

Company No: 1302718

The Companies Acts 1985-89

Company limited by shares

Special and Ordinary resolutions

- of -

EHRMANN'S GROUP PLC

At an extraordinary general meeting of the company held on 30.4.1997,
the following resolution was passed:

Ordinary Resolutions

That:

1. 100,000 Ordinary Shares (as defined in clause 6 below) be re-designated as Employee Shares (as defined in clause 6 below);
2. 202,610 10% Convertible Cumulative Redeemable Preference Shares of £1 each ("Convertible Preference Shares") be redesignated as 405,220 Ordinary Shares of 50p each;
3. the establishment of the Ehrmann's Group Plc Executive Share Option Scheme 1997 in the form of the Rules attached be approved;
4. the establishment of the Ehrmann's Group Plc Employee Share Benefit Trust ("ESOP") by deed dated 22 March 1996 be ratified; and
5. the granting of the following options as per the attached rules:
 - 5.1 Jeffrey Blatt ("JB") and William Page ("WP") - 1900 "B" Ordinary Shares at a subscription price of £7.95 per Share;
 - 5.2 Peter Dauthieu ("PD") - 29,900 "B" Ordinary Shares at £7.95 each;be approved;
6. the granting of three conditional options under the Scheme (each over 558 "B" Ordinary Shares at £7.95) to each of JB, WP and PD the conditions of which are set out in the attached letter of grant be approved;
7. the directors be authorised to allot 80,000 employee Shares to the ESOP; and
8. the directors be authorised to make such payments to the ESOP as it sees fit to enable the ESOP to purchase Employee Shares for distribution to the employees.



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Company No: 1302718

Special Resolutions

That:

1. the memorandum of association of the Company be altered by:

- 1.1 deleting clause 6 and replacing it with the following clause:

"6. The Share Capital of the Company is £2,000,000 divided into 250,000 A Ordinary Shares of 50p each ("A" Shares"), 1,000,000 B Ordinary Shares of 50p each ("B" Shares"), 100,000 Employee Shares of 50p each ("Employee Shares") and 2,650,000 Ordinary Shares of 50p each ("Ordinary Shares"). The Shares in the original or any increased capital may be divided into several classes and there may be attached to them respectively any preferential deferred or other special rights, principles, conditions or restrictions as to dividend, capital, voting or otherwise."; and

- 1.2 by deleting subclause 4(x) and replacing it with the following clause:

"(x) To do all other things as are incidental to or which the Company may think conducive with the above objects or any of them."

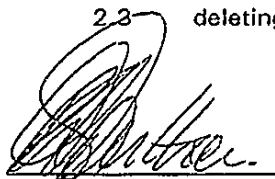
2. the articles of association of the Company be altered by:

- 2.1 replacing article 2(B) with a new article 2(B) and inserting a new article 2(C) in the form attached and renumbering all subsequent clauses;

- 2.2 altering clause 2(A)(i) by removing the following:

"202,610 10% Convertible Cumulative Redeemable Preference Shares of £1 each (the Convertible Preference Shares)"

- 2.3 deleting clauses 2(c) (1), (2), (3), (4) and (5);



Chairman

**EHRMANNS GROUP PLC
COMPANY NUMBER 1302718**

**AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE ABOVE
COMPANY**

**in accordance with a special resolution
passed on 30.04.1997**

1. The deletion of article 2(B) and the insertion of the following new article 2(B) in its place:

2(B)(i) "The "B" Shares shall be offered back to the Company in the circumstances set out in and in accordance with the provisions of Article 7 and the holders of "B" Shares shall have no right to receive notice of or attend or to vote at any General Meeting of the Company and shall have no right to receive any amount distributed by way of dividend but shall otherwise rank pari passu in all respects with the holders of the Ordinary Shares of the Company."

2(B)(ii) On a Realisation (as defined in article 2(B)(iii)) the "B" Shares will be automatically converted to Ordinary Shares at the rate of 1 "Ordinary" Share for 1 "B" share.

2(B)(iii) For the purposes of this Article the following terms shall have the following meanings:

"Controlling Interest" shall mean an interest (within the meaning of Sections 346 and 736 of the Companies Act 1985) in shares in a company conferring in the aggregate 50% or more of the total voting rights conferred by all the issued shares in that Company;

"Realisation" shall mean the moment immediately before Listing or Takeover whichever is the earlier;

"Listing" shall mean the listing of all or any of the ordinary share capital of the Company on The London Stock Exchange becoming effective or the grant of permission for the same to be traded on the Alternative Investment Market or any other public securities market;

"Takeover" shall mean the sale or transfer of all the assets and undertaking of the Company or the sale or transfer of the legal or beneficial interest in any shares in the Company whereby as a result of such sale or transfer and registration thereof a Controlling Interest is obtained in the Company;

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- (i) by a company or person or persons who was or were not a member or members of the Company on the date of adoption of these articles; or
 - (ii) by a company in which one or more of the members of the Company or persons acting in concert (which expression shall have the meaning ascribed to it in the July 1993 Edition of the City Code on Takeovers and Mergers) with any member of the Company has or as a result of such sale or transfer will have a Controlling Interest.

2. The insertion of the following new article 2(C) and the renumbering of subsequent clauses:

2(C)(i) "The Employee Shares shall be offered back to the Company in the circumstances set out in and in accordance with the provisions of Article 7 and the holders of Employee Shares shall have no right to receive notice of or attend or to vote at any General Meeting of the Company and shall have no right to receive any amount distributed by way of dividend but shall otherwise rank *pari passu* in all respects with the holders of the Ordinary Shares of the Company."

2(C)(ii) On a Realisation (as defined in article 2(B)(iii)) the Employee Shares will be converted to Ordinary Shares at the rate of 1 Ordinary Share for 10 Employee Shares and so that any remaining Employee Shares that are less than 10 will also be counted as 1 Ordinary Share.