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Rolls-Royce Holdings plc
05 October 2020

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5 October 2020

ROLLS-ROYCE ANNOUNCES SENIOR NOTES OFFERING

Further to its announcement of its recapitalization package on 1 October 2020, Rolls-Royce Holdings plc (the "Company" and together with its subsidiaries, the "Group" or "Rolls-Royce") today announces that it is commencing a series of meetings with fixed income investors with a view to launching, subject to market conditions, an offering (the "Bond Offering") of senior unsecured notes, which will be denominated in US dollars, euros and/or pounds sterling, targeting maturities of 2026 (long 5 year) and 2027 (straight 7 year) (the "Notes"). The Notes will be issued by Rolls-Royce plc, a wholly-owned subsidiary of the Company, and guaranteed by the Company.

The Group intends to raise gross proceeds of at least £1bn from the Bond Offering and use these proceeds together with those of the rights issue that forms part of the recapitalization package to enhance its financial resilience and deliver a more appropriate balance sheet in order to position the Group for the post COVID-19 environment. This will enable the Group to improve its liquidity headroom, reduce its level of balance sheet leverage while supporting disciplined execution and investment to ensure maximized value for existing capabilities.

IMPORTANT INFORMATION

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Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. Persons receiving this announcement should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, the Group does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

This announcement is not an offer of securities for sale in the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements under the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. Any decision to invest in the Notes offered in the Bond Offering must be made solely based on the information in the offering memorandum relating to the Notes.

This announcement is for informational purposes only and is directed only at persons who are: (a) persons in member states of the European Economic Area (the "EEA") who are qualified investors (as defined in Regulation (EU) No. 2017/1129); (b) persons in the United Kingdom who are qualified investors and who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) persons falling within Article 49(2) (a) to (d) of the Order ("high net worth companies, unincorporated associations, etc."); or (iii) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any senior secured notes may otherwise be lawfully

communicated or cause to be communicated (all such persons in (a) and (b) together being referred to as "relevant persons"). This announcement must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this announcement relates is available only to relevant persons and will be engaged in only with relevant persons.

About Rolls-Royce Holdings plc

1. Rolls-Royce pioneers cutting-edge technologies that deliver clean, safe and competitive solutions to meet our planet's vital power needs.
2. Rolls-Royce has customers in more than 150 countries, comprising more than 400 airlines and leasing customers, 160 armed forces, 70 navies, and more than 5,000 power and nuclear customers.
3. Annual underlying revenue was £15.45 billion in 2019, around half of which came from the provision of aftermarket services.
4. In 2019, Rolls-Royce invested £1.46 billion on research and development. We also support a global network of 29 University Technology Centres, which position Rolls-Royce engineers at the forefront of scientific research.
5. Rolls-Royce Holdings plc LEI: 213800EC7997ZBLZJH69

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