

DATED

1995

ROLLS-ROYCE PLC

and

SGROPTON LIMITED

and

NM ROTHSCHILD & SONS LIMITED

SHARE PURCHASE AGREEMENT

relating to the sale and purchase
of all of the B and C Ordinary Shares
of Groby Limited in issue



ED2 *E4RP6C0G* 22
COMPANIES HOUSE 06/06/95

PASSED FOR FILING

THIS AGREEMENT is made on 23 March 1995

BETWEEN:

ROLLS-ROYCE PLC, registered in England with number 1003142 whose registered office is at 65 Buckingham Gate, London SW1E 6AT (*Rolls-Royce*);

SCROPTON LIMITED, registered in England with number 3027627 whose registered office is at 65 Buckingham Gate, London SW1E 6AT (*Scropton*); and

NM ROTHSCILD & SONS LIMITED, registered in England with number 925729 whose registered office is at New Court, St Swithin's Lane, London EC4P 4DU (*NMR*).

WHEREAS:

(A) By an agreement dated as of 20 November 1994 (the *CDA Stock Purchase Agreement*) between Rolls-Royce and the stockholders of CDA Holding, Inc. (*CDA*), Rolls-Royce has agreed to purchase the entire issued share capital of CDA in consideration of the payment of US\$525 million in cash on completion. Rolls-Royce has assigned its rights under the *CDA Stock Purchase Agreement* to Rolls-Royce Holdings, Inc. (*RRHI*).

(B) Rolls-Royce proposes to lend Groby Limited (*Groby*) £ 330,605,000 million and to enter into a foreign exchange agreement with Groby pursuant to which Rolls-Royce will sell US\$525 million to Groby in consideration of the payment of £ 330,605,000. By a series of transactions, US\$525 million will be lent to RRHI.

(C) Scropton has agreed to subscribe for and Groby has agreed to issue (the *Groby Subscription*) such number of C Ordinary Shares of US\$1 each (the *C Ordinary Shares*) equal to £ 350,042,646.10 million converted into US dollars at the closing spot rate specified in the London edition of the Financial Times newspaper on the business day prior to the completion of the *Groby Subscription*.

(D) Upon completion of the *Groby Subscription*, Groby will have an issued share capital of 89 A Ordinary Shares of US\$1 each (*A Ordinary Shares*) all of which will be registered in the name of Rolls-Royce, 11 B Ordinary Shares of US\$1 each (*B Ordinary Shares*) which will be represented by a share warrant to bearer of which NMR will be the holder and the C Ordinary Shares to be issued pursuant to the *Groby Subscription* which will be represented by a share warrant to bearer of which Scropton will be the holder. Each such class of issued shares has the rights set out in the Schedule hereto.

(E) NMR and Scropton each wish to sell and Rolls-Royce wishes to acquire all of the B Ordinary Shares and the C Ordinary Shares respectively in consideration for the allotment to such persons (other than Scropton) as may be nominated by NMR or, to the extent that it does not so nominate, to NMR itself of such number of new ordinary shares of 20p each of Rolls-Royce

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credited as fully paid (the *New Ordinary shares*) subject to the right of Rolls-Royce shareholders to apply for allotment of the New Ordinary shares, on the terms and subject to the conditions hereinafter appearing as shall produce payment (net of all fees, commissions and expenses) to Scropton of an amount equal to £^{350042.56} (the *Scropton Proceeds*) and to NMR of an amount equal to US\$11 (the *NMR Proceeds*) (together the *Proceeds*).

(F) Rolls-Royce proposes to enter into an agreement on the date hereof (the *Placing and Open Offer Agreement*) pursuant to which NMR, as agent for Rolls-Royce, will agree to place all of the New Ordinary shares subject to the right of Rolls-Royce shareholders to apply for allotment of such New Ordinary shares or, to the extent that it does not do so, itself to acquire the New Ordinary shares to produce the Proceeds in accordance with the provisions of the *Placing and Open Offer Agreement*.

NOW IT IS HEREBY AGREED as follows:

1. Sale and purchase of shares

1.1 Scropton agrees to transfer as beneficial owner and Rolls-Royce agrees to purchase all of the C Ordinary Shares to be issued by Groby pursuant to the Groby Subscription free from all charges, liens, equities, encumbrances, claims, liens or other third party rights of whatsoever nature and with all rights attaching thereto.

1.2 NMR agrees to transfer as beneficial owner and Rolls-Royce agrees to purchase all of the B Ordinary Shares free from all charges, liens, equities, encumbrances, claims, liens or other third party rights of whatsoever nature and with all rights attaching thereto.

1.3 The consideration for the transfer of the B and C Ordinary Shares shall be the allotment of such number of New Ordinary shares to persons nominated by NMR as shall produce payment at completion of this agreement (*Completion*) of the Scropton Proceeds to Scropton and to NMR of the NMR Proceeds.

1.4 The New Ordinary shares shall be conditionally allotted to persons (other than Scropton) nominated by NMR on terms that upon such allotment becoming unconditional pursuant to the terms of the *Placing and Open Offer Agreement*, the New Ordinary shares shall be credited as fully paid and shall rank pari passu in all respects with the ordinary shares of Rolls-Royce now in issue. The New Ordinary shares shall be allotted free from all encumbrances, claims, liens or other third party rights of whatsoever nature and with all rights attaching thereto.

1.5 Rolls-Royce shall procure that NMR will make (or will procure) the payment to the account of Scropton (or as Rolls-Royce shall direct on

instructions from Scropton) of the Scropton Proceeds and to the account of NMR itself of the NMR Proceeds in immediately available funds at Completion against the allotment of the New Ordinary shares as directed by NMR in accordance with the Placing and Open Offer Agreement.

2. Conditions

2.1 This Agreement is conditional upon the Placing and Open Offer Agreement having become unconditional in all respects (the *Condition*).

2.2 If the Placing and Open Offer Agreement is terminated in accordance with its terms, the obligations of each of the parties under this Agreement shall terminate but without prejudice to the rights or obligations of each party in respect of any antecedent breach hereof.

3. Completion

3.1 Completion shall take place at the same time and place as specified in the Placing and Open Offer Agreement.

3.2 On Completion:-

- (a) the allotment of the New Ordinary shares by Rolls-Royce shall become unconditional;
- (b) Scropton shall deliver to Rolls-Royce, upon receipt of the Scropton Proceeds, the share warrant to bearer in respect of the C Ordinary Shares and it is hereby agreed that such delivery shall constitute the full and effective transfer of the C Ordinary Shares to Rolls-Royce; and
- (c) NMR shall deliver to Rolls-Royce, upon receipt of the NMR Proceeds, the share warrant to bearer in respect of the B Ordinary Shares and it is hereby agreed that such delivery shall constitute the full and effective transfer of the B Ordinary Shares to Rolls-Royce.

4. Indemnity

Rolls-Royce undertakes to indemnify NMR against any taxation liability (including any interest and penalties which are payable to a Revenue authority) which NMR suffers as a consequence of entering into this Agreement or anything done pursuant to this Agreement, save to the extent that any liability arises due to NMR's negligence or wilful default or by reason of a breach of its obligations in relation to this Agreement.

5. Notices

5.1 Any notice to be given under this Agreement shall be in writing and served personally or sent by pre-paid registered mail to the respective addresses

shown above, or as the party required to receive the same may otherwise from time to time notify to the other.

5.2 Any such notice shall be deemed to have been served if delivered at the time of delivery; if posted, at 10.00 am on the second business day after it was put into the post.

6 Miscellaneous

6.1 Time shall be of the essence of this Agreement both as regards the times, dates and any period mentioned herein and as to any time, dates and periods which may, by agreement in writing between the parties hereto, be substituted for them. All references to business days shall mean days on which banks are generally open for business in the City of London.

6.2 References to Recitals and Clauses are to recitals and clauses respectively of this Agreement. Headings have been inserted for the purpose of convenience only and do not affect the construction of this Agreement.

6.3 Unless otherwise provided in any particular context, words and expressions defined in any provision of this Agreement shall have that meaning throughout this Agreement.

6.4 This Agreement shall be governed by and construed in all respects in accordance with English law.

AS WITNESS the hands of the duly authorised signatories of the parties the day and year first before written.

SCHEDULE

The rights and restrictions respectively attaching to the A Ordinary Shares of US\$1 each, the B Ordinary Shares of US\$1 each and the C Ordinary Shares of US\$1 each in the capital of Groby are as follows:

(a) **Rights to income**

Subject to any special rights which may be attached to any class of shares hereafter issued, the profits of the Company available for distribution in any financial period and resolved to be distributed shall be distributed to the holders of the A Ordinary Shares, B Ordinary Shares and C Ordinary Shares rateably in proportion to the amount paid up or credited as paid up on such A Ordinary Shares, B Ordinary Shares and C Ordinary Shares respectively.

(b) **Rights to capital**

On a return of capital on a liquidation or otherwise, the surplus assets of the Company available for distribution to its members after payment of its debts and liabilities shall be applied in paying to the holders of the A Ordinary Shares, B Ordinary Shares and the C Ordinary Shares rateably in proportion to the amount paid up or credited as fully paid up on such A Ordinary Shares, B Ordinary Shares and C Ordinary Shares respectively.

(c) **Voting rights**

The B Ordinary Shares and the C Ordinary Shares shall not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of the Company save that:

- (i) the holders of the B Ordinary Shares shall, in the case of any general meeting where the business of the meeting includes the consideration of a resolution for winding-up the Company or any resolution directly abrogating or varying any of the special rights or privileges attached to such B Ordinary Shares, be entitled to receive notice of and to attend at such meeting to vote on any such resolution (but no other resolution proposed at such meeting); and
- (ii) the holders of the B Ordinary Shares shall, in circumstances where they are entitled to vote pursuant to the provisions of this Article 9(c), be entitled on a show of hands to one vote and on a poll to one vote for each B Ordinary Share held by them.

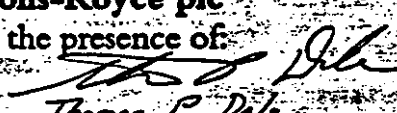
Regulation 54 of Table A shall be construed accordingly.

(d) Variation of rights

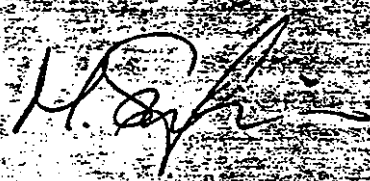
The rights conferred upon the holders of the A Ordinary Shares, the B Ordinary Share and the C Ordinary Shares shall be deemed by virtue of this Article 9 not to be varied by (a) the creation or issue of further shares ranking pari passu therewith or (b) the redemption or purchase by the Company of any of its share capital or any other share capital of the Company hereinafter created and issued or (c) any capitalisation of the Company's reserves.

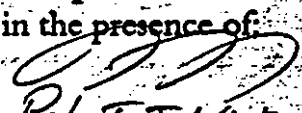
SIGNED by JOHN SANDERS,
for and on behalf of
Rolls-Royce plc
in the presence of:



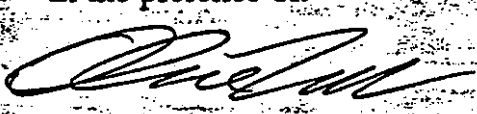
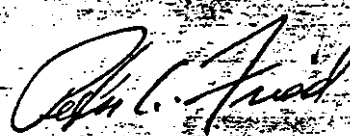

Thomas P. Dale
11911 Freedom Drive
Reston, Virginia 22090

SIGNED by MICHAEL M. SUFFIN
for and on behalf of
Scropton Limited
in the presence of:




Robert J. Winters
11911 Freedom Drive
Reston VA 22090

SIGNED by PETER A. FRIED
as attorney for and on behalf of
N M Rothschild & Sons Limited
in the presence of:



D. Anne Nelson
1251 Avenue of the Americas, 51st fl.
New York, NY 10020

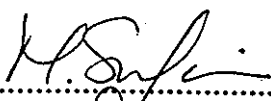
To: The Directors
Groby Limited (the *Company*)
65 Buckingham Gate
London SW1E 6AT

March 1995

Dear Sirs

1. Subject to the provisions of paragraph 2 below, we hereby apply for the allotment and issue to us at par of such number of C Ordinary Shares of US\$1 each in the capital of the Company (the *C Ordinary Shares*) as have an aggregate value equal to £350,042,646.80 million converted into US dollars at the closing spot rate specified in the London edition of the Financial Times newspaper on the business day prior to the day on which this application becomes unconditional. In consideration of the allotment and issue to us of the C Ordinary Shares we hereby irrevocably and unconditionally undertake to pay to the Company the sum of £350,042,646.80 for value on 25th April, 1995 or such later date as the Company and we may agree.
2. This application shall be conditional on the placing and open offer agreement to be entered into between N M Rothschild & Sons Limited (*NMR*) and Rolls-Royce plc becoming unconditional in all respects, other than in respect of the admission of new ordinary shares of 20p each of Rolls-Royce plc (the *New Ordinary shares*) to the Official List of the London Stock Exchange (*Admission*) and NMR having notified Scropton Limited that it expects Admission of the New Ordinary shares to become effective on the day of notification.
3. As permitted by Article 11 of the Company's Articles of Association and subject to the allotment and issue of the C Ordinary Shares to us fully paid, we hereby request that you issue to us a share warrant in place of and representing our registered holding. We hereby waive our rights to receive a share certificate in respect of the C Ordinary Shares.

Yours faithfully


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For and on behalf of
Scropton Limited