

FINANCE & LEASING ASSOCIATION

COMPANY NUMBER 2651248

SPECIAL RESOLUTION TO AMEND THE ARTICLES OF ASSOCIATION

At the Annual General Meeting of the Finance & Leasing Association held on 21 May 1998, the Meeting considered, and carried, the following Special Resolution to amend the Articles of Association.

The Special Resolution was that the Articles of Association of the Company be amended to facilitate a more efficient functioning of the Executive Board.

(Detailed explanatory note and revisions to the Articles are attached)

Special Resolution carried

Signed

MELBAH re.

Name

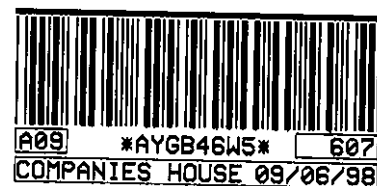
MARGARET WALDEN

Position

COMPANY SECRETARY

Date

5 JUNE 1998



FINANCE & LEASING ASSOCIATION

COMPANY NUMBER 2651248

SPECIAL RESOLUTION TO AMEND THE ARTICLES OF ASSOCIATION

Item 6 on the Agenda of the Annual General Meeting is to consider, and if thought fit, pass the following Special Resolution to amend the Articles of Association to make a small number of changes to the modus operandi of the Executive Board (FLA's governing body) as set out below.

The Special Resolution is that the Articles of Association of the Company be amended to facilitate a more efficient functioning of the Board.

Explanatory note

At present, the Articles provide for the Chairman of the Board to be elected by the Board at its first meeting after each Annual General Meeting. This is nonsense, as the Chairman is known before the AGM so that he can be introduced to that Meeting. It would be better for the Chairman to be elected in advance to take office from the AGM. He would then be elected by those with whom he has most likely served for at least a year and to whom he is known.

The Articles also refer to election of the Deputy Chairman at the same time as the Chairman. As FLA does not currently have a Deputy Chairman, and it is questionable whether the office is always needed, it would be better to have flexibility on both the holding of the office and the timing of the appointment.

It would be helpful to loosen the rules governing the composition of the Board to introduce flexibility and allow appointments of persons other than 'a director or other person approved to be the Representative of a Full member' as currently permitted by the Articles. This would give freedom if desired in the future say to allow an independent person to have a seat, or a member of staff.

The quorum rules for Board meetings do not permit any proceedings to be transacted at any Board meeting unless three members are present including at least one from each Division. It is still considered appropriate for the quorum to be three. However, as there have been a number of instances over the years where it has proved extremely difficult, if not impossible, to secure a representative of each Division resulting in cancellation of meetings and deferment of Board business, a revision of the rules is desirable. It is proposed that of the quorum of three, the sole specified member should be the Director General or in his absence, the Director General's nominated alternate.

There is a deficiency in the Articles as currently drafted with regard to Board members voting at a meeting 'on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and conflicts or may conflict with the

interests of the Association.' The Articles currently apply solely to appointed Board members and should of course apply to all Board members.

Revisions to the Articles

Reword Article 43 to read: 'The Chairman shall be elected by the Board from its own members at a meeting before each annual general meeting. The Board may from time to time elect a Deputy Chairman. Neither the Director General nor a non-member director shall be eligible for election as Chairman.'

Reword Article 44 to read: 'No person shall be qualified for *election* as a member of the Board unless he is a Chairman or Vice-Chairman of a Division. The Board may *appoint* any person to be a member of the Board. Persons who are not qualified for election may be appointed or removed by a majority decision of the other members of the Board. Appointed members of the Board shall be appointed for a term of 2 years and shall then be eligible for immediate re-appointment.'

Reword Article 48 to read: 'No proceedings shall be transacted at any meeting of the Board unless three members are present, one of whom should be the Director General, or in the latter's absence, his nominated alternate.'

Reword Article 53b to read: 'A member of the Board shall not vote at a meeting of the Board on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Association or on any matter arising out of such.'

For information: current relevant Articles

Article 43: 'The Chairman and Deputy Chairman of the Board shall be elected by the Board from its own members at its first meeting after each annual general meeting but the Director General shall not be eligible for election as Chairman or Deputy Chairman.'

Article 44: 'No person shall be qualified for election or appointment as a member of the Board unless he is a director or other person approved to be the Representative of a Full Member. The decision of the other members of the Board as to whether any person fulfils this requirement shall be conclusive. Persons who are not the Chairman or Vice-Chairman of a Division may be appointed or removed by a majority decision of the other members of the Board.'

Article 48: 'No proceedings shall be transacted at any meeting of the Board unless three members are present including at least one from each Division.'

Article 53b: 'A prospective or appointed member of the Board shall not vote at a meeting of the Board on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Association or on any matter arising out of such.'

mw.agmresolution