



**The Companies Act 1985**

**Public Company Limited by Shares**

**Resolutions of HBOS plc (the 'Company')**

The following resolutions of the Company were passed following the Annual General Meeting of the Company held on 27 April 2005 at the Edinburgh International Conference Centre, Morrison Street, Edinburgh, EH3 8EE in accordance with the Articles of Association of the Company.

**Special Resolutions**

1. THAT:

- (a) the Directors be empowered to allot equity securities (as defined in section 94 of the Companies Act 1985 (the 'Act')), entirely paid for in cash:

- (i) of an unlimited amount in connection with a rights issue (as defined in Article 21.7); and
- (ii) in addition, of an aggregate nominal amount up to £49,080,217

free of the restrictions in section 89(1) of the Act;

- (b) this power shall expire on the date of the Annual General Meeting in 2006 or, if earlier, on 12 June 2006 and is in substitution for all previous such powers, which shall cease to have effect from the date of this resolution, without affecting the validity of any allotment of securities already made under them;
- (c) during such period the Directors can make offers and enter into agreements which would, or might, require equity securities to be allotted after the expiry of such period;
- (d) in working out the maximum amount of equity securities for the purposes of paragraph (a) (ii) of this resolution, the nominal value of rights to subscribe for shares or to convert any securities into shares will be taken as the nominal value of the shares which would be allotted if the subscription or conversion takes place; and
- (e) for the purposes of this resolution:
- (i) references (except in paragraph (e) (ii) below) to an allotment of equity securities shall include a sale of treasury shares; and
  - (ii) the power in paragraph (a) above, insofar as it relates to the allotment of equity securities rather than the sale of treasury shares, is granted pursuant to the authority under section 80 of the

Act conferred by Article 21 of the Articles of Association of the Company.

2. THAT:

the Company be and is hereby unconditionally and generally authorised for the purposes of section 166 of the Companies Act 1985 (the 'Act') to make market purchases (as defined in section 163 of the Act) of ordinary shares of the Company and, where shares are held as treasury shares, to use them, inter alia, for the purposes of employee share plans operated by the Company, provided that:

- (a) the maximum number of shares which may be purchased is 392,565,936;
- (b) the minimum price which may be paid is the 25p nominal value of each share;
- (c) the maximum price which may be paid for a share is an amount equal to 105 per cent of the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and
- (d) this authority shall expire at the conclusion of the Annual General Meeting of the Company held in 2006 or, if earlier, 27 July 2006 (except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to such time.

3. THAT:

- (a) the authorised share capital of the Company be increased from £3,889,000,000, €1,500,000,000 and US\$2,500,000,000 to £4,685,000,000, €3,000,000,000 and US\$4,500,000,000 by the creation of an additional 796,000,000 preference shares of £1 each, 1,500,000,000 preference shares of €1 each and 2,000,000,000 preference shares of US\$1 each;
- (b) in addition, and without prejudice to the existing powers of the Directors to allot relevant securities, the Directors be generally and unconditionally authorised pursuant to and in accordance with section 80 of the Companies Act 1985 to exercise for the period beginning on the date of this resolution and ending on the date of the Company's Annual General Meeting in 2006 or, if earlier, on 12 June 2006, all the powers of the Company to allot relevant securities (as defined in that Act) up to the aggregate nominal amount of £796,000,000, €1,500,000,000 and US\$2,000,000,000.

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Robert Moorhouse, Deputy Secretary