

# NOTICE OF 2016 ANNUAL GENERAL MEETING OF ROLLS-ROYCE HOLDINGS PLC



# Rolls-Royce

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the action you should take, you are recommended to seek your own advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in Rolls-Royce Holdings plc, you should pass this document and all other enclosures to the stockbroker, bank or other agent through whom the sale was made for transmission to the purchaser or transferee.

Notice is given that the Annual General Meeting (AGM) of Rolls-Royce Holdings plc (the Company) will be held at the East Midlands Conference Centre, Beeston Lane, The University of Nottingham, Nottingham NG7 2RJ, United Kingdom at 11am (BST) on Thursday 5 May 2016 for the purpose of transacting the following business:

**To consider and, if thought fit, to pass the proposed resolutions as set out below.**

Voting on these resolutions will be by way of a poll. The Directors believe that the resolutions proposed at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommend that you vote in favour of them, as they intend to do in respect of their own shareholdings.

### Ordinary resolutions

#### **RESOLUTION 1 – RECEIPT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE AUDITED FINANCIAL STATEMENTS**

That the Strategic Report, the Directors' Report and the audited Financial Statements for the year ended 31 December 2015 be received.

#### **RESOLUTION 2 – APPROVAL OF THE DIRECTORS' REMUNERATION REPORT**

That the Directors' Remuneration Report for the year ended 31 December 2015 be approved.

#### **RESOLUTIONS 3 TO 16 – ELECTION AND RE-ELECTION OF DIRECTORS**

3. That Alan Davies be elected as a Director of the Company.
4. That Irene Dorner be elected as a Director of the Company.
5. That Bradley Singer be elected as a Director of the Company.
6. That Sir Kevin Smith be elected as a Director of the Company.
7. That Ian Davis be re-elected as a Director of the Company.
8. That Warren East CBE be re-elected as a Director of the Company.
9. That Lewis Booth CBE be re-elected as a Director of the Company.
10. That Ruth Cairnie be re-elected as a Director of the Company.
11. That Sir Frank Chapman be re-elected as a Director of the Company.
12. That Lee Hsien Yang be re-elected as a Director of the Company.
13. That John McAdam be re-elected as a Director of the Company.
14. That Colin Smith CBE be re-elected as a Director of the Company.
15. That David Smith be re-elected as a Director of the Company.
16. That Jasmin Staiblin be re-elected as a Director of the Company.

#### **RESOLUTION 17 – RE-APPOINTMENT OF THE AUDITOR**

That KPMG LLP be re-appointed as the Company's auditor to hold office until the conclusion of the next general meeting at which financial statements are laid.

#### **RESOLUTION 18 – AUDITOR'S REMUNERATION**

That the Audit Committee, on behalf of the Board, be authorised to agree the auditor's remuneration.

#### **RESOLUTION 19 – PAYMENT TO SHAREHOLDERS**

That the Directors be and are hereby authorised:

- a) on one or more occasions, to capitalise such sums as they may determine from time to time but not exceeding the aggregate nominal sum of £500m standing to the credit of the Company's merger reserve, capital redemption reserve and/or such other reserves as the Company may legally use in paying up in full at par, up to 500 billion non-cumulative redeemable preference shares in the capital of the Company with a nominal value of 0.1p each (C Shares) having the rights and being subject to the restrictions contained in the Articles of Association of the Company (Articles) from time to time or any other terms and conditions approved by the directors from time to time;
- b) pursuant to section 551 of the Companies Act 2006 (the Act), to exercise all powers of the Company to allot and issue C Shares credited as fully paid up to an aggregate nominal amount of £500m to the holders of ordinary shares of 20p each in the capital of the Company on the register of members of the Company on any dates determined by the Directors from time to time and on the basis of the number of C Shares for every ordinary share held as may be determined by the directors from time to time; and provided that the authority conferred by this resolution shall expire at the end of the Company's AGM in 2017 or 15 months after the date on which this resolution is passed (whichever is the earlier) and so that such authority shall be additional to, and without prejudice to, the unexercised portion of any other authorities and powers granted to the Directors, and any resolution passed before the date of passing of this resolution; and
- c) to do all acts and things they may consider necessary or desirable to give effect to this resolution and to satisfy any entitlement to C Shares howsoever arising.

## Ordinary resolutions (continued)

### RESOLUTION 20 – POLITICAL DONATIONS AND EXPENDITURE

That the Company and any company which is or becomes a subsidiary of the Company during the period to which this resolution is effective be and is hereby authorised to:

- a) make donations to political parties and/or independent election candidates;
- b) make donations to political organisations other than political parties; and
- c) incur political expenditure

during the period commencing on the date of this resolution and ending on the date of the Company's AGM in 2017 or 15 months after the date on which this resolution is passed (whichever is the earlier), provided that in each case any such donations and expenditure made by the Company or by any such subsidiary shall not exceed £25,000 per company and the aggregate of those made by the Company and any such subsidiary shall not exceed £50,000. For the purposes of this resolution, the terms 'political donation', 'political parties', 'independent election candidates', 'political organisation' and 'political expenditure' have the meanings given by sections 363, 364 and 365 of the Act.

## Special resolutions

### RESOLUTION 21 – AUTHORITY TO ALLOT NEW SHARES

That the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company:

- a) up to a nominal amount of £122,579,775 equal to the first section 551 amount as defined in Article 12 of the Articles.
- b) comprising equity shares up to a nominal amount of £245,159,550 of the second section 551 amount as defined in Article 12 of the Articles.

The prescribed period as defined in Article 12 of the Articles for which the authorities conferred by this resolution are given shall be a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the Company's AGM in 2017 or 15 months after the date on which this resolution is passed (whichever is the earlier).

### RESOLUTION 22 – DISAPPLICATION OF PRE-EMPTION RIGHTS

That, subject to the passing of Resolution 21, the section 561 amount as defined in article 12 of the Articles shall be £18,386,966 and the prescribed period for which the authority conferred by this resolution is given shall be a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the Company's AGM in 2017 or 15 months after the date on which this resolution is passed (whichever is the earlier).

### RESOLUTION 23 – AUTHORITY TO PURCHASE OWN SHARES

That the Company be and is generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares provided that:

- a) the maximum aggregate number of ordinary shares authorised to be purchased is 183,869,662;
- b) the minimum price (exclusive of expenses) which may be paid for an ordinary share is 20p (being the nominal value of an ordinary share);
- c) the maximum price (exclusive of expenses) which may be paid for each ordinary share is the higher of:
  - i) an amount equal to 105% of the average of the middle market quotations for the ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; and
  - ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System.
- d) this authority shall expire at the end of the Company's AGM in 2017 or 15 months from the date of this resolution (whichever is the earlier) and a contract to purchase shares under this authority may be made prior to the expiry of this authority, and concluded, in whole or in part, after the expiry of this authority.

By order of the Board

### PAMELA COLES

Company Secretary

9 March 2016

Rolls-Royce Holdings plc  
Registered office:  
62 Buckingham Gate  
London  
SW1E 6AT

Phone: +44 (0)20 7222 9020  
rolls-royce.com

Registered in England and Wales No: 7524813

## Explanation of resolutions

### ORDINARY RESOLUTIONS

Resolutions 1 to 20 will be proposed as ordinary resolutions. For these resolutions to be passed, more than 50% of shareholders' votes cast must be in favour.

### RESOLUTION 1 – RECEIPT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE AUDITED FINANCIAL STATEMENTS

The Directors will present the Strategic Report, the Directors' Report and the audited Financial Statements for the year ended 31 December 2015 to the AGM.

### RESOLUTION 2 – APPROVAL OF THE DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report is set out on pages 77 to 89 of the Annual Report. It gives details of the Directors' remuneration for the year ended 31 December 2015. The Company's auditor, KPMG LLP, has audited those parts of the report required by the Companies Act 2006 (the Act). The Auditor's Report is on pages 167 to 174 of the Annual Report.

No individual Director's remuneration is dependent on the resolution on the Directors' Remuneration Report being passed as it is an 'advisory' resolution. However, if a company fails the annual advisory resolution in a year in which the remuneration policy is not also put to a shareholder resolution, this will trigger the need for the Company to put its remuneration policy to a shareholder resolution the following year. Where a substantial minority of shareholders vote against the Directors' Remuneration Report, the Company will respond and say how it will address shareholder concerns.

### RESOLUTIONS 3 TO 16 – ELECTION AND RE-ELECTION OF DIRECTORS

The Articles require that at the AGM all Directors at the date of the notice shall retire from office. Irene Dorner, Alan Davies, Sir Kevin Smith and Bradley Singer will put themselves forward for election by shareholders for the first time at the AGM in 2016. The remaining Directors will put themselves forward for re-election at the AGM in 2016, with the exception of Dame Helen Alexander who will step down from the Board at the conclusion of the meeting.

In the letter accompanying this Notice, the Chairman sets out the recent changes to the Board and its committees in more detail.

In accordance with the UK Corporate Governance Code 2014 (the Code), the Board has reviewed the independence of its Non-executive Directors and has determined that they remain fully independent of management. The Code states that whilst the Chairman should, on appointment, meet the Code's independence criteria, thereafter the test of independence is not appropriate in relation to that post. Ian Davis did meet the Code's independence criteria upon his election as Chairman on 2 May 2013.

### RESOLUTIONS 17 AND 18 – RE-APPOINTMENT OF THE AUDITOR AND AUDITOR'S REMUNERATION

These resolutions propose the re-appointment of KPMG LLP as the Company's auditor and the giving of authority to the Audit Committee, on behalf of the Board, to agree the auditor's remuneration. Details of the remuneration paid to the auditor in 2015 are shown on page 97 of the Annual Report. The Company will be carrying out a tender of the audit during 2016 and it is proposed that KPMG's tenure will end following the report on the 2017 financial statements at the 2018 AGM. This is subject to the reappointment of KPMG at the Company's AGM in 2016 and 2017.

### RESOLUTION 19 – PAYMENT TO SHAREHOLDERS

The Company issues redeemable C Shares as a method of making payments to shareholders rather than paying a cash dividend. C Shares are not listed on the London Stock Exchange.

The Company proposes to make a bonus issue of 71 C Shares in respect of the 31 December 2015 financial year with a total nominal value of 7.1 p for each ordinary share. The C Shares will be allotted on 1 July 2016 to shareholders on the register on 29 April 2016 and the C Share ex-entitlement date is 28 April 2016. Together with the interim issue on 4 January 2016 of 92.7 C Shares for each ordinary share with a total nominal value of 9.27p, this is the equivalent of a total annual payment to ordinary shareholders of 16.37p for each ordinary share.

As with previous payments, shareholders can continue to redeem their C Shares for cash or reinvest the proceeds in additional ordinary shares using the C Share Reinvestment Plan (CRIP). Shareholders wishing to redeem their C Shares, or else redeem and participate in the CRIP, must ensure that their instructions are lodged with the Registrar, Computershare Investor Services PLC, no later than 5pm on Wednesday 1 June 2016. CREST holders must submit their instructions in CREST before 3pm on 1 June 2016. Redemption will take place on 4 July 2016.

Further details of C Shares are contained in the shareholder guide which can be obtained from the Registrar, or can be downloaded from the Investors' section of the Group's website [rolls-royce.com](http://rolls-royce.com).

### RESOLUTION 20 – POLITICAL DONATIONS AND EXPENDITURE

The Company's policy is that it does not, directly or through any subsidiary, make what are commonly regarded as donations to any political party and the Company has no intention of using this authority for that purpose. However, the Act defines political donations very broadly and so it is possible that normal business activities (such as sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling certain public duties, and support for bodies representing the business community in policy review or reform), which might not be thought of as political expenditure in the usual sense, could be captured. Activities of this nature are not designed to support any political party or to influence public support for a particular party and would not be thought of as political donations in the ordinary sense of those words.

Shareholder approval is being sought on a precautionary basis only, to ensure that neither the Company nor any of its subsidiaries commits any technical breach that could arise from the uncertainty generated by the wide definitions contained within the Act. In line with best practice guidelines published by the Association of British Insurers (ABI), this resolution is put to shareholders annually rather than every four years as required by the Act.

## Explanation of resolutions (continued)

### SPECIAL RESOLUTIONS

Resolutions 21 to 23 will be proposed as special resolutions. For these resolutions to be passed, 75% or more of shareholders' votes cast must be in favour.

#### RESOLUTION 21 – AUTHORITY TO ALLOT NEW SHARES

The directors of a company may only allot shares (or grant rights to subscribe for, or convert any security into, shares) if authorised to do so. Article 9(a) of the Articles authorises the Directors to allot shares up to a maximum nominal amount specified each year. This is called the 'first section 551 amount' in the Articles.

Resolution 21 (a) enables the Directors to allot new shares up to a nominal value of £122,579,775 representing approximately one third of the total issued ordinary share capital of the Company as at 9 March 2016\*. This is similar to resolutions passed by shareholders in previous years and is in line with guidance issued by The Investment Association (the IA).

Article 9(b) of the Articles authorises the Directors to allot further shares in the case of a rights issue, in line with guidance issued by the IA. This is called the 'second section 551 amount' in the Articles.

Resolution 21(b) enables the Directors to allot new shares up to a nominal value of £245,159,550 representing approximately two thirds of the total issued ordinary share capital of the Company as at 9 March 2016\*.

As at 9 March 2016\*, the Company did not hold any shares in treasury.

The Directors have no present intention of exercising this authority. However, your Directors believe that this additional authority will allow the Company to retain the maximum possible flexibility (consistent with evolving market practice) to respond to circumstances and opportunities as they arise.

The authorities sought under Resolution 21 will be valid until the conclusion of the Company's AGM in 2017 or 15 months after the date on which the resolution is passed (whichever is the earlier).

#### RESOLUTION 22 – DISAPPLICATION OF PRE-EMPTION RIGHTS

Section 561(1) of the Act requires that the Directors, when they decide to allot new ordinary shares (or grant rights to subscribe for, or convert any security into, shares), must first offer them to shareholders in proportion to the number of shares held by them. This is called a 'pre-emption right'.

It is proposed that the Directors be authorised to allot an amount of new ordinary shares for cash without first offering them to existing shareholders. This amount is equal to 5% of the Company's issued ordinary share capital as at 9 March 2016\*.

In line with best practice, the Company has not issued more than 7.5% of its issued share capital on a non-pro rata basis over the last three years and the Board confirms its intention to follow best practice set out in the Pre-emption Group's Statement of Principles which provides that usage of this authority in excess of 7.5% of the Company's ordinary share capital for cash other than to existing shareholders in any rolling three-year period would not take place without prior consultation with shareholders. This authority will be valid until the conclusion of the 2017 AGM of the Company or 15 months from the date of this resolution, whichever is the earlier.

#### RESOLUTION 23 – AUTHORITY TO PURCHASE OWN SHARES

This gives the Company authority to buy back its own ordinary shares in the market as permitted by the Act. The Directors believe that, in common with many other listed companies, the Company should obtain from shareholders a general authority to make market purchases of its own ordinary shares on the London Stock Exchange. This resolution specifies the maximum number of shares which may be acquired (up to 10% of the Company's issued ordinary share capital as at 9 March 2016\*) and the minimum and maximum prices at which they may be bought.

On 9 March 2016\* there were options over ordinary shares in the capital of the Company representing 1.26% of the Company's issued ordinary share capital. If the authority to purchase the Company's ordinary shares was exercised in full and those shares were subsequently cancelled, these options would represent 1.40% of the Company's issued and voting ordinary share capital.

The Company will advise shareholders through a Regulatory Information Service if any shares purchased are to be cancelled or held in treasury. Whilst held as treasury shares, the shares will not receive any dividend, or dividend equivalent (apart from any issue of bonus shares) and will have no voting rights. They may be used by the Company to satisfy incentive schemes (including option schemes), may be resold or cancelled. The transfer of treasury shares by the Company into any incentive scheme (including any option schemes) will be treated by the Company as if the shares had been issued to that incentive scheme when calculating the aggregated commitments of all the Company's incentive schemes in any rolling ten-year period. For this purpose the treasury shares will be included in the calculation of the Company's issued share capital.

This authority will be valid until the conclusion of the Company's AGM in 2017 or 15 months from the date of this resolution, whichever is the earlier.

\* 9 March 2016 being the latest practicable date prior to the publication of this Notice.

## Important notes

### ISSUED SHARE CAPITAL AND TOTAL VOTING RIGHTS

As at 9 March 2016\* the issued share capital consisted of 1,838,696,622 ordinary shares of 20p each, 30,697,310,523 C Shares of 0.1p each and one Special Share of £1. At the AGM, voting on the resolutions set out in this Notice will be by way of a poll. Holders of ordinary shares will be entitled to one vote for each ordinary share held. The Special Shareholder (as defined in the Articles) is entitled to receive notice of and to attend and speak, but has no right to vote, at a general meeting. C Shares do not carry the right to receive notice of any general meeting of the Company nor to attend, speak or vote at any general meeting except one at which a resolution to wind up the Company is to be considered. Therefore, the total number of voting rights in the Company as at 9 March 2016\* was 1,838,696,622.

### ENTITLEMENT TO ATTEND AND VOTE

Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, and section 360B(2) of the Act, the Company specifies that only those shareholders registered in the register of members of the Company as at 6pm (BST) on Tuesday 3 May 2016 or, in the event that the AGM is adjourned, registered in the register of members 48 hours before the time of any adjourned meeting(s), shall be entitled to attend or vote at the AGM in respect of the number of ordinary shares registered in their name at that time. Save in relation to any adjourned meeting(s), changes to entries on the register of members of the Company after 6pm (BST) on Tuesday 3 May 2016 shall be disregarded in determining the rights of any person to attend or vote at the AGM.

### VOTING AT THE AGM

Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. On a poll, every member shall have one vote for every ordinary share held.

### VOTE WITHHELD

A vote withheld option is provided to enable you to abstain on any particular resolution. It is not a vote in law, which means that the vote will not be counted in the calculation of the proportion of votes for or against the resolution.

### APPOINTMENT OF A PROXY

Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote at the AGM on their behalf instead of them. Appointing a proxy will not preclude shareholders from attending and voting at the AGM though the proxy appointment will be terminated automatically in such circumstances. You should have received a proxy form with this Notice. You can only appoint a proxy using the procedures set out in these notes and the explanatory notes to the proxy form.

A proxy need not be a shareholder of the Company but must attend the AGM to represent you. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of ordinary shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or, if the proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

You may indicate how you wish your proxy to vote by ticking the relevant boxes on the enclosed proxy form. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote or abstain from voting as he or she thinks fit in relation to any other matter which is put before the AGM.

### PROXY FORM

If you require a replacement, or an additional, proxy form, please contact the Registrar's helpline on +44 (0)370 703 0162.

### APPOINTMENT OF A PROXY USING THE PAPER FORM

The enclosed proxy form should be completed, signed and sent or delivered to the Registrar in the pre-paid envelope provided, to be received no later than 11am (BST) on Tuesday 3 May 2016 or not less than 48 hours before any adjourned meeting at which the person named in the proxy form proposes to vote.

In the case of a shareholder which is a company, a proxy form must be executed under its common seal or signed on its behalf by a duly authorised person or in any other manner authorised by its constitution.

Where this proxy form is signed under a power of attorney or other authority, such power or authority (or a notarially certified copy of it) should be enclosed with the proxy form.

### ELECTRONIC APPOINTMENT OF A PROXY

As an alternative to completing the proxy form, you can register your proxy appointment at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). You will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and Personal Identification Number (PIN) as printed on the proxy form and agree to certain terms and conditions. For an electronic proxy appointment to be valid, it must be received by the Registrar no later than 11am (BST) on Tuesday 3 May 2016.

### MULTIPLE PROXIES

You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different ordinary shares. You may not appoint more than one proxy to exercise rights attached to any one ordinary share. To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting the Registrar's helpline on +44 (0)370 703 0162 or you may copy the enclosed proxy form. Please enter in the box next to the proxy holder's name, the number of ordinary shares in relation to which they are authorised to act as your proxy.

### APPOINTMENT OF PROXY BY JOINT SHAREHOLDERS

In the case of joint registered holders, the signature of one holder will be accepted and the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand on the Company's register of members in respect of the relevant joint holding.

*\* 9 March 2016 being the latest practicable date prior to the publication of this Notice.*



## Important notes (continued)

### CHANGING PROXY INSTRUCTIONS

You must submit a new proxy appointment in order to change your proxy instructions. You can either use the hard copy proxy form appointment method or the electronic appointment method set out on page 5. Please note that the cut-off time of 11am (BST) on Tuesday 3 May 2016 for receipt of proxy appointments (or not less than 48 hours before any adjourned meeting) also applies in relation to the receipt of amended proxy appointments.

An amended proxy appointment received after the relevant cut-off time will be disregarded. For the avoidance of doubt, any indication of how you wish your proxy to vote contained in your proxy appointment constitutes part of such appointment and, as such, the relevant cut-off time applicable to the receipt of amended proxy appointments also applies to any amendment of any voting instructions given to your proxy by way of your proxy appointment.

Where you have appointed a proxy using the paper proxy form and would like to change the instructions using another paper proxy form, please contact the Registrar. You can speak to the Registrar by calling +44 (0)370 703 0162 between 8.30am and 5.30pm Monday to Friday or writing to them at:

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS13 8AE

You can also email the Registrar at [webqueries@computershare.co.uk](mailto:webqueries@computershare.co.uk).

If you have voted online you can amend your vote by resubmitting your voting instructions electronically, as described above, via [investorcentre.co.uk/eproxy](http://investorcentre.co.uk/eproxy). If you submit more than one valid proxy appointment, the last appointment received, before the latest time for the receipt of proxies (as above), will take precedence.

### TERMINATION OF PROXY APPOINTMENT

In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

- by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment to the Registrar – Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by a duly authorised person or in any other manner specified in its constitution. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority) must be included with the revocation notice; or
- by calling the Registrar's helpline on +44 (0)370 703 0162.

In either case, the revocation notice must be received by the Registrar at least three hours before the start of the AGM or adjourned meeting at which the vote is to be given.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend and vote at the AGM in person, your proxy appointment will be terminated automatically.

### NOMINATED PERSONS

If your shares are held on your behalf by another person and you have been nominated to receive communications from the Company in accordance with section 146 of the Act (Nominated Person), you do not have a right to appoint a proxy. As a Nominated Person, you may have a right under an agreement with the registered shareholder (who nominated you) to be appointed (or to have someone else appointed) as a proxy for the AGM but you cannot yourself appoint a proxy. Alternatively, if you do not have such a right, or do not wish to exercise it, you may have the right under such an agreement to give instructions to the registered shareholder as to the exercise of voting rights.

Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the registered shareholder (or the custodian or broker who administers the investment on their behalf).

Nominated Persons should continue to contact that shareholder, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.

### VOTING THROUGH THE CREST ELECTRONIC PROXY APPOINTMENT SERVICE

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by following the procedures described in the CREST manual ([euroclear.com/CREST](http://euroclear.com/CREST)). CREST personal members or other CREST-sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instruction, as described in the CREST manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so as to be received by Computershare Investor Services PLC (Issuer agent ID number 3RA50) by 11am (BST) on Tuesday 3 May 2016.

It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

## Important notes (continued)

### CORPORATE REPRESENTATIVES

The Companies (Shareholders' Rights) Regulations 2009 allow multiple representatives appointed by the same corporate member to vote in different ways on a poll (provided they do not do so in relation to the same shares).

### AMERICAN DEPOSITARY RECEIPT (ADR) HOLDERS

Registered holders should contact the depositary:

J.P. Morgan Chase

PO Box 64504

St Paul, MN, 55164-0504

USA

Phone: +1 800 990 1135 (from outside the USA +651 453 2128)

If you are a broker or institutional investor, please contact:

J.P. Morgan Depositary Receipts

4 New York Plaza, 12th Floor

New York, NY 10004

+1 866 576 2377

Email: [adr@jpmorgan.com](mailto:adr@jpmorgan.com)

ADR holders who do not hold their investment directly should contact the registered shareholder, custodian or broker, or whoever administers the investment on their behalf in relation to any rights under agreements with them to be appointed as a proxy to vote at the AGM.

### DOCUMENTS AVAILABLE FOR INSPECTION

Shareholders may inspect the following documents at the Company's registered office during normal business hours and from 10am (BST) on the date and at the place of the AGM until the meeting closes:

- copies of Executive Directors' service contracts;
- copies of Non-executive Directors' letters of appointment;
- copies of deeds of indemnities granted to each Director; and
- the Articles of Association.

### BUSINESS AT THE AGM

Under section 319A of the Act, shareholders have the right to ask questions at the AGM relating to the business of the meeting and for these to be answered, unless the answer; would interfere unduly with the business of the meeting; would involve the disclosure of confidential information; has already been published on the Company's website; or it is not in the interests of the Company or the good order of the meeting that the question be answered.

Under section 338A of the Act, shareholders may request the Company to include in the business to be dealt with at annual general meetings any matter (other than a proposed resolution) which may be properly included in the business, provided that it is not defamatory, frivolous or vexatious.

The Company will include such matter if sufficient requests have been received in accordance with section 338A(3) of the Act. This requires a minimum of 100 shareholders who have a right to vote at the AGM and hold shares in the Company on which there has been paid up an average sum, per member, of at least £100 or shareholders representing at least 5% of the total voting rights to make the request which must be submitted in the manner detailed in section 338A of the Act.

### INFORMATION AVAILABLE ON OUR WEBSITE

The following information is available on the Group's website at [rolls-royce.com](http://rolls-royce.com):

- the matters set out in this Notice including the total voting rights and number of shares of each class in respect of which shareholders are entitled to exercise voting rights at the AGM, and shareholders' rights to include business to be dealt with at the AGM; and
- if applicable, shareholders' statements, resolutions and matters of business received by the Company after the date of this Notice.

### PUBLICATION OF AUDIT CONCERNS ON OUR WEBSITE

Under section 527 of the Act, shareholders have a right to request publication of any concerns that they propose to raise at the AGM relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be submitted to the meeting or any circumstances connected with an auditor of the Company ceasing to hold office since the last AGM.

The Company will publish the statement on its website if sufficient requests have been received in accordance with section 527(2) of the Act. This requires a minimum of 100 shareholders who have a right to vote at the AGM and hold shares in the Company on which there has been paid up an average sum, per member, of at least £100 or shareholders representing at least 5% of the total voting rights to make the request which must be submitted in the manner detailed in section 527 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with such request.

Where a statement is published, the Company will forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required, under section 527 of the Act, to publish on its website.

### COMMUNICATION

Except as provided above, shareholders who have general queries about the AGM should use the following means of communication (no other methods of communication will be accepted):

- by calling the Registrar's helpline on +44 (0)370 703 0162;
- by writing to the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE; or
- by emailing [webqueries@computershare.co.uk](mailto:webqueries@computershare.co.uk).

### FINANCIAL REPORTING STANDARDS (FRS) 101 – REDUCED DISCLOSURE FRAMEWORK

The Company will, once again, adopt FRS 101 Reduced Disclosure Framework for its entity financial statements for the year ending 31 December 2016. A shareholder or shareholders holding in aggregate 5% or more of the total allotted ordinary shares in Rolls-Royce Holdings plc may serve objections to the use of disclosure exemptions on Rolls-Royce Holdings plc in writing to its registered office no later than 31 May 2016.

## WHY NOT GO ONLINE?

### RECORD YOUR VOTE

Instead of completing the paper proxy form, you can record the appointment of your proxy online. You will be asked to enter the Control Number, Shareholder Reference Number (SRN) and Personal Identification Number (PIN) as printed on the paper proxy form and you will be given a receipt electronically to confirm your vote has been recorded.

[WWW.INVESTORCENTRE.CO.UK/EPROXY](http://WWW.INVESTORCENTRE.CO.UK/EPROXY)

### REGISTER YOUR EMAIL ADDRESS WITH US

If you are able to accept delivery of our Annual Report and Notice from our website [www.rolls-royce.com](http://www.rolls-royce.com) instead of receiving them in the post, you will not only reduce our printing and distribution costs but will also be helping the environment.

You can register your email address by visiting [www.investorcentre.co.uk](http://www.investorcentre.co.uk) and clicking on the eComms Signup link on the bottom right of the home page.

[WWW.INVESTORCENTRE.CO.UK](http://WWW.INVESTORCENTRE.CO.UK)

### MANAGE YOUR SHAREHOLDING

At our Registrar's website you can:

- set up instructions to have shareholder payments made direct to your bank account;
- deal in Rolls-Royce shares;
- view your account balance, values and history;
- change your address; and
- view payment history and access tax information.

You will need to quote the Shareholder Reference Number (SRN) as printed on your proxy form to register for this service.

You can also contact the Registrar by calling +44 (0)370 703 0162 between 8.30am and 5.30pm Monday to Friday or you can write to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE.

Email: [webqueries@computershare.co.uk](mailto:webqueries@computershare.co.uk)

[WWW.INVESTORCENTRE.CO.UK](http://WWW.INVESTORCENTRE.CO.UK)

### VISIT OUR WEBSITE

Our website contains a wealth of information about our Group. It has an Investors' section specifically designed to meet the needs of our shareholders and you can register for our news service which will enable you to receive all of our press releases direct to your email address or to your mobile phone.

[WWW.ROLLS-ROYCE.COM](http://WWW.ROLLS-ROYCE.COM)





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**Rolls-Royce**

9 March 2016

**Changes to our Board and its Committees**

Dear Shareholder,

I am writing to confirm an additional appointment to the Board following the publication of our 2015 Annual Report. After consideration by the Nominations & Governance Committee the Board appointed Bradley Singer as a Non-executive Director on 2 March 2016. Taking into account the provisions of the UK Corporate Governance Code, Brad is not considered to be an independent Non-executive Director. He became a member of the Science & Technology Committee from the date of his appointment.

Brad is a Partner and Chief Operating Officer of ValueAct Capital ('ValueAct'), the San Francisco-based investment company. ValueAct is currently the largest investor in Rolls-Royce with a shareholding of 10.8%. Before joining ValueAct, Brad had been Senior Executive Vice President and Chief Financial Officer of Discovery Communications, Inc. and Chief Financial Officer and Treasurer of American Tower Corp. Prior to these appointments, he worked as an investment banker at Goldman Sachs in New York and London. He is a director of Motorola Solutions, Inc. and a former director of Martha Stewart Living Omnimedia, Inc. and Citizens Communications Corp. His appointment followed the standard rigorous selection process that applies to all Non-executive Directors of Rolls-Royce.

Rolls-Royce, ValueAct Capital and Bradley Singer have entered into a Relationship Agreement which covers share dealings and other corporate governance matters. A summary of the main terms of the Agreement is available from the Corporate Governance section on the Group's website: [rolls-royce.com](http://rolls-royce.com)

It is currently anticipated that these arrangements will continue to apply until the day after the 2018 Annual General Meeting ('AGM').

In addition to the appointment of Bradley Singer your Board has undergone several important changes since last year:

- Warren East, who was previously a Non-executive Director, was appointed as our Chief Executive, replacing John Rishton, who retired, in July 2015;
- Irene Dorner, formerly CEO and President of HSBC USA, joined the Board as a Non-executive Director in July 2015;
- Sir Kevin Smith, former Chief Executive of GKN, was appointed as a Non-executive Director in November 2015;
- Alan Davies, Chief Executive of Rio Tinto Diamonds and Minerals division, was also appointed as a Non-executive Director in November 2015; and
- Jim Guyette and John Neill both retired at last year's AGM in May 2015.

Dame Helen Alexander will be stepping down from the Board at the conclusion of this year's AGM, after completing her nine-year term as a Non-executive Director. She will be succeeded as Chairman of the Remuneration Committee by Ruth Cairnie.

The appointment of our new Non-executive Directors prompted a review of the membership of our Board committees, taking care to ensure that the skills and experience of our new Non-executive Directors were closely matched to the needs of each Committee. The table below sets out the membership of each Board Committee with effect from the conclusion of this year's AGM.

Biographies, summarising the skills and experience of each Director who was in post in February 2016, can be found in pages 58 to 61 of our annual report.

Committee	Membership (May 2016 onwards)
<b>Audit</b>	Lewis Booth (Chairman), Alan Davies, Irene Dorner, Lee Hsien Yang
<b>Nominations &amp; Governance</b>	Ian Davis (Chairman), Lewis Booth, Ruth Cairnie, Sir Frank Chapman, Alan Davies, Irene Dorner, Lee Hsien Yang, John McAdam, Sir Kevin Smith, Jasmin Staiblin
<b>Remuneration</b>	Ruth Cairnie (Chairman), Sir Frank Chapman, John McAdam, Sir Kevin Smith
<b>Safety &amp; Ethics</b>	Sir Frank Chapman (Chairman), Irene Dorner, Lee Hsien Yang, John McAdam
<b>Science &amp; Technology</b>	Sir Kevin Smith (Chairman), Lewis Booth, Ruth Cairnie, Bradley Singer, Jasmin Staiblin

Lewis Booth has indicated his intention to relinquish his responsibility as Senior Independent Director once a successor has been appointed. This will be subject to a further announcement in due course. Lewis will continue as Chairman of the Audit Committee.

The Directors consider that all of the above changes are in the best interests of the Company and its shareholders as a whole, and we unanimously recommend that you vote in favour of each Board appointment at the forthcoming AGM. As you will see from the accompanying Notice of Meeting we are holding our AGM in Nottingham this year. Sixteen per cent of our shareholders are based in the region. I look forward to welcoming many of you there.

Yours sincerely

**Ian Davis**  
**Chairman**