

Registered No: 61880

THE COMPANIES ACTS

COMPANY LIMITED BY SHARES

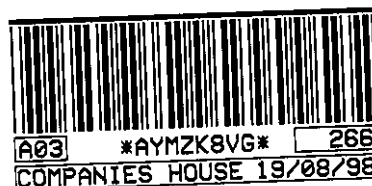
RESOLUTIONS
of
WALKER GREENBANK PLC

(passed on 10 August 1998)

At an extraordinary general meeting of the Company duly convened and held on 10 August 1998 the following resolutions were duly passed, resolution numbered 4 as an ordinary resolution and resolutions numbered 2, 3 and 5 as special resolutions of the Company:-

SPECIAL RESOLUTIONS

2. THAT, conditional on the passing of resolution 1 above and to the approval at the class meetings of the holders of ordinary shares of 15 pence each ("Existing Ordinary Shares") and of the holders of the cumulative convertible redeemable preference shares of 25 pence each ("Preference Shares") to be held on 10 August 1998 or at any adjournments thereof of the Extraordinary Resolutions set out in the notices of those meetings dated 17 July 1998, and conditional on and simultaneously with the admission to the Official List of the London Stock Exchange Limited of shares of 1 pence each and 35 pence each respectively referred to in paragraph (J) below becoming effective (in accordance with paragraph 7.1 of the Listing Rules of the London Stock Exchange Limited) on 17 August 1998, or such later time and/or date as the Directors may determine:
- (A) the authorised share capital of the Company be increased from £27,000,000 divided into 170,000,000 Existing Ordinary Shares and 6,000,000 Preference Shares to £45,750,000 by the creation of 125,000,000 ordinary shares of 15 pence each to rank *pari passu* in all respects with the Existing Ordinary Shares of the Company;
- (B) the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 Companies Act 1985 as amended (the "Act")) up to an aggregate nominal amount of £25,462,167 of undesignated shares of 20 ⁶/₁₃ pence each in the capital of the Company ("undesignated shares") provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) 5 years after the date of the passing of this



resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired and this authority shall be in substitution for the authority conferred by the ordinary resolution of the Company passed on 24 June 1998;

- (C) up to a maximum nominal amount of £25,462,167 of the existing authorised but unissued ordinary share capital of the Company be and is hereby consolidated and sub-divided into (i) such number of undesignated shares, being subject to the same rights and restrictions as the Existing Ordinary Shares, as is equal to the number of Existing Ordinary Shares in issue at the close of business on 14 August 1998 or such later time or date as the Directors may determine (such time and date being the "Record Date"), and (ii) in respect of any fraction of an authorised but unissued Existing Ordinary Share remaining after the consolidation and sub-division referred to in (i), one unclassified share of the nominal amount of the fraction so remaining;
- (D) the Directors be and are hereby authorised to capitalise a maximum sum not exceeding £25,462,167 standing to the credit of the share premium account of the Company, to appropriate the same to the holders of the Existing Ordinary Shares on the register of members as at the Record Date (such holders being the "Qualifying Holders") and to apply such sum on their behalf in paying up in full up to a maximum of 124,439,162 undesignated shares and to allot such shares to such holders on the basis of one undesignated share for every Existing Ordinary Share held on the Record Date;
- (E) forthwith upon the allotment of the undesignated shares pursuant to paragraph (D) above each Existing Ordinary Share held by each Qualifying Holder as at the Record Date shall be consolidated with one undesignated share allotted to such Qualifying Holder pursuant to paragraph (D) above into one share of 35 $\frac{6}{13}$ pence each and each such share resulting from such consolidation shall forthwith be sub-divided into 1 share of $\frac{6}{13}$ pence and 1 share of 35 pence;
- (F) every share of $\frac{6}{13}$ pence resulting from the consolidation and sub-division under paragraph (E) above shall forthwith be sub-divided into 6 shares of $\frac{1}{13}$ pence each and every 13 shares of $\frac{1}{13}$ pence each resulting from such further sub-division shall forthwith be consolidated into one share of 1 pence, provided that no member shall be entitled to a fraction of a share of 1 pence and all fractional entitlements to a share of 1 pence arising out of such sub-division and consolidation (including those arising by reason of there being less than 13 shares, or less than 13 shares remaining, in any holding to so consolidate) shall, so far as possible without giving rise to any fractions, be consolidated into shares of 1 pence each and the Directors be and are hereby authorised in accordance with Article 54 of the Company's Articles of Association (as amended pursuant to paragraph (M) below) to sell the whole number of shares of 1 pence each arising from the consolidation of fractional entitlements to UBS AG ("Warburg Dillon Read") at a price of 64.5 pence per share of 1 pence each;

- (G) the Directors be and are hereby authorised in accordance with Article 54 of the Company's Articles of Association (as amended pursuant to paragraph (M) below), to sell all the issued shares of $\frac{1}{13}$ pence each remaining after the consolidation of fractional entitlements referred to in paragraph (F) above to Warburg Dillon Read at a price of 4.96 pence per share of $\frac{1}{13}$ pence each;
- (H) the terms of the proposed contract between Warburg Dillon Read and the Company providing for the purchase by the Company of certain of its own shares of 1 pence and $\frac{1}{13}$ pence each (a draft of which is produced to the meeting and signed for the purposes of identification by the Chairman) be and is hereby approved and authorised for the purposes of section 164 of the Act and otherwise but so that such approval and authority shall expire on 31 December 1998;
- (I) (i) following the sub-divisions and consolidations referred to in paragraph (F) above, 2,000,000 authorised but unissued Existing Ordinary Shares be forthwith sub-divided into 30,000,000 shares of 1 pence each; and (ii) subject to all of the shares of 1 pence each and all of the shares of 35 pence each arising as a result of the consolidations and sub-divisions referred to in paragraphs (E) and (F) above having been issued, and to the purchase by the Company of all the shares to which the contract referred to in paragraph (H) above relates having been completed and such shares having been cancelled, the whole of the Company's authorised but unissued share capital, other than the 30,000,000 shares of 1 pence each referred to in (i) above, shall forthwith be cancelled;
- (J) the rights and restrictions respectively attaching to the shares of 1 pence (which shall be designated "Ordinary Shares") and the shares of 35 pence (which shall be designated "B Shares") resulting from the sub-divisions and consolidations under paragraphs (D) to (F) above and as a result of paragraph (I) above shall be as set out below:

(a) Income

- (i) Out of the profits available for distribution in respect of each financial year or other accounting period of the Company, the holders of the 'B' Shares shall be entitled, after the payment of any dividends due to any holders of Preference Shares but in priority to any payment of dividend to the holders of any Ordinary Shares, to be paid a non-cumulative preferential dividend (the "B Dividend") per share at such rate (exclusive of any associated tax credit relating thereto) as is calculated in accordance with sub-paragraphs (ii), (iii) and (iv) below on the nominal value thereof, such dividend to be paid in arrears on 1 March, 1 June, 1 September and 1 December in each calendar year (subject to sub-paragraph (iv)), the first such payment to be made on 1 September 1998 (or if any such date would otherwise fall on a date which is not a business day (as defined below) it shall be postponed to the next day which is a business day (without any interest or payment in respect of such delay)) (each a "Payment Date").

- (ii) The rate per annum of the B Dividend shall be 80% of the London inter-bank offered rate per annum for three month deposits in Pounds Sterling calculated as follows. Each three monthly period ending on 1 March, 1 June, 1 September and 1 December is called a "Calculation Period". Subject to sub-paragraph (iv) below, for each Calculation Period, the rate of the B Dividend shall be 20% of the London inter-bank offered rate per annum for three month deposits in Pounds Sterling which appears on the display designated as page 3750 on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying London inter-bank offered rates of leading banks for three month deposits in Pounds Sterling as determined by the Reference Agent) at or about 11.00 am (London time) on the first day of such Calculation Period.
- (iii) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then sub-paragraph (ii) above shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded upward, if necessary, to the nearest $\frac{1}{16}$ %) of the rates (being at least two) which so appear, as determined by the Reference Agent. If for any other reason such offered rates do not so appear, or if the relevant page is unavailable, the Company (or its Reference Agent) will request each of the banks whose offered rates would have been used for the purposes of the relevant page (as determined by the Reference Agent) through its principal London office (the "Reference Banks") to provide the Company (or such agent) with its offered quotation to leading banks for three month deposits in Pounds Sterling for the Calculation Period concerned in London at or about 11.00 am (London time) on the first date of such Calculation Period. The rate for such Calculation Period shall be the arithmetic mean (rounded upward, if necessary, to the nearest $\frac{1}{16}$ %) of such quotations (or such of them, being at least two, as are so provided), as determined by the Reference Agent.
- (iv) In the event that the Company exercises its rights of conversion pursuant to paragraph (d) below, the period commencing on the date following the Payment Date preceding the Conversion Date (as defined below) or, if the Conversion Date is prior to 2 September 1998, the date following the first issue of the 'B' Shares and ending on such Conversion Date, is called the "Final Calculation Period" and the B Dividend in respect of such period shall be paid in arrears on the final business day of such period (the "Final Payment Date"). In respect of the Final Calculation Period (if any), the rate of the B Dividend shall be calculated in accordance with sub-paragraphs (ii) and (iii) above as if the references therein to Calculation Period were (unless the context otherwise requires) references to the Final Calculation Period and as if the reference to 20% in sub-paragraph (ii) above were to A (expressed as a percentage) where A is calculated in accordance with the following formula:

$$A \times 80 \times \frac{B}{365}$$

Where:

B is the number of days comprised in the Final Calculation Period (including the Final Payment Date).

- (v) In this paragraph (j), the expression “business day” means a day upon which Pounds Sterling may be dealt in on the London inter-bank market and commercial banks are generally open in London and “Reference Agent” means UBS AG or such other agent as the Company shall appoint from time to time.
- (vi) Payments of B Dividends shall be made to holders on the register of members of the Company on a date selected by the Directors being not less than 15 days nor more than 42 days (or, in default of selection by the Directors, the date falling 15 days) prior to the relevant Payment Date.
- (vii) The holders of the ‘B’ Shares shall not be entitled to any further right of participation in the profits of the Company.
- (viii) Subject to the payment of the B Dividend and to the rights attached to any other share or class of share, the holders of the Ordinary Shares shall be entitled to be paid any further profits of the Company available for distribution and determined to be paid.

(b) Capital

On a return of capital on a winding-up or otherwise (except on redemption in accordance with the terms of issue of any share or purchase by the Company of a share or on a capitalisation issue), any amounts payable after the distribution in full to holders of Preference Shares of the amount paid up or credited as paid up thereon plus a premium of 75 pence per Preference Share together with a sum equal to any arrears or accruals of the fixed preferential dividend calculated down to the date of such repayment of capital shall be applied in the following manner and priority:

- (i) first there shall be paid to each holder of the ‘B’ Shares, in respect of each ‘B’ Share held by him, the sum in pence equal to:

$$35 \times \left(1 + \left(C \times \frac{D}{365} \right) \right)$$

where:

C is 80% of LIBOR (as defined below), expressed as a percentage; and

D is the number of days comprised in the period (the “Relevant Period”) commencing on the date following the Payment Date preceding the date

of the return of capital or, if the date of the return of capital is prior to 2 September 1998, the date following the first issue of the 'B' Shares and ending on the date of such return of capital.

For these purposes, LIBOR shall mean the London inter-bank offered rate per annum for three month deposits in Pounds Sterling to be determined in accordance with sub-paragraphs (a)(ii) and (iii) above as if the references therein to Calculation Period were (unless the context otherwise requires) references to the Relevant Period.

The holders of the 'B' Shares shall not be entitled to any further right of participation in the assets of the Company. If on a return of capital on a winding-up or otherwise the amounts available for payment are insufficient to cover in full the amounts payable on the 'B' Shares, the holders of such shares will share rateably in the distribution of assets (if any) in proportion to the full preferential amounts to which they are entitled;

- (ii) secondly, there shall be paid to each holder of Ordinary Shares, in respect of each Ordinary Share held by him, a sum equal to the nominal value paid up or credited as paid up on each such share after which the holders of the Ordinary Shares shall be entitled to £1,000 per Ordinary Share; and
- (iii) the balance, if any, of the assets available for distribution shall be divided between the holders of the Preference Shares, the holders of the Ordinary Shares, the holders of deferred shares arising out of the conversion of Preference Shares (if any are in existence) and the holders of the Deferred Shares (as defined in sub-paragraph (d)(i)(a) below) (if any are in existence) on the basis that for every 1 pence paid in respect of each Preference Share there shall be paid £1 in respect of each Ordinary Share until a sum equal to the nominal amount paid up or credited as paid up on each Ordinary Share together with the sum of £5,000 has been paid on each Ordinary Share and an additional payment of £50 has been paid on each Preference Share after which the holders of the deferred shares arising out of any conversion of Preference Shares (if any are in existence) shall be entitled to the nominal capital paid up or credited as paid up thereon after which the holders of the Deferred Shares shall be entitled to the nominal capital paid up or credited as paid up on such Deferred Shares pursuant to sub-paragraph (d)(ii) below after which the balance, if any, shall be divided between the holders of the Preference Shares and the holders of the Ordinary Shares on the aforementioned basis.

(c) Voting and general meetings

- (i) The holders of the 'B' Shares shall not be entitled, in respect of their holdings of such shares, to receive notice of any general meeting of the Company or to attend, speak or vote at any such general meeting unless

the business of the meeting includes the consideration of a resolution for the winding-up of the Company in which case the holders of the 'B' Shares shall have the right to receive notice of such general meeting and to attend such general meeting and shall be entitled to speak and vote only on such resolution. Whenever the holders of the 'B' Shares are entitled to vote at a general meeting of the Company upon any such resolution proposed at such general meeting, on a show of hands, or on a poll, every holder thereof who (being an individual) is present in person or (being a corporation) by representative shall have such number of votes as he would be entitled to exercise had he been the holder of the Ordinary Shares arising if the 'B' Shares registered in the name of such holder had been converted into Ordinary Shares immediately prior to such general meeting in accordance with paragraph (d) below.

- (ii) The holders of Ordinary Shares shall be entitled, in respect of their holdings of such shares, to receive notice of general meetings and to attend, speak and vote at such meetings in accordance with the Articles of Association.

(d) Conversion into Ordinary Shares at the Company's option

- (i) If at any time the aggregate nominal value of the 'B' Shares in issue is less than £10 million, the Company may, on the giving of notice in writing to the holders of the 'B' Shares, convert all but not some only of the 'B' Shares then in issue into Ordinary Shares and Deferred Shares (as defined in sub-paragraph (a) below) on the date specified in the notice which shall not be less than 10 and not more than 42 days from the date of such notice (the "Conversion Date") on the following basis in respect of each holding of 'B' Shares:

- (a) every z 'B' Shares held as at the opening of business on the Conversion Date shall be consolidated into one undesignated share having a nominal value equivalent to $(z \times 35 \text{ pence})$, where z equals the highest whole number by which 35 pence divides into the average closing market price of an Ordinary Share as shown in the London Stock Exchange Daily Official List for the five business days prior to the Conversion Date, provided that no member shall be entitled to a fraction of share and all fractional entitlements arising out of such consolidation (namely, those arising by reason of there being less than z shares, or less than z shares remaining, in any holding as at the opening of business on the Conversion Date to convert into an undesignated share) shall be consolidated and the share so resulting shall be sub-divided and redesignated as (1) such whole number of Ordinary Shares as have an aggregate value at the average closing market price of an Ordinary Share as shown in the London Stock Exchange Daily Official List for the five business days prior to the Conversion Date as is most nearly equivalent to but not exceeding the aggregate nominal value of the 'B' Shares so consolidated, and (2)

such number of deferred shares of $\frac{1}{10}$ pence each ("Deferred Shares") as have an aggregate nominal value equivalent to the difference between the nominal values in (1);

- (b) the Directors shall be authorised to sell the Ordinary Shares arising from the consolidation of fractional entitlements and sub-division under sub-paragraph (a) above; and
 - (c) each undesignated share resulting from the consolidation under sub-paragraph (a) above shall be sub-divided into one Ordinary Share and such number of Deferred Shares as have an aggregate nominal value equivalent to the difference between 1 pence and the nominal value of the undesignated share.
- (ii) The holders of the Deferred Shares shall not be entitled to any dividend or other right to participate in the profits of the Company and shall not be entitled to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting; and, on a return of capital or winding up, there shall be paid to the holders of the Deferred Shares the nominal capital paid up or credited as paid up on such Deferred Shares, after repayment of the capital paid up on the Ordinary Shares and Preference Shares together with any premiums and arrears or accrual of preferential dividends thereon and the additional payment of £5,000 on each such Ordinary Share and £50 on each such Preference Share and repayment of the nominal capital paid up or credited as paid up on any deferred shares arising out of the conversion of any Preference Shares (if any are in existence). The holders of the Deferred Shares shall not be entitled to any further right of participation in the assets of the Company. The Deferred Shares shall not, save as is referred to in sub-paragraph (iv) below, be transferable.
- (iii) The reduction of capital paid up on the Deferred Shares (including any cancellation for no consideration) and/or the creation or issue of further shares in the capital of the Company ranking in priority for payment of dividends or in respect of capital or which confer on the holders voting rights more favourable than those conferred by the Deferred Shares shall be deemed not to vary or abrogate the rights attaching to the Deferred Shares.
- (iv) The consolidation and sub-division under sub-paragraph (i) above shall be deemed to confer irrevocable authority on the Company at any time thereafter to do all or any of the following without obtaining the sanction of the holder or holders of the Deferred Shares:
- (a) to appoint any person to execute, on behalf of any holder of Deferred Shares, a transfer of all or any thereof and/or an agreement to transfer the same (without making any payment therefor) to such person as the directors may determine (whether or not an officer of the Company) and who is willing to accept the same;

- (b) to purchase all or any of the same in accordance with the Act without obtaining any further consent of the holders thereof and in consideration of the payment to each of the holders whose shares are purchased an amount equal to one penny in respect of all the Deferred Shares then being purchased from him or her;
 - (c) for the purposes of any such purchase, to appoint any person to execute on behalf of any holder of Deferred Shares a contract for the sale to the Company of any such Deferred Shares held by him or her;
 - (d) to cancel all or any of the same so purchased in accordance with the Act; and
 - (e) pending any such transfer, purchase or cancellation, to retain the certificates for all or any of the Deferred Shares.
- (v) The Deferred Shares will not be listed on any stock exchange. Upon or after the purchase of any Deferred Shares in accordance with this paragraph (d), the Directors may consolidate and/or sub-divide and/or convert, and/or re-classify the authorised Deferred Share capital of the Company existing following such purchase (A) into shares of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount as the shares of such other class and/or (B) into unclassified shares.
- (vi) The accidental omission to give notice of conversion of the 'B' Shares to, or the non-receipt of notice by, any person entitled to receive notice shall not invalidate the conversion of the 'B' Shares into Ordinary Shares and Deferred Shares as referred to above.

(e) Class rights and general

- (i) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with, in priority to or deferred to the 'B' Shares, and such creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the 'B' Shares and whether or not the same confer on the holders voting rights more favourable than those conferred by the 'B' Shares) shall be deemed not to vary the rights attaching to the 'B' Shares for any purpose.
- (ii) The reduction of capital paid up on the 'B' Shares shall be deemed not to vary the rights attaching to the 'B' Shares, and the Company shall be authorised at any time to reduce its capital (subject to confirmation by the Court and otherwise in accordance with the Act but without obtaining the consent of the holders of the 'B' Shares) by paying to the

holders of the 'B' Shares the preferential amounts to which they are entitled under paragraph (J) (b) above.

- (iii) Subject to the provisions of the Act the Company may purchase any shares in the capital of the Company without the sanction by an extraordinary resolution passed at a separate meeting of, or the consent of, the holders of the 'B' Shares.
- (K) upon or after the purchase of any 'B' Shares by the Company in accordance with the provisions of the Act, the Directors may consolidate and/or sub-divide and/or convert and/or re-classify the authorised 'B' Share capital of the Company existing following such purchase (i) into shares of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount as the shares of such other class and/or (ii) into unclassified shares;
- (L) the terms of conversion attaching to the Preference Shares as set out in Article 3(B)(2)(a) of the Articles of Association of the Company be varied such that, following the reorganisation of the share capital of the Company referred to in paragraph (F) above, each holder of Preference Shares shall have the right to convert all or any part of his holding of Preference Shares into fully paid Ordinary Shares of the Company at the rate of 8.28 Ordinary Shares for every 5 Preference Shares at the times and in the manner set out in such Article;
- (M) Article 54 of the Articles of Association of the Company be and is hereby amended by the insertion of the words "save for amounts of £3.00 or less which may be retained for the benefit of the Company," after the words "among the members in respect of whose shares the fractions arise" in the first sentence thereof;
- (N) the Articles of Association of the Company be and are hereby further amended to take account of the foregoing provisions of this resolution, in the manner set out in the list of amendments produced to the meeting and initialled by the Chairman for the purposes of identification; and
- (O) the Company be and is hereby generally and unconditionally authorised pursuant to section 166 of the Act to make market purchases (within the meaning of section 163(3) of the Act) of 'B' Shares of 35 pence each in the capital of the Company (" 'B' Shares") provided that:
 - (i) the maximum number of 'B' Shares hereby authorised to be purchased is 124,439,162 'B' Shares;
 - (ii) the minimum price which may be paid for a 'B' Share shall be not less than nominal value of such share (exclusive of advance corporation tax and expenses);
 - (iii) the maximum price which may be paid for a 'B' Share is an amount (exclusive of advance corporation tax and expenses) being not more than the nominal value of such share,

and this authority shall (unless renewed, varied or revoked by the Company) expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 1999 save that the Company may before such expiry make a contract to purchase 'B' Shares under this authority and may make a purchase of 'B' Shares pursuant to any such contract which purchase or contract would or might be executed wholly or partly after the expiration of such authority.

3. THAT, conditional on the passing of resolution 2 above and the same becoming effective in accordance with its terms, the Company be and is hereby generally and unconditionally authorised pursuant to section 166 of the Act to make market purchases (within the meaning of section 163(3) of the Act) of Ordinary Shares of 1 pence each in the capital of the Company ("Ordinary Shares") provided that:

- (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 5,526,305 Ordinary Shares;
- (ii) the minimum price which may be paid for an Ordinary Share shall be not less than the nominal value of such share (exclusive of advance corporation tax and expenses);
- (iii) the maximum price which may be paid for an Ordinary Share is an amount (exclusive of advance corporation tax and expenses) being not more than 105 percent of the average of the middle market quotations for an ordinary share as derived from the daily official list of London Stock Exchange Limited for the ten business days immediately preceding the date on which the Ordinary Share is purchased,

and this authority shall (unless renewed, varied or revoked by the Company) expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 1999 save that the Company may before such expiry make a contract to purchase Ordinary Shares under this authority and may make a purchase of ordinary shares pursuant to any such contract which purchase or contract would or might be executed wholly or partly after the expiration of such authority.

ORDINARY RESOLUTION

4. THAT, conditional upon the passing of resolution 2 above and the same becoming effective in accordance with its terms, the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 of the Act) up to an aggregate nominal amount of £184,211 of Ordinary Shares provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in General Meeting) five years after the date of the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred

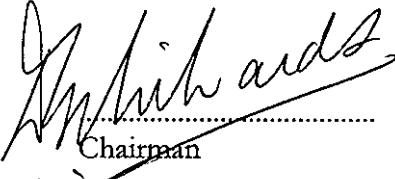
hereby had not expired and this authority shall be in addition to the authority conferred by resolution 2 above.

SPECIAL RESOLUTION

5. THAT, conditional on the passing of resolution 2 above and resolution 4 above and the same becoming effective in accordance with their terms, the Directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the general authority conferred on them for the purposes of section 80 of the Act by resolution 4 above as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:

- (i) the allotment of equity securities in connection with a rights issue or other offer in favour of the holders of ordinary shares in the capital of the Company where the equity securities respectively attributable to the interests of such holders of ordinary shares on a fixed record date are proportionate (as nearly as may be) to the respective numbers of such shares held by them but subject to exclusions or other arrangements as the directors may deem necessary or expedient in relation to the rights of the holders of the cumulative convertible redeemable preference shares of 25 pence each in the share capital of the Company ("convertible preference shares") (which may include the offer of such equity securities to the holders of the convertible preference shares on terms which reflect the rights and privileges attached to such shares) and fractional entitlements or to deal with any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or any other stock exchange in any territory; and
- (ii) the allotment (otherwise than pursuant to paragraph (i) above) of equity securities having, in the case of relevant shares (as defined in section 94(5) of the Act), a nominal amount or, in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having a nominal amount not exceeding in aggregate the sum of £27,500,

and this power shall (unless renewed, varied or revoked by the Company) expire on the date being fifteen months from the date of passing of this resolution or, if earlier, at the conclusion of the annual general meeting next following the date of passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.


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Chairman

ARTICLES OF ASSOCIATION OF WALKER GREENBANK PLC

Amendments Proposed to be made by Special Resolution at the EGM of the Company to be held on 10th August 1998

1. Article 3(A) shall be amended by the deletion of the existing Article 3(A) and the insertion of new Article 3(A) as follows:

“3(A) The share capital of the Company is £43,006,569.17 divided into 85,261,802 ordinary shares of 1 pence each (“Ordinary Shares”), 984,552 cumulative convertible redeemable preference shares of 25 pence each (“Convertible Preference Shares”) and 119,736,609 B shares of 35 pence each (“B Shares”),”

2. Article 3(B)(1)(b) shall be amended:

- (i) by the insertion of the words *“The holders of the B Shares shall next be entitled to an amount determined pursuant to Article 3(C)(2) below.”* after the first sentence thereof;
- (ii) by the insertion of the words *“and the holders of the Deferred Shares (if any are in existence) and the holders of the B Deferred Shares (if any are in existence)”* after the words *“and the holders of the Ordinary Shares”* in the final sentence thereof; and
- (iii) by the insertion of the words:

“until a sum equal to the nominal amount paid up or credited as paid up on each Ordinary Share together with the sum of £5,000 has been paid on each Ordinary Share and an additional payment of £50 has been paid on each Convertible Preference Share after which the holders of the Deferred Shares (if any are in existence) shall be entitled to the nominal capital paid up on such Deferred Shares pursuant to Article 3(B)(2)(h)(iii) below after which the holders of the B Deferred Shares (if any are in existence) shall be entitled to the nominal capital paid up or credited as paid up on such B Deferred Shares pursuant to Article 3(C)(4)(b) below after which the balance, if any, shall be divided between the holders of the Convertible Preference Shares and the holders of the Ordinary Shares on the aforementioned basis.”

at the end of the final sentence thereof.

3. Article 3(B)(2)(a) shall be amended by the substitution of the words *“8.28 Ordinary Shares”* for the words *“7 Ordinary Shares”* in the third line thereof.
4. Article 3(B)(2)(h)(ii) shall be amended by the substitution of the words *“Ordinary Shares of 1 pence each on the basis of 8.28 Ordinary Shares of 1 pence each”* for the words *“Ordinary Shares of 15 pence each on the basis of 7 Ordinary Shares of 15 pence each”* in the second sentence thereof.
5. Article 3(B)(2)(h)(iii) shall be amended:-
 - (i) by the insertion of the words *“together with any premiums and arrears or accruals of preferential dividends”* after the words *“after repayment of the capital paid up”*; and

- (ii) by the insertion of the words "*and B Shares (if any are in existence)*" after the words "*Cumulative Redeemable Preference Shares (if any are in existence)*" both in the first sentence thereof.

6. Article 3 shall be amended by the insertion of a new Article 3(C) as follows:

"3(C) The rights and privileges and limitations and restrictions attaching to the B Shares are as follows:

(1) Income

- (a) *Out of the profits available for distribution in respect of each financial year or other accounting period of the Company, the holders of the B Shares shall be entitled, after the payment of any dividends due to any holders of Convertible Preference Shares but in priority to any payment of dividend to the holders of any Ordinary Shares, to be paid a non-cumulative preferential dividend (the "B Dividend") per share at such rate (exclusive of any associated tax credit relating thereto) as is calculated in accordance with Articles 3(C)(1)(b), (c) and (d) below on the nominal value thereof, such dividend to be paid in arrears on 1 March, 1 June, 1 September and 1 December in each calendar year (subject to Article 3(C)(1)(d)), the first such payment to be made on 2 September 1998 (or if any such date would otherwise fall on a date which is not a business day (as defined below) it shall be postponed to the next day which is a business day (without any interest or payment in respect of such delay)) (each a "Payment Date").*
- (b) *The rate per annum of the B Dividend shall be 80% of the London inter-bank offered rate per annum for three month deposits in Pounds Sterling calculated as follows. Each three monthly period ending on 1 March, 1 June, 1 September and 1 December is called a "Calculation Period". Subject to Article 3(C)(1)(d) below, for each Calculation Period, the rate of the B Dividend shall be 20% of the London inter-bank offered rate per annum for three month deposits in Pounds Sterling which appears on the display designated as page 3750 on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying London inter-bank offered rates of leading banks for three month deposits in Pounds Sterling as determined by the Reference Agent) at or about 11:00am (London time) on the first day of such Calculation Period.*
- (c) *If the offered rate so appearing is replaced by the corresponding rates of more than one bank then Article 3(C)(1)(b) above shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded upward, if necessary, to the nearest $\frac{1}{16}$ %) of the rates (being at least two) which so appear, as determined by the Reference Agent. If for any other reason such offered rates do not so appear, or if the relevant page is unavailable, the Company (or its Reference Agent) will request each of the banks whose offered rates would have been used for the purposes of the relevant page (as determined by the Reference Agent) through its principal London office (the "Reference Banks") to provide the Company (or such agent) with its offered quotation to leading banks for three month deposits in Pounds Sterling for the Calculation Period concerned in London at or about 11:00am (London time) on the first date of such Calculation Period. The rate for such Calculation Period shall be the arithmetic*

mean (rounded upward, if necessary, to the nearest $\frac{1}{16}\%$) of such quotations (or such of them, being at least two, as are so provided), as determined by the Reference Agent.

- (d) In the event that the Company exercises its rights of conversion pursuant to Article 3(C)(4) below, the period commencing on the date following the Payment Date preceding the B Conversion Date (as defined below) or, if the B Conversion Date is prior to 2 September 1998, the date following the first issue of the B Shares and ending on such B Conversion Date, is called the "Final Calculation Period" and the B Dividend in respect of such period shall be paid in arrears on the final business day of such period (the "Final Payment Date"). In respect of the Final Calculation Period (if any), the rate of the B Dividend shall be calculated in accordance with Articles 3(C)(1)(b) and (c) above as if the references therein to Calculation Period were (unless the context otherwise requires) references to the Final Calculation Period and as if the reference to 20% in Article 3(C)(1)(b) above were to *A* (expressed as a percentage) where *A* is calculated in accordance with the following formula:

$$A = 80 \times \frac{B}{365}$$

Where:

B is the number of days comprised in the Final Calculation Period (including the Final Payment Date).

- (e) In this Article 3(C), the expression "business day" means a day upon which Pounds Sterling may be dealt in on the London inter-bank market and commercial banks are generally open in London and "Reference Agent" means UBS AG or such other agent as the Company shall appoint from time to time.
- (f) Payments of B Dividends shall be made to holders on the register of members of the Company on a date selected by the directors being not less than 15 days nor more than 42 days (or, in default of selection by the directors, the date falling 15 days) prior to the relevant Payment Date.
- (g) The holders of the B Shares shall not be entitled to any further right of participation in the profits of the Company.
- (h) Subject to the payment of the B Dividend and to the rights attached to any other share or class of share, the holders of the Ordinary Shares shall be entitled to be paid any further profits of the Company available for distribution and determined to be paid.

(2) **Capital**

- (a) On a return of capital on a winding-up or otherwise (except on redemption in accordance with the terms of issue of any share or purchase by the Company of a share or on a capitalisation issue), after the distribution in full to the holders of Convertible Preference Shares of the amount paid up or credited as paid up thereon plus a premium of 75p per Convertible Preference Share together with a sum equal to any arrears or accruals of the fixed cumulative preferential dividend calculated down to the

date of such repayment of capital, there shall be paid to each holder of the B Shares, in respect of each B Share held by him, the sum in pence equal to:

$$35 \times \left(1 + \left(C \times \frac{D}{365}\right)\right)$$

where:

C is 80% of LIBOR (as defined below), expressed as a percentage; and

D is the number of days comprised in the period (the "Relevant Period") commencing on the date following the Payment Date preceding the date of the return of capital or, if the date of the return of capital is prior to 2 September 1998, the date following the first issue of the B Shares and ending on the date of such return of capital.

For these purposes, LIBOR shall mean the London inter-bank offered rate per annum for three month deposits in Pounds Sterling to be determined in accordance with Articles 3(C)(1)(b) and (c) above as if the references therein to Calculation Period were (unless the context otherwise requires) references to the Relevant Period.

The holders of the B Shares shall not be entitled to any further right of participation in the assets of the Company. If on a return of capital on a winding-up or otherwise the amounts available for payment are insufficient to cover in full the amounts payable on the B Shares, the holders of such shares will share rateably in the distribution of assets (if any) in proportion to the full preferential amounts to which they are entitled.

(3) Voting and General Meetings

- (a) *The holders of the B Shares shall not be entitled, in respect of their holdings of such shares, to receive notice of any general meeting of the Company or to attend, speak or vote at any such general meeting unless the business of the meeting includes the consideration of a resolution for the winding-up of the Company in which case the holders of the B Shares shall have the right to receive notice of such general meeting and to attend such general meeting and shall be entitled to speak and vote only on such resolution. Whenever the holders of the B Shares are entitled to vote at a general meeting of the Company upon any such resolution proposed at such general meeting, on a show of hands, or on a poll, every holder thereof who (being an individual) is present in person or (being a corporation) by representative shall have such number of votes as he would be entitled to exercise had he been the holder of the Ordinary Shares arising if the B Shares registered in the name of such holder had been converted into Ordinary Shares immediately prior to such general meeting in accordance with Article 3(C)(4).*
- (b) *The holders of Ordinary Shares shall be entitled, in respect of their holdings of such shares, to receive notice of general meetings and to attend, speak and vote at such meetings in accordance with these Articles of Association.*

(4) Conversion into Ordinary Shares at the Company's Option

- (a) *If at any time the aggregate nominal value of the B Shares in issue is less than £10 million, the Company may, on the giving of notice in writing to the holders of the B*

Shares, convert all but not some only of the B Shares then in issue into Ordinary Shares and B Deferred Shares (as defined in Article 3(C)(4)(a)(i) below) on the date specified in the notice which shall not be less than 10 and not more than 42 days from the date of such notice (the "B Conversion Date") on the following basis in respect of each holding of B Shares:

- (i) every x B Shares held as at the opening of business on the B Conversion Date shall be consolidated into one undesignated share having a nominal value equivalent to $(x \times 35 \text{ pence})$, where x equals the highest whole number by which 35 pence divides into the average closing market price of an Ordinary Share as shown in the London Stock Exchange Daily Official List for the five business days prior to the B Conversion Date, provided that no member shall be entitled to a fraction of a share and all fractional entitlements arising out of such consolidation (namely, those arising by reason of there being less than x shares, or less than x shares remaining, in any holding as at the opening of business on the B Conversion Date to convert into an undesignated share) shall be consolidated and the share so resulting shall be sub-divided and redesignated as (1) such whole number of Ordinary Shares as have an aggregate value at the average closing market price of an Ordinary Share as shown in the London Stock Exchange Daily Official List for the five business days prior to the B Conversion Date as is most nearly equivalent to but not exceeding the aggregate nominal value of the B Shares so consolidated, and (2) such number of deferred shares of $\frac{1}{10}$ pence each ("B Deferred Shares") as have an aggregate nominal value equivalent to the difference between the nominal values in (1);*
 - (ii) the directors shall be authorised to sell the Ordinary Shares arising from the consolidation of fractional entitlements and sub-division under Article 3(C)(4)(a)(i) above; and*
 - (iii) each undesignated share resulting from the consolidation under Article 3(C)(4)(a)(i) above shall be sub-divided into one Ordinary Share and such number of B Deferred Shares as have an aggregate nominal value equivalent to the difference between 1 pence and the nominal value of the undesignated share.*
- (b) The holders of the B Deferred Shares shall not be entitled to any dividend or other right to participate in the profits of the Company and shall not be entitled to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting; and, on a return of capital or winding-up, there shall be paid to the holders of the B Deferred Shares the nominal capital paid up or credited as paid up on such B Deferred Shares, after repayment of the capital paid up on the Ordinary Shares and Convertible Preference Shares together with any premiums and arrears or accruals of preferential dividends thereon and the additional payment of £5,000 on each such Ordinary Share and £50 on each such Convertible Preference Share and the repayment of the capital paid up on the Deferred Shares (if any are in existence). The holders of the B Deferred Shares shall not be entitled to any further right of participation in the assets of the Company. The B Deferred Shares shall not, save as is referred to in Article 3(C)(4)(d) below, be transferable.*

- (c) *The reduction of capital paid up on the B Deferred Shares (including any cancellation for no consideration) and/or the creation or issue of further shares in the capital of the Company ranking in priority for payment of dividend or in respect of capital or which confer on the holders voting rights more favourable than those conferred by the B Deferred Shares shall be deemed not to vary or abrogate the rights attaching to the B Deferred Shares.*
- (d) *The consolidation and sub-division under Article 3(C)(4)(a) above shall be deemed to confer irrevocable authority on the Company at any time thereafter to do all or any of the following without obtaining the sanction of the holder or holders of the B Deferred Shares:*
- (i) *to appoint any person to execute, on behalf of any holder of B Deferred Shares, a transfer of all or any thereof and/or an agreement to transfer the same (without making any payment therefor) to such person as the directors may determine (whether or not an officer of the Company) and who is willing to accept the same;*
 - (ii) *to purchase all or any of the same in accordance with the Act without obtaining any further consent of the holders thereof and in consideration of the payment to each of the holders whose shares are purchased an amount equal to one penny in respect of all the B Deferred Shares then being purchased from him or her;*
 - (iii) *for the purposes of any such purchase, to appoint any person to execute on behalf of any holder of B Deferred Shares a contract for the sale to the Company of any such B Deferred Shares held by him or her;*
 - (iv) *to cancel all or any of the same so purchased in accordance with the Act; and*
 - (v) *pending any such transfer, purchase or cancellation, to retain the certificates for all or any of the B Deferred Shares.*
- (e) *The B Deferred Shares will not be listed on any stock exchange. Upon or after the purchase of any B Deferred Shares in accordance with this Article 3(C)(4), the directors may consolidate and/or sub-divide and/or convert, and/or re-classify the authorised B Deferred Share capital of the Company existing following such purchase (A) into shares of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount as the shares of such other class and/or (B) into unclassified shares.*
- (f) *The accidental omission to give notice of conversion of the B Shares to, or the non-receipt of notice by, any person entitled to receive notice shall not invalidate the conversion of the B Shares into Ordinary Shares and B Deferred Shares as referred to above.*

(5) ***Class Rights and General***

- (a) *The Company may from time to time create, allot and issue further shares, whether ranking pari passu with, in priority to or deferred to the B Shares, and such creation,*

allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares and whether or not the same confer on the holders voting rights more favourable than those conferred by the B Shares) shall be deemed not to vary the rights attaching to the B Shares for any purpose.

(b) The reduction of capital paid up on the B Shares shall be deemed not to vary the rights attaching to the B Shares, and the Company shall be authorised at any time to reduce its capital (subject to confirmation by the Court and otherwise in accordance with the Act but without obtaining the consent of the holders of the B Shares) by paying to the holders of the B Shares the preferential amounts to which they are entitled under Article 3(C)(2).

(c) Subject to the provisions of the Act the Company may purchase any shares in the capital of the Company without the sanction by an extraordinary resolution passed at a separate meeting of, or the consent of, the holders of the B Shares.”

7. Article 54(1) of the Articles of Association of the Company be and is hereby amended by the insertion of the words “, *save for amounts of £3.00 or less which may be retained for the benefit of the Company,*” after the words “*among the members in respect of whose shares the fractions arise*” in the first sentence thereof.