

Company No. 14259

THE COMPANIES ACT 1985 AND 1989

PUBLIC COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

OF

MIDLAND BANK PLC

("the Company")



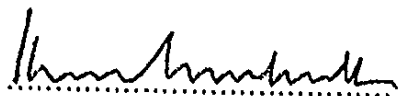
At an Extraordinary General Meeting (the "Meeting") of the Company held at Poultry, London, EC2P 2BX on 5 February 1997 the following resolution was passed as a special resolution:

SPECIAL RESOLUTION

THAT:

- (1) the authorised share capital of the Company be increased by the creation of 4,000,000 non-cumulative preference shares of US\$0.01 each, such shares ("second dollar preference shares") having attached thereto the respective rights and being subject to the respective limitations set out in the Articles of Association of the Company as altered by paragraph (2) of this resolution;
- (2) the alterations to the Articles of Association of the Company as set out in the Appendix to the Notice convening the Extraordinary General Meeting, a copy of which Appendix was produced to the Meeting and initialled by the Chairman for purposes of identification, be and are hereby approved;
- (3) in addition to and without prejudice to the authority conferred by Article 8B(1) of the Articles of Association of the Company, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot second dollar preference shares up to an aggregate nominal amount of US\$ 40,000 and this authority (unless previously revoked or varied) shall expire on 4 May 1997 but shall allow the Company before such expiry to make an offer or agreement which would or might require the allotment of all or any of those shares after such expiry;
- (4) the Directors be generally empowered in accordance with section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority conferred by paragraph (3) of this resolution as if section 89(1) of the Act did not apply to the allotment. This power:
 - (a) expires on 4 May 1997 but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this authority and the Directors may allot equity securities : of that offer or agreement; and

(b) is limited to allotments of equity securities for cash up to an aggregate nominal amount equal to the aggregate nominal value of the second dollar preference shares.



I B Marshall
Secretary

20 FEB 1997

Midland Bank plc

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Chairman

APPENDIX to Notice of Extraordinary General Meeting

Alterations to the Articles of Association arising out of an Extraordinary General Meeting held on Wednesday, 5 February 1997

- A. By the deletion in Article 3 of "US\$2,000,000" and the substitution therefor of "US\$2,040,000" and by the insertion at the end of Article 3 of the following:-

"and 4,000,000 non-cumulative preference shares of US\$0.01 each ("second dollar preference shares")"

- B. By the insertion of the following words immediately before Article 4:-

"Second Dollar Preference Shares

3D (1) The second dollar preference shares shall rank pari passu inter se and with all other shares expressed to rank pari passu therewith. They shall confer the rights and be subject to the limitations set out in this Article. They shall also confer such further rights (not being inconsistent with the rights set out in this Article) as may be attached by the Directors to such shares prior to allotment. Whenever the Directors have power under this Article to determine any of the rights attached to any of the second dollar preference shares, the rights so determined need not be the same as those attached to the second dollar preference shares which have then been allotted or issued. The second dollar preference shares may be issued in one or more separate series and each series shall be identified in such manner as the Directors may determine without any such determination or identification requiring any alteration to these Articles.

- (2) Each second dollar preference share shall confer the following rights as to dividend and capital:-

Income

- (a) the right (subject to the rights attached to the dollar preference shares, the sterling preference shares, the preferred ordinary share and any other class of share in the capital of

the Company for the time being) to a non-cumulative preferential dividend (in priority to the ordinary shares of the Company) payable in US dollars at such rate (whether fixed or variable) on such dates and on such other terms and conditions as may be determined by the Directors prior to allotment thereof;

Capital

(b) the right (subject to the rights attached to the dollar preference shares, the sterling preference shares, the preferred ordinary share and any other class of share in the capital of the Company for the time being) upon return of capital on a winding up or otherwise (but not, unless otherwise provided by the terms of issue of such share, upon a redemption or purchase by the Company of any of its share capital) to receive in US dollars out of the assets of the Company available for distribution to its members *pari passu* with the holders of any other shares of the Company ranking *pari passu* with such share as regards repayment of capital and in priority to the holders of the ordinary shares of the Company:-

(i) a sum equal to:-

(A) the amount of any dividend which is due for payment after the date of commencement of the winding up or such other return of capital but which is payable in respect of a period ending on or before such date; and

(B) if the date of commencement of the winding up or such other return of capital falls before the last day of a period in respect of which a dividend would have been payable and which began before such date, any further amount of dividend which would have been payable had such date been the last day of that period

but only to the extent that any such amount or further amount was, or would have been, payable as a cash dividend in accordance with or pursuant to this Article; and

(ii) subject thereto, a sum equal to the amount paid up or credited as paid up on such share.

Limitations

(3) No second dollar preference share shall:-

(a) confer any right to participate in the profits or assets of the Company other than that set out in sub-paragraphs (2)(a) and (b) of this Article;

(b) subject to the Statutes, confer any right to participate in any offer or invitation by way of rights or otherwise to subscribe for additional shares in the Company;

- (c) confer any right of conversion; or
- (d) confer any right to participate in any issue of bonus shares.

Redemption

(4) (a) The second dollar preference shares shall, subject to the provisions of the Statutes, be redeemable at the option of the Company.

(b) (i) The Company may, subject to the provisions of the Statutes, redeem on any Redemption Date (as hereinafter defined) all or some only of the second dollar preference shares by giving to the holders of the second dollar preference shares to be redeemed not less than 30 days' nor more than 60 days' prior notice in writing (a "Notice of Redemption") of the relevant Redemption Date. "Redemption Date" means, in relation to any second dollar preference share, any date which falls no earlier than 5 years and one day after the date of allotment of that second dollar preference share.

(ii) There shall be paid on each second dollar preference share so redeemed, in US dollars, the aggregate of the nominal amount thereof, and any premium paid on issue.

(iii) In the case of redemption of some only of the second dollar preference shares in any series, the Company shall for the purpose of determining the particular second dollar preference shares to be redeemed cause a drawing to be made at the Office or such other place as the Directors may approve in the presence of the Auditors for the time being of the Company.

(iv) Any Notice of Redemption given under sub-paragraph (b)(i) above shall specify the applicable Redemption Date, the particular second dollar preference shares to be redeemed and the redemption price and shall state the place or places at which documents of title in respect of such second dollar preference shares are to be presented and surrendered for redemption and payment of the redemption moneys is to be effected. Upon such Redemption Date, the Company shall redeem the particular second dollar preference shares to be redeemed on that date subject to the provisions of this paragraph and of the Statutes. No defect in the Notice of Redemption or in the giving thereof shall affect the validity of the redemption proceedings.

(v) Payments in respect of the amount due on redemption of a second dollar preference share shall be made by US dollar cheque drawn on a bank in London or in the City of New York or upon the request of the holder or joint holders not later than the date specified for the purpose in the Notice of Redemption by transfer to a US dollar account maintained by the

payee with a bank in London or in the City of New York. Such payment will be against presentation and surrender of the relative share certificate at the place or one of the places specified in the Notice of Redemption and if any share certificate so surrendered includes any second dollar preference shares not to be redeemed on the relevant Redemption Date the Company shall within 14 days thereafter issue to the holder, free of charge, a fresh share certificate in respect of such second dollar preference shares.

All payments in respect of redemption moneys will in all respects be subject to any applicable fiscal or other laws.

(vi) As from the relevant Redemption Date the dividend on the second dollar preference shares due for redemption shall cease to accrue except on any such second dollar preference share in respect of which, upon the due surrender of the share certificate in respect thereof, in accordance with sub-paragraph (b)(v) above, payment of the redemption moneys due on such Redemption Date shall be improperly withheld or refused, in which case such dividend, at the rate then applicable, shall be deemed to have continued and shall accordingly continue to accrue for the relevant Redemption Date to the date of payment of such redemption moneys. Such dollar preference share shall not be treated as having been redeemed until the redemption moneys in question together with the accrued dividend thereon shall have been paid.

(vii) If the due date for the payment of the redemption moneys on any second dollar preference share is not a day on which banks in London and in the City of New York are open for business and on which foreign exchange dealings may be conducted in London and the City of New York (a "Dollar Business Day") then payment of such moneys will be made on the next succeeding day which is a Dollar Business Day and without any interest or other payment in respect of such delay.

(viii) The receipt of the holder for the time being of any second dollar preference share (or in the case of joint holders the receipt of any one of them) in respect of the moneys payable on redemption of such second dollar preference share shall constitute an absolute discharge to the Company in respect thereof.

(c) Upon the redemption or purchase of any second dollar preference shares the Directors shall have power to convert the authorised but unissued second dollar preference shares existing as a result of such redemption or purchase into shares of any other class of share capital into which the authorised share capital of the company is or may be divided of the same nominal amount in US dollars as the second dollar preference shares or into unclassified shares of the same nominal amount in US dollars as the second dollar preference shares.

Purchase

(5) Subject to the provisions of the Statutes of the Company may at any time purchase any second dollar preference shares (a) in the market, (b) by tender (available alike to all holders of the same class of second dollar preference shares) or (c) by private treaty, in each case upon such terms as the Directors shall determine.

Consolidation and Division

(6) Pursuant to the authority given by the passing of the resolution to adopt this paragraph of Article 3D, the Directors may, at any time following purchase or redemption thereof, consolidate and divide and/or sub-divide any second dollar preference shares into shares of a larger or smaller amount.

Further Preference Shares

(7) The special rights attached to any particular second dollar preference shares allotted or in issue shall be deemed to be varied by the creation or issue of any further shares ranking as regards participation in profits and assets *pari passu* with such second dollar preference shares, but shall not (unless otherwise provided by their terms of issue) be deemed to be varied by the creation or issue of any dollar preference shares or sterling preference shares or of further shares in any currency ("new shares") ranking as regards participation in the profits or assets of the Company in priority to or after such second dollar preference shares."

C. By the deletion of the text of Article 28 and the substitution therefor of the following words:-

"(1) Subject to Article 66 and the requirements of the London Stock Exchange, the Directors may, in their absolute discretion and without giving a reason, refuse to register the transfer of a share which is not fully paid or the transfer of a share on which the Company has a lien. If that share has been admitted to the Official List of the London Stock Exchange, the board may not refuse to register the transfer if this would prevent dealings in the share from taking place on an open and proper basis.

(2) Subject to Article 66 and the requirements of the London Stock Exchange, the Directors may also, in their absolute discretion and without giving a reason, refuse to register the transfer of a share or renunciation of a renounceable letter of allotment unless all of the following conditions are satisfied:

- (i) it is in respect of only one class of shares;
- (ii) it is in favour of a single transferee or renounee or not more than four joint transferees or renounees;

(iii) it is duly stamped (if required); and

(iv) it is delivered for registration to the office or such other place as the board may decide, accompanied by the certificate for the shares to which it relates (except in the case of a transfer by a recognised person where a certificate has not been issued, or in the case of a renunciation) and such other evidence as the Directors may reasonably require to prove the title of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so."

D. By the insertion in Article 112, immediately before the words "the Company", of the following words:-

"and to the rights attached to any other class of shares in the capital of the Company for the time being allotted or in issue"

E. By the insertion in Article 113(1), immediately before the words "the Directors" where first mentioned, of the following words:-

"and to the rights attached to any other class of shares in the capital of the Company for the time being allotted or in issue"

F. By the insertion in Article 121(2)(A), immediately after the words "dollar preference shares", of the following words:-

"or second dollar preference shares"