately preceding (or such other day or period as specified in the applicable Offering Memorandum prior to) the relevant Dealing Day, require the Company to redeem, and subject to the provisions of the Companies Law, the Articles and the applicable Offering Memorandum, the Company shall redeem all (or some only provided, unless the Directors determine otherwise, that the value of the Participating Shares of that class or series held by the holder following a redemption of some only of such Participating Shares equals or exceeds the value as set out in the applicable Offering Memorandum (if any) and provided, unless the Directors determine otherwise, that the value of the Participating Shares of that class or series being redeemed equals or exceeds the value as set out in the applicable Offering Memorandum (if any)) of such Participating Shares of that holder on the applicable Dealing Day at the Redemption Price per

Participating Share on the relevant Valuation Day [Article 10(c), first paragraph].

- 6.2 Subject to this Article, the amount due on redemption of Participating Shares of a particular class or series redeemed will be paid within such period and in such manner as is specified in the applicable Offering Memorandum in respect of Participating Shares of such class or series. Payment for such Participating Shares shall be made at the risk and cost of the Member in such currency or currencies as the Directors shall determine in respect of a particular class or series of Participating Shares [Article 10(g), first paragraph].
7. The Plaintiffs will rely on the Articles and the PPM for their full terms and legal effect.
8. The Plaintiffs are the owners of (inter alia) Class A shares. These shares were redeemed on the 31 July 2007 Dealing Day, but the Plaintiffs have not yet received the redemption proceeds, which are due and payable at the expiration of ninety days from the Dealing Day, on or about 29 October 2007. The Plaintiffs bring this action for payment of the redemption price in respect of their redeemed shareholding in Class A shares only.

The Plaintiffs' investment in the Company

9. BNY for and on behalf of GVA purchased the following Class A shares in the Company subject to the terms of the Articles ("BNY's A shares"):
 - 9.1 122,340.292476 Class A Shares on 1 June 2004;
 - 9.2 121,484.792971 Class A Shares on 1 July 2004;
 - 9.3 16,071.212701 Class A Shares on 1 August 2004; and

- 9.4 6,807.214387 Class A Shares on 1 January 2005.
10. On 25 July 2007, BNY delivered to the Company's duly authorised agent, HSBC Securities Services (Ireland) Limited (the Administrator) a redemption request requiring the Company to redeem all of BNY's A shares in the Company. Under the Articles and PPM, delivery of said redemption request required the Company to redeem BNY's A shares on the applicable Dealing Day at the Redemption Price per Participating Share on the relevant Valuation Day.
11. On 1 August 2007, the Company's duly authorised agent (the Administrator) confirmed due receipt of the redemption request requiring redemption of BNY's A shares.
12. Neither the PPM nor the Articles require investors' redemption notices to be "accepted" in any way before they are valid and bind the Company to pay the proceeds of redemption in accordance with the Articles.
13. In the premises, and by virtue of the Articles and PPM:
- 13.1 The Dealing Day in respect of BNY's A shares was 31 July 2007;
- 13.2 The Valuation Day in respect of BNY's A shares was 31 July 2007;
- 13.3 Payment of the proceeds of redemption of BNY's A shares would be made on or about 29 October 2007.
14. The Net Asset Value per Participating Share ("NAV") of Class A shares in the Company was calculated and circulated to investors by the Investment Manager for the Fund on or about 6 September 2007 in a newsletter dated 31 July 2007. That newsletter recorded the 31 July 2007 NAV for Class A shares as being US\$147.66 per share.
15. Accordingly, on 31 July 2007:

- 15.1 BNY's A shares in the Company were redeemed at a price of US\$147.66 per share;
- 15.2 The Plaintiffs ceased to be entitled to any rights in respect of BNY's A shares and BNY's name was or was deemed to be (or alternatively should have been) removed from the register of members with respect thereto, and BNY's A shares became available for re-issue and until re-issue formed part of the unissued share capital of the Company; and
- 15.3 BNY became a creditor of the Company.

Right to limit or suspend redemptions or payment of proceeds

16. Under the PPM, the Company has only the following circumscribed rights to limit or suspend redemptions or the payment of redemption proceeds:
 - 16.1 The directors of the Company may limit the value of redemptions of each Class of shares on any Dealing Day to 10% of the total net asset value of Limited Partnership Interests then in issue in the relevant Class. Where this restriction applies, redemptions will be on a pro rata basis and any redemptions which for this reason do not occur on any particular Dealing Day will be carried forward for realisation on the next Dealing Day (again subject to the 10% limit) in priority to requests subsequently received by the Administrator [page 23 of the PPM].
 - 16.2 The General Partner of the Partnership is empowered to suspend temporarily the calculation of net asset value of the Partnership, which will automatically lead to the suspension of redemption rights for investors in certain listed events, none of which applies in the circumstances of this case. In any such event, the directors reserve the right to withhold payment from persons who have redeemed prior to such suspension until after the suspension is lifted. Such right will be exercised in circumstances where the directors believe that to make such payment during the period

of suspension would prejudice the interests of the then current investors. Notice of any suspension will be given to any investor attempting to redeem without delay [page 25 of the PPM].

17. The Company's Articles provide (inter alia) as follows:
 - 17.1 If on any Dealing Day the rights of the limited partners of the Partnership to withdraw from the Partnership are limited so that withdrawals on such Dealing Day are limited to a specified percentage of the total value of all limited partnership interests of the Partnership, or the total value of all limited partnership interests of the Partnership of a particular class or classes (as set out in the applicable Offering Memorandum), the Directors may in their discretion limit the total number of Participating Shares which may be redeemed on such Dealing Day as specified in the applicable Offering Memorandum. Where these overall restrictions are applied, Participating Shares will be redeemed in accordance with the terms stipulated in respect of a particular class or series of Participating Shares in the applicable Offering Memorandum [Article 10(c), second paragraph].
 - 17.2 If the determination of the value of a relevant investment Account or the Net Asset Value per Participating Share of the relevant class or series is suspended beyond the day on which it would normally occur by reason of a declaration by the Directors, the right of a holder to have the Participating Shares of the class or series, in respect of which such Investment Account was established, redeemed shall be similarly suspended and during the period of suspension the holder may withdraw his request for redemption. Any withdrawal of a request for redemption under the provisions of this Article shall only be effective if actually received by the Company's duly authorised agent before termination of the period of suspension. If the request is not so withdrawn the redemption of such Participating Shares shall be made on the day specified in the applicable Offering Memorandum following the end of the suspension [Article 10(c), fifth paragraph].

- 17.3 If after the relevant Dealing Day and prior to payment of the amount due on redemption the determination of the value of the relevant Investment Account or the NAV of the relevant class or series is suspended the Company may, where the Directors believe that to make such payment during the period of suspension would prejudice the interest of holders of Participating Shares, withhold payment from persons whose Participating Shares have been redeemed prior to such suspension until after the suspension is lifted [Article 10(g), third paragraph].
- 17.4 On the relevant date of redemption the holder of Participating Shares to be redeemed shall cease to be entitled to any rights in respect of that Participating Share (excepting always the right to receive a dividend which has been declared in respect thereof prior to such redemption being effected) and accordingly his name shall be removed from the Register of Members with respect thereto and the share shall be available for re-issue and until re-issue shall form part of the unissued share capital of the Company [Article 10(g), fourth paragraph].
- 17.5 The Directors may in their absolute discretion declare a suspension of the determination of the value of a Fund, an Investment Account, the NAV of a class or series, the redemption of any class or series of Participating Shares and/or the subscription of any class or series of Participating Shares during any part of a period specified for such purposes in the Offering Memorandum in respect of a particular Investment Account, class or series of Participating Shares or during any period when there is a suspension of the determination of the net asset value of the Partnership, the determination of the net asset value of the Company's account in the relevant class of the Partnership, the rights of withdrawal of any class of interest of the Partnership and/or the subscription of any class of interests of the Partnership [Article 25].
- 17.6 Any such suspension shall take effect at such time as the Directors shall declare and thereafter there shall be no determination of the value of such

Investment Account or the NAV until the Directors declare the suspension to be at an end [Article 26].

- 17.7 Whenever the Directors shall declare a suspension of the determination of the value of a Fund, an Investment Account, the redemption of any class or series of Participating Shares and/or the subscription of any class or series of Participating Shares, the Directors shall notify or cause to notify, holders of the relevant class or series of Participating Shares who have tendered their shares for redemption and who have not received the redemption proceeds in respect of such shares, or his agent, by mail or any other means [Article 27].
18. The foregoing are the only, and there are no other, provisions in the PPM or the Articles pursuant to which the Company may lawfully limit or suspend redemptions or withhold payment of proceeds to investors.
19. As at 31 July 2007, none of the provisions referred to in paragraphs 16 and 17 above had been activated, in other words:
- 19.1 The rights of the limited partners of the Partnership to withdraw from the Partnership were not limited (and had not been limited) so that withdrawals on that date were not limited to a specified percentage of the total value of all limited partnership interests of the Partnership.
- 19.2 The directors of the Company did not limit (and had not limited) the total number of Participating Shares which might be redeemed on that date.
- 19.3 The directors of the Company did not declare (and had not declared) a suspension of the determination of the value of a Fund, an Investment Account, the NAV of a class or series, or the redemption of any class or series of Participating Shares.

- 19.4 Thus, the 31 July 2007 Dealing Day passed without any imposition of a Class Gate.
- 19.5 The Company has not subsequently suspended the calculation of the NAV of Class A shares. Indeed, the Company has calculated and published the NAV of Class A shares as of 31 July 2007 and as of 31 August 2007.
20. Accordingly, the Company had and has no grounds on which to limit or suspend the payment of the redemption proceeds owed to the Plaintiffs.

Breach by the Company

21. Notwithstanding the facts pleaded in paragraph 12 above, on 28 August 2007, the Company advised an affiliate of the Plaintiffs' investment manager that:
- 21.1 "Class A redemption proceeds in respect of any accepted July 31, 2007 Dealing Day redemption notices will, in accordance with the terms and conditions of such Class, not be due and payable until October 29, 2007 (i.e. 90 days after July 31, 2007)"; and that
- 21.2 "none of the outstanding redemption notices have been accepted".
22. On 5 September 2007, the General Partner of the Partnership advised an affiliate of the Plaintiffs' investment manager that the Company had purportedly "with effect on and from the July 31, 2007 Dealing Day decided to impose a Class gate of 10% on all redemptions of Class A shares ... until further notice".
23. On a true construction of the Articles, the Company could not lawfully and with retroactive effect impose any Class gate after 31 July 2007 with respect to the redemption of BNY's A shares, because the Dealing Day in respect of BNY's A shares had already passed in the circumstances set out above, with the consequences set out in paragraph 15 hereof.


24. On 14 September 2007, the Plaintiffs by their attorneys demanded that the Company confirm that it would pay in full the proceeds of redemption of BNY's A shares by 29 October 2007 based on a Valuation Day of 31 July 2007.
25. On 24 September 2007, the Company by its attorneys contended that "the effect of the imposition of the Class gate on 5 September 2007 is that [BNY] remains a holder of its Class A shares in respect of its ungated remainder which will not be redeemed as of 31 July 2007" and accordingly declined to give the confirmation requested by the Plaintiffs.
26. By reason of the foregoing communications, the Company has evinced an intention no longer to be bound by its obligation to pay in full the proceeds of redemption of BNY's A shares on 29 October 2007, and is in repudiatory breach of contract. For the avoidance of any doubt, the Plaintiffs hereby accept such repudiation.
27. The Plaintiffs are entitled to and hereby claim interest from 29 October 2007 pursuant to section 34 of the Judicature Law (2004 Revision) and/or equity on such sums as are found to be due to them at such rate and for such period as the Court thinks fit.

AND the Plaintiffs claim:

1. Declarations that:
 - 1.1 BNY's A shares in the Company were redeemed on 31 July 2007, on which date BNY became a creditor of the Company.
 - 1.2 The Company could not lawfully and with retroactive effect impose a Class gate in respect of the redemption of BNY's A shares after the Dealing Day for such redemption had passed.

2. Payment in full of the proceeds of redemption of BNY's A shares in the Company, with a Valuation Day of 31 July 2007, at a price of US\$147.66 per share, on 29 October 2007.
3. Alternatively, damages for breach of contract.
4. Interest from 29 October 2007 pursuant to section 34 of the Judicature Law (2004 Revision) and/or equity on such sums as are found to be due to the Plaintiffs and at such rate and for such period as the Court thinks fit.
5. Costs
6. Such further or other relief as the Court thinks fit.

Dated the *26th* day of October 2007



Appleby
Attorneys for the Plaintiffs

FILED by Appleby, attorneys for the Plaintiffs, whose address for service is Clifton House, 75 Fort Street, George Town, Grand Cayman, Cayman Islands (Ref. JW/12927.001)

**DIRECTIONS FOR ACKNOWLEDGEMENT OF SERVICE
OF WRIT OF SUMMONS**

1. The accompanying form of Acknowledgement of Service should be completed by an Attorney acting on behalf of the Defendant or by the Defendant if acting in person.

After completion it must be delivered or sent by post to the Law Courts, PO BOX 495, GRAND CAYMAN KY1-1106.

2. A Defendant who states in his Acknowledgement of Service that he intends to contest the proceedings must also serve a Defence on the Attorney for the Plaintiff (or on the Plaintiff if acting in person).

If a Statement of Claim is indorsed on the Writ (i.e. the words of "Statement of Claim" appear on the top of page 2), the Defence must be served within 14 days after the time for acknowledging service of the Writ, unless in the meantime a summons for judgment is served on the Defendant.

If the Statement of Claim is not indorsed on the Writ, the Defence need not be served until 14 days after a Statement of Claim has been served on the Defendant.

If the Defendant fails to serve his Defence within the appropriate time, the Plaintiff may enter judgment against him without further notice.

3. A Stay of Execution against the Defendant's goods may be applied for where the Defendant is unable to pay the money for which any judgment is entered. If a Defendant to an action for a debt or liquidated demand (i.e. a fixed sum) who does not intend to contest the proceedings states, in answer to Question 3 in the Acknowledgement of Service, that he intends to apply for a stay, execution will be stayed for 14 days after his Acknowledgement, but he must, within that time, issue a Summons for a Stay of Execution, supported by an affidavit of his means. The affidavit should state any offer which the Defendant desires to make for payment of the money by instalments or otherwise.

See over for notes for guidance

Please complete overleaf

Notes for Guidance

1. Each Defendant (if there are more than one) is required to complete an Acknowledgement of Service and return it to the Courts Office.
2. For the purpose of calculating the period of 14 days for acknowledging service, a writ served on the Defendant personally is treated as having been served on the day it was delivered to him.
3. Where the Defendant is sued in a name different from his own, the form must be completed by him with the addition in paragraph 1 of the words "sued as (*the name stated on the Writ of Summons*)".
4. Where the Defendant is a FIRM and an attorney is not instructed, the form must be completed by a PARTNER by name, with the addition in paragraph 1 of the description "Partner in the firm of (.....)" after his name.
5. Where the Defendant is sued as an individual TRADING IN A NAME OTHER THAN HIS OWN, the form must be completed by him with the addition in paragraph 1 of the description "trading as (.....)" after his name.
6. Where the Defendant is a Limited Company the form must be completed by an Attorney or by someone authorised to act on behalf of the Company, but the Company can take no further step in the proceedings without an Attorney acting on its behalf.
7. Where the Defendant is a MINOR or a MENTAL PATIENT, the form must be completed by an Attorney acting for a guardian *ad litem*.
8. A Defendant acting in person may obtain help in completing the form at the Courts Office.

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: 512 OF 2007

B E T W E E N:

- (1) BNY AIS NOMINEES LIMITED
- (2) GVA MARKET NEUTRAL MASTER LIMITED

Plaintiffs

AND

CPIM STRUCTURED CREDIT FUND 1000 INC.

Defendant

**ACKNOWLEDGMENT OF SERVICE
OF WRIT OF SUMMONS**

If you intend to instruct an Attorney to act for you, give him this form IMMEDIATELY.

Important. Read the accompanying directions and notes for guidance carefully before completing this form. If any information required is omitted or given wrongly, THIS FORM MAY HAVE TO BE RETURNED.

Delay may result in judgment being entered against a Defendant whereby he may have to pay the costs of applying to set it aside.

1. State the full name of the Defendant by whom or on whose behalf the service of the Writ is being acknowledged:

2. State whether the Defendant intends to contest the proceedings (tick appropriate box)

YES

NO

3. If the claim against the Defendant is for a debt or liquidated demand, AND he does not intend to contest the proceedings, state if the Defendant intends to apply for a stay of execution against any judgment entered by the Plaintiffs (tick box)

YES

Service of the Writ is acknowledged accordingly

Date:

2007

Attorneys for Defendant

Address for service:

Notes on address for service

Attorney: where the Defendant is represented by an attorney, state the attorney's place of business in the Cayman Islands. A Defendant may not act by a foreign attorney.

Defendant in person: where the Defendant is acting in person, he must give his post office box number and the physical address of his residence or, if he does not reside in the Cayman Islands, he must give an address in Grand Cayman where communications for him should be sent. In the case of a limited company, "residence" means its registered or principal office.

Endorsement by Plaintiffs' Attorney (or by Plaintiffs if suing in person) of his name, address and reference, if any, in the box below.

Appleby
Attorneys-at-Law
Clifton House
75 Fort Street
PO Box 190
George Town
Grand Cayman KY1-1104
Ref: JT/12927.001

Endorsement by Defendant's Attorney (or by Defendant if suing in person) of his name, address and reference, if any, in the box below.

[Empty box for Defendant's Attorney endorsement]