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CERTIFIED AS A TRUE
AND EXACT COPY

H. J. Jones
DIRECTOR
19/12/03

(1) ROLLS-ROYCE OVERSEAS INVESTMENTS LIMITED

(2) ROLLS-ROYCE FINANCE COMPANY LIMITED

(3) ROLLS-ROYCE PLACEMENTS LIMITED

— 4959288

(4) ROLLS-ROYCE NORTH AMERICA HOLDINGS INC

Deed of sale of shares in Rolls-Royce Finance
Company Limited and novation of the Sale
Agreement



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20.



THIS AGREEMENT is made as a Deed on 14 November 2003 between:

- (1) **ROLLS-ROYCE OVERSEAS INVESTMENTS LIMITED** a company registered in England and Wales with number 4060767 and having its registered office at Moor Lane, Derby DE24 8BJ ("**RROIL**"); and
- (2) **ROLLS-ROYCE FINANCE COMPANY LIMITED** a company registered in England and Wales with number 4339473 and having its registered office at Moor Lane, Derby DE24 8BJ ("**RRFC**"); and
- (3) **ROLLS-ROYCE PLACEMENTS LIMITED** a company registered in England and Wales with number 4959288 and having its registered office at Moor Lane, Derby DE24 8BJ ("**RRPL**") and
- (4) **ROLLS-ROYCE NORTH AMERICA HOLDINGS INC** a company registered in the state of Delaware with number 0680001 and having its registered office at 14850 Conference Center Drive, Suite 100, Chantilly VA20151 ("**RRNAH**").

WHEREAS:

- (A) On 28 February 2002 RRNAH, RROIL and RRFC entered into an agreement for the sale to RROIL of all of the 368,801 issued ordinary shares of US\$1 each (the "**Ordinary Shares**") and the sale of the beneficial interest in all of the 13,120,000 issued deferred shares of US\$50 each (the "**Deferred Shares**") in the capital of RRFC registered in the name of RRNAH (the "**Sale Agreement**").
- (B) On 28 February 2002 RRNAH and RROIL entered into a declaration of trust (the "**Declaration**") pursuant to which RRNAH acknowledged and agreed to hold the Deferred Shares on trust for RROIL.
- (C) RRPL has agreed to purchase and RROIL has agreed to sell the Ordinary Shares and the beneficial interest in the Deferred Shares to RRPL and procure that RRNAH hold the Deferred Shares on trust for RRPL
- (D) RROIL has requested that RRFC and RRNAH release RROIL from its obligations under the Sale Agreement by the substitution of RRPL for RROIL in the Sale Agreement and RRNAH and RRFC have agreed to do so on the terms of this agreement.
- (E) The parties wish to record their agreement and their consent (in consideration of the mutual consents herein contained and in so far as and for such purposes as their respective agreement and consent is required) to the matters set out in this agreement.

IT IS AGREED:

1 DEFINITIONS AND INTERPRETATION

1.1 In this agreement:

- (a) words and phrases defined in the Sale Agreement shall bear the same meanings unless otherwise defined;
- (b) clause headings shall not affect interpretation.

1.2 The Recitals to this agreement form part of this agreement and have the same full force and effect as if expressly set out in their entirety in the operative part of this agreement.

2 SALE AND PURCHASE OF THE ORDINARY SHARES

2.1 RROIL shall sell with full title guarantee and RRPL shall purchase the Ordinary Shares, free from all encumbrances and together with all rights and advantages now and hereafter attaching thereto.

3 SALE AND PURCHASE OF THE BENEFICIAL INTEREST IN THE DEFERRED SHARES

3.1 RROIL and RRNAH hereby agree to and acknowledge the sale of the beneficial interest in the Deferred Shares to RRPL pursuant to the terms of this agreement and a declaration of trust to be entered into on even date herewith between RRNAH and RRPL (the "RRPL Declaration").

3.2 Each party to this agreement hereby agrees and acknowledges that the Declaration shall cease to have effect from the date of this agreement.

4 CONSIDERATION AND COMPLETION

4.1 The total consideration for the transfer of the Ordinary Shares and the beneficial interest in the Deferred Shares shall be £381,289,593. The said consideration will be satisfied by the issue to RROIL of:

4.1.1 190,644,796 ordinary shares of £1 each in RRPL, issued at a premium of £1 per share in respect of the Ordinary Shares, credited as fully paid and ranking pari passu in all respects with the existing ordinary shares of RRPL in issue at the date of issue of such consideration shares.

4.1.2 1 ordinary share of £1 in respect of the beneficial interest in the Deferred Shares credited as fully paid and ranking pari passu in all respects with the existing ordinary shares of RRPL in issue at the date of issue of such consideration shares.

4.2 The shares issued as consideration as described in 4.1.1. and 4.1.2. above shall collectively be termed the Consideration Shares.

4.3 Completion shall take place immediately upon the signing of this agreement whereupon:

4.3.1 RRPL shall allot to RROIL the Consideration Shares and shall deliver to RROIL definitive share certificate in respect of such shares;

- 4.3.2 RROIL shall deliver to Finance Company (or procure the delivery of) a duly executed stock transfer instrument in respect of the Ordinary Shares.
- 4.3.3 RROIL shall procure the delivery to RRPL of the RRPL Declaration duly executed by RNAH and RRPL shall execute the RRPL Declaration; and
- 4.3.4 RROIL shall procure that RRFC shall enter RRPL in the register of shareholders of RRFC as holder of the Ordinary Shares (but not the Deferred Shares, legal title to which shall remain with RNAH).

5 **NOVATION**

The parties hereby:

- (a) irrevocably and unconditionally consent to the novation of the Sale Agreement by the substitution of RRPL for RROIL and expressly agree that the Sale Agreement shall be deemed to have been made with RRPL as from the date of its execution for all purposes and in respect of all rights, benefits, liabilities and obligations arising thereunder;
- (b) irrevocably and unconditionally discharge and release RROIL from all past, present and future, actual and contingent liabilities, obligations, claims, demands, proceedings, penalties, fees, costs and expenses under the Sale Agreement however arising; and
- (c) accept the liability of RRPL to perform all existing obligations under the Sale Agreement in substitution of the liability of RROIL.

6 **UNDERTAKING**

RRPL undertakes to observe perform and be bound by the terms, conditions and provisions of the Sale Agreement as amended by Clause 5 above, in all respects as if it had been party to the Sale Agreement in substitution of RROIL therein.

7 **WARRANTY**

Each party represents and warrants to each of the others that it has the requisite power and authority and has taken all necessary actions and has obtained (and there remain in full force and effect) all consents, approvals and authorisations necessary (if any) to authorise the execution and performance of this agreement by it and that this agreement will when executed and delivered constitute valid and enforceable obligations of it.

8 **SURVIVAL OF OBLIGATIONS**

Any provision of this agreement which is expressed or intended to have effect on, or to continue in force after, the execution of this agreement shall have such effect, or, as the case may be, continue in force, after such execution.

9 **GENERAL**

9.1 **Costs**

Each party shall pay its own costs and expenses incurred in connection with the entering into the execution of and performance of this agreement.

9.2 **Amendment**

The Sale Agreement as novated by this agreement shall continue in full force and effect and shall be binding on the parties to it in accordance with its terms, conditions and provisions. No amendment or variation of this agreement shall be effective *unless it is in writing and signed by or on behalf of each of the parties.*

9.3 **Further Assurance**

Each of the parties to this agreement shall at its own cost do or procure to be done all such further acts and things and execute or procure the execution of all such other documents as may from time to time be required to give effect to the terms of this agreement.

9.4 **Severance**

If at any time any term or provision of this agreement shall be held to be illegal, invalid or unenforceable in whole or in part, under any rule of law or enactment, such term or provision or part shall to that extent be deemed not to form part of this agreement, but the enforceability of the remainder of this agreement shall not be affected.

10 **NOTICES**

10.1 **Notices and deemed receipt**

10.1.1 Any notice to be given under, or in connection with the matters contemplated by, this agreement shall be in writing and signed by or on behalf of the party giving it and shall be served by delivering it personally or sending it by pre-paid recorded delivery or registered post (or registered airmail in the case of an address for service outside the United Kingdom) or by facsimile to the address and for the attention of the relevant party set out below (or as otherwise notified by that party hereunder). Any such notice shall be deemed to have been received:

- (a) if delivered personally, at the time of delivery;
- (b) in the case of pre-paid recorded delivery or registered post, 48 hours from the date of posting;
- (c) in the case of registered airmail, five days from the date of posting; and
- (d) in the case of fax, at the time of transmission;

Provided that if deemed receipt occurs before 9am on a business day the notice shall be deemed to have been received at 9am on that day and if deemed receipt occurs after 5pm on a business day, or on a day which is not a business day, the notice shall be deemed to have been received at 9am on the next business day. For the purpose of this Clause 10, "**business day**" means any day which is not a Saturday, a Sunday or a public holiday in the place at or to which the notice is left or sent.

- 10.1.2 The addresses and facsimile numbers of the parties for the purposes of this Clause 10 are:

RROIL

Address: Moor Lane, Derby DE24 8BJ

For the attention of: K Hollingworth

Fax number: 01332 245879

RRFC

Address: Moor Lane, Derby DE24 8BJ

For the attention of: K Hollingworth

Fax number: 01332 245879

RRPL

Address: Moor Lane, Derby, DE24 8BJ

For the attention of: K Hollingworth

Fax number: 01332 245879

RRNAH

Address: 14850 Conference Center Drive, Suite 100, Chantilly VA20151

For the attention of: Mary Sullivan

Fax number: 00 1 703 834 5629

or such other address or facsimile number as may be notified in writing from time to time by the relevant party to the other parties.

10.2 **No electronic service**

For the avoidance of doubt notice given under this agreement shall be validly served if sent by e-mail.

11 **COUNTERPARTS**

11.1 This Deed may be executed in counterparts, each of which shall be deemed to constitute an original, and shall become effective when each of the parties hereto has signed a counterpart and has received a facsimile copy of the counterpart signed by each of the other parties.

11.2 Each counterpart shall constitute an original of this agreement but all the counterparts shall together constitute one and the same agreement.

Handwritten initials

12 **GOVERNING LAW AND JURISDICTION**

- 12.1 This agreement shall be governed by and construed in accordance with the law of England.
- 12.2 The parties hereby irrevocably submit to the exclusive jurisdiction of the Courts of England as regards any claim, dispute or matter arising out of or in connection with this agreement or its implementation or effect.

EXECUTED and DELIVERED as a Deed on the date first above written.

EXECUTED AND DELIVERED AS A DEED
by **ROLLS-ROYCE OVERSEAS INVESTMENTS LIMITED**
acting by:

[Signature] Director
J. R. ASHFIELD Name
Goma Director/~~Secretary~~
Deu GOMA Name

EXECUTED AND DELIVERED AS A DEED
by **ROLLS-ROYCE FINANCE COMPANY LIMITED**
acting by:

[Signature] Director
J. R. ASHFIELD Name
Goma Director/~~Secretary~~
Deu GOMA Name

Dr.

EXECUTED AND DELIVERED AS A DEED
by ROLLS-ROYCE PLACEMENTS LIMITED
acting by:

[Signature] Director

..... Name

[Signature] Director/~~Secretary~~

Don COMA Name

EXECUTED AND DELIVERED AS A DEED
by ROLLS-ROYCE NORTH AMERICA HOLDINGS INC
acting by:

X *[Signature]* Authorised Signatory

William T. Powers Name

[Handwritten initials]

**EXECUTED AND DELIVERED AS A DEED
by ROLLS-ROYCE PLACEMENTS LIMITED**

acting by:

[Handwritten signature]

..... Director

..... Name

[Handwritten signature]

..... Director/~~Secretary~~

[Handwritten signature]

..... Name

**EXECUTED AND DELIVERED AS A DEED
by ROLLS-ROYCE NORTH AMERICA HOLDINGS INC**

acting by:

..... Authorised Signatory

..... Name