

Acting Chairman's opening remarks

Lord Moore of Lower Marsh

The performance of the businesses through the difficult market conditions of the past two years has demonstrated the robustness of the Group's strategy and market positions.



In December 2003, Euan Baird, our Chairman, suffered a stroke and is not expected to be able to return to his duties before March 2004. On behalf of everyone in the Group, I would like to wish Euan a speedy recovery.

Over the last two months I have served as Acting Chairman and I will continue in this role until Euan Baird is able to resume his duties as Chairman.

Rolls-Royce has continued to demonstrate remarkable consistency in 2003 and has delivered on the performance forecasts it gave after the events of September 11, 2001. In 2003, our profitability improved and our debt was reduced.

The resilience of the Group is in no small part due to the efforts and sacrifices of our employees worldwide and I would like to thank them for their strong commitment and hard work at a time of considerable challenge and uncertainty.

Over the past few years the Group has developed a strong, international management team and its swift response in difficult market conditions has enabled us to deliver consistently in line with guidance.

As part of the restructuring of the Board, three new non-executive directors have been appointed. Former US Ambassador to the OECD, Amy Bondurant; Carl-Peter Forster who is Chairman and Chief Executive of the General Motors' German subsidiary, Adam Opel AG; and the respected industrialist Ian Strachan, all joined the Board in September 2003.

The balanced nature of the businesses, coupled with our demonstrated ability to manage uncertainty, supports our confidence that we will be able to continue to improve the performance of the Group and generate value for shareholders.

A handwritten signature in blue ink that reads "Moore". The signature is fluid and cursive, with a large initial 'M'.

Lord Moore of Lower Marsh

Acting Chairman
February 11, 2004