

THE COMPANIES ACT 1985

TEP EXCHANGE GROUP PLC (THE "COMPANY")

SPECIAL RESOLUTION

At an Extraordinary General Meeting of the Company duly convened and held on 13 January 2003 the following resolution was passed as a special resolution:

SPECIAL RESOLUTION

- 1.1 the authorised share capital of the Company be increased from £2,000,000 to £4,000,000 by the creation of an additional 200,000,000 ordinary shares of 1p each ranking pari passu in all respects with the existing ordinary shares of 1p each in the capital of the Company;
- 1.2 the Directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of the said section 80) up to:
 - 1.21 an aggregate nominal amount of £800,000 pursuant to the Outsourcing Agreement (as defined in the Circular);
 - 1.22 an aggregate nominal amount of £275,000 pursuant to the Placing (as defined in the Circular); and
 - 1.23 (otherwise than pursuant to paragraphs 1.2.1 and 1.2.2 above) an aggregate nominal amount of £477,083

this authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 2003 save that the Company may, before such expiry, make offers or agreements which would or might require relevant securities to be allotted after such expiry, and notwithstanding such expiry the Directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred hereby had not expired this authority to replace any existing like authority which is hereby revoked with immediate effect;



1.3 the Directors be and they are hereby empowered, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94 of the Act) pursuant to the authority given by paragraph 1.2 of this Resolution for cash as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

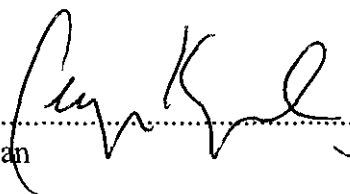
1.3.1 up to an aggregate nominal amount of £800,000 pursuant to the Outsourcing Agreement (as defined in the Circular)

1.3.2 up to an aggregate nominal amount of £275,000 pursuant to the Placing (as defined in the Circular); and

1.3.3 (otherwise than pursuant to sub-paragraphs 1.3.1 and 1.3.2 above) up to an aggregate nominal amount of £71,563;

and shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2003 unless renewed or extended prior to such time, except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offers or agreements, this authority to replace any existing like authority which is hereby revoked with immediate effect.

Dated:


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Chairman