

IN THE GRAND COURT OF THE CAYMAN ISLANDS

631
CAUSE NO: OF 2003

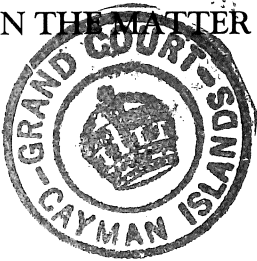
IN THE MATTER OF THE COMPANIES LAW (2003 REVISION)

AND

IN THE MATTER OF THE GRAND COURT RULES (ORDER 102)

AND

IN THE MATTER OF GRANADA DECEMBER SEVEN LIMITED



PETITION

To The Grand Court

THE HUMBLE PETITION of the above named Granada December Seven Limited shows as follows:

1. Your Petitioner, the above-named company ("the Company"), is a private exempted company limited by shares and incorporated in the Cayman Islands under the Companies Law (2003 Revision) ("the Companies Law"). The Company is registered under number CR - 106543.

2. The registered office of the Company is situate at the offices of Huntlaw Corporate Services Limited, the Huntlaw Building, 75 Fort Street, PO Box 1350 GT, Georgetown, Grand Cayman, Cayman Islands.
3. The objects for which the Company is established are unrestricted and include, without limitation, to carry on the business of an investment company and for that purpose to hold, (inter alia) securities.
4. The Company was incorporated with an original share capital of four hundred and one million, one hundred and five thousand and seven hundred and fourteen pounds (£401,105,714) divided into 391,105,714 ordinary shares of £1.00 each (all of which are issued and fully paid up or credited as fully paid up) and 10,000,000 preference shares of £1.00 each (2,394,288 of which are issued and fully paid up or credited as fully paid up), which has since remained unchanged.
5. The Articles of Association of the Company (“the Articles”) provide (inter alia) that the regulations contained in Table A to the First Schedule to the Companies Law shall not apply. Rather, the Articles appear in a bespoke form. They incorporate a provision, at Article 49 (b), to the following effect:

“An Ordinary Resolution or a Special Resolution (subject to the provisions of the Law) in writing signed by all members for the time being entitled to receive notice of

and to attend and vote at general meetings (or being corporations by their duly authorised representatives) including a resolution signed in counterpart by or on behalf of such Members or by way of signed telefax transmission, shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.”

6. In their original form, the Articles do not contain a power to reduce capital. However, the Articles were amended by the passing of a Special Resolution, passed by way of unanimous written resolution of the sole shareholder, Granada Media plc (“Granada Media”), on 17 September 2003, in compliance with Article 49(b). The said resolution was passed in the following terms:

“RESOLVED as a Special Resolution that the following shall be inserted as Article 44A of the Articles of Association of the Company:

44A The Company may, by Special Resolution, reduce its share capital, any capital redemption reserve fund and share premium account in any manner and with, and subject to, any incident authorised by, and consent required by, law.”

7. The assets of the Company are represented solely by the holding of the entire issued share capital of Granada December Nine Limited (“December Nine”), being a company incorporated in the Cayman Islands and registered with the

number CR-106543 and Granada December Reconstruction Limited (“December Reconstruction”), being a company incorporated in England and Wales and registered with the number 04062113 and a 20% holding in Meridian Broadcasting Limited (“Meridian”), being a company incorporated in England and Wales and registered with the number 02519552. The Company carries on no business other than as a holding company of December Nine, December Reconstruction and Meridian.

8. By a Special Resolution, passed by way of a unanimous written resolution of the sole shareholder, Granada Media, dated 17 September 2003 and passed in accordance with Article 49(b) of the Articles and section 14 of the Companies Law, it was resolved as follows:

“RESOLVED as a Special Resolution that the share capital of the Company be reduced from £401,105,714 divided into 391,105,714 ordinary shares of £1 each and 10,000,000 preference shares of £1 each to £151,085,714 divided into 141,085,714 ordinary shares of £1 each and 10,000,000 preference shares of £1 each and that such reduction be effected by cancelling 250,020,000 ordinary shares of £1 each in the share capital of the Company (all of the issued ordinary shares to be cancelled being registered in the name of Granada Media plc, the sole shareholder of the Company)”.

9. The proposed reduction of share capital would amount to a variation of the class rights of the ordinary shares and the participating preference shares. Accordingly, by a Special Resolution, passed by way of a unanimous written resolution of the shareholders of each class of the Company, dated 17 September 2003 and passed in accordance with Article 49(b) of the Articles it was resolved as follows:

"RESOLVED as a Special Resolution that any variation of the rights attaching to the ordinary shares and to the preference shares as a consequence of the proposed reduction in share capital of the Company is consented to in accordance with Article 7 of the Company's Articles of Association."

10. As at 31 May 2003, there was a deficit on the profit and loss account of £250,020,000 as shown in the unaudited accounts for that period. The principal purpose of the proposed reduction in share capital is to eliminate that deficit. This will enable the Company to pay dividends out of any future distributable profits.
11. The proposed reduction of issued share capital described at paragraph 8 of this Petition does not involve either the diminution of any liability in respect of unpaid capital, nor the payment to any shareholder of any paid-up capital.

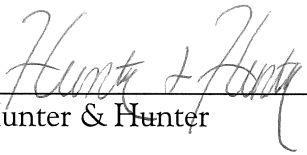
12. The form of minute proposed to be registered is as follows:

“The share capital of Granada December Seven Limited was by virtue of a Special Resolution and with the sanction of an Order of the Grand Court of the Cayman Islands dated [] reduced from £401,105,714 divided into 391,105,714 ordinary shares of £1 each and 10,000,000 preference shares of £1 each to £151,085,714 divided into 141,085,714 ordinary shares of £1 each and 10,000,000 preference shares of £1 each. At the date of the registration of this Minute, all of the said ordinary shares and 2,394,288 of the preference shares have been issued and are deemed to be fully paid up.”

Your Petitioner, the Company, therefore humbly prays as follows:

- (1) that the reduction of the capital of the Company proposed to be effected by the Special Resolution set forth in paragraph 8 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 directions and enquiries may be made and given; or
- (3) that such other Order may be made in the premises as the Court shall consider appropriate.

AND your petitioner will ever pray.


Hunter & Hunter

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

This Petition having been presented to the Court on 30th September 2003

will be heard by the Grand Court of the Cayman Islands on

Date: 21. 11. 03

Time: 10:00 am (or as soon thereafter as the Petitioner can be heard)

THIS PETITION was filed by Hunter & Hunter, Attorneys-at-Law for the Petitioner, whose address for service is 75 Fort Street, PO Box 190 GT, George Town, Grand Cayman, Cayman Islands (Ref. JW/08538.007).