

**THE COMPANIES ACT 1985**  
**COMPANY LIMITED BY SHARES**  
**EXTRAORDINARY RESOLUTION OF THE ORDINARY SHAREHOLDERS**

of


**MERCHANT INNS PLC**

Passed on 25 July 2005

At a class meeting of the holders of the Ordinary Shares of 50p each in the Company duly convened and held at the offices of Kirkpatrick & Lockhart Nicholson Graham LLP at 110 Cannon Street, London EC4N 6AR on 25 July 2005 the following resolution was duly passed as an extraordinary resolution:

*That, conditionally upon the passing of the extraordinary resolutions contained in the notices of separate class meetings of the holders of the A Ordinary Shares of 50p each in the Company and of the B Ordinary Shares of 5p each in the Company and Special Resolution 3 contained in the notice of Extraordinary General Meeting of the Company, the share capital of the Company be subdivided and reclassified by sub-dividing each existing Ordinary Share of 50p in the capital of the Company in issue as shown in the Register of members of the Company at the close of business on 25 July 2005 into 10 shares of 5p each, one of such shares being reclassified as an Ordinary Share of 5p and nine of such shares being reclassified as deferred shares of 5p each, such new shares to have the rights set out in the Articles of Association of the Company as proposed to be amended and to approve and sanction each and every other alteration, abrogation or variation of the rights and privileges attached to the Ordinary Shares of 50p each in the Company which is or may be involved in or effected by the passing of the resolutions to be proposed at the Extraordinary General Meeting of the Company convened for 25 July 2005 or at any adjournment thereof.*



  
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Chairman