

DOWNMARK LIMITED (the "Company")

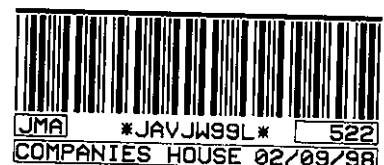
Special Resolutions

AT an Extraordinary General Meeting of the Company held at Manchester on 25th August 1998 at 1.00 ~~am~~ ^{pm}, the following resolutions were passed as Special Resolutions of the Company:

- 1 "THAT the provisions of the documents listed in the appendix to these Special Resolutions (the "**Documents**"), which the Company is proposing to enter into in connection with the Company's acquisition of the entire issued share capital of Witherslack Group of Schools Limited, be and are hereby approved in the forms produced to the Meeting (subject to such changes as the Company's Director, in his absolute discretion, thinks fit)."
- 2 "THAT, notwithstanding any provisions of the Company's Memorandum and Articles or any personal interest of any of the Company's Director, the Company's Director and/or Secretary be and are hereby empowered, authorised and directed to execute and deliver the Documents for the Company (in such manner and subject to such changes as they, in their absolute discretion, think fit)."

JFBowles

Chairman of the Meeting



Appendix

The Documents

1. A Transfer of Cedar House, Cedar House School, Kirkby Lonsdale, Cumbria for £648,414.00 from Mrs Horner ("**Cedar House Transfer**");
2. A Transfer of Lowgate House, Levens, Nr Kendal, Cumbria for £359,000.00 from Mrs Horner ("**Lowgate House Transfer**");
3. A Cross Guarantee (the "**Guarantee**") of the Company's, Witherslack Group of Schools Limited's and the Company's other subsidiaries' obligations and liabilities to the National Westminster Bank PLC ("**the Bank**") , to be executed by the Company in favour of the Bank;
4. a debenture (the "**Debenture**"), ~~guaranteeing the Company's obligations and liabilities to the Bank and~~ creating security over the Company's assets and undertaking, to be executed by the Company in favour of the Bank;
5. A Legal Charge ~~guaranteeing the Company's obligations and liabilities to the Bank and~~ creating a legal charge over the aforesaid Cedar House property in favour of the Bank (the "**Cedar House Charge**");
6. A Legal Charge ~~guaranteeing the Company's obligations and liabilities to the Bank and~~ creating a legal charge over the aforesaid Lowgate House property in favour of the Bank (the "**Lowgate House Charge**");
7. An assignment in favour of the Bank of Keyman Life Insurance Policies with Lutine Assurance policy numbers 123402 and 123958 (the "**Keyman Life Policies Assignment**");

8. An assignment in favour of Mrs Horner of a term life assurance policy with Lutine Assurance policy number 1239963 ("**Mrs Horner's Life Policy Assignment**");
9. A Legal Charge in favour of Mrs Horner creating a legal charge over the aforesaid Cedar House property in respect of the Company's obligations to Mrs Horner under the Loan Notes ("**Mrs Horner's Cedar House Charge**");
10. A Legal Charge in favour of Mrs Horner creating a legal charge over the aforesaid Lowgate House property in respect of the Company's obligations to Mrs Horner under the Loan Notes ("**Mrs Horner's Lowgate House Charge**");
11. Inter Creditor Deed made between the Company, the Bank and Mrs Horner ("**the Inter Creditor Deed**");
12. Share Acquisition Agreement made between Mrs Horner and the Company ("**the Share Acquisition Agreement**");
13. The loan notes to be issued to Mrs Horner pursuant to the Share Acquisition Agreement ("**the Loan Notes**");
14. The service contract to be entered into between Mrs Horner and the Company pursuant to the Share Acquisition Agreement ("**the Service Contract**");
15. An intra-group loan agreement to be entered into between Witherslack Group of Schools Limited and the Company immediately after the Company has completed the Share Acquisition Agreement ("**the Inter Group Loan Agreement**");
16. A agreement with Witherslack Group of Schools Limited (to be entered into after completion of the Share Acquisition Agreement and after Witherslack Group of Schools Limited has had transferred to it all assets of Lowgate House School

Limited) whereby the freehold property known as Lord's View is transferred to the Company for current net book value ("**Lord's View Agreement**");

17. A lease back to Witherslack Group of Schools Limited of the aforesaid Lord's View property ("**Lord's View Lease**");
18. Licence to assign the leases of Cedar House and Lowgate House as aforesaid to Witherslack Group of Schools Limited from respectively Cedar House School Limited and Lowgate House School Limited pursuant to hive up agreements between such companies and Witherslack Group of Schools Limited to be entered into between Witherslack Group of Schools Limited and such companies immediately after the Company has completed the Share Acquisition Agreement ("**the Restructuring Documents**");
19. Commercial Variable Rate Loan Agreement with the Bank ("**CVRLA**")
20. Advice of Borrowing Terms from the Bank ("**ABT**")
21. A Legal Charge creating a legal charge over the property known as Lord's View (The "**Lord's View Charge**").