

Company No. 843946

THE COMPANIES ACTS 1985 TO 1989

Company Limited by Shares

SPECIAL RESOLUTION
OF
READERS UNION LIMITED

Passed the 21 day of January 1997

AT AN EXTRAORDINARY GENERAL MEETING of the Company duly convened and held on the above date the following resolution was duly passed as a special resolution of the Company:

SPECIAL RESOLUTION

THAT the Company is hereby authorised for the purposes of Section 155 of the Companies Act 1985 to give financial assistance in connection with the acquisition of shares in the capital of its parent, David & Charles Limited ("David & Charles") by Good Books Direct Limited as follows:-

- (i) by providing an omnibus guarantee and set-off agreement (the "Lloyds Guarantee") and debenture as security under the terms of a £1,000,000 facility from Lloyds Bank Plc jointly to the Company, David & Charles and Good Books Direct Limited; and
- (ii) by providing a cross guarantee and debenture guaranteeing and indemnifying the liabilities of David & Charles to UCB Invoice Discounting Limited ("UCB") under the terms of an invoice discounting agreement between David & Charles and UCB

in each case in such form as the directors of the Company may approve.

Signed (Chairman)

MRL/158/RA

