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AGREEMENT

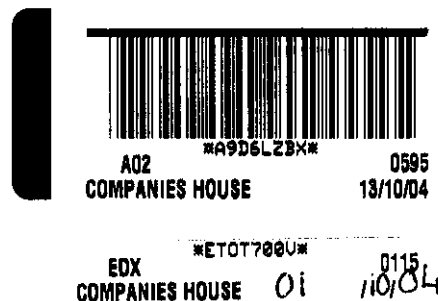
DATED *3rd* SEPTEMBER 2004

TAVETA INVESTMENTS LIMITED

and

TAVETA INVESTMENTS (No.2) LIMITED

for the sale and purchase of
all of the issued share capital
of Arcadia Group Limited



ALLEN & OVERY

ALLEN & OVERY LLP

LONDON

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THIS AGREEMENT is made on 23rd September, 2004

BETWEEN:

- (1) TAVETA INVESTMENTS LIMITED (registered number 4464926) whose registered office is at 129-137 Marylebone Road, London, NW1 5QD (the **Seller**); and
- (2) TAVETA INVESTMENTS (NO.2) LIMITED (registered number 5137091) whose registered office is at Marylebone House, 129-137 Marylebone Road, London, NW1 5QD (the **Purchaser**).

WHEREAS:

- (A) The Purchaser is a wholly-owned subsidiary of the Seller.
- (B) Arcadia Group Limited (registered number 237511) (the **Company**) is a private company limited by shares having an authorised share capital of £520,000,000 divided into 800,000,000 deferred shares of 40 pence each and 250,000,000 ordinary shares of 80 pence each, of which 210,204,416 ordinary shares have been issued fully paid or credited as fully paid and are beneficially owned by the Seller (the **Shares**).
- (C) The Seller wishes to sell and the Purchaser wishes to purchase the Shares on the terms set out in this agreement.

IT IS AGREED as follows:

1. SALE AND PURCHASE

The Seller with full title guarantee shall sell and the Purchaser shall purchase the Shares.

2. CONSIDERATION

- 2.1 The consideration for the sale of the Shares shall be the allotment by the Purchaser to the Seller of 2,300,000,000 ordinary shares of £1 each in the capital of the Purchaser (the **Consideration Shares**).
- 2.2 The Consideration Shares will be allotted as fully paid and will rank *pari passu* in all respects with the ordinary shares in the capital of the Purchaser in issue at the date of their allotment.

3. COMPLETION

- 3.1 Completion of the sale and purchase of the Shares (**Completion**) shall take place immediately after the signature of this agreement.
- 3.2 At Completion the Seller shall procure:
 - (a) the delivery to the Purchaser of:
 - (i) duly executed transfers of the Shares in favour of the Purchaser or as it may direct;
 - (ii) share certificate(s) representing the Shares (or an express indemnity in a form satisfactory to the Purchaser in the case of any found to be missing);

(iii) the certificate of incorporation, common seal, minute books, statutory registers and share certificate book of the Company.; and

(b) that a board meeting of the Company is held at which it shall be resolved that the transfers referred to in subclause 3.2(a) (subject only to their being duly stamped or adjudicated not chargeable to stamp duty) are approved for registration.

3.3 At Completion the Purchaser shall allot and issue the Consideration Shares to the Seller and, subject to stamping, deliver to the Seller a share certificate representing the Consideration Shares.

4. SELLER AS TRUSTEE

The Seller shall, until the Shares are registered in the name of the Purchaser or as it may direct, hold the Shares on trust for the Purchaser.

5. COSTS

Each party shall pay the costs and expenses incurred by it in connection with the entering into and completion of this agreement.

6. FURTHER ASSURANCE

Each party shall procure the convening of all meetings, the giving of all waivers and consents and the passing of all resolutions and shall otherwise exercise all powers and rights available to it in order to give effect to this agreement.

7. COUNTERPARTS

This agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement and any party may enter into this agreement by executing a counterpart.

8. GOVERNING LAW

This agreement shall be governed by and construed in accordance with English law.

AS WITNESS the hands of the duly authorised representatives of the parties on the date which appears first on page 1.

SIGNATORIES

SIGNED by)
for TAVETA INVESTMENTS)
LIMITED)

Paul Lockley
.....

SIGNED by)
for TAVETA INVESTMENTS)
(NO.2) LIMITED)

Rebndg
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