

IN THE GRAND COURT OF THE CAYMAN ISLANDS

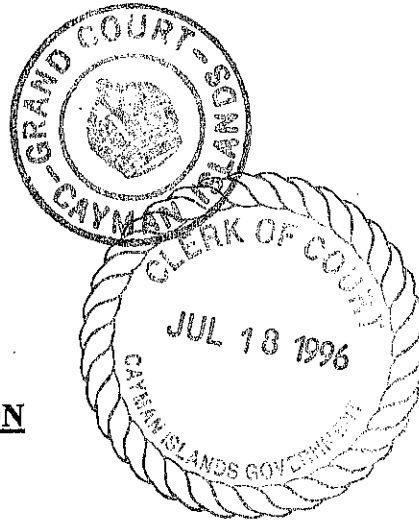
CAUSE NO.: 383 OF 1996

**In the matter of
Global Dynamic Communications (G.D.C.)
(formerly Global Discount Calls (G.D.C))**

- and -

**In the matter of
THE COMPANIES LAW (1995 Revision)**

PETITION



To the Grand Court

THE HUMBLE PETITION of Dallah Telecom Holding Co., a limited company incorporated and existing under the laws of the Kingdom of Saudi Arabia with its registered office situate at Dallah Tower, P.O. Box 430, Palestine Street, Jeddah 21411, Kingdom of Saudi Arabia, a member of the above-named Global Dynamic Communications (G.D.C.) SHOWETH as follows:-

Preliminary

In this Petition the following terms mean:

- | | |
|--------------|--|
| "Company" | Global Dynamic Communications (G.D.C.) (formerly Global Discount Calls (G.D.C)) |
| "MEIDCO" | Middle East Industrial Development Co. (MEIDCO), a company incorporated and existing under the laws of Vaduz, Liechtenstein. |
| "Petitioner" | Dallah Telecom Holding Co., a limited liability company incorporated and existing under the laws of the Kingdom of Saudi Arabia. |

All documents mentioned in this Petition will be referred to at the trial for their full terms and true effect.

Background to formation of the Company

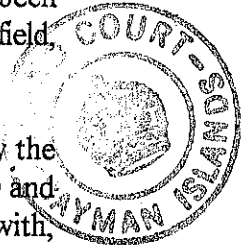
1. In 1993 the authorised representative of MEIDCO, approached your Petitioner and proposed to it to form jointly with MEIDCO an offshore company to undertake the business of providing Global Discount Call Services in the Middle East, on the basis of a Master Sales Representation Agreement dated 7.2.1993 which the said authorised representative of MEIDCO represented to your Petitioner to have been made between MEIDCO and Telegroup, Inc., of 505 North Third Street, Fairfield, Iowa 52556, U.S.A, (hereinafter referred to as "TELEGROUP").

2. In reliance on various representations made to it by MEIDCO, and principally the existence of the said Master Sales Representation Agreement between MEIDCO and TELEGROUP, and costs allegedly incurred by MEIDCO in connection therewith, your Petitioner entered into an agreement dated July 29, 1993 with MEIDCO pursuant to which your Petitioner agreed to establish the Company in the Cayman Islands, the issued capital of which was to be fully paid by your Petitioner on behalf of itself and MEIDCO.

3. The sole purpose for which the Company was established by your Petitioner and MEIDCO was to act as the exclusive sales representative of TELEGROUP in the Middle East with the rights to sell TELEGROUP's Global Access long distance telephone services at discounted rates in the following countries: Saudi Arabia, Kuwait, United Arab Emirates, Bahrain, Qatar, Oman, Lebanon, Syria, Jordan, Turkey, Egypt, Morocco and Tunisia.

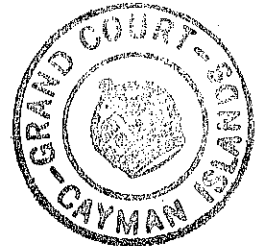
4. The Company was incorporated in the Cayman Islands on August 9, 1993 as an exempted Company with the name Global Discount Calls (GDC). On January 24, 1994 the company changed its name to Global Dynamic Communications (G.D.C.).

5. The Articles of Association of the Company were registered with the Registrar of Companies on August 9, 1993, when the Company was incorporated. Since the Company's incorporation there has been no alteration to either the Memorandum or the Articles of Association of the Company, other than a special resolution passed at an extraordinary general meeting of the Company at a meeting held on January 24, 1994, to change the name of the Company from Global Discount Calls (G.D.C.) to Global Dynamic Communications.

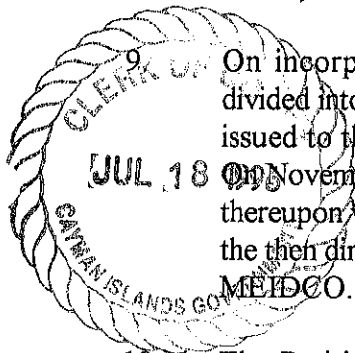


6. The Registered Office of the Company is and has been since incorporation situate at the offices of Paget-Brown & Company Ltd., West Wind Building, P.O. Box 1111, George Town, Grand Cayman, B.W.I.
7. The objects clause of the Company's memorandum of association entitles the Company:

"to engage in any activity in accordance with the Laws of the Cayman Islands including, without limitation, to carry on the business of organizers, maintainers, and providers of international telephone and facsimile services of every description, at discounted or other rates, and to exercise the functions of a natural person of full capacity irrespective of any question of corporate benefit."



8. The specific purpose for which the Company was established was to act as the exclusive sales representative of TELEGROUP with the rights to sell TELEGROUP's Global Discount Call Services at discounted rates in the following Middle East countries: Saudi Arabia, Kuwait, United Arab Emirates, Bahrain, Qatar, Oman, Lebanon, Syria, Jordan, Turkey, Egypt, Morocco and Tunisia.

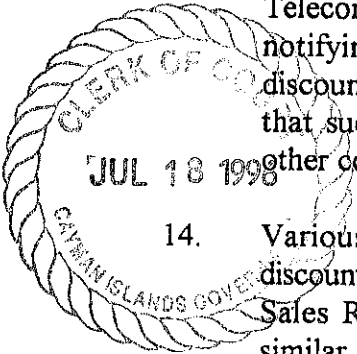


- On incorporation the authorised share capital of the Company was US\$900,000 divided into 90 Shares with a par value of of US\$10,000.00 each and one share was issued to the subscriber to the Company's memorandum and articles of association. On November 16, 1993, the subscriber transferred his share to your Petitioner which thereupon was entered on the register of members of the company. On the same day the then directors of the Company issued one share in the capital of the Company to MEIDCO.
10. The Petitioner paid into the Company U.S.\$1,000,000 for the issued shares of its capital. Of the said U.S.\$1,000,000, U.S.\$10,000 was credited to the Company to pay the par value of the one share issued to your Petitioner, U.S.\$10,000 was credited to the Company to pay the par value of the one share issued to MEIDCO, and U.S.\$980,000 was credited to the Company's share premium account.
 11. Although the Petitioner fully financed the paid capital of the Company representing the participation of both the Petitioner and MEIDCO, it was agreed between your Petitioner and MEIDCO that the Company would be beneficially owned as to 50% by the Petitioner and as to the other 50% by MEIDCO. Both your Petitioner and MEIDCO have equal rights and benefits in all other respects under the Company's articles of association. Both in its conception and upon its incorporation and at all times thereafter to the date of this Petition, the Company was similar to a partnership

between your Petitioner and MEIDCO, including their respective rights to participate in the management of the business and affairs of the Company equally and in all respects.

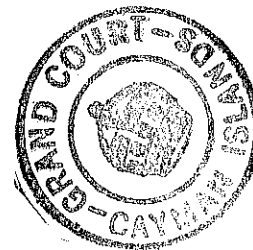
Illegality of the Company's specific purposes

12. On August 17, 1993, the Company entered into and signed a Master Representation Agreement with TELEGROUP to give effect to the specific purpose for which the Company was incorporated. Pursuant to the terms of the said Master Representation Agreement MRA, TELEGROUP granted the Company the right to represent TELEGROUP in the provision of discount call services to specified Middle Eastern countries namely: Saudi Arabia, Kuwait, United Arab Emirates, Bahrain, Qatar, Oman, Lebanon, Syria, Jordan, Turkey, Egypt, Morocco and Tunisia..
13. In April 1994 Dallah Telecom received an official notice from the Ministry of Telecommunications Telegraph and Telephone of the Kingdom of Saudi Arabia notifying the Company to immediately stop all activities regarding the provision of discount call services to customers in the Kingdom of Saudi Arabia on the ground that such activities were strictly prohibited under local law as well as the laws of other countries in the region.
14. Various efforts by the operational management of the Company to carry out the discount call business in other Middle Eastern countries specified in the said Master Sales Representation Agreement at various times had also proved futile because similar legal prohibitions prevented the provisions of discount call services to customers in these countries.
15. Accordingly it is, and at all material times was, impossible to legally undertake the specific purposes for which the Company was incorporated.



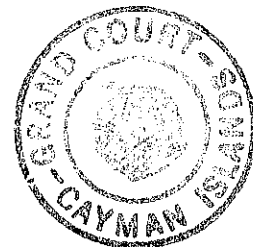
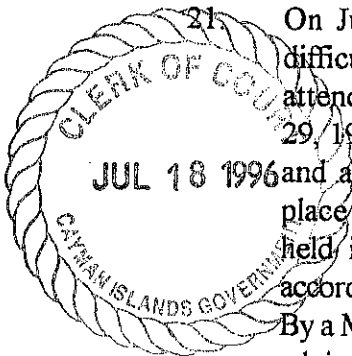
Shareholders' Deadlock

16. At all material times, the trust and confidence reposed in each other by your Petitioner and MEIDCO was the fundamental basis for the existence and operation of the Company.
17. This mutual trust and confidence derived from the initial participation of your Petitioner and MEIDCO in the affairs of the Company, and the desire of your Petitioner and MEIDCO that they should together be jointly responsible for the management of the Company. This mutual trust and confidence was destroyed when your Petitioner received a letter dated June 24, 1994, from TELEGROUP to the



effect that MEIDCO had made false representations to your Petitioner in 1993, for the purpose of inducing your Petitioner to provide the capitalisation of the Company, and that the Master Sales Representation Agreement dated 7.2.1993 which the said authorised representative of MEIDCO represented to your Petitioner to have been executed by MEIDCO and TELEGROUP was a forgery. In reliance of the said misrepresentations and the existence of an agreement between MEIDCO and TELEGROUP your Petitioner agreed to finance all the Company's capital and enter into a close relationship with MEIDCO.

18. In addition to the impossibility of legally realising the specific purpose for which the Company was incorporated, your Petitioner and MEIDCO have for some time had serious communication difficulties and differences due to the lack of mutual confidence and trust resulting from MEIDCO's misrepresentations which have created a situation of deadlock at the Directors and Shareholders level of the Company. Accordingly your Petitioner is unable to work with MEIDCO within the Company and the Company cannot function viably under any circumstances.
19. The conduct of the Company's affairs has for a considerable time been and still is completely paralysed as a result of the deadlock existing, at the board of directors level and the shareholder level, and there is no prospect whatsoever of any end to this deadlock.
20. On November 16, 1993, Dr. Abdul Fattah Nazer, a nominee of your Petitioner was appointed a director of the Company and Dr. Mohamed Munir Al-Moarawi, a nominee of MEIDCO was appointed a director of the Company.
21. On July 22, 1994, Dr. Abdul Fattah Nazer died, and your Petitioner faced great difficulties in having a replacement director appointed because MEIDCO failed to attend all meetings of the Shareholders that were called for this purpose. On April 29, 1995, Mahmoud Yousef Baker, the senior Economic Adviser to your Petitioner and a nominee of your Petitioner was appointed a director of the Company in the place of Dr. Abdul Fattah Nazer, at a duly constituted general meeting of the Company held in Jeddah in the Kingdom of Saudi Arabia, in the absence of MEIDCO but in accordance with the regulations of the Company set forth in the Articles of Association. By a Memorandum dated May 15, 1995, sent to the Secretary of the Company MEIDCO advised that they did not agree to the appointment of Mahmoud Yousef Baker to replace Dr. Abdul Fattah Nazer, and have not attended any meeting of the board of directors of the Company for the past two years.
22. Your Petitioner and MEIDCO are in dispute over various matters relating to the Company including the financing by your Petitioner of the issued share capital of the



Company which makes the continuity of the Company as a viable entity impossible.

23. On August 3, 1995, upon written request by your Petitioner in accordance with the provisions of the articles of association of the Company, notice was given of an extraordinary general meeting of the shareholders of the Company to be held on August 21, 1995, to consider and if thought fit to adopt the following special resolution:

Resolved that the Company be wound up voluntarily pursuant to section 131 of the Companies Law of the Cayman Islands (Cap.22) (Revised) and the Liquidator be appointed for the purposes of such winding-up.

24. On August 21, 1995, the said extraordinary general meeting was convened, however only your Petitioner attended by proxy. Because the articles of association provide that the presence in person or by proxy of the holders of the majority of the issued shares voting shares of the Company shall constitute a quorum, the meeting was adjourned in accordance with the provisions of the articles of association to August 28, 1995.

25. At a duly constituted general meeting held on August 28, 1995, attended by the proxy of your Petitioner and the proxy of MEIDCO, the proxy representing your Petitioner, acting in accordance with the instructions given by your Petitioner, voted in favour of passing the resolution to wind up the Company, and the proxy representing MEIDCO, acting in accordance with the instructions given by MEIDCO, voted against the resolution to wind up the Company.

26. As a result of the matters described herein, the mutual trust and confidence between the Petitioner and MEIDCO was seriously damaged and the relationship between them has deteriorated to the stage of irretrievable breakdown.

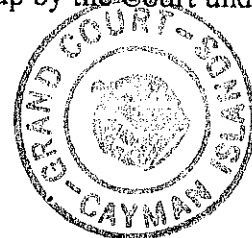
Conclusions

Because of the facts mentioned herein it is just and equitable that the Company be wound up.

In the event of a winding-up of the Company, after payment of its debts and liabilities, and of the costs, charges and expenses of such winding-up, there would be a surplus for distribution amongst its shareholders.

AND YOUR PETITIONER therefore humbly prays as follows:-

1. That Global Dynamic Communications may be wound up by the Court under



the provisions of the Companies Law (1995 Revision).

2. That Richard Edward Douglas, a partner of Deloitte & Touche, be appointed liquidator of the Company.
3. Or that such other Order may be made in the premises as shall be just.

AND YOUR PETITIONER will ever pray

DATED this 18th day of July 1996


Nelson & Company



NOTE: This petition is intended to be served on Global Dynamic Communications (G.D.C.) whose registered office is situated at the offices of Paget-Brown & Company Ltd. of West Wind Bldg., P.O. Box 1111, George Town, Grand Cayman.

This Petition was presented by Nelson & Company whose address for service is West Wind Building, P.O. Box 2075, George Town, Grand Cayman, Attorney for the Petitioner.

