

Company no.: SC021928

**THE COMPANIES ACT 1985 (AS AMENDED)**

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**RESOLUTIONS**

**of**

**HOUSE OF FRASER plc**

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1. At a court meeting of the above-named company duly convened pursuant to an order of the Court of Session in Edinburgh and held on 3 October 2006, the following resolution was passed:

"That the scheme of arrangement dated 8 September 2006 (the "Scheme") between the Company and the holders of the Scheme Shares (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification has been signed by the chairman of this meeting, be and is hereby approved and the directors of the Company be authorised to take all such actions as they consider necessary or appropriate for carrying the Scheme into effect."

2. At an extraordinary general meeting of the above-named company duly convened and held on 3 October 2006, the following resolution was passed as a special resolution:

**SPECIAL RESOLUTION**

"THAT:

- (A) the Scheme of Arrangement dated 8 September 2006 (the "Scheme") between the Company and the holders of Scheme Shares (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification has been signed by the chairman of this meeting, be and is hereby approved and the directors of the Company be authorised to take all such actions as they consider necessary or appropriate for carrying the Scheme into effect;



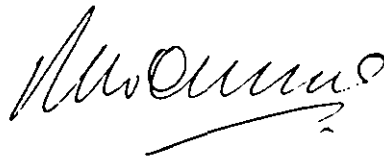
- (B) for the purpose of giving effect to the Scheme (whether in its original form or with or subject to any modification, addition or condition approved or imposed by the Court or any modification or addition made pursuant to clause 9 of the Scheme):
- (i) the share capital of the Company be reduced by cancelling all the Scheme Shares;
  - (ii) forthwith and contingently on such reduction of capital taking effect:
    - (a) the authorised share capital of the Company be increased to its former amount by the creation of such number of new ordinary shares of 20 pence each as shall be equal to the number of Scheme Shares cancelled pursuant to sub-paragraph (i) above (the "New HoF Shares"); and
    - (b) the reserve arising in the books of account of the Company as a result of the cancellation of the Scheme Shares be applied in paying up in full at par the New HoF Shares of 20 pence each, such New HoF Shares to be allotted and issued credited as fully paid to Highland and/or its nominee(s); and
  - (iii) the directors of the Company be generally and unconditionally authorised pursuant to and in accordance with section 80 of the Companies Act 1985 to give effect to this resolution and accordingly to effect the allotment of the New HoF shares, provided that:
    - (a) this authority shall expire on the fifth anniversary of this resolution;
    - (b) the maximum aggregate nominal amount of shares which may be allotted hereunder shall be £55,000,000; and
    - (c) this authority shall be without prejudice and in addition to any other authority under the said section 80 previously granted before the date on which this resolution is passed; and
- (C) the articles of association of the Company be and are hereby amended by the adoption and inclusion of the following new article 39A:

**"Shares not subject to Scheme of Arrangement**

- (a) In this article 39A:
  - (i) references to the "Scheme" are to the Scheme of Arrangement between the company and the holders of Scheme Shares dated 8 September 2006 (with or subject to any modification, addition or condition approved or imposed by the Court or any modification or addition to the Scheme made pursuant to clause 9 of the Scheme) under section 425 of the Companies Act 1985;

- (ii) terms defined in the Scheme shall have the same meanings in this article;
  - (iii) "House of Fraser Share Schemes" means:
    - (1) the sharesave option scheme established by a resolution of the board of directors of House of Fraser on 27 January 1994 and an ordinary resolution of House of Fraser passed on 27 January 1994; and
    - (2) the share option plan established by a resolution of the board of directors of House of Fraser passed on 27 January 1994 and an ordinary resolution of House of Fraser passed on 27 January 1994; and
  - (iv) references to "spouse" include a civil partner under the UK Civil Partnership Act 2004.
- (b) If the company allots any shares (other than to Highland or any subsidiary of Highland (a "Highland Company")) on or after the Voting Record Time and prior to 6.00 p.m. on the day before the date on which the Court of Session makes its order sanctioning the Scheme and confirming the reduction of capital provided for by the Scheme (the "Order Date") such shares shall be allotted subject to the terms of the Scheme and the original or any subsequent holder(s) of such shares shall be bound by the Scheme accordingly.
- (c) Subject to the Scheme becoming effective, if at or after 6.00 p.m. on the day before the Order Date any shares in the company are allotted to any person or persons pursuant to any of the House of Fraser Share Schemes or otherwise (each such person being hereinafter referred to as a "New HoF Shareholder"), they will (subject to paragraph (d) below) be immediately transferred to Highland (or as it may direct) in consideration of and conditionally on the payment to the New HoF Shareholder of the same cash consideration per ordinary share as was paid to a holder of Scheme Shares under the Scheme.
- (d) Any New HoF Shareholder may, prior to the allotment of any shares in the company to him or her pursuant to the exercise of an option under any of the House of Fraser Share Schemes or otherwise, give no less than two Business Days' written notice to the company of his or her intention to transfer some or all of such shares to his or her spouse and may, if such notice has been validly given, on such shares being allotted to him or her immediately transfer to his or her spouse any such shares, provided that such shares will then be immediately transferred from that spouse to Highland (or as it may direct) pursuant to paragraph (c) above as if the spouse were a New HoF Shareholder. If notice has been validly given pursuant to this paragraph (d) but the New HoF Shareholder does not immediately transfer to his or her spouse the shares in respect of which the notice was given, such shares will be transferred to Highland (or as it may direct) pursuant to paragraph (c) above.

- (e) To give effect to any such transfer required by this article 39A, the company may appoint any person to execute a form of transfer on behalf of the New HoF Shareholder in favour of Highland. Pending the registration of Highland or its nominee(s) as the holder of any share to be transferred pursuant to this article 39A, Highland shall be irrevocably empowered to appoint a person nominated by the board to act as attorney on behalf of each holder of any such share in accordance with such directions as Highland may give in relation to any dealings with or disposal of such share (or any interest therein), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof and the registered holder(s) of such share shall exercise all rights attaching thereto in accordance with the directions of Highland but not otherwise.
- (f) Payment in respect of any shares transferred under this article 39A will be made within 14 days of the date of transfer of such shares."

A handwritten signature in black ink, appearing to read 'M. O. ...', is written over a horizontal dotted line.

(Chairman of the meeting/Company Secretary)