

Company No: 04513083

The Companies Act 1985

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTIONS

of

DIRECT GROUP HOLDINGS LIMITED

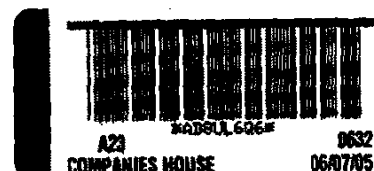
5 July
Passed ~~June~~ 2005

AT an extraordinary general meeting of the Company, duly convened and held on the following resolutions were duly passed as special resolutions:

5th July
~~June~~ 2005,

RESOLUTIONS

1. That the provisions (as the same may be amended, varied, supplemented or substituted from time to time) of the documents referred to below which the Company is proposing to enter into and grant in connection with (inter alia) the acquisition (the "Acquisition") by Direct Group Investment Limited ("Newco") of the entire issued share capital of the Company be and are hereby approved and (notwithstanding any provisions of the Memorandum and Articles of Association of the Company or any personal interest of any of the directors) the directors of the Company be and are hereby empowered, authorised and directed to complete and enter into such documents (with the exclusion of the documents at paragraphs 1.1, 1.5 and 1.6) being:-
 - 1.1 a term loan facility agreement for the provision of a £15,000,000 secured term loan to Newco to be made between Newco (as borrower) and Barclays Bank PLC (the "Bank") (the "Facility Agreement");
 - 1.2 an ancillary facilities letter for the provision of a £2,000,000 overdraft facility, BACS and other ancillary facilities to be entered into by the Bank, Newco, the Company and the Direct Group Limited (the "Subsidiary") (the "Ancillary Facilities Letter");
 - 1.3 a guarantee to be entered into by each of Newco, the Company and the Subsidiary to the Bank to guarantee, among other obligations, sums due under the Facility Agreement and the Ancillary Facilities Letter (the "Guarantee");
 - 1.4 an intercreditor agreement to be entered into by Newco, the Subsidiary, the Company, the Bank, Management and the Institutional Investors (each as defined therein) (the "Intercreditor Agreement");
 - 1.5 a loan note instrument for the issue of £2,944,198 unsecured series A loan notes due 2012 by Newco to certain members of Management and the Institutional Investors (the "Series A Loan Notes");
 - 1.6 a loan note instrument for the issue of £19,634,801 unsecured series B loan notes due 2016 to Management and the Institutional Investors (the "Series B Loan Notes"); and



- 1.7 an intra group funding agreement to be made between Newco, the Company and the Subsidiary (the "Intra Group Funding Agreement") pursuant to which, amongst other obligations, the Company will make available loans to Newco to assist Newco to meet its obligations under the Facility Agreement, the Ancillary Facilities Letter, the Series A Loan Notes and the Series B Loan Notes.
2. That the making of a bonus payment (the "Bonus Payment") of £25,373.69 by the Company to Peter Cartwright by way of compensation for tax payable on the exercise of his EMI Option to purchase 3,000 C Ordinary Shares in the Company be and is hereby approved.
3. That notwithstanding that the entering into and granting of the Guarantee, the Intra Group Funding Agreement, the Intercreditor Agreement, the entering into of the Ancillary Facilities Letter and the making of the Bonus Payment would constitute financial assistance within the meaning of sections 151-158 (inclusive) of the Companies Act 1985, such entry and grant and the giving of such financial assistance is in the best interests of the Company;
4. That the giving of such financial assistance be and is hereby approved and that the Company entering into and/or granting Ancillary Facilities Letter, the Guarantee, the Intra Group Funding Agreement and the Intercreditor Agreement be and are hereby approved.
5. That the Memorandum of Association of the Company be amended by the addition of the following clause:

"3(u) Insofar as the same is permitted by law to give financial assistance directly or indirectly for the purpose of the acquisition of shares in the Company or in any company which is for the time being the Company's holding company or for the purpose of reducing or discharging any liability incurred by any person for the purpose of the acquisition of shares in the Company or of shares in any company which may from time to time be the Company's holding company (as that expression is defined in the Companies Act 1985)."
6. That the Article 10 in Articles of Association of the Company be deleted and replaced by a new Article 10 as follows:

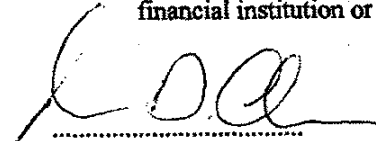
" SHARE TRANSFERS

10 Notwithstanding anything contained in these Articles:

- (i) any pre-emption rights conferred on existing members by these Articles or otherwise and any other restrictions on transfer of shares contained in these Articles or otherwise shall not apply to, and
- (ii) the Directors shall not decline to register, nor suspend registration of, any transfer of shares where such transfer is:
 - (A) in favour of any bank or financial institution (or any nominee or nominees of such a bank or financial institution) to whom such shares are being transferred by way of security, or
 - (B) duly executed by any such bank or financial institution (or any such nominee or nominees) to whom such shares shall (including any further shares in the Company acquired by reason of its holding of such shares) have been transferred as aforesaid pursuant to a power of sale under any security document which creates any security interest over such shares, or

- (C) duly executed by a receiver appointed by a bank or financial institution (or by any bank or financial institution) pursuant to any security document which creates any security interest over such shares,

and a certificate by any official of such bank or financial institution or any such receiver that the shares are or are to be subject to such a security and that the transfer is executed in accordance with the provisions of this Article shall be conclusive evidence of such facts. Any lien on shares which the Company has shall not apply in respect of any shares which have been charged by way of security to a bank or financial institution or a subsidiary of a bank or financial institution or which are transferred in accordance with the provisions of this Article."



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Chairman of the meeting