

THE COMPANIES ACT 1985

---

PUBLIC COMPANY LIMITED BY SHARES

---

RESOLUTIONS

OF

FIRSTGROUP plc

---

Passed: 15 July 1999

---

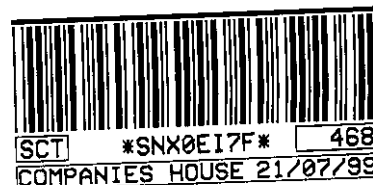
At the Annual General Meeting of FirstGroup plc held at Church House Conference Centre, Dean's Yard, London SW1P 3NZ on Thursday, 15 July 1999 the following Resolutions were passed:-

AS AN ORDINARY RESOLUTION

- 7 That the directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities, within the meaning of Section 80 of the Companies Act 1985 ("the Act") up to an aggregate nominal amount of £3,989,236, provided that this authority shall expire on 14 July 2004 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired and provided further that this authority shall be to the exclusion of and in substitution for any such earlier authority."

AS SPECIAL RESOLUTIONS

- 8 That, subject to the passing of resolution 7 above and in substitution for all existing authorities, the directors be and they are hereby empowered, pursuant to Section 95(1) of the Act, to allot equity securities (within the meaning of Section 94 of the Act) pursuant to the authority conferred by resolution 7 above, as if Section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:



- (a) in connection with or the subject of an offer or invitation, open for acceptance for a period fixed by the directors, to holders of ordinary shares and such other equity securities of the Company as the directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or any legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory); and
- (b) (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal amount of £863,000; and shall expire fifteen months after the date of the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company in 2000, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the directors may allot equity securities in pursuance of such offers or agreements.

9 That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Act) of ordinary shares of 5 pence each in the Company ("ordinary shares"), provided that:-

- (a) the maximum number of ordinary shares hereby authorised to be purchased shall be 17,260,000;
- (b) the minimum price which may be paid for an ordinary share is 5 pence per share (exclusive of expenses);
- (c) the maximum price (exclusive of expenses) which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased;
- (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2000 or, if earlier, fifteen months after the passing of this resolution, unless such authority is renewed prior to such time; and
- (e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

- 10A That the Company's Articles of Association be and they are hereby amended with immediate effect by the deletion of Articles 91 and 92 and the substitution therefor of the following new Articles 91 and 92:

**"91     Retirement by Rotation**

- 91.1 Subject to Article 92.2, at each Annual General Meeting of the Company, one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third shall retire from office. If there are fewer than three Directors who are subject to retirement by rotation, one Director shall retire from office.

**92     Directors subject to retirement by rotation**

- 92.1 Subject to the provisions of the Act and of these Articles, the Directors to retire by rotation at each annual general meeting shall include, so far as necessary to obtain the number required, first, any Director who wishes to retire and not offer himself for re-election and secondly, those Directors who have been longest in office since their last appointment or reappointment. As between two or more Directors who have been in office an equal length of time, the Director to retire shall, in default of agreement between them, be determined by lot. The Directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the Board at the start of business on the date of the notice convening the annual general meeting notwithstanding any change in the number or identity of the Directors after that time but before the close of the meeting.
- 92.2 Notwithstanding the other provisions of these Articles, the Directors who are to retire by rotation at an annual general meeting of the Company shall always include any Director who, if he was not to retire and offer himself for re-election until the next annual general meeting, would fail to have retired and offered himself for re-election for over a three-year period by the date of notice of such meeting."

- 10B That the Company's Articles of Association be and they are hereby amended with immediate effect by the deletion of Article 119 (Borrowing Powers) and the substitution therefor of the following new Article 119:

**"119     Borrowing Powers**

- 119.1 Subject as provided in this Article 119, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the provisions of the Act, to issue debentures and other securities, whether outright or as collateral for any debt,

liability or obligation of the Group or of any third party.

119.2 The Board shall restrict the Borrowings of the Company and exercise all voting and other rights and powers of control exercisable by the Company in respect of its subsidiary undertakings so as to procure (as regards its subsidiary undertakings in so far as it can procure by such exercise) that the aggregate principal amount of the Net Borrowings of the Group shall not, without the previous sanction of an ordinary resolution of the Company, exceed the greater of (i) £1,000,000,000 and (ii) an amount equal to the aggregate of £462 million (being historic goodwill as at 31 March 1998 previously written off) and three times the Adjusted Capital and Reserves.

119.3 For the purposes of this Article 119:-

(a) "the Adjusted Capital and Reserves" means a sum equal to the aggregate from time to time of:-

- (i) the amount paid up (or credited as paid up) on the allotted or issued share capital of the Company; and
- (ii) the amount standing to the credit of the reserves of the Group, whether or not distributable (including, without limitation, any revaluation reserve, merger reserve, share premium account or capital redemption reserve) after adding or deducting any balance standing to the credit or debit of the profit and loss account;

all as shown in the Latest Balance Sheet but after (without double counting);

(iii) making such adjustments as may be appropriate to reflect:-

- (A) any variation in the amount of the paid up share capital and reserves arising from the issue of redemption of shares since the date of the Latest Balance Sheet and so that, for the purpose of making such adjustments, if any proposed allotment of shares by the Company for cash has been underwritten, then such shares shall be deemed to have been allotted and the amount (including the premium) of the subscription monies payable in respect of such shares (provided such monies are payable not later than six months after the date of allotment) shall be deemed to have been paid up to the extent so underwritten on the date when the issue of such shares was underwritten (or, if such

underwriting was conditional, the date on which it became unconditional);

(B) any variation since the date of the Latest Balance Sheet of the companies comprising the Group;

(C) where the calculation is required for the purposes or in connection with a transaction under or in connection with which any company is to become, or cease to be, a subsidiary undertaking, such adjustments as would be appropriate if such transaction had been carried into effect;

(iv) excluding (so far as not already excluded):-

(A) amounts attributable to the proportion of the nominal value of the issued equity share capital of any Group company owned by or attributable, directly or indirectly, to another Group company;

(B) any sum set aside for taxation (including deferred taxation);

(v) deducting (so far as not already deducted or provided for);

(A) sums equivalent to the book values of intangible assets (other than goodwill) as shown in the Latest Balance Sheet; and

(B) the amount of any distribution declared, recommended or made by any Group company to a person other than a Group company out of profits accrued up to and including the date of, and not provided for in the Latest Balance Sheet;

(vi) making such adjustments (if any) as the Board (supported by the Auditors) may consider appropriate.

(b) "Available Cash" means:-

(i) cash in hand or on deposit with any bank or financial institution to the extent beneficially owned by any Group company which is:-

(A) free of restrictions on withdrawal (other than, in the case of cash deposits, notice periods which are

cancellable by the relevant Group company); or

(B) held as collateral or security for Borrowings by any Group Company;

(ii) securities issued or guaranteed by the UK government;

but excluding any amounts of cash which are attributable to the proportion of the nominal value of the issued equity share capital of a Group company not owned by or attributable directly or indirectly to another Group company.

(c) "Borrowings" means:-

(i) the aggregate (without double counting) on a consolidated basis of the following:-

(A) the outstanding principal amount of any moneys borrowed by any Group company and the outstanding overdraft debit balance of any Group company;

(B) the outstanding principal amount of any debenture, bond, note, loan stock or other debt security of any Group company;

(C) the outstanding principal amount of any acceptance under any acceptance credit opened by a bank or other financial institution in favour of any Group company other than acceptances relating to the purchase of goods or services in the ordinary course of trading and outstanding for six months or less;

(D) the outstanding principal amount of all indebtedness of any Group company in connection with the sale or discounting of receivables but only to the extent of the recourse to a Group company;

(E) the outstanding principal amount of all indebtedness of any Group company arising from any advance or deferred payment arrangement arranged primarily as a method of raising finance or financing the acquisition of an asset;

(F) the capitalised element of the indebtedness of any Group company in respect of a finance lease or hire

purchase agreement entered into primarily as a method of raising finance or financing the acquisition of the asset leased or hired and for the purposes of this sub-paragraph (F) "finance lease" means a contract between a lessor and a Group company as lessee or sub-lessee where substantially all the risks and rewards of ownership of the asset leased or sub-leased are to be borne by that company and "hire purchase agreement" means a contract of hire purchase between a hire purchase lender and a Group company as hirer;

- (G) any fixed or minimum premium payable on the repayment or redemption of any instrument referred to in Article 119.3 (c)(i)(B); and
  - (H) the outstanding principal amount of any indebtedness of any person of a type referred to in Article 119.3(c)(i)(A) to (G) (inclusive) which is the subject of a guarantee or indemnity against financial loss by any Group company;
- (ii) but excluding:-
- (A) any obligation owed by one Group company to another Group company;
  - (B) any amounts of Borrowings which are attributable to the proportion of the nominal amount of a Group company's issued equity share capital not owned by another Group company;
  - (C) obligations owed by Group companies under contract hire or operating leases of assets and for the purposes of this sub-paragraph (C) contract hire or operating leases of assets shall mean such contracts for the financing of the acquisition of assets leased or hired which are not finance leases or hire purchase agreements within the definition in Article 119.3 (c)(i)(F) above;
  - (D) any amounts of Borrowings by any Group company for the purpose of repaying, within six months of being first borrowed, the whole or part of any amounts of Borrowings then outstanding (including any premium payable on final repayment) of that or

any other Group company pending their application for such purpose within that period;

- (E) any amounts of Borrowings by any Group company for the purpose of financing any contract in respect of which any part of the price receivable under the contract by that or any Group company is guaranteed or insured up to an amount equal to but not exceeding that part of the price receivable under the contract which is so guaranteed or insured;
  - (F) an amount equal to the amount of any Borrowings of any company outstanding immediately after it becomes a Group company, provided that it became a Group company during the six months preceding the calculation;
  - (G) an amount equal to the amount secured on an asset immediately after it was acquired by a Group company;
  - (H) amounts borrowed or raised which are for the time being deposited with HM Customs & Excise or any other body designated by any relevant legislation or order in connection with import deposits or any similar governmental scheme to the extent that a member of the Group retains an interest therein.
- (d) "Group" means the Company and its subsidiary undertakings from time to time.
  - (e) "Group company" means any company in the Group.
  - (f) "Latest Balance Sheet" means the latest consolidated balance sheet of the Group as shown in its published audited consolidated accounts for the financial year or its published unaudited semi-annual consolidated accounts for a half-year.
  - (g) "Net Borrowings" means Borrowings less Available Cash.
  - (h) "subsidiary undertaking" means a subsidiary undertaking (within the meaning of the Act) of the Company (except a subsidiary undertaking which is excluded from consolidation by virtue of the provisions of Section 229 of the Act); and "Group" and "Group company" and references to any company which becomes a Group company or to companies

comprising the Group shall, in such a case, be construed so as to include subsidiary undertakings except a subsidiary undertaking which is excluded from consolidation as aforesaid and equity share capital" shall be construed in relation to a subsidiary undertaking without a share capital in the same manner as "shares" are defined in relation to an undertaking without a share capital under Section 259(2)(b) and (c) of the Act.

119.4 When the aggregate amount of Net Borrowings required to be taken into account for the purposes of this Article 119 on any particular day is being ascertained, any of such moneys denominated or repayable in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent either:-

- (a) at the rate of exchange used for the conversion of that currency in the Latest Balance Sheet; or
- (b) if no rate was so used, at the middle market rate of exchange prevailing at the close of business in London on the date of the Latest Balance Sheet; or
- (c) where the repayment of such moneys is expressly covered by a forward purchase contract, currency option, back-to-back loan, swap or other arrangements taken out and entered into to reduce the risk associated with fluctuations in exchange rates, at the rate of exchange specified in that document;

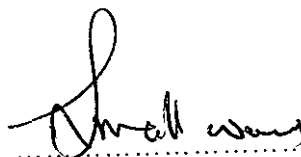
but if the amount in sterling resulting from conversion at that rate would be greater than that resulting from conversion at the middle market rate prevailing in London at the close of business on the business day immediately preceding the day on which the calculation falls to be made, the latter rate shall apply instead.

119.5 A report or certificate of the Auditors as to the amount of the Adjusted Capital and Reserves or the amount of the Net Borrowings falling to be taken into account for the purposes of this Article 119 or to the effect that the limit imposed by this Article 119 has not been, or will not be, exceeded at any particular time or times or as a result of any particular transaction or transactions shall be conclusive evidence of the amount or of that fact. Nevertheless, the Board may at any time act in reliance on a bona fide estimate of the amount of the Adjusted Capital and Reserves and the Net Borrowings; and if in consequence the limit on the Borrowings set out in this Article is inadvertently exceeded, an amount borrowed equal to the excess may be disregarded until the expiration of 60 days after the date on which (by reason of a determination of the Auditors or otherwise) the Board became

aware that such situation has or may have arisen.

119.6 No debt incurred or security given in respect of Borrowings in excess of the limit imposed by this Article 119 shall be invalid or ineffectual, except in the case of express notice to the lender or recipient of the security at the time when the debt was incurred or security given that the limit had been or would thereby be exceeded, but no lender or other person dealing with the Company shall be concerned to see or enquire whether such limit is observed.

119.7 The Company shall not be in breach of the borrowing limit under this Article 119 by reason of the limit being exceeded as a result of any fluctuation in rates of exchange or any other matter wholly outwith the control of the Company provided that within six months of the Directors becoming aware of any such fluctuations or change which would but for this provision have caused such a breach the aggregate principal amount as aforesaid is reduced to an amount not exceeding the said limit."



Chairman