

06-07-97

Company No. 2826284



COMPANIES ACT 1985 TO 1989

SPECIAL RESOLUTIONS

of

METROLINE HOLDINGS LIMITED

Passed on 26 June 1997

At an EXTRAORDINARY GENERAL MEETING of the Company duly convened and held on the above date at Metroline House, 118-122 College Road, Harrow, Middlesex HA1 1DDB, the following resolutions were passed as SPECIAL RESOLUTIONS of the Company:

SPECIAL RESOLUTIONS

- 1 THAT:
 - 1.1 the Company be re-registered as a public company;
 - 1.2 the name of the Company be changed to Metroline plc;
 - 1.3 the Company's Memorandum be altered in the following manner:-
 - (1) Clause 1 be replaced by the following:-
"The name of the Company is Metroline plc."
 - (2) A new clause 2 be added as follows:-
"The Company is to be a public company."
 - (3) The clauses presently numbered 2 to 5 be renumbered as numbers 3 to 6;

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1.4 the articles of association of the Company be amended by including under Article 22 the following paragraph:

"(D) Article 22 shall not apply to the grant of options to subscribe for ordinary shares in the capital of the Company under an employees' share scheme (as defined in Section 743 of the Act) , nor to the issue of shares pursuant to the exercise of options to subscribe for ordinary shares in the capital of the Company under an employees' share scheme (as so defined)."

2 THAT conditional on the admission of the whole of the issued ordinary share capital of the Company to the Official List of the London Stock Exchange becoming effective not later than 31 December 1997:

2.1 the proposed contract, in the form produced to the meeting and for identification purposes initialled by the Chairman, to be made between Declan Gerard O'Farrell, John Golledge, Gordon Tennant, Michael John Smith, K.B. (C.I.) Nominees Limited (JP 1117), K.B. (C.I.) Nominees Limited (JP 1345), K.B. (C.I.) Nominees Limited (JP 1346) and K.B. (C.I.) Nominees Limited (JP 1395) (1) and the Company (2) (the "Agreement") and providing for the purchase by the Company out of its distributable reserves of 281,000 fully paid deferred shares of 0.1p each in the capital of the Company for an aggregate consideration of £281 be authorised and approved and the directors of the Company be authorised and directed to procure the Company to enter into the Agreement and to carry the same into effect not later than 31 December 1997;

2.2 each of the existing issued "A" ordinary shares of 0.1p each in the share capital of the Company be immediately redesignated as one ordinary share of 0.1p in the share capital of the Company;

2.3 each of the remaining authorised but unissued shares of 0.1p each in the share capital of the Company be immediately redesignated as one ordinary share of 0.1p in the share capital of the Company;

2.4 article 22 of the Company's existing articles of association shall not apply to the issue of new shares pursuant to this resolution;

- 2.5 the authorised capital of the Company be increased to £1,500,000 by the creation of 1,398,669,000 new ordinary shares of 0.1p each in the capital of the Company having the same rights and being subject to the same restrictions as the existing ordinary shares of 0.1p each in the capital of the Company;
- 2.6 the Directors be authorised and directed in accordance with section 80 of the Companies Act 1985 to capitalise the sum of up to £996,450 standing to the credit of Company's distributable reserves and to appropriate and apply that amount in paying up in full at par up to 996,450,000 ordinary shares of 0.1p each in the share capital of the Company to be allotted to the holders of ordinary shares of 0.1p each in the share capital of the Company on redesignation pursuant to paragraph 2.2 of this resolution, on the basis of 949 new ordinary shares of 0.1p each for each ordinary share of 0.1p each held by them, such shares to rank pari passu in all respects with the existing ordinary shares of 0.1p each in issue on redesignation pursuant to paragraph 2.2 of this resolution, provided that this authority shall expire on the date of the next annual general meeting of the Company after the passing of this resolution;
- 2.7 every 50 ordinary shares of 0.1p each in the share capital of the Company, issued and authorised but unissued, be consolidated into one ordinary share of 5p in the share capital of the Company ("Ordinary Shares") having the rights and being subject to the restrictions set out in the new articles of association to be adopted pursuant to paragraph 2.10 of this resolution;
- 2.8 the Directors be and are generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal value of £472,525 provided that this authority shall expire on the date of the next annual general meeting of the Company after the passing of this resolution except that it shall extend to the allotment at any time of any of the above shares pursuant to an offer or agreement which is made prior to the date of such expiry;

2.9 the directors from time to time of the Company be hereby empowered pursuant to section 95 of the Companies Act 1985 to allot Ordinary Shares for cash pursuant to the authority conferred by paragraph 2.8 of this resolution as if section 89(1) of the said Act did not apply to any such allotment provided that this power shall be limited:-

- (a) to the placing by Granville & Co. of Ordinary Shares up to an aggregate nominal value of £250,000 in connection with the admission of the Company's shares to the London Stock Exchange;
- (b) to the allotment of Ordinary Shares to certain employees in consideration of their releasing the Company from its repayment obligations to such employees up to an aggregate nominal value of £15,300; and
- (c) to the allotment otherwise than pursuant to sub-paragraphs (a) or (b) above of Ordinary Shares up to an aggregate nominal value of not more than £54,500;

and shall expire on the date of the next annual general meeting of the company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the directors may allot Ordinary Shares in pursuance of such offer or agreement as if the power conferred hereby had not expired; and

2.10 the draft regulations produced to the meeting and initialled by the Chairman for identification purposes be adopted by the Company as new articles of association in substitution for the existing articles of association, with effect from the end of this meeting.



Chairman