

Waterstone's Booksellers Limited
Company Number 610095
(the "Company")

(Passed on 13 May, 2002)

Pursuant to Section 381A of the Companies Act 1985 on 10 May, 2002 the following written resolutions were passed by all of the holders of the issued or allotted shares in the Company as Special Resolutions.

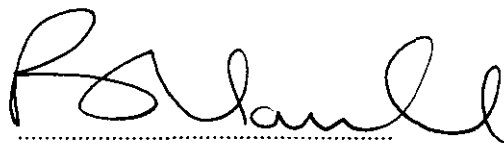
1. THAT, subject to compliance with Sections 155-158 of the Companies Act 1985, the terms of the arrangements contemplated by and the execution, delivery and performance by the Company of:
 - (a) an accession agreement relating to a credit agreement dated 24 April, 2002, between HMV Group plc (the "**Parent**") as borrower, Dresdner Kleinwort Wasserstein (acting on behalf of Dresdner Bank AG, London Branch) and The Royal Bank of Scotland plc as mandated lead arrangers, The Royal Bank of Scotland plc as facility agent (the "**Facility Agent**") and the banks and financial institutions named therein (the "**Credit Agreement**") pursuant to which the Company shall, among other things, grant a guarantee (the "**Guarantee**") for the benefit of the Finance Parties (as defined in the Credit Agreement) in respect of all of the Parent's liabilities under the Finance Documents (as defined in the Credit Agreement) and become liable in respect of certain representations and covenants set out in, and certain indemnities granted under, the Credit Agreement;
 - (b) a security agreement (the "**Security Agreement**") in favour of the Facility Agent for the benefit of the Secured Parties (as defined in the Security Agreement) over all of its present and future assets and revenues in respect of its liabilities under the Finance Documents and the EMI Counter Indemnity (as defined in the Credit Agreement);
 - (c) an intercreditor agreement with, among others, the Parent and The Royal Bank of Scotland plc (the "**Intercreditor Agreement**") pursuant to which, among other things, the Company shall agree to the subordination of all amounts owed to it by the Parent and its rights of subrogation (if any) in respect of any payment made by it in respect of the Guarantee and become jointly and severally liable with the Parent in respect of certain indemnities granted thereunder;
 - (d) a security agreement (the "**Northern Ireland Security Agreement**") in favour of the Facility Agent for the benefit of the Secured Parties (as defined in the Northern Ireland Security Agreement) over certain properties and related assets located in Northern Ireland in respect of its liabilities under the Finance Documents and the EMI Counter Indemnity (as defined in the Credit Agreement); and
 - (e) a standard security (the "**Scottish Standard Security**") in favour of the Facility Agent for the benefit of the Secured Parties (as defined in the Scottish Standard Security) over certain properties and related assets located in ~~Northern Ireland~~ ^{SCOTLAND} in respect of its liabilities under the Finance Documents and the EMI Counter Indemnity (as defined in the Credit Agreement),

(the documents referred to above at (a) to (e) (inclusive) being together the "**Assistance Documents**"), be and are hereby approved.

2. THAT the execution, delivery and performance by the Company of, and the subsequent exercise of rights under, the Assistance Documents is in the best interests of the Company.
3. THAT the giving of financial assistance (in respect of facilitating the refinancing of indebtedness incurred by the Parent for the acquisition of shares in the Company) by the execution of, and the subsequent exercise of rights under, the Assistance Documents be and is hereby approved.



4. THAT approval for the Company to enter into the Assistance Documents above be and is hereby given, notwithstanding that the Company might be held to be giving financial assistance for the purposes of Sections 151 and 152 of the Companies Act 1985.
5. THAT this resolution shall have effect notwithstanding any provision of the Company's articles of association.

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

CHAIRMAN