



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 financial 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 your ordinary shares in Rolls-Royce Group plc, you should pass this document and all other enclosures to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Letter from the Chairman

March 10, 2010

Dear Shareholder,

Notice of Annual General Meeting

I have pleasure in enclosing the Notice of this year's Annual General Meeting (the Notice). The 2010 Annual General Meeting of Rolls-Royce Group plc (the Company) will be held at 11.00am on Wednesday April 28, 2010 at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE. This letter sets out details of the items of business to be transacted at the meeting.

Resolutions 1 to 10

Resolutions 1 to 10 deal with: the Directors' report and the audited financial statements for 2009 (Resolution 1); the approval of the Directors' remuneration report (Resolution 2); the re-election of directors (Resolutions 3 to 7); the reappointment of the Company's auditors and authority to agree their remuneration (Resolution 8); the proposed allotment and issue of C Shares to shareholders (Resolution 9); and political donations and expenditure (Resolution 10). All of these resolutions will be proposed as Ordinary Resolutions.

Resolutions 11 to 15

Resolutions 11 to 15 deal with: the adoption of new Articles of Association (Resolution 11); the authority to call general meetings, other than the Annual General Meeting, on 14 clear days' notice (Resolution 12); the directors' authority to allot new shares (Resolution 13); the authority to disapply pre-emption rights on the issue of a limited number of new shares in the Company (Resolution 14) and the authority for the Company to purchase its own ordinary shares (Resolution 15). All of these resolutions will be proposed as Special Resolutions.

Poll voting

In line with the approach adopted in recent years, all the above resolutions will be put to the vote and decided by a poll. This reflects best practice and will ensure that shareholders who are not able to attend the Annual General Meeting, but who have appointed proxies, have their votes fully taken into account. Any directors appointed as proxies will cast their votes as directed by shareholders. The poll results will be notified to the UK Listing Authority and published on the Group's website as soon as possible after the conclusion of the Annual General Meeting.

Recommendation

The directors consider that the resolutions to be proposed at the Annual General Meeting as set out in this document are in the best interests and will promote the success of the Company for the benefit of its shareholders as a whole. Accordingly, the directors recommend that you give them your support by voting in favour of the resolutions set out in the Notice, as they intend to do in respect of their own beneficial shareholdings.

Action to be taken

Shareholders will find enclosed a blue-headed proxy form. If you are not intending to attend the Annual General Meeting in person, please complete and return this form indicating how you wish your votes to be cast on each of the resolutions. To be effective, the proxy form must be completed in accordance with the instructions printed thereon and set out in the notes to the Notice and should be returned as soon as possible but, in any event, so as to reach the Company's Registrar – Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY – **by no later than 11.00am on Monday April 26, 2010.**

Alternatively, you can register the appointment of a proxy online by going to www.eproxyappointment.com. If you are a member of CREST, you should use the CREST electronic proxy appointment service. Further details are set out in the explanatory notes to the proxy form and in the notes to the Notice.

Yours sincerely

Simon Robertson
Chairman

2 Notice of Annual General Meeting

The 2010 Annual General Meeting of **Rolls-Royce Group plc** (the Company) will be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London, SW1P 3EE at 11.00am on Wednesday April 28, 2010 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.

ORDINARY RESOLUTIONS

Resolution 1 – Receipt of the Directors’ report and the audited financial statements

That the Directors’ report and the audited financial statements for the year ended December 31, 2009 be received.

Resolution 2 – Approval of the Directors’ remuneration report

That the Directors’ remuneration report for the year ended December 31, 2009 be approved.

Resolution 3 – Re-election of director

That Peter Byrom be re-elected as a director of the Company.

Resolution 4 – Re-election of director

That Professor Peter Gregson be re-elected as a director of the Company.

Resolution 5 – Re-election of director

That Helen Alexander CBE be re-elected as a director of the Company.

Resolution 6 – Re-election of director

That Dr John McAdam be re-elected as a director of the Company.

Resolution 7 – Re-election of director

That Andrew Shilston be re-elected as a director of the Company.

Resolution 8 – Reappointment of the auditors and authority to agree auditors’ remuneration

That KPMG Audit Plc be reappointed as the Company’s auditors to hold office until the conclusion of the next general meeting at which financial statements are laid before the Company and that the directors be authorised to agree the auditors’ remuneration.

Resolution 9 – Proposed allotment and issue of C Shares

That the directors be and are 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 £350 million standing to the credit of the Company’s capital redemption reserve and/or such other reserves as the Company may legally use in paying up in full at par, up to 350 billion non-cumulative redeemable preference shares with a nominal value of 0.1 pence each in the capital of the Company (C Shares) from time to time having the rights and being subject to the restrictions contained in the Articles of Association of the Company 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 £350 million to the holders of ordinary shares of 20 pence each in the capital of the Company (ordinary shares) on the register of members 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 next Annual General Meeting of the Company and so that such authority shall be additional to, and without prejudice to, the unexercised portion of any authorities and powers granted to the directors pursuant to Resolution 13 below, and any resolution passed prior to the date of passing of this resolution;
- 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.

Resolution 10 – 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 next Annual General Meeting, 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 Part 14 of the Companies Act 2006.

SPECIAL RESOLUTIONS

Resolution 11 – Adoption of New Articles of Association

That with immediate effect, the amended Articles of Association of the Company produced to the meeting and initialled by the Chairman for the purpose of identification (the New Articles) be approved and adopted as the Articles of Association of the Company, in substitution for the existing Articles of Association (the Existing Articles).

Resolution 12 – Notice of general meetings

That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice.

Resolution 13 – Authority to allot new shares

That the Section 551 amount as defined in Article 10(d) of the New Articles shall be £123,607,451.

Resolution 14 – Disapplication of pre-emption rights

That, subject to the passing of Resolution 13, the Section 561 amount as defined in Article 10(d) of the New Articles shall be £18,541,117.

Resolution 15 – Authority to purchase own shares

That the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of its ordinary shares, subject to the following conditions:

- a) the maximum aggregate number of ordinary shares authorised to be purchased is 185,411,177;
- b) the minimum price (exclusive of expenses) which may be paid for an ordinary share is 20 pence (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 per cent 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 next Annual General Meeting of the Company or 15 months from the date of this resolution (whichever is the earlier); and
- e) 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

Tim Rayner

General Counsel and Company Secretary
March 10, 2010

4 Notes to the Notice of Annual General Meeting

Issued share capital and total voting rights

As at February 10, 2010, the issued share capital consisted of 1,854,111,778 ordinary shares of 20 pence each, 16,279,516,483 C Shares of 0.1 pence each and one Special Share of £1. At the Annual General Meeting, 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 of Association) is entitled to receive notice of and to attend and speak at any general meeting 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 February 10, 2010 was 1,854,111,778.

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 6.00pm (BST) on Monday April 26, 2010 or, in the event that the Annual General Meeting 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 Annual General Meeting 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 6.00pm (BST) on Monday April 26, 2010 shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

Proxies

Shareholders entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend, speak and vote at the Annual General Meeting instead of them. Appointing a proxy will not preclude shareholders from attending and voting at the Annual General Meeting if they later decide to do so.

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 Annual General Meeting 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).

Please 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 Annual General Meeting.

Voting at the Annual General Meeting

On a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised

representative, not being himself a member entitled to vote, shall have one vote. Also, every proxy present who has been duly appointed by one or more members entitled to vote on the resolution has one vote. A proxy has one vote for and one vote against the resolution if the proxy has been duly appointed by more than one member entitled to vote on the resolution and the proxy has been instructed by one or more of those members to vote for the resolution and by one or more other of those members to vote against it.

On a poll, every member shall have one vote for every ordinary share of which he is the holder.

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 number of votes for or against the resolution.

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)870 703 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 using hard-copy form

A blue-headed proxy form is enclosed. To be valid this should be completed, signed and sent or delivered to the Registrar in the reply paid envelope provided, to be received no later than 11.00am (BST) on Monday April 26, 2010 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 thereof) should be enclosed with the proxy form.

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 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.

Electronic appointment of proxies

As an alternative to completing the hard-copy proxy form, you can register your proxy appointment at www.eproxyappointment.com. 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 11.00am (BST) on Monday April 26, 2010.

Changing proxy instructions

To change your proxy instructions, you must submit a new proxy appointment using either the hard-copy proxy form appointment method or the electronic appointment method set out above. Note that the cut-off time of 11.00am (BST) on Monday April 26, 2010 for receipt of proxy appointments (or not less than 48 hours before any adjourned meeting) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Registrar. You can speak to a member of the Registrar's Rolls-Royce team by calling +44 (0)870 703 0162 between 8.30am to 5.30pm Monday to Friday or you can write to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE.

If you have voted online you can amend your vote by resubmitting your voting instructions electronically as described above.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies 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 notorially certified copy of such power or authority) must be included with the revocation notice; or
- by calling the Registrar's helpline on +44 (0)870 703 0162.

In either case, the revocation notice must be received by the Registrar at least three hours before the commencement of the Annual General Meeting 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 Annual General Meeting and voting in person. If you have appointed a proxy and attend and vote at the Annual General Meeting in person, your proxy appointment will be terminated automatically.

Nominated persons

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Act (Nominated Persons). If you are a Nominated Person you may have a right under an agreement with

the registered shareholder who has nominated you to have information rights (the Relevant Shareholder) to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting 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 Relevant 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 Relevant 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. 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 UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC (Issuer agent ID number 3RA50) by 11.00am (BST) on Monday April 26, 2010 (or not less than 48 hours before any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) 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 and, where applicable, their CREST sponsors 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.

Corporate representatives

The Companies (Shareholders' Rights) Regulations 2009 (the Shareholders' Rights Regulations) have amended the Act in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll (provided they do not do so in relation to the same shares).

American Depositary Receipt (ADR) holders

ADR holders who do not hold their investment directly should contact the registered shareholder or 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 and to attend, speak and vote at the meeting. Registered holders should contact the depositary:

BNY Mellon
Shareholder Services
PO Box 358516
Pittsburgh PA 15252-8516
Phone: +1 888 269 2377 or +1 888 BNY ADRS (toll free within the US)
Phone outside the US: +1 201 680 6825
Email: shrrelations@bnymellon.com
Website: www.adrbnymellon.com

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 Annual General Meeting until it closes:

- executive directors' service contracts;
- letters of appointment for the Chairman and the non-executive directors;
- directors' deeds of indemnity; and
- the New Articles and a comparison document showing the changes made to the Existing Articles.

Business at the Annual General Meeting

Under section 319A of the Act, shareholders have the right to ask questions at the Annual General Meeting relating to the business of the meeting and for these to be answered, unless such answer would interfere unduly with the business of the meeting or involve the disclosure of confidential information or if the answer has already been published on the Company's website or if 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 meeting 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 five per cent 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 Company's website at www.rolls-royce.com:

- the matters set out in this Notice;
- the total voting rights and number of shares of each class in respect of which shareholders are entitled to exercise voting rights at the Annual General Meeting;
- shareholders' rights to include business to be dealt with at the Annual General Meeting; and
- shareholders' statements, resolutions and matters of business received by the Company after March 10, 2010.

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 Annual General Meeting relating to the audit of the Company's accounts (including the auditors' 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 Annual General Meeting. The Company will publish the statement on its website if sufficient requests have been received in accordance with section 527(2) of the Act (which, broadly, requires a minimum of 100 shareholders who have a right to vote at the meeting 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 five per cent of the total voting rights, to make the request), and 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 auditors not later than the time when it makes the statement available on the website.

The business which may be dealt with at the Annual General Meeting 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 Annual General Meeting should use the following means of communication (no other methods of communication will be accepted):

- by calling the Registrar's helpline on +44 (0)870 703 0162; or
- by writing to the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE.

You may not use any electronic address provided either in this Notice or in any related documents (including the Chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.

Explanation of resolutions

Resolutions 1 to 10 will be proposed as Ordinary Resolutions. For these resolutions to be passed, more than 50 per cent of shareholders' votes cast must be in favour.

Resolution 1 – Receipt of the Directors' report and the audited financial statements

The directors will present the Directors' report and the audited financial statements for the year ended December 31, 2009 to the Annual General Meeting.

Resolution 2 – Approval of the Directors' remuneration report

UK listed companies are required to give shareholders the opportunity to cast an advisory vote on the Directors' remuneration report. The Directors' remuneration report is on pages 80 to 90 of the Annual report. It explains the Company's policy on remuneration and gives details of the directors' remuneration for the year ended December 31, 2009. The Company's auditors, KPMG Audit Plc, have audited those parts of the Directors' remuneration report required by the Act. Their report is on page 149 of the Annual report.

The Board believes that its policy on executive remuneration plays a vital part in helping to achieve the Company's objectives by providing the directors with effective incentives for strong performance.

Resolutions 3 to 7 – Re-election of Peter Byrom, Professor Peter Gregson, Helen Alexander CBE, Dr John McAdam and Andrew Shilston

In line with the policy adopted by the Company in 2004 requiring directors who have served more than nine years on the Board to seek annual re-election, Peter Byrom is proposed for re-election. Additionally, under the Existing Articles, one-third of the directors must retire by rotation each year, with each director also being subject to re-election at intervals of not more than three years. Accordingly Professor Peter Gregson, Helen Alexander CBE, Dr John McAdam and Andrew Shilston are also proposed for re-election.

Biographies of all of the directors proposed for re-election are in Appendix 1.

In accordance with the Combined Code on Corporate Governance issued by the Financial Reporting Council, the Board has reviewed the independence of its non-executive directors and has determined that they remain fully independent of management, although the Combined Code does not regard the Chairman as being independent in view of his unique role in corporate governance. In particular, the Board has reviewed the independence of Peter Byrom who has served on the Board for more than nine years. The Board has concluded that Peter Byrom remains independent, as explained on page 70 of the Annual report.

Resolution 8 – Reappointment of the auditors and authority to agree the auditors' remuneration

This resolution proposes the reappointment of KPMG Audit Plc as the Company's auditors and follows the standard practice of giving authority to the directors to agree the auditors' remuneration.

Resolution 9 – Proposed allotment and issue of C Shares

At the Company's Annual General Meeting in 2008, shareholders approved the issue of C Shares as a method of making payments to shareholders rather than paying a cash dividend.

The Company proposes to make a bonus issue of 90 C Shares for every ordinary share held, to holders of ordinary shares on the register on April 23, 2010, rather than paying a final cash dividend for 2009.

Shareholders can redeem their C Shares for cash or reinvest the proceeds in additional ordinary shares using the C Share Reinvestment Plan (the CRIP). Further details of C Shares are contained in the booklet 'Shareholder guide', a copy of which can be obtained from the Registrar, or can be downloaded from the Investors' section of the Company's website www.rolls-royce.com. C Shares are not listed on the London Stock Exchange.

Resolution 9 allows for the allotment and issue of C Shares up to the limit specified. It is additional to the general authority to issue shares provided by Resolution 13 and expires at the conclusion of the Company's next Annual General Meeting.

Shareholders will not have to make any payments for C Shares and no charge will be made should they elect to redeem their C Shares for cash. Shareholders who wish to reinvest redemption proceeds in the purchase of further ordinary shares will be able to participate in the CRIP operated by the Registrar. A copy of the terms and conditions applying to the CRIP are available on request from the Registrar.

Resolution 10 – Political donations and expenditure

It is not the policy of the Company to make donations to political parties and the Company has no intention of using this authority for that purpose. However, it is possible that certain routine activities undertaken by the Rolls-Royce group of companies (the Group) may unintentionally fall within the broad scope of the provisions controlling political donations and expenditure contained in the Act. Any expenditure that is regulated under this Act must first be approved by shareholders and will be disclosed in next year's Annual report.

This resolution, if passed, will provide the directors with authority to make donations and incur expenditure which might otherwise be caught by the terms of that Act, up to a maximum amount of £25,000 for each subsidiary company and a maximum amount of £50,000 for the Group, until the Annual General Meeting to be held in 2011 (when the directors intend to renew this authority).

Resolutions 11 to 15 will be proposed as Special Resolutions. For these resolutions to be passed, 75 per cent or more of shareholders' votes cast must be in favour.

Resolution 11 – Adoption of New Articles of Association

This resolution seeks shareholders' approval to adopt the New Articles which reflect the implementation of the remaining provisions of the Act and amendments to the Uncertificated Securities Regulations 2001 both of which came into force on October 1, 2009 and the enactment of the Shareholders' Rights Regulations which came into effect on August 3, 2009. An explanation of the main changes between the New Articles and the Existing Articles is set out in Appendix 2 to this Notice. Changes of a minor or technical nature are not noted in Appendix 2 but a marked-up copy of the New Articles showing all proposed changes is available for inspection on the Company's website at www.rolls-royce.com or at the Company's registered office and will be available for at least 15 minutes prior to and during the Annual General Meeting.

Resolution 12 – Notice of General Meetings

Resolution 12 would allow the Company to hold general meetings on 14 clear days' notice. Changes made to the Act by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 clear days unless shareholders approve a shorter notice period. Previously, the Company was able to call general meetings other than the Annual General Meeting on 14 clear days' notice. Resolution 12 seeks shareholder approval to preserve the ability to call general meetings on 14 clear days' notice.

The Board confirms it will only use the shorter notice period in limited circumstances for time-sensitive matters where its use would be in the interests of shareholders as a whole. It will not be used for non-urgent business, particularly if this is of a complex or potentially contentious nature. The Board also confirms that electronic voting will be made available to all shareholders for that meeting.

Resolution 13 – Authority to allot new shares (Section 551 amount)

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. The New Articles authorise the directors to allot shares in accordance with the terms of Articles 10(a) to 10(d). However, it is necessary to specify each year the maximum nominal amount of shares which the directors are authorised to allot. This is defined as the section 551 amount in the New Articles.

Resolution 13 enables the directors to allot new shares up to a nominal value of £123,607,451, representing approximately one third of the total issued ordinary share capital of the Company as at February 10, 2010 being the last practicable date prior to publication of this Notice. This is similar to resolutions passed by shareholders in previous years and is in line with guidance issued by the Association of British Insurers (ABI).

Resolution 14 – Disapplication of pre-emption rights (Section 561 amount)

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'.

As in previous years, Resolution 14 sets the maximum nominal amount of new shares which the directors are authorised to allot for cash without first offering them to existing shareholders. This amount is equal to five per cent of the Company's issued ordinary share capital as at February 10, 2010 being the last practicable date prior to publication of this Notice. This limit accords with the recommendations of the ABI.

In line with best practice, the Company has not issued more than 7.5 per cent 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 per cent of the Company's issued share capital in a rolling three-year period would not take place without prior consultation with shareholders.

Resolution 15 – Authority to purchase own shares

Resolution 15 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 ten per cent of the Company's issued ordinary share capital as at February 10, 2010 being the last practicable date prior to publication of this Notice) and the minimum and maximum prices at which they may be bought.

On February 10, 2010, there were options over ordinary shares in the capital of the Company representing 1.55 per cent 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 1.72 per cent of the Company's issued and voting ordinary share capital.

It is expected that the Company will hold any shares purchased under this authority as treasury shares. However, prior to any repurchase, the Company will advise shareholders through a Regulatory Information Service if any shares repurchased are to be cancelled. 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 may be 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 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.

This authority will be valid until the conclusion of the next Annual General Meeting in 2011 or 15 months from the date of this resolution, whichever is the earlier.

9 APPENDIX 1

Biographies of directors proposed for re-election:

Helen Alexander CBE

Non-executive director

Chairman of the remuneration committee and a member of the ethics and nominations committees

Helen Alexander CBE was appointed to the Board in 2007. She is President of the CBI and Chairman of the Port of London Authority and of Incisive Media. She is a non-executive director and chair of the remuneration committee at Centrica plc and senior adviser to Bain Capital. She was CEO of The Economist Group from 1997 to 2008. Helen is also senior trustee of the Tate Gallery and a trustee of the World Wide Web Foundation. Age 53.

Peter Byrom BSc, FCA

Non-executive director

A member of the remuneration, ethics and nominations committees

Peter Byrom was appointed to the Board in 1997. He is Chairman of Domino Printing Sciences plc and a non-executive director of AMEC plc. He is a Fellow of the Royal Aeronautical Society. He was a director of NM Rothschild & Sons Limited from 1977 to 1996. Age 65.

Professor Peter Gregson

Non-executive director

A member of the remuneration and nominations committees

Peter Gregson was appointed to the Board in 2007. He is President and Vice-Chancellor of Queen's University Belfast and serves on the Northern Ireland Economic Development Forum, the Council of CBI Northern Ireland and the Steering Group of the US-Ireland Research and Development Partnership. He is a Fellow of the Royal Academy of Engineering, a Member of the Royal Irish Academy, and Deputy Lieutenant of Belfast. He was formerly Professor of Aerospace Materials and Deputy Vice-Chancellor of the University of Southampton and has served on the Councils of the Royal Academy of Engineering and the Central Laboratory of the Research Councils. Age 52.

Dr John McAdam

Non-executive director

A member of the remuneration and nominations committees

Dr John McAdam was appointed to the Board in 2008. He is Chairman of United Utilities Group PLC and of Rentokil Initial plc, the Senior Independent Director of J Sainsbury plc and a non-executive director of Sara Lee Corporation. He was the Chief Executive of ICI plc until ICI's acquisition by Akzo Nobel. Age 61.

Andrew Shilston MA, ACA, MCT

Finance Director

Andrew Shilston was appointed to the Board in 2003 having joined Rolls-Royce in 2002. He was a non-executive director of Cairn Energy PLC until May 2008 and he was Finance Director of Enterprise Oil plc from 1993 until 2002. Age 54.

Explanatory note of principal changes to the Company's Articles of Association

1. The Company's memorandum – objects and authorised share capital

The provisions of the Company's constitution were formerly set out in the Company's memorandum and articles of association.

The Act reduced significantly the constitutional significance of a company's memorandum with effect from 1 October 2009. The Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the Company.

Under the Act:

- the objects clause and most other provisions which were formerly contained in a company's memorandum immediately before October 1, 2009 are deemed to be contained in a company's articles; and
- the amount of a company's authorised share capital is deemed to be a provision of a company's articles setting a limit on the number of shares the directors may issue.

The adoption of the New Articles will have the effect of making the Company's objects unrestricted. However, as the objects clause that is deemed to be part of the Existing Articles was intentionally very widely drafted and was designed to ensure that no restrictions were imposed on the Company's operations, the removal of the objects clause by adoption of the New Articles is not intended or expected to have any practical impact on the Company's powers or operations.

Further, the adoption of the New Articles will also have the effect of removing the limit created by the former authorised share capital, and removing references to 'authorised' share capital and 'unissued' share capital from the Existing Articles. However, the Company's directors will still be limited as to the number of shares they can allot at any time because allotment authority continues to be required under the Act (please refer to resolutions 9 and 13 in the Notice), except in respect of employee share schemes.

2. B Shares

The Existing Articles contain extensive rights attaching to the Company's B Shares. However, all B Shares previously in issue have now been redeemed and so these provisions have been deleted from the New Articles.

3. Articles which duplicate statutory provisions

Provisions in the Existing Articles that replicate provisions contained in the Act are in the main amended to bring them into line with the Act. The main changes made to reflect this approach are detailed below.

Further, where a provision of the Act applies notwithstanding the provisions of the articles, and in particular where the Existing Articles were inconsistent with those provisions of the Act, articles replicating such provisions have been deleted to avoid any inconsistencies arising (for instance, from future amendments to the Act).

4. Authority to purchase own shares, consolidate and sub-divide shares and reduce share capital

Under the 1985 Act, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Existing Articles include these enabling provisions. Under the Act, a company only requires shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Amendments have been made to the New Articles to reflect these changes.

5. Use of seals

Under the 1985 Act, a company could have an official seal for use abroad only if its articles gave it authority. Under the Act, such authority is no longer required and has been removed in the New Articles.

6. Suspension of registration of share transfers

The Existing Articles permit the directors to suspend the registration of transfers. Under the Act, share transfers must be registered as soon as practicable. The power in the Existing Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

7. Voting by proxies on a show of hands

The Shareholders' Rights Regulations amended the Act to clarify the rules that apply when a shareholder's proxy casts votes for different shares in different ways. On a vote on a show of hands, every proxy present who has been duly appointed by one or more members entitled to vote on the resolution has one vote, but the proxy has one vote for and one vote against the resolution if:

- the proxy has been duly appointed by more than one member entitled to vote on the resolution; and
- the proxy has been instructed by one or more members to vote for the resolution and by other members to vote against it.

The New Articles now reflect these changes.

8. Voting by corporate representatives

The Shareholders' Rights Regulations have also amended the Act in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and on a poll. The New Articles contain provisions which reflect these amendments.

9. No current address

We have taken the opportunity to include provisions in the New Articles permitting the Company not to send certain documents or other information to shareholders for whom the Company has no current address. This should reduce the risk of personalised items going astray and decrease the administrative burden currently borne by the Company in relation to shareholder communications.

10. Payments to shareholders by direct credit to their bank

The UK Payments Council recently indicated that it had set a target date of 2018 to phase out the use of cheques. Direct crediting is a more secure and convenient way to receive payments and is cost effective. Currently some 80,000 shareholders provide their bank or building society details and receive all shareholder payments in this way. The New Articles will authorise the Board to take a decision to move to direct credit as the only permitted means of receiving payments. The Board has no immediate intention of exercising this power but will do so when it becomes accepted best practice.

General

We have also taken the opportunity to clarify some other wording of the articles. In some areas we thought it appropriate to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business Innovation and Skills.

12 Why not go online?

Register your email address at www.etreeuk.com/rolls-royce

If you are able to accept delivery of our Annual report and Notice of Annual General Meeting from our website www.rolls-royce.com instead of receiving them in the post, you will not only reduce our printing and distribution costs but you will also be helping the environment. For every shareholder registering to receive e-communications using the

eTree™ website, we will donate £1 to the Woodland Trust, the UK's leading woodland conservation charity in support of their Tree for All programme. You will need to quote the Shareholder Reference Number (SRN) as printed on the enclosed proxy form.

Record your vote at www.eproxyappointment.com

As an alternative to completing the hard-copy proxy form, you can record the appointment of your proxy online. You will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and

Personal Identification Number (PIN) as printed on the enclosed proxy form and you will be given a receipt electronically to confirm that your vote has been recorded.

Administer your shareholding at www.investorcentre.co.uk

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 the enclosed proxy form to register for this service.

Alternatively, you can speak to a member of the Registrar's Rolls-Royce team by calling +44 (0)870 703 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.

Visit our website at www.rolls-royce.com

Our website contains a wealth of information about our Company. It has an Investors' section specifically designed to meet the needs of our shareholders and you can also 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.



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