



Notice of 2018 Annual General Meeting of Rolls-Royce Holdings plc

Annual General Meeting - 11:00am on Thursday 3 May 2018 at Pride Park Stadium, Derby

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the action that you should take, you should consult an independent financial adviser. If you have recently sold or transferred your shareholding in Rolls-Royce Holdings plc ('the Company') you should forward this document to your bank, stockbroker or other agent through whom the sale or transfer was made for transmission to the purchaser or transferee.

Dear Shareholder

I am pleased to invite you to our Annual General Meeting (AGM) which we will again be holding at Pride Park Stadium in Derby. The Notice of AGM (Notice) and explanatory notes about each of the resolutions proposed can be found on pages 4 to 5. Biographies of each Director standing for election or re-election can be found on pages 6 to 7.

Attending the meeting

If you plan to join us at the meeting, an attendance card is enclosed. You will also find directions to the venue and information about public transport. When you arrive at the meeting and register, you will be given a voting card so that you can vote on each of the resolutions put to the meeting. A proxy form is also enclosed if you would prefer to submit your vote in advance.

Unable to attend?

If you are unable to join us at the AGM, I encourage you to vote on each of the resolutions set out in the Notice by either:

- registering your vote online by visiting www.investorcentre.co.uk/eproxy and following the instructions; or
- completing and returning the enclosed proxy form to our Registrar (Computershare Investor Services PLC) in the pre-paid envelope provided.

The Registrar must receive your vote by 11:00am on Tuesday 1 May 2018. At the end of the AGM, voting on all of the resolutions will be taken by a poll which will include all of the votes submitted in advance.

Your Board believes that all of the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole. The Directors will be voting in favour of all resolutions and unanimously recommend that you do so as well.

Yours sincerely

Ian Davis
Chairman

Business of the AGM

This year's AGM will be held at Pride Park Stadium, Pride Park, Derby, DE24 8XL at 11:00am (BST) on Thursday 3 May 2018. You will be asked to consider and, if thought fit, to pass the resolutions set out below.

Ordinary resolutions 1-20

Report and accounts

1. To receive the Company's accounts and the reports of the Directors and the auditor for the year ended 31 December 2017.

Remuneration report

2. To approve the Directors' remuneration report for the year ended 31 December 2017.

Election and re-election of Directors

3. To elect Nick Luff as a Director.
4. To elect Beverly Goulet as a Director.
5. To re-elect Ian Davis as a Director.
6. To re-elect Warren East CBE as a Director.
7. To re-elect Lewis Booth CBE as a Director.
8. To re-elect Ruth Cairnie as a Director.
9. To re-elect Sir Frank Chapman as a Director.
10. To re-elect Stephen Daintith as a Director.
11. To re-elect Irene Dorner as a Director.
12. To re-elect Lee Hsien Yang as a Director.
13. To re-elect Bradley Singer as a Director.
14. To re-elect Sir Kevin Smith CBE as a Director.
15. To re-elect Jasmin Staiblin as a Director.

Appointment and remuneration of the auditor

16. To appoint PricewaterhouseCoopers LLP (PwC) as the Company's auditor to hold office until the conclusion of the next general meeting at which financial statements are laid.
17. To authorise the Audit Committee, on behalf of the Board, to set the auditor's remuneration.

Payment to shareholders – C Shares

18. To authorise the Directors:
 - a) 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 0.1 pence each (C Shares) as defined in the Company's Articles of Association (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 20 pence 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 2019 or 2 August 2019, whichever is sooner, 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.

Political donations and expenditure

19. To resolve that in accordance with part 14 of the Act, the Company and all companies that are its subsidiaries (together the Group) during the period for which this resolution has effect are 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;

up to an aggregate amount for the Group of £100,000, and the amount authorised under each of paragraphs (a) to (c) shall also be limited to such amount during the period from the date that this resolution is passed to the earlier of the conclusion of the Company's AGM in 2019 or close of business on 2 August 2019.

Authority to allot ordinary shares

20. To authorise the Directors generally and unconditionally 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 £123,347,889 equal to the first section 551 amount as defined in Article 12 of the Articles; and
 - b) comprising equity shares up to a nominal amount of £246,695,777 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 2019 or 2 August 2019, whichever is sooner.

Special resolutions 21-23

Disapplication of pre-emption rights

21. To resolve that, subject to the passing of resolution 20 above, the Directors be and are generally and unconditionally authorised to allot equity securities (as defined in section 560(1) of the Act) for cash under the authority provided by resolution 20 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, provided that such authority shall be limited to:

- a) a pre-emptive offer; and
- b) otherwise than in connection with a pre-emptive offer, up to a nominal amount of £18,502,183;

such authority to expire at the end of the Company's AGM in 2019 or 2 August 2019, whichever is sooner.

Authority to purchase own shares

22. To resolve 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 its ordinary shares provided that:

- a) the maximum number of ordinary shares to be purchased is 185,021,833;
- b) the minimum price which may be paid for an ordinary share is 20 pence (being the nominal value of an ordinary share) and the maximum price 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 prices 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 and the highest current independent bid on London Stock Exchange Trading System (in both cases exclusive of expenses);

and this authority shall expire at the end of the Company's AGM in 2019 or 2 August 2019, whichever is sooner, 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.

Change to the Company's borrowing powers

23. To resolve that the Articles be and are amended by replacing Article 130 with the following new Article 130:

"Notwithstanding Article 129 above, the Board shall restrict the borrowings of the Company and exercise all voting rights and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (so far as regards subsidiary undertakings as by such exercise they can secure) that the aggregate amount for the time being remaining outstanding of all money borrowed by the Group (which expression in these Articles means the Company and its subsidiary undertakings for the time being) and for the time being owing to persons other than the Company and its wholly-owned subsidiary undertakings shall not, without the sanction of the Company in general meeting, exceed an amount of six billion pounds (£6,000,000,000)."

By order of the Board

Pamela Coles

Company Secretary

13 March 2018

Rolls-Royce Holdings plc

Registered office:

62 Buckingham Gate

London

SW1E 6AT

T: +44 (0)20 7222 9020

www.rolls-royce.com

Registered in England and Wales No: 7524813

Explanation of resolutions

Resolutions 1 to 20 are ordinary resolutions – for these resolutions to be passed more than 50% of votes cast must be in favour.

RESOLUTION 1 – REPORT AND ACCOUNTS

The 2017 annual report is available at www.rolls-royce.com. A hard copy of the annual report has been sent to those shareholders who have requested this.

RESOLUTION 2 – THE DIRECTORS' REMUNERATION REPORT

It is a requirement of company law that the Directors' remuneration report, which is set out on pages 83 to 96 of the annual report, is put to a shareholder vote. This is an advisory resolution but in the event that a substantial minority of shareholders vote against the Directors' remuneration report, the Company will respond and explain how it will address shareholder concerns.

RESOLUTIONS 3 TO 15 – ELECTION AND RE-ELECTION OF DIRECTORS

The Articles require that at the AGM, all Directors at the date of the Notice of AGM shall retire from office. Beverly Goulet and Nick Luff will each put themselves forward for election at the AGM. Beverly Goulet joined the Board in July 2017. Nick Luff will, if elected, join the Board from the conclusion of the AGM. The other Directors will put themselves forward for re-election at the AGM in 2018. Biographies of each Director standing for election or re-election are included in this Notice on pages 6 and 7.

In accordance with the UK Corporate Governance Code (the Code), the Board has reviewed the independence of its Non-Executive Directors and, with the exception of Bradley Singer, has determined that each of them remains fully independent of management. Bradley Singer is a partner and chief operating officer of ValueAct, a major shareholder, and therefore is not considered to be an independent Non-Executive Director. The Company and Bradley Singer are party to a relationship agreement with ValueAct (a summary of which can be found at www.rolls-royce.com). The agreement will expire on 3 May 2018 but will be replaced with a new agreement covering treatment of confidential information and conflicts of interest only. The Code states that whilst the Chairman should, on appointment, be independent, thereafter the test of independence is not appropriate in relation to that post. Ian Davis met the Code's independence criteria upon his election as Chairman on 2 May 2013.

RESOLUTIONS 16 AND 17 – APPOINTMENT OF THE AUDITOR AND AUDITOR'S REMUNERATION

On the recommendation of the Audit Committee, the Board proposes the appointment of PwC as the Company's auditor for the financial year commencing 1 January 2018. The appointment of KPMG, the Company's current auditor, will end following the report on the 2017 financial statements at the 2018 AGM. Details of the remuneration paid to KPMG in 2017 can be found on page 103 of the annual report. Further details of the transition of auditors are included in the report of the Audit Committee in the annual report. Resolution 17 will authorise the Audit Committee, on behalf of the Board, to determine the auditor's remuneration for 2018.

RESOLUTION 18 – PAYMENT TO SHAREHOLDERS (C SHARES)

The Company issues redeemable C Shares of 0.1 pence each as a method of making payments to shareholders rather than paying a cash dividend. C Shares are not listed on the London Stock Exchange. C Shares can be redeemed for cash and our shareholders can choose to either receive the cash or use the cash to purchase additional ordinary shares via the C Share Reinvestment Plan (the CRIP).

The Company proposes to make a final bonus issue of 71 C Shares in respect of the 31 December 2017 financial year with a total nominal value of 7.1 pence for each ordinary share. The C Shares will be allotted on 2 July 2018 to shareholders on the register on 27 April 2018 and the C Share ex-entitlement date is 26 April 2018. Together with the interim issue on 3 January 2018 of 46 C Shares for each ordinary share with a total nominal value of 4.6 pence, this is the equivalent of a total annual payment to ordinary shareholders of 11.7 pence for each ordinary share.

If you have not already submitted your payment instruction form (to redeem or reinvest C Shares) or if you want to change your instruction, your new instruction must be received by the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom no later than 5:00pm on 1 June 2018. CREST holders must submit their instructions in CREST before 3:00pm on 1 June 2018. Redemption will take place on 5 July 2018. Further information about C Shares can be found on the investors' section at www.rolls-royce.com.

We are asking shareholders to approve resolution 18 so that we can continue making payments to shareholders by issuing C Shares.

RESOLUTION 19 – 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.

RESOLUTION 20 – AUTHORITY TO ALLOT ORDINARY 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 20(a) enables the Directors to allot new shares up to a nominal value of £123,347,889 representing approximately one third of the total issued ordinary share capital of the Company as at 13 March 2018*.

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 Investment Association. This is called the 'second section 551 amount' in the Articles. Resolution 19(b) enables the Directors to allot new shares up to a nominal value of £246,695,777 representing approximately two thirds of the total issued ordinary share capital of the Company as at 13 March 2018*.

As at 13 March 2018*, the Company did not hold any shares in treasury.

Following approval from the relevant authorities in Spain in December 2017, the Company has now concluded the acquisition of a 53.1% shareholding in Industria de Turbo Propulsores SA (ITP Aero) from SENER Grupo de Ingeniería SA (SENER) resulting in ITP Aero becoming a wholly-owned subsidiary of the Company. The consideration of €718m will be settled over a two-year payment period, payable in eight equal instalments, and the agreement with SENER allows the Company flexibility to settle up to 100% of the consideration in the form of ordinary shares. The first instalment was settled by issuing 9,612,581 ordinary shares on 15 January 2018 and the Company has notified SENER of its intention to settle the second instalment in the form of ordinary shares. Final consideration as to whether the remaining six instalments will be settled in the form of cash or ordinary shares will be determined by the Company during the remaining payment period.

Apart from the agreement with SENER, the Directors have no present intention of using this authority.

Resolutions 21 to 23 are special resolutions – for these resolutions to be passed, 75% or more of votes cast must be in favour.

RESOLUTION 21 – DISAPPLICATION OF PRE-EMPTION RIGHTS

Section 561(l) of the Act requires that when new ordinary shares are issued, they must first be offered to the existing shareholders on a pre-emptive basis (unless they are issued or sold in connection with an employee share scheme). This is called a pre-emption right.

It is proposed that the Directors be authorised to issue an amount of new ordinary shares, or sell treasury 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 13 March 2018*. The Directors believe that seeking the disapplication of pre-emption rights, up to this amount, will allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue.

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. The issue of ordinary shares for non-cash consideration in settlement of the acquisition of ITP Aero (referred to in the explanatory note to Resolution 20 above), is not subject to pre-emption rights.

RESOLUTION 22 – AUTHORITY TO PURCHASE OWN SHARES

This resolution 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 13 March 2018*) and the minimum and maximum prices at which they may be bought.

On 13 March 2018* there were options over ordinary shares in the capital of the Company representing 1.75% 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 1.95% of the Company's issued and voting ordinary share capital.

This authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per ordinary share and would be in the best interests of shareholders generally. The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review.

RESOLUTION 23 – INCREASE IN THE COMPANY'S BORROWING POWERS

The amendment to Article 130 will increase the Directors' powers to incur borrowings as set out in Article 130 from £5bn to £6bn. The Board considers it commercially prudent and timely to refresh the borrowing limit. The adoption of the higher limit will not materially change the Company's borrowing policy and the Board believes it to be in the best commercial interests of the Group.

* 13 March 2018 being the latest practicable date prior to the publication of this Notice.

Directors' biographies

Standing for election

Nick Luff

Independent Non-Executive Director

To be appointed to the Board with effect from the close of the AGM

Career, skills and experience

Nick is a qualified Chartered Accountant and is currently chief financial officer at RELX Group. He has also served as group finance director at Centrica plc from 2007 to 2014 and chief financial officer at P&O between 2003 and 2007. Nick has previously held non-executive director positions at Lloyds Banking Group plc, where he was chairman of the audit committee, and at QinetiQ Group plc, the defence, aerospace and security services company. His passion for engineering and significant expertise in finance and accounting will be extremely valuable to the Board.

Other principal roles

- RELX Group, chief financial officer

Beverly Goulet

Independent Non-Executive Director

Appointed to the Board in July 2017 – Tenure: less than 1 year

Career, skills and experience

Beverly, a US national, started her career as a securities and M&A lawyer and has spent a considerable amount of her career in the airline industry. From 1993 until June 2017, Beverly was a key member of the executive team of American Airlines where she remained in a number of senior roles. Beverly brings valuable operational experience with significant knowledge of corporate finance and treasury matters.

Other principal roles

- Xenia Hotels and Resorts, non-executive director
- Dallas Women's Foundation, board member
- Rolls-Royce North America Holdings, Inc., board member

Standing for re-election

Ian Davis

Chairman

Appointed to the Board in March 2013 and as Chairman in May 2013 – Tenure: 5 years

Career, skills and experience

Ian was a partner at McKinsey for 31 years and served as chairman and worldwide managing director. He brings significant financial and strategic experience to the Board and has worked with and advised global organisations and companies, enabling him to draw on knowledge of diverse issues and outcomes to assist the Board.

Other principal roles

- BP p.l.c., non-executive director
- Johnson & Johnson Inc., director
- McKinsey & Company, senior partner emeritus

Warren East CBE

Chief Executive

Appointed to the Board in January 2014 and as Chief Executive in July 2015 – Tenure: 4 years

Career, skills and experience

Warren is an engineer by training and joined ARM Holdings plc in 1994 where he served as CEO from 2001 until 2013. He has a deep understanding of technology and proven strategic and leadership skills in a global business. He is a fellow of: the Institute of Engineering and Technology; the Royal Academy of Engineering; the Royal Society; and of the Royal Aeronautical Society. He was awarded a CBE in 2014 for services to the technology industry.

Other principal roles

- Dyson James Group Limited, non-executive director
- The Institution of Engineering and Technology, trustee

Standing for re-election (continued)

Lewis Booth CBE

Independent Non-Executive Director

Appointed in May 2011 – Tenure: 6 years

Career, skills and experience

Lewis has considerable financial expertise and experience and brings an international perspective from his 42-year career in the motor industry. After gaining a bachelor of engineering degree with honours in mechanical engineering, Lewis began his career with British Leyland. He spent 34 years at Ford Motor Company including as executive vice president and CFO. He was awarded a CBE in 2012 for services to the UK automotive and manufacturing industries.

Other principal roles

- Mondelez International, Inc., non-executive director
- Gentherm Inc., non-executive director

Ruth Cairnie

Independent Non-Executive Director

Appointed in September 2014 – Tenure: 3 years

Career, skills and experience

A physicist by background, Ruth has strong strategic and commercial experience gained at Royal Dutch Shell Plc where she held a number of senior international roles, most recently as executive vice president strategy and planning. Ruth has significant remuneration committee experience having chaired the remuneration committee at Keller Group plc from April 2012 to May 2017. She has been a member of the remuneration committee at Associated British Foods plc since 2014.

Other principal roles

- Associated British Foods plc, non-executive director
- ContourGlobal plc, non-executive director
- POWERful Women, industry chair

Sir Frank Chapman

Independent Non-Executive Director

Appointed in November 2011 – Tenure: 6 years

Career, skills and experience

Sir Frank has significant industrial and safety experience, having worked in the oil & gas industry for 38 years including appointments within Royal Dutch Shell plc and BP p.l.c. He has a life-long passion for engineering and innovation and a deep understanding of technology. He was chief executive of BG Group plc for 12 years until 2012 and chairman of Golar LNG Ltd. Sir Frank is a fellow of the Royal Academy of Engineering, the Institute of Mechanical Engineers and the Energy Institute. He was knighted in 2011 for services to the oil & gas industry.

Other principal roles

- Myeloma UK, vice chairman

Stephen Daintith

Chief Financial Officer

April 2017 – Tenure: less than 1 year

Career, skills and experience

Stephen trained and qualified as a member of the ICAEW with PricewaterhouseCoopers and has considerable financial expertise. His previous roles include CFO of Daily Mail and General Trust plc from January 2011 to April 2017. He also worked in New York as the CFO and COO of Dow Jones and in London as the CFO of News International, both part of News Corporation. He also previously held several executive positions at British American Tobacco.

Other principal roles

- 3i Group plc, non-executive director

Standing for re-election (continued)

Irene Dorner

Independent Non-Executive Director

Appointed in July 2015 – Tenure: 2 years

Career, skills and experience

Irene was CEO and president of HSBC, US. Her background in risk management played a key role in strengthening the financial institution's risk processes and she brings this insight to the Audit Committee. During a 30-year career at HSBC, she held a number of international roles including leading HSBC in Malaysia. Irene was a consultant at PricewaterhouseCoopers until February 2016 and is an honorary fellow of St Anne's College, Oxford.

Other principal roles

- AXA SA, director
- Control Risks Group Holdings Limited, chairman
- Virgin Money Holding (UK) plc, chair elect and non-executive director

Lee Hsien Yang

Independent Non-Executive Director

Appointed in January 2014 – Tenure: 4 years

Career, skills and experience

A Singaporean, Hsien Yang was formerly a member of our International Advisory Board and combines a strong background in engineering with extensive international business experience in our most important growth markets. He was chief executive of Singapore Telecommunications Limited for 12 years until 2007 and served as chairman and non-executive director of Fraser and Neave Limited. He has significant industrial and financial skills.

Other principal roles

- General Atlantic LLC and associated funds, special adviser
- Civil Aviation Authority of Singapore, chairman
- The Islamic Bank of Asia Private Limited, chairman

Bradley Singer

Non-Independent Non-Executive Director

Appointed in March 2016 – Tenure: 2 years

Career, skills and experience

Bradley a US national, has an outstanding record as a business leader in the US. He brings experience of public companies during periods of change, growth and significant financial outperformance, particularly in the US. He has been senior executive vice president and CFO of Discovery Communications, Inc and CFO and treasurer of American Tower Corp. Before these appointments he worked as an investment banker at Goldman Sachs.

Other principal roles

- ValueAct Capital, partner and chief operating officer
- Posse Foundation, director
- McIntire School Foundation, University of Virginia, trustee

Sir Kevin Smith CBE

Senior Independent Non-Executive Director

Appointed in November 2015 – Tenure: 2 years

Career, skills and experience

Sir Kevin has extensive industrial leadership experience and a deep knowledge of global engineering and manufacturing businesses, as well as the aerospace industry. He was CEO of GKN plc for nine years. Before joining GKN, he spent nearly 20 years with BAE Systems in a number of senior executive positions. He has an honorary fellowship doctorate from Cranfield University and is an honorary fellow of the University of Central Lancashire. He was awarded a CBE in 1997 and was knighted in 2006 for services to industry.

Other principal roles

- Unitas Capital, senior adviser
- LEK Consulting, European advisory board member
- University of Central Lancashire, industry steering group member

Standing for re-election (continued)

Jasmin Staiblin

Independent Non-Executive Director

Appointed in May 2012 – Tenure: 5 years

Career, skills and experience

A German national, Jasmin combines a strong background in advanced engineering and deep technology knowledge with extensive international business experience, having lived and worked in Switzerland, Sweden and Australia. She has been the CEO of Alpiq Holding AG since 2013. She held a number of senior positions in the ABB Group becoming CEO of ABB Switzerland from 2006 to 2012.

Other principal roles

- Alpiq Holding AG, CEO
- Georg Fischer AG, non-executive director

Important notes

Issued share capital and total voting rights

As at 13 March 2018 the issued share capital of the Company consisted of 1,850,218,628 ordinary shares of 20 pence each, 28,157,206,898 C Shares of 0.1 pence 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 13 March 2018 was 1,850,218,628.

Entitlement to attend and vote

To be entitled to attend and vote at the AGM, shareholders must be registered on the Company's Register of Members as at 6:00pm (BST) on Tuesday 1 May 2018 (or, in the event of an adjournment, on the register of members 48 hours before the time of any adjourned meeting). Changes to the Register of Members made after the deadline will 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 and not by a show of hands. On a poll, every member shall have one vote for every ordinary share held. The results of the poll will be announced to the London Stock Exchange once the results have been verified and will also be published at www.rolls-royce.com.

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 percentage of votes for or against the resolution.

Nominated Persons

The main point of contact for Nominated Persons remains the registered shareholder (or the custodian or broker who administers the investment on their behalf). Any person who has been nominated under section 146 of the Act to enjoy Information Rights (a 'Nominated Person') may, under an agreement with the registered shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed), as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, the Nominated Person may, under any such agreement, have a right to give instructions to the shareholders as to the exercise of voting rights, 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.

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

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 10:00am on the date and at the place of the AGM until the meeting closes:

- Executive Directors' service contracts;
- Non-Executive Directors' letters of appointment;
- deeds of indemnities granted to each Director; and
- a copy of the Articles and New Articles.

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 at www.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 between 08:30am and 5:30pm Monday to Friday;
- by writing to the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom; or
- by emailing webqueries@computershare.co.uk