

Company Number: 2882042

SECTION 381A COMPANIES ACT 1985

THE FACTORY SHOP GROUP LIMITED ('the Company')

WRITTEN RESOLUTIONS

WE, being all the members of the Company entitled to attend and vote at a general meeting of the Company, hereby resolve as follows:-

1. Subdivision of Old Preference Shares

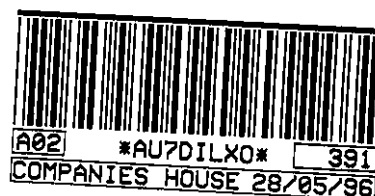
That each of the 200,000 Old Preference Shares be subdivided into 100 Old 3i Preference Shares of one penny each making a total of 20,000,000 Old 3i Preference Shares of one penny each.

2. Redesignation of part of unissued Old Preference Shares

That 600,000 of the existing 20,000,000 Old 3i Preference Shares be redesignated as 600,000 'A' Preference Shares of one penny each having the rights set out in the articles of association of the Company as proposed to be amended by the resolutions set out below and further that the remaining 19,400,000 Old 3i Preference Shares be redesignated as 19,400,000 unclassified shares of one penny each.

3. Consolidation of share capital

That the existing 19,400,000 unclassified shares of one penny each be consolidated into 194,000 unclassified shares of £1 each.



4. Cancellation of authorised but unissued share capital

That the existing authorised but unissued 194,000 unclassified shares of £1 each be cancelled under section 121(2)(e) of the Companies Act.

5. Alteration of articles of association

The articles of association of the Company be hereby altered as follows:-

- (A) By deleting the first paragraph of Article 3 and substituting the following paragraph:-

"The share capital of the Company at the date of the adoption of this paragraph as part of these Articles is £2,158,000 divided into 1,650,000 General Preference Shares of £1 each, 200,000 3i Preference Shares of 1 penny each, 600,000 'A' Preference Shares of 1 penny each, 350,000 'A' Ordinary Shares of £1 each and 150,000 Ordinary Shares of £1 each."

- (B) By inserting the following definition immediately after the definition of 'A' Ordinary Shares' in clause 2 of the Articles:-

'A' Preference Shares' means the cumulative redeemable preference shares of 1 penny each in the capital of the Company.

- (C) In the definition of 'Preferential Relevant Amount' by deleting the year 1995 in column 1 and the figure '0.07756' in column 2.

- (D) At the end of sub-paragraph (a) of the definition of 'Redemption Date' by adding the following words:-

'and column 1 of paragraph 3.5.1 of Article 3.5'.

- (E) By inserting a new Article 3.1.1 immediately prior to the existing Article 3.1.1 as follows:-

'First in paying to the holders of the 'A' Preference Shares a fixed cumulative preferential net cash dividend ('the 'A' Preference Dividend') of 20 pence per annum on each share payable half yearly in respect of the 6 months period to 30 September and 31 March in each year which amount shall become due and owing in accordance with Article 3.1.11^⑩ provided always that the 'A' Preference Dividend shall accrue from the date of subscription for the 'A' Preference Shares and the 'A' Preference Dividend shall be the first payable on 31 March 1999'.

- (F) By renumbering the existing articles 3.1.1 to 3.1.10^⑨ inclusive as articles 3.1.2 to 3.1.11^⑩ inclusive and renumbering the relevant sub-articles accordingly.

- (G) By deleting the word 'First' in Article 3.1.2 and inserting the word 'Second'. ~~The reference in this Article to 'Article 3.1.10' be changed to 'Article 3.1.11'.~~ The words 'accruing from 1 April 1996' be inserted after the reference to 'Article 3.1.11^⑩' and all the words following the reference to this Article be deleted.

- (H) By deleting the word 'Second' in Article 3.1.3 and inserting the word 'Third'. ~~The reference in this Article to 'Article 3.1.10' be changed to 'Article 3.1.11'.~~ The words 'accruing from 1 April 1996' be inserted after the reference to 'Article 3.1.11^⑩' and all the words following the reference to this Article be deleted.

- (I) By deleting the word 'Third' in Article 3.1.4 and inserting the word 'Fourth' and after the word 'Company' in the third line insert the words 'commencing 1 April 1996'.

- (J) By deleting the word 'Fourth' in Article 3.1.5 and inserting the word 'Fifth' and after the word 'Company' in the second line inserting the words 'commencing 1 April 1996'.
- (K) In Article 3.1.6 by inserting the words 'and 'A' Preference Dividend' in the first line of sub-article 3.1.6(1) and sub-article 3.1.6(3)(a). Also inserting the words ''A' Preference Shares' after the words 'Preference Shares' in sub-article 3.1.6(3).
- (L) By inserting the words 'and the 'A' Preference Dividend' after the words 'Preference Dividend' in the third line of Article 3.1.8 and the same words in the sixth line of Article 3.1.9.
- (M) By inserting a new Article 3.2.1 as follows:-
- 'First in paying to the holders of the 'A' Preference Shares the subscription price per share together with a sum equal to any arrears deficiency or accruals of the 'A' Preference Dividend calculated down to the date of return of capital and payable whether such dividend has been declared or earned or not'.
- (N) In sub-article 3.2.1 renumbering this as Article 3.2.2 deleting the word 'first' and replacing it with the word 'second'. In sub-article 3.2.2 renumbering this as Article 3.2.3, deleting the word 'second' and replacing it with the word 'third'. In Article 3.2.3 renumbering this as Article 3.2.4 and by deleting the words 'third' and inserting instead the word 'fourth' and in article 3.2.4 by renumbering this Article 3.2.5.
- (O) By deleting the details in column 1 and column 2 in Article 3.4.1 and replacing these columns with the following information:-

<u>Column 1</u>	<u>Column 2</u>
<u>Redemption Date</u>	<u>Number of Shares Redeemable</u>
31 March 2002	370,000
31 March 2003	370,000
31 March 2004	370,000
31 March 2005	370,000
31 March 2006	370,000

- (P) By deleting the figure "£1.10811" in the second line of article 3.4.5 and inserting therefore the following figure "£1.27433".
- (Q) By inserting a new Article 3.5 immediately following sub-article 3.4.6 as follows:-

'3.5 Redemption of 'A' Preference Shares

3.5.1 Subject to the provisions of the Act on each of the dates set out in column 1 below that number of 'A' Preference Shares set out in column 2 below opposite such date shall subject to Article 3.1.11 be redeemed:-

<u>Column 1</u>	<u>Column 2</u>
<u>Redemption Date</u>	<u>Number of Shares Redeemable</u>
31 March 2007	300,000
31 March 2008	300,000

and any shares not redeemed upon the due date as set out in Article 3.1.11 shall be redeemed forthwith upon redemption becoming permissible under the Act.

3.5.2 Subject to the provisions of the Act, the Company may with the prior written consent of the holders of 75 % of the 'A' Preference Shares and the holders of 75 % of the Ordinary Shares provided there are no arrears of dividend on the 'A' Ordinary Shares or the Preference Shares or the 'A' Preference Shares or the Ordinary Shares redeem all or (in instalments of not less than 100,000 shares) some of the 'A' Preference Shares in advance of the due date for redemption and in the absence of any contrary agreement between such holders and the Company any partial early redemption shall be deemed to relate to the shares falling due for redemption in inverse order of maturity.

3.5.3 Subject to the provisions of the Act, all of the 'A' Preference Shares shall (unless the holders of 75 % of the 'A' Preference Shares give notice in writing to the Company to the contrary) be redeemed immediately upon any of the following dates:-

3.5.3.1 the date upon which any of the equity share capital of the Company is admitted to the Official List of the Stock Exchange or permission for any of the equity share capital of the Company to be dealt in on the Unlisted Securities Market or any other recognised investment exchange (as defined in section 207 of the Financial Services Act 1986) becomes effective, or

3.5.3.2 the date upon which a successful offer to purchase 90 % or more of the issued equity share capital of the Company (or 90 % or more of all such capital including any already held by the offeror) is completed.

3.5.4 On the dates fixed for any redemption the Company shall pay to each registered holder of the 'A' Preference Shares the

amount payable in respect of such redemption and upon receipt of that amount each such holder shall surrender to the Company the certificate for his shares which are to be redeemed in order that they may be cancelled provided that if any certificate so surrendered includes any shares not redeemable at that time the Company shall issue a fresh certificate for the balance of the shares not redeemable to the holder. If there is more than one holder of 'A' Preference Shares any redemption shall be made among such holders pro rata (as nearly as may be) to their respective holding.

3.5.5 The Company shall pay on each of the 'A' Preference Shares so redeemed the sum of £1 and shall contemporaneously pay any arrears or accruals of the 'A' Preference Dividend calculated to the date of redemption and in the absence of any direction to the contrary by the holder of the relevant 'A' Preference Share any moneys paid on redemption of such share shall relate first to the said arrears and accruals of 'A' Preference Dividend. The 'A' Preference Dividend shall cease to accrue from the date of payment of the redemption moneys.'

- (R) By renumbering Article 3.5 as Article 3.6 and all the sub-articles accordingly.
- (S) By inserting the words 'or a breach of clause 13.4.13 or 13.4.14 of the Credit Agreement'' immediately following the words '(Subsequent Default') in the fifth line of article 3.6.2.
- (T) By deleting sub-article 3.6.4 and renumbering sub-article 3.5.5 as article 3.5.4 and article 3.5.6 as article 3.5.5 and inserting the words 'and the Bank, as may be amended, varied, or supplemented from time to time and'

immediately following the words 'Company in the fourth line of article 3.6.5.

- (U) By inserting the words 'and 'A' Preference Shares' in the following places:-

~~after the words 'Preference Shares in the first line of Article 3.6.4 (renumbered) and in the twenty second and twenty third lines of that same Article and in the ninth line of Article 3.6.4 (renumbered).~~

(4)

- (V) By deleting all references to 'Old 3i Preference Shares' in the Articles and also Articles 3.7.1, 3.7.2 and 3.7.3.
- (W) By deleting the words 'one person' in the fourth line of article 20.1 and inserting therefore the words 'two people'.

6. Approval of share allotment and share subscription and exclusion of pre-emption rights

- (A) The directors are unconditionally authorised for the purposes of section 80 of the Companies Act 1985 to allot and dispose of or grant options over the Company's shares to such persons, on such terms and in such manner as they think fit, up to a maximum additional issued share capital of the Company of £6,000 at any time during the period of five years from the date hereof;
- (B) That by virtue of section 95(1) of the Companies Act 1985, section 89(1) shall not apply to the allotment of shares up to the amount set out in the preceding paragraph;
- (C) That the subscriptions by:-

- (i) 3i Group plc for 325,000 'A' Preference Shares of one penny each in the Company at a premium of 99 pence per share;
- (ii) NatWest Ventures Investments Limited for 137,500 'A' Preference Shares of one penny each in the Company at a premium of 99 pence per share;
- (iii) County NatWest Nominees Limited for 137,500 'A' Preference Shares of one penny each in the Company at a premium of 99 pence per share;

be and are hereby approved, notwithstanding any provisions of the articles of association of the Company.

RMGH for and on behalf of
County NatWest Nominees Ltd Date 14/5/96

RMGH for and on behalf of
NatWest Ventures Investments Ltd Date 14/5/96

Alvise for and on behalf of
3i Group plc Date 14/5/96

Alvise Date 14/5/96

Heave Date 14/5/96

J. S. Date 14/5/96

We, the auditors of the Company hereby notify the Company that the foregoing written resolutions [do not concern us as auditors][concern us as auditors but need not be considered by the Company in general meeting.

Signed Date