

Company No.: 3543

THE COMPANIES ACT 1985, AS AMENDED
COMPANY LIMITED BY SHARES

SPECIAL RESOLUTIONS

-of-

VICKERS P.L.C.
(the "Company")

(passed 5 June 1998)



At an Extraordinary General Meeting of the Company duly convened and held on 5 June 1998, the following resolutions were duly passed as Special Resolutions of the Company:

SPECIAL RESOLUTIONS

1. THAT

- (a) the proposed sale by Vickers P.L.C. of the Rolls-Royce and Bentley Motor Car Group (the "Disposal to Volkswagen") pursuant to (a) the English share sale and purchase agreement (the "Volkswagen Agreement") dated 7 May 1998 between Vickers Group plc, Vickers P.L.C., Rallyswift Limited, Volkswagen Group United Kingdom Limited and Volkswagen Aktiengesellschaft and (b) an American stock sale agreement in the form annexed to the Agreement to be entered into (on completion of the Volkswagen Agreement) between Vickers America Holdings, Inc. and Volkswagen of America Inc. (together the "Volkswagen Sale Agreements") as described in the Circular to shareholders dated 12 May 1998 of which this notice forms a part, be and is hereby approved and the Directors of the Company, or a duly authorised committee thereof, be and they are hereby authorised to do all such things, attend to all such matters and effect all such acts (including, without limitation, the signing and/or execution of any documents and the approval of any non-material amendments or variations to the Volkswagen Sale Agreements as they may consider necessary, expedient or desirable) to complete or give effect to, or otherwise in connection with, the Disposal to Volkswagen and/or the Volkswagen Sale Agreements and any matters incidental thereto;
- (b) the Scheme of Arrangement (the "Scheme") dated 12 May 1998 between (1) the Company and (2) the holders of the Scheme Shares (as defined in the Scheme) a print of which has been produced to this Meeting and for the purposes of identification has been signed by the Chairman of this Meeting be and is hereby approved;
- (c) the capital of the Company be reduced by cancelling and extinguishing the Scheme Shares (as defined in the Scheme) subject to and in accordance with the Scheme;
- (d) forthwith upon the reduction of capital referred to in paragraph 1(c) of this resolution taking effect:
 - (i) the capital of the Company be increased to its former amount by the creation of a number of new Ordinary Shares of 50p each ("New Ordinary Shares") equal in nominal value to the aggregate nominal value of all the Ordinary Shares of 50p each comprised in the Scheme Shares cancelled as

a result of the reduction of capital (such New Ordinary Shares to have attached thereto the same rights and privileges and to be subject to the limitations and restrictions as the Ordinary Shares comprised in the Scheme Shares);

- (ii) the credit arising in the books of account of the Company as a result of the reduction of capital upon cancellation of the Ordinary Shares of 50p each comprised in the Scheme Shares taking effect be capitalised and applied in paying up in full at par the New Ordinary Shares to be allotted and issued credited as fully paid to Vickers Group plc and/or its nominee; and
 - (iii) the directors of the Company be unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 to allot up to 352,530,602 New Ordinary Shares in accordance with this resolution and in accordance with the Articles of Association of the Company and the directors be and are hereby directed to give effect to this authority, such authority to expire on 31 December 1999; and
- (c) with effect from the passing of this resolution the Articles of Association of the Company be altered by:
- (i) inserting the following new Article 177 as an additional article:
 - "177 (i) For the purposes of this Article 177 and Article 178 below, the "Scheme" means the scheme of arrangement dated 12 May 1998 under Section 425 of the Act between the Company and the holders of the Scheme Shares (and any modifications thereof). Terms defined in the Scheme shall have the same meanings when used in this Article 177 or in Article 178.
 - (ii) Notwithstanding anything in Articles 5 and 10 if the Company allots and issues any Ordinary Shares on or after the date of the Court Meeting and prior to the close of business on the Business Day before the Hearing Date such shares shall be allotted and issued subject to the terms of the Scheme and the holder or holders of such shares shall be bound by the Scheme accordingly."
 - (ii) inserting the following new Article 178 as an additional article:
 - "178 (i) Any person other than Vickers Group or its nominee who becomes a member of the Company at any time or times after close of business on the Business Day preceding the Hearing Date (the "Vendor") shall at the time at which he becomes a member (the "Relevant Time") be bound to transfer to Vickers Group or its nominee or to any other person as Vickers Group may direct (the "Purchaser") free from all liens, charges and encumbrances of any nature whatsoever (subject to the provisions of Article 178(ii) below) and the Purchaser shall be bound to acquire all the ordinary shares in the Company held by the Vendor (the "Disposal Shares") for a consideration equal in kind and amount to that which the Vendor would have received

pursuant to the Scheme if such Disposal Shares had been Scheme Shares.

- (ii) To give effect to any such transfer required by paragraph (i) above the Purchaser may appoint any person to execute a form of transfer on behalf of the Vendor in favour of the Purchaser and the Company may give a good receipt for the consideration for the Disposal Shares and may register the Purchaser as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the Vendor for the Disposal Shares. The Purchaser shall send a cheque drawn on a UK clearing bank for the cash purchase price for such Disposal Shares and shall allot and/or procure the allotment to and/or transfer to the Vendor of the appropriate number of Vickers Group Shares within fourteen Business Days of the Relevant Time. Encashment of any such cheque shall be a complete discharge to the Purchaser for the money represented thereby.
- (iii) If the Scheme shall not have become effective on or before the date referred to in clause 9 of the Scheme Article 177 and 178 shall be of no effect."

2. THAT

- (a) the capital of the Company be reduced from £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) (the "3.5% Preferred Stock"), £750,000 5% Preference Stock (non-cumulative, now 3.5% plus tax credit) (the "3.5% Preference Stock") and 7,000,000 5% Cumulative Preference Shares and Stock of £1 each (the "Cumulative Preference Shares") to £228,500,000 divided into 457,000,000 Ordinary Shares of 50p each;
- (b) such reduction be effected by:
- (i) cancelling and extinguishing the existing issued £750,000 3.5% Preferred Stock, the existing issued £750,000 3.5% Preference Stock and £6,863,807 in respect of the existing issued Cumulative Preference Shares and by cancelling and extinguishing altogether the 136,193 unissued Cumulative Preference Shares; and
- (ii) paying the cash sums on the basis set out below to the holders of such stock and shares whose names appear in the register of members at the close of business on the day before the reduction of capital becomes effective:
- £1 per £1 nominal of 3.5% Preferred Stock;
- £1 per £1 nominal of 3.5% Preference Stock;
- 110 pence for each Cumulative Preference Share

together in each case with all accruals of dividends calculated up to (and including) the date of cancellation.

.....*M. Lowthry*.....
~~Chairman of the Meeting~~
Assistant Company Secretary