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IN THE HIGH COURT OF JUSTICE No 02346 of 1998

CHANCERY DIVISION

COMPANIES COURT

MR JUSTICE CARNWATH

Monday the 29 day of June 1998

IN THE MATTER OF VICKERS P.L.C.

AND

IN THE MATTER OF THE COMPANIES ACT 1985

ORDER

UPON THE PETITION of the above-named Vickers P.L.C. (the "Company") whose registered office is situate at Vickers House, Millbank Tower, Millbank, London SW1P 4RA presented to the Court on 5 June 1998.

AND UPON HEARING Counsel for the Company and Mr Francis Morland, a shareholder in the Company.

AND UPON READING the said Petition and the evidence.

AND UPON Vickers Group plc and Rallyswift Limited undertaking by Counsel for the Company being their Counsel for the purpose to execute or do or procure to be executed or done all such documents acts or things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect thereto.

THE COURT SANCTIONS the Scheme of Arrangement as set forth in the First Schedule hereto

AND THE COURT CONFIRMS in accordance with the provisions of the above-mentioned Act the reduction of the capital of the Company by the cancelling and extinguishing of the Scheme Shares (as defined in the Scheme of Arrangement) resolved on and effected by a Special Resolution passed at an Extraordinary General Meeting of the Company held on 5 June 1998

AND THE COURT APPROVES the Minute set forth in the Second Schedule hereto

AND IT IS ORDERED

1. that this Order be produced by the Company to the Registrar of Companies and that it deliver an Office Copy to him together with a copy of the said Minute; and

2. that notice of the registration by the Registrar of Companies of this Order (so far as it confirms the reduction of the capital of the Company) and of the said Minute be published by the Company once in the *Financial Times* newspaper within 21 days after such registration.

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. 02346 of 1998

IN THE MATTER OF VICKERS P.L.C.

and

IN THE MATTER OF THE COMPANIES ACT 1985

SCHEME OF ARRANGEMENT

(under Section 425 of the Companies Act 1985)

between

Vickers P.L.C.

and

the holders of the Scheme Shares (as defined below)

PRELIMINARY

(A) In this Scheme, where the context so admits, the singular shall include the plural and vice versa and, unless inconsistent with the subject or context, the following expressions shall bear the meanings respectively set opposite them below:

"BMW"	Bayerische Motoren Werke Aktiengesellschaft;
"BMW Agreement"	the agreement entered into on 28 April 1998 between Vickers Group, Vickers, Rallyswift Limited, BMW (UK) Holdings Limited and BMW (as may be amended from time to time by agreement between the parties) relating to the sale of the entire issued share capital of Rolls-Royce Motor Holdings Limited and the entire issued share capital of Rolls-Royce Motor Cars Inc, further details of which are set out in paragraph 12 of Part III of the Circular;
"Business Day"	a day (excluding Saturdays and Sundays) on which banks generally are open in London for the transaction of normal banking business;
"Circular"	the document comprising, inter alia, the explanatory statement sent out with this Scheme in accordance with section 426 Companies Act 1985;
"Court"	the High Court of Justice in England and Wales;

"CREST"	a relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the operator (as defined in the CREST Regulations);
"CREST Manual"	the CREST manual referred to in the agreements entered into by CRESTCo Limited;
"CREST Regulations"	the Uncertificated Securities Regulations 1995 (SI 1995 No 3272);
"Effective Date"	the day on which this Scheme becomes effective in accordance with clause 9 of this Scheme;
"Hearing Date"	the date of the hearing by the Court of the petition to sanction this Scheme;
"holder"	includes any person entitled by transmission;
"Nominated Subsidiary"	the wholly-owned subsidiary of Vickers which enters into the loan agreement details of which are set out in clause 3 of this Scheme and "Nominated Subsidiaries" shall be construed accordingly;
"Record Date"	the Business Day immediately preceding the Hearing Date;
"Scheme"	this Scheme in its present form or with any modification thereof or addition thereto or condition approved or imposed by the Court;
"Scheme Shares"	the ordinary shares of 50p each of Vickers in issue at the date of this Scheme together with such additional ordinary shares of 50p each of Vickers (if any) issued after the date of this Scheme and prior to 11.59 pm on the Record Date on terms that the original or subsequent holder thereof shall be bound by this Scheme;
"uncertificated" or "in uncertificated form"	recorded on the relevant register as "in uncertificated form" being held in uncertificated form in CREST and title to which by virtue of the CREST Regulations may be transferred by CREST;
"Vickers"	Vickers P.L.C.;
"Vickers Group"	Vickers Group plc;
"Vickers Group Shares"	ordinary shares of 25p each in Vickers Group;
"Vickers New Ordinary Shares"	the ordinary shares of 50p each in the capital of Vickers to be issued in accordance with clause 1(b)(ii) of this Scheme;
"Volkswagen"	Volkswagen Aktiengesellschaft; and
"Volkswagen Agreement"	the agreement entered into on 7 May 1998 between Vickers Group, Vickers, Rallyswift Limited, Volkswagen Group United Kingdom Limited and Volkswagen (as may be amended from time to time by agreement between the

parties) relating to the sale of the entire issued share capital of Rolls-Royce Motor Holdings Limited and the entire issued share capital of Rolls-Royce Motor Cars, Inc., further details of which are given in paragraph 12 of Part III of the Circular.

(B) The authorised capital of Vickers is £237,000,000 divided into 457,000,000 ordinary shares of 50p each of which 341,116,746 have been issued and are fully paid and the remainder are unissued, and £750,000 5% Preferred Stock (non-cumulative, now 3.5% plus tax credit) all of which has been issued, £750,000 5% Preference Stock (non-cumulative, now 3.5% plus tax credit) all of which has been issued and 7,000,000 5% Cumulative Preference Shares and Stock of £1 each of which 6,863,807 have been issued.

(C) Vickers Group was incorporated as a public company limited by shares on 25 February 1998. The authorised share capital of Vickers Group at the date of this Scheme is £100,000,000 divided into 400,000,000 ordinary shares of 25p each of which 8 have been issued and are fully paid and the remainder are unissued. The 8 Vickers Group Shares in issue are held by Mr A L John as to 4 shares and by Mr D A D Essex as to 4 shares.

(D) Vickers Group and the Nominated Subsidiary (or Nominated Subsidiaries, if applicable) have agreed to appear by Counsel on the hearing of the petition to sanction this Scheme and to undertake to the Court to be bound thereby and to execute all such documents and do or procure to be done all such acts and things as may be necessary or desirable to be executed or done by them respectively for the purpose of giving effect to this Scheme.

THE SCHEME

1. (a) The capital of Vickers shall be reduced by cancelling and extinguishing the Scheme Shares.

   (b) Forthwith and contingently upon the said reduction of capital taking effect:

      (i) the capital of Vickers shall be increased to its former amount by the creation of such number of Vickers New Ordinary Shares as shall be required to restore the capital of Vickers to its former amount; and

      (ii) Vickers shall apply the credit arising in its books of account as a result of such reduction of capital upon the cancellation of the Scheme Shares in paying up in full such Vickers New Ordinary Shares, which shall be allotted and issued, credited as fully paid, to Vickers Group and/or its nominee(s).

2. (a) In consideration of the cancellation of the Scheme Shares and the issue by Vickers to Vickers Group and/or its nominees of the Vickers New Ordinary Shares, Vickers Group shall:

      (i) in the event that the Volkswagen Agreement is completed and the proceeds of sale relating to it are unconditionally received by Vickers or one of its wholly-owned subsidiaries, allot and issue to Scheme Shareholders Vickers Group Shares, credited as fully paid, and pay, or procure the payment, to such Scheme Shareholders of sums in cash on the following basis:

For every 3 Scheme Shares held at 11.59 p.m. on the Record Date	**2 Vickers Group Shares and the sum of 240p in cash**

and so in proportion for any other number of Scheme Shares so held;

alternatively,

(ii) in the event that the BMW Agreement is completed and the proceeds of sale relating to it are unconditionally received by Vickers or one of its wholly-owned subsidiaries, allot and issue to Scheme Shareholders Vickers Group Shares, credited as fully paid, and pay, or procure the payment, to such Scheme Shareholders of sums in cash on the following basis:

For every 3 Scheme Shares held at 11.59 p.m. on the Record Date	**2 Vickers Group Shares and the sum of 165p in cash**

and so in proportion for any other number of Scheme Shares so held.

(b) The Vickers Group Shares to be issued pursuant to clause 2(a) above shall rank in full for all dividends and other distributions made, paid or declared on or after the Effective Date on the ordinary share capital of Vickers Group.

(c) Each of the two persons referred to in Recital (C) above who holds 4 of the Vickers Group Shares in issue at the date hereof shall be treated as having received such shares as part of his entitlement under this Scheme and his entitlement shall be reduced accordingly.

(d) Fractions of Vickers Group Shares will be not be allotted or issued to Scheme Shareholders, but will be aggregated and sold in the market and the net cash proceeds of sale will be distributed to persons in accordance with their fractional entitlements save that individual amounts of less than £3 will be retained by Vickers Group for its own benefit.

(e) The provisions of this clause shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, the allotment and issue of Vickers Group Shares pursuant to the Scheme to Scheme Shareholders who are citizens, residents or nationals of jurisdictions outside the United Kingdom ("Overseas Shareholder(s)") may only be carried out in full compliance with all applicable laws, rules and regulations of such jurisdictions. If, in respect of any Overseas Shareholder, Vickers or Vickers Group is advised that the allotment and issue of Vickers Group Shares pursuant to this clause 2 would infringe the laws of any jurisdiction outside the United Kingdom or would require Vickers Group to observe any governmental or other consent or any registration filing or other formality then Vickers Group may determine that no Vickers Group Shares shall be allotted or issued to such holder pursuant to this clause 2 but shall instead be allotted to a nominee appointed by Vickers Group as trustee for such holder on terms that the nominee shall, as soon as practicable following the Effective Date, sell Vickers Group Shares so allotted at the best price which can reasonably be obtained and shall account for the net proceeds of such sale (after deduction of all expenses and commissions, including Value Added Tax payable thereon) by sending a cheque or warrant to such holder in accordance with the provisions of clause 6 below.

3. Vickers shall be authorised, within 30 days after the Effective Date or such later date as the Court shall allow, to enter into an agreement with Vickers Group under which Vickers will lend or procure that the Nominated Subsidiary shall lend or the Nominated Subsidiaries shall lend to Vickers Group in aggregate either the sum of £273 million if the Volkswagen Agreement is completed and the proceeds of sale relating to it are unconditionally received by Vickers or one of its wholly-owned subsidaries or the sum of £188 million if the BMW Agreement is completed and the proceeds of sale relating to it are unconditionally received by Vickers or one of its wholly-owned subsidiaries.

4. Each mandate or other instruction in force at the Record Date relating to the payment of dividends on any Scheme Shares, unless and until revoked, shall be deemed to be a valid and

subsisting mandate for Vickers Group in relation to dividends and other distributions in respect of the corresponding shares in Vickers Group.

5. Not more than 21 days after the Effective Date Vickers Group shall deliver, or procure to be delivered, to each Scheme Shareholder the certificates for the Vickers Group Shares (other than to Scheme Shareholders who hold their Scheme Shares in uncertificated form who shall have the appropriate entries made in the appropriate CREST member account) due to him by duly posting the same in a pre-paid envelope, addressed to him at his address appearing in the register of members of Vickers at the close of business on the Record Date and neither Vickers nor Vickers Group shall be responsible for any loss or delay in transmission. In the case of joint holders the certificate shall be issued in the names of all joint holders but shall be posted to the registered address of the holder whose name appears first in the Register of Members of Vickers in respect of the joint holding.

6. Not more than 21 days after the Effective Date Vickers Group shall deliver, or procure be delivered, to each Scheme Shareholder holding Scheme Shares in certificated form a cheque for the amount due to him, by duly posting the same, in pre-paid envelopes, addressed to the person entitled thereto at his address appearing in the register of members of Vickers at the close of business on the Record Date and neither Vickers nor Vickers Group shall be responsible for any loss or delay in transmission. In the case of joint holders the cheque shall be made payable to and posted to the registered address of the holder whose name appears first in the Register of Members of Vickers in respect of the joint holding.

7. Not more than 21 days after the Effective Date Vickers Group shall arrange for the creation of an assured payment obligation in favour of the payment bank of the holders of Scheme Shares who hold such Scheme Shares in uncertificated form in accordance with the CREST assured payment arrangements (as set out in the CREST Manual) in respect of the cash sums payable to such Scheme Shareholders under clause 2(a) of this Scheme provided that (i) Vickers Group may (if, for any reason, it wishes to do so) determine that all or part of such cash sum shall be paid by cheque despatched by post; and (b) if the Scheme Shareholder is a CREST member whose registered address is in the USA, Canada, Australia or Japan such sum shall be paid by cheque despatched by post and in all such cases clause 2(e) of this Scheme shall apply, to the extent that it is appropriate.

8. As from and including the Effective Date, all certificates representing holdings of the Scheme Shares shall cease to be valid for any purpose and each holder of the Scheme Shares shall be bound on request to deliver up to Vickers the certificate (if any) for his holding thereof.

9. (a) This Scheme shall become effective as soon as an office copy of the Order of the Court sanctioning this Scheme under s 425 of the Companies Act 1985 and confirming under s 137 of such Act the reduction of the capital of Vickers provided for by clause 1(a) of this Scheme shall have been delivered to the Registrar of Companies for registration and registered by him.

   (b) Unless this Scheme shall become effective on or before 31 December 1998 or such later date, if any, as Vickers and Vickers Group may agree and the Court may allow, this Scheme shall never become effective.

Dated 12 May 1998

SECOND SCHEDULE

(Minute Approved by the Court)

"The capital of Vickers P.L.C. was by virtue of a Special Resolution of the Company and with the sanction of an Order of the High Court of Justice dated 29 June 1998 reduced from £237,000,000 divided into £750,000 Preferred 5% Stock (non-cumulative, now 3.5% plus tax credit), £750,000 5% Preference Stock (non-cumulative, now 3.5% plus tax credit) and 7,000,000 5% Cumulative Preference Stock and Shares of £1 each and 457,000,000 Ordinary Shares of 50p each to £65,890,311 divided into 114,780,622 Ordinary Shares of 50p each £750,000 Preferred 5% Stock (non-cumulative, now 3.5% plus tax credit) £750,000 5% Preference Stock (non-cumulative, now 3.5% plus tax credit) and 7,000,000 5% Cumulative Preference Stock and Shares of £1 each.

By virtue of a Special Resolution of the Company and of a Scheme of Arrangement sanctioned by the said Order the capital of the Company at the date of registration of the Minute is £237,000,000 divided into 457,000,000 Ordinary Shares of 50p each, 750,000 Preferred 5% Stock (non-cumulative, now 3.5% plus tax credit), £750,000 5% Preference Stock (non-cumulative, now 3.5% plus tax credit) and 7,000,000 5% Cumulative Preference Stock and Shares of £1 each, of which all of the Preferred 5% Stock, the 5% Preference Stock and 6,863,807 of the 5% Cumulative Preference Stock and shares of £1 each have been issued and are deemed to be fully paid up and none of the remainder has been issued."