

10-06-98



THE FINEST TOYSHOP IN THE WORLD

HAMLEYS PLC

EXTRAORDINARY GENERAL MEETING

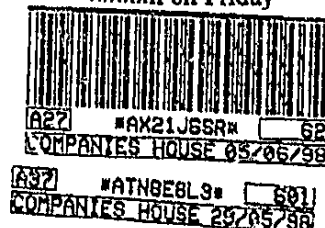
ON THURSDAY 21 MAY 1998

SPECIAL RESOLUTION - RETURN OF CAPITAL TO SHAREHOLDERS

That, conditional on the admission to the Official List of the London Stock Exchange Limited of non-cumulative redeemable preference shares of 25.75 pence each ("B Shares") and ordinary shares of 5 5/9 pence each ("New Ordinary Shares") each as referred to below becoming effective (in accordance with the Listing Rules of the London Stock Exchange) by 8.30am on 26 May 1998, or such later time and/or date as the Directors of the Company may determine:

1.1 the authorised share capital of the Company be and is hereby increased from £1,565,000 to £7,730,837 such that, following the passing and implementation of the resolution, the authorised share capital comprises 23,944,998 B Shares and 28,170,000 New Ordinary Shares, having the rights and privileges and being subject to the restrictions contained in the Articles of Association of the Company as amended by paragraph 1.9 of this resolution, a summary of such rights and restrictions being set out in Parts II and IV of the Circular to Shareholders dated 27 April 1998;

1.2 the Directors be and are hereby authorised to capitalise such sum as they may determine but not exceeding £6,165,837 out of the sum standing to the credit of the Company's special reserves and to utilise such sum in paying up in full at par up to 23,944,998 B Shares of 25.75 pence each and be and are hereby authorised pursuant to section 80 of the Companies Act 1985 (as amended) (in addition to any subsisting authority thereunder, such authority not to be affected) to allot and distribute such B Shares credited as fully paid up to the holders of ordinary shares of 5 pence each ("Existing Ordinary Shares") on the Register at 4.30pm on Friday 22 May 1998 ("Qualifying Holders") on the basis Existing Ordinary Share;



1.3 forthwith upon such distribution of B Shares, every Existing Ordinary Share of 5 pence each in issue shall be and is hereby subdivided into 9 shares of $5/9$ of a penny each and forthwith upon such subdivision every 10 shares of $5/9$ of a penny each shall be and are hereby consolidated into one New Ordinary Share of $55/9$ pence each credited as fully paid but so that no Qualifying Holders shall be entitled to any fraction of a New Ordinary Share and all fractional entitlements arising out of such subdivision and consolidation shall be aggregated into New Ordinary Shares and the whole number of shares arising from such aggregation shall be sold by Cazenove & Co. and the net proceeds of sale shall be retained by the Company save that, where the value of the fractional entitlements in respect of any individual Shareholder exceeds £3.00 (net of expenses), such Shareholder will be entitled to payment in respect of such fractional entitlement;

1.4 the Directors be and are hereby authorised, in accordance with Article 36 of the Company's Articles of Association, to sell all the issued ordinary shares of $5/9$ of a penny each remaining after the consolidation of fractional entitlements referred to in paragraph 1.3 above to Cazenove & Co. at a price of $1/10$ of the price per share on the sale of the New Ordinary Shares arising out of the consolidation of fractional entitlements referred to in paragraph 1.3 above and on terms that the net proceeds of sale are retained by the Company save that, where the value of the fractional entitlements in respect of any individual Shareholder exceeds £3.00 (net of expenses), such Shareholder will be entitled to payment in respect of such fractional entitlement;

1.5 the terms of the proposed contract between Cazenove & Co. and the Company providing for, inter alia, the purchase by the Company of certain of its own issued ordinary shares of $5/9$ penny each (a draft of which is produced to the meeting and signed for the purposes of identification by the Chairman) be and is hereby approved and authorised for the purposes of section 164 of the Companies Act 1985 and otherwise but so that such approval and authority shall expire at the conclusion of the next annual general meeting of the Company or 21 November 1999, whichever is the earlier and following completion of such contract all of the shares so purchased shall be cancelled from the issued (but not the authorised) share capital of the Company in accordance with section 160(4) of the said Act;

1.6 (i) following the capitalisation issue and distribution referred to in paragraph 1.2 and the subdivision and consolidation referred to in paragraph 1.3 above, all authorised but unissued Existing Ordinary Shares (up to such number as will result in a whole number of New Ordinary Shares and the balance remaining unconsolidated) be and hereby are consolidated into New Ordinary Shares; and (ii) thereafter the whole of the Company's authorised but unissued share capital (including the unissued Existing Ordinary Shares remaining after the consolidation referred to in paragraph 1.6(i) above), other than the New Ordinary Shares, shall be and are hereby cancelled pursuant to section 121(e) of the Companies Act 1985 (as amended);

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1.7 upon or after the redemption or the purchase of any B Shares by the Company in accordance with the provisions of the Companies Act 1985 (as amended), the Directors may consolidate and/or sub-divide and/or convert and/or reclassify the authorised B Shares of the Company existing following such redemption or purchase (i) into shares of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount as the shares of such other class and/or (ii) into unclassified shares;

1.8 that, subject to and in accordance with Article 38 of the Company's Articles of Association, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the Companies Act 1985 (as amended) of B Shares provided that:

1.8.1 the maximum number of shares which may be purchased is 23,944,998;

1.8.2 the maximum and minimum price which may be paid for each B Share is the nominal amount paid up or deemed paid up on each B Share exclusive of expenses; and

1.8.3 the authority hereby conferred unless previously renewed shall expire on the conclusion of the annual general meeting of the Company in 1999 or 21 August 1999 if earlier, but a contract of purchase may be made before such expiry which will or may be executed wholly or partly thereafter, and a purchase of shares may be made in pursuance of any such contract; and

1.9 the Articles of Association of the Company shall be and are hereby amended in the manner set out in the list of amendments produced to the meeting and initialled by the Chairman for the purpose of identification.

By Order of the Board

L Hall
Secretary