

IN THE GRAND COURT OF THE CAYMAN ISLANDS

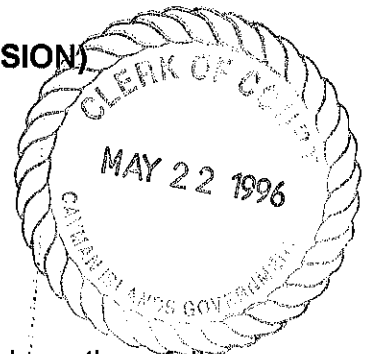
CAUSE NO. 261 OF 1996

**IN THE MATTER OF EURO CANADIAN BANK & TRUST COMPANY LIMITED**

**AND**

**IN THE MATTER OF THE COMPANIES LAW (1995 REVISION)**

**PETITION**

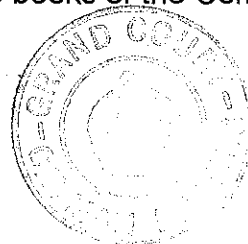
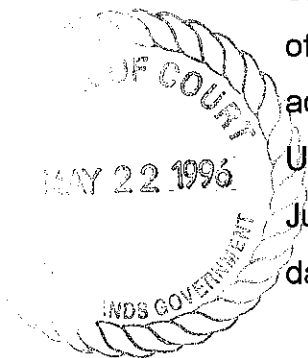


To the Grand Court of the Cayman Islands

The Humble Petition of Euro Canadian Bank & Trust Company Limited showeth as follows:

1. Your Petitioner the above-named company (hereinafter called "the Company") was incorporated on 4th June 1982 under The Companies Law as an exempted company limited by shares under the name Euro Canadian Bank which said name was changed to Euro Canadian Bank & Trust Company Limited by special resolution duly passed on 19th December 1994.
2. The registered office of the Company is situate at the offices of Cayman National Bank, P.O. Box 1097, West Wind Building, Harbour Drive, George Town, Grand Cayman, Cayman Islands.
3. The objects for which the Company was formed were to carry on the business of banking in all its branches and to transact and do all matters and things incidental thereto and to carry on the business of a trust company or corporation in all its branches and to carry out the other objects more particularly set forth in the Memorandum of Association of the Company.

4. The original capital of the Company was US\$200,000,000 divided into 10,000 Ordinary Shares of US\$10,000 each, 50,000,000 'A' Redeemable Preference Shares of US\$1 each and 50,000,000 'B' Redeemable Preference Shares of US\$1 each. By a special resolution of the Company passed on 21st March 1983, the capital of the Company was altered to its present capital which is US\$200,000,000 divided into 10,000 Ordinary Shares of US\$10,000 each, 40,000,000 'A' Redeemable Preference Shares of US\$1 each, 40,000,000 'B' Convertible Redeemable Preference Shares of US\$1 each and 20,000,000 'C' Convertible Redeemable Preference Shares of US\$1 each.
5. Shortly after its incorporation, the Company commenced its banking and trust company business. The Company continues to operate principally as an offshore bank and trust company and is licensed as such by the Cayman Islands Government.
6. Of the said 10,000 Ordinary Shares, 2,500 have been issued for cash at par and are fully paid up and the remainder are unissued. Of the said 40,000,000 'A' Redeemable Preference Shares, 1,161 have been issued for cash at a premium and the remainder are unissued. Of the said 40,000,000 'B' Convertible Redeemable Preference Shares, 2,907 have been issued for cash at a premium and the remainder are unissued. All of the said 20,000,000 'C' Convertible Redeemable Preference Shares remain unissued. The aggregate amount of the premiums paid from time to time on the said 'A' Redeemable Preference Shares and 'B' Convertible Redeemable Preference Shares, after deduction therefrom of all expenses and commissions payable in respect of the said issues, were transferred to the Company's share premium account in accordance with the Company's Articles of Association. The sum of US\$52,995,932.00, comprising the Company's entire share premium account as at 1st July 1995, stood to the credit of such account in the books of the Company as at that date.



7. The Articles of Association of the Company provide, inter alia, as follows:-

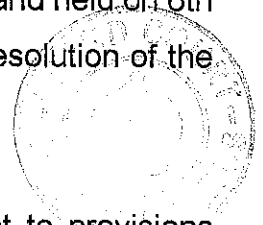
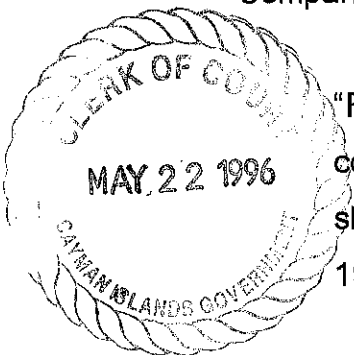
Article 40 (a): "Subject to and insofar as permitted by the provisions of the Statute, the Company may from time to time by ordinary resolution alter or amend its Memorandum of Association otherwise than with respect to its name and objects and may, without restricting the generality of the foregoing...(iv) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person".

Article 40 (d): "Subject to the provisions of the Statute the Company may by special resolution reduce its share capital, any capital redemption reserve fund, or any share premium account".

Article 17: "If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a general meeting of the holders of the shares of that class".

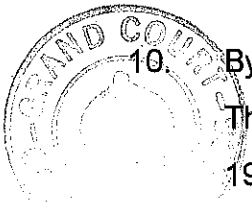
8. At an extraordinary general meeting of the Company duly convened and held on 6th June 1995, the following resolution was duly passed as a special resolution of the Company:

"RESOLVED AS A SPECIAL RESOLUTION THAT pursuant to provisions contained in Article 40 (d) of the Company's Articles of Association a return of share premium to Class "A" and Class "B" shareholders of record as at 1st July, 1995 in the amount of fifty two million nine hundred and ninety five thousand



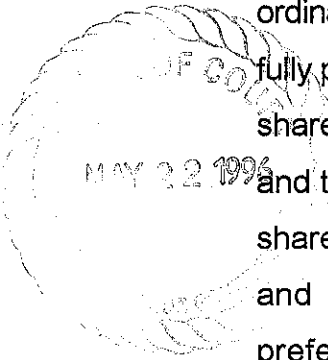
nine hundred and thirty two United States Dollars (US\$52,995,932.00) be and it is hereby approved”.

9. The reason for the foregoing resolution was as follows. As at 1st July 1995, the Company had guaranteed certain debts of shareholders and affiliated companies up to US\$94.5 million. As security for the performance of these obligations, the Company had pledged assets equivalent to US\$114.4 million. Such assets being included in interest-bearing deposits with banks, trading account securities and accrued interest receivables. The purpose of repaying the premium on the 'A' and 'B' Preference Shares was to allow shareholders to repay bank secured debts of US\$53.5 million and thereby releasing US\$65.2 million of the Company's pledged assets. Such reduction of share premium account (not being a reduction of share capital) did not require the sanction of the Court. The entire sum of US\$52,995,932.00 was paid to the holders of the said 'A' Redeemable Preference Shares and the 'B' Convertible Redeemable Preference Shares, pro rata their respective holdings, on 27th July 1995 and the Company's entire share premium account was thereby cancelled as at that date.



10. By a special resolution of the Company duly passed in accordance with section 13 of The Companies Law at an extraordinary general meeting thereof held on 21st May 1996, it was resolved:

"THAT the capital of the Company which is now US\$200,000,000, divided into 10,000 ordinary shares of US\$10,000 each of which 2,500 shares have been issued and are fully paid up and the remainder are unissued, 40,000,000 'A' redeemable preference shares of US\$1 each of which 1,161 shares have been issued and are fully paid up and the remainder are unissued, 40,000,000 'B' convertible redeemable preference shares of US\$1 each of which 2,907 shares have been issued and are fully paid up and the remainder are unissued and 20,000,000 'C' convertible redeemable preference shares of US\$1 each all of which are unissued, be reduced to

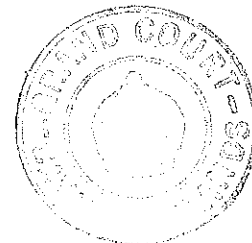
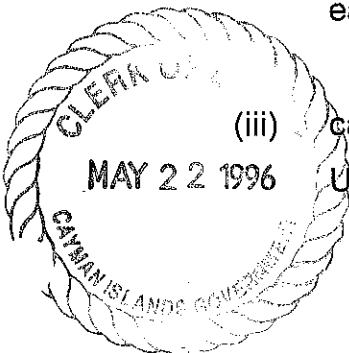


US\$140,000,000, divided into 10,000 ordinary shares of US\$4,000 each, 40,000,000 'A' redeemable preference shares of US\$1 each, 40,000,000 'B' convertible redeemable preference shares of US\$1 each and 20,000,000 'C' convertible redeemable preference shares of US\$1 each, by repaying capital paid up on the ordinary shares to the extent of US\$6,000 per share and reducing the nominal amount of each of the ordinary shares (issued and unissued) to US\$4,000".

11. By an ordinary resolution of the Company duly passed at the said meeting, it was resolved:

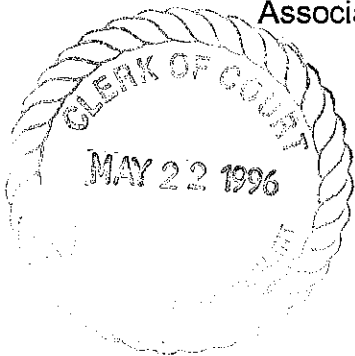
"THAT, forthwith upon the reduction of capital specified in resolution 1 above taking effect, the capital of the Company be diminished from US\$140,000,000, divided into 10,000 ordinary shares of US\$4,000 each, 40,000,000 'A' redeemable preference shares of US\$1 each, 40,000,000 'B' convertible redeemable preference shares of US\$1 each and 20,000,000 'C' convertible redeemable preference shares of US\$1 each, to US\$100,000,000, divided into 10,000 ordinary shares of US\$4,000 each, 30,000,000 'A' redeemable preference shares of US\$1 each and 30,000,000 'B' convertible redeemable preference shares of US\$1 each, by:

- (i) cancelling 10,000,000 'A' redeemable preference shares of US\$1 each which have not been taken or agreed to be taken by any person;
- (ii) cancelling 10,000,000 'B' convertible redeemable preference shares of US\$1 each which have not been taken or agreed to be taken by any person; and
- (iii) cancelling all 20,000,000 'C' convertible redeemable preference shares of US\$1 each which have not been taken or agreed to be taken by any person.



12. By a further special resolution of the Company duly passed at the said meeting, it was resolved that, forthwith upon the reduction and diminution of the Company's capital specified in the above resolutions taking effect, the Articles of Association of the Company be altered by the deletion of existing Articles 6 to 11 inclusive and the substitution therefor of new Articles 6 to 11 as set out in full in the said resolution.
  
13. The proposed alterations to the Company's Articles of Association, as set out in the above special resolution, are intended to modify the rights and restrictions attaching to the various classes of issued shares of the Company in order to take account of last year's repayment of the entire share premium paid up on the Company's preference share capital and the proposed repayment of the Company's ordinary share capital. The holders of the shares of each respective class have, by voting in favour of or sanctioning the passing of such resolution, acknowledged that they approve of such modifications and accept that the same are necessary to reflect the current economic standing of the shareholders, as between themselves and as between the different classes of shares, as referable to each shareholder's contribution to the Company's current net asset value.

14. The proposed reduction and diminution of the Company's capital and the consequential alterations to the Company's Articles of Association, as specified in the above resolutions, are inconsistent with and involve a variation of the rights conferred on the holders of the 'A' Redeemable Preference Shares and at a separate general meeting of such holders duly convened and held on 21st May 1996 the following extraordinary resolution was passed in accordance with Article 17 of the Articles of Association of the Company:

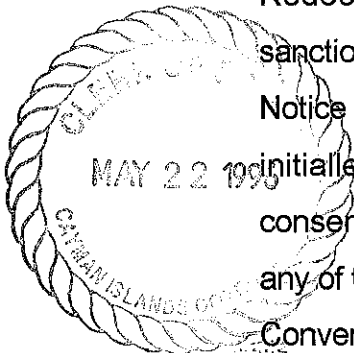


"THAT this separate class meeting of the holders of the issued 'A' Redeemable Preference Shares in the capital of the Company hereby sanctions the passing by the Company of each of the Resolutions set out in the Notice of an

Extraordinary General Meeting (now produced to this Meeting and initialled for identification by the Chairman) to be held on 21st May 1996 and consents to every variation, modification, alteration or abandonment of the or any of the rights, privileges and restrictions at present attaching to the said 'A' Redeemable Preference Shares to be effected thereby or involved therein and declares that (subject to the reduction of the Company's share capital expressed to be effected by the Resolutions set out in the said Notice of Extraordinary General Meeting being confirmed by the Court and taking effect) each of the said Resolutions shall, if passed, be binding on all the holders of the 'A' Redeemable Preference Shares of the Company".

15. The proposed reduction and diminution of the Company's capital and the consequential alterations to the Company's Articles of Association, as specified in the above resolutions, are also inconsistent with and involve a variation of the rights conferred on the holders of the 'B' Convertible Redeemable Preference Shares and at a separate general meeting of such holders duly convened and held on 21st May 1996 the following extraordinary resolution was passed in accordance with Article 17 of the Articles of Association of the Company:

"THAT this separate class meeting of the holders of the issued 'B' Convertible Redeemable Preference Shares in the capital of the Company hereby sanctions the passing by the Company of each of the Resolutions set out in the Notice of an Extraordinary General Meeting (now produced to this Meeting and initialled for identification by the Chairman) to be held on 21st May 1996 and consents to every variation, modification, alteration or abandonment of the or any of the rights, privileges and restrictions at present attaching to the said 'B' Convertible Redeemable Preference Shares to be effected thereby or involved therein and declares that (subject to the reduction of the Company's share capital expressed to be effected by the Resolutions set out in the said Notice

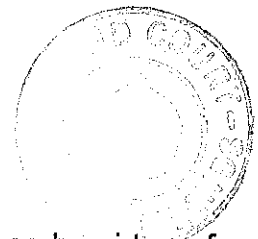
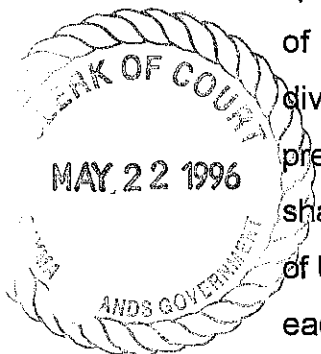


of Extraordinary General Meeting being confirmed by the Court and taking effect) each of the said Resolutions shall, if passed, be binding on all the holders of the 'B' Convertible Redeemable Preference Shares of the Company".

16. The sum of US\$15 million proposed to be repaid to the ordinary shareholders (pursuant to the special resolution set out in paragraph 10 above) is, as share capital, in excess of the wants of the Company and can, in the opinion of the directors, be better employed for the benefit of the Company by its repayment to ordinary shareholders. The reason for this is that, as indicated above, the Company has guaranteed certain debts of its shareholders and affiliated companies and, as security for the performance of these obligations, the Company has pledged significant assets. It is intended that the said sum of US\$15 million will be used to repay shareholder and affiliated company debt in order to release assets of approximately US\$25.75 million pledged by the Company. This will greatly increase the amount of the Company's free capital which will do much to assist the Company with its business activities generally and, in particular, with the development of its new trade finance operation which it is actively promoting at the present time.

17. The form of Minute proposed to be registered is as follows:

"The capital of Euro Canadian Bank & Trust Company Limited was by virtue of a special resolution of the company and with the sanction of an order of the Grand Court of the Cayman Islands dated [ ] 1996 reduced from US\$200,000,000, divided into 10,000 ordinary shares of US\$10,000 each, 40,000,000 'A' redeemable preference shares of US\$1 each, 40,000,000 'B' convertible redeemable preference shares of US\$1 each and 20,000,000 'C' convertible redeemable preference shares of US\$1 each, to US\$140,000,000, divided into 10,000 ordinary shares of US\$4,000 each, 40,000,000 'A' redeemable preference shares of US\$1 each, 40,000,000 'B'

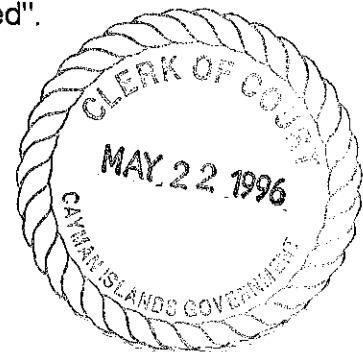


convertible redeemable preference shares of US\$1 each and 20,000,000 'C' convertible redeemable preference shares of US\$1 each. At the date of the registration of this minute, 2,500 of the said ordinary shares of US\$1 each have been issued and are fully paid up and the remainder are unissued, 1,161 of the said 'A' redeemable preference shares of US\$1 each have been issued and are fully paid up and the remainder are unissued, 2,907 of the said 'B' convertible redeemable preference shares of US\$1 each have been issued and are fully paid up and the remainder are unissued and none of the said 'C' convertible redeemable preference shares of US\$1 each has been issued.

An ordinary resolution of the company has been passed to the effect that upon this reduction of capital taking effect the capital of the company be diminished by (i) cancelling 10,000,000 'A' redeemable preference shares of US\$1 each which have not been taken or agreed to be taken by any person; (ii) cancelling 10,000,000 'B' convertible redeemable preference shares of US\$1 each which have not been taken or agreed to be taken by any person; and (iii) cancelling all 20,000,000 'C' convertible redeemable preference shares of US\$1 each which have not been taken or agreed to be taken by any person.

The capital of the company is accordingly on the registration of this minute US\$100,000,000 divided into 10,000 ordinary shares of US\$4,000 each of which 2,500 shares have been issued and are fully paid up and the remainder are unissued, 30,000,000 'A' redeemable preference shares of US\$1 each of which 1,161 have been issued and are fully paid up and the remainder are unissued, and 30,000,000 'B' convertible redeemable preference shares of US\$1 each of which 2,907 have been issued and are fully paid up and the remainder are unissued".

Your Petitioner the Company therefore humbly prays as follows:



- (1) That the reduction and diminution of the Company's capital proposed to be effected by the resolutions set forth in paragraphs 10 and 11 of this Petition may be confirmed and that the above-mentioned Minute may be approved by the Court.
- (2) That to this end all necessary inquiries and directions may be made and given.
- (3) Or that such other order may be made in the premises as to the Court shall seem meet.

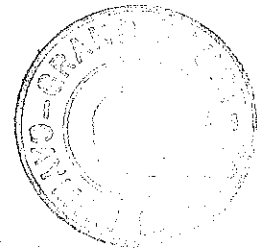
AND your Petitioner will ever pray, etc.

NOTE: It is not intended to serve this Petition on any person.

Dated this 22nd day of May 1996

*Bruce Campbell & Co.*

Bruce Campbell & Co.  
Attorneys-at-Law for the  
Petitioner herein



This Petition is filed by Bruce Campbell & Co., Attorneys-at-Law for the Petitioner herein whose address for service is 4th Floor, Bank of Nova Scotia Building, George Town, Grand Cayman, B.W.I.