

No 1003142

THE COMPANIES ACT 2006

ROLLS-ROYCE plc
COMPANY LIMITED BY SHARES

ORDINARY RESOLUTION

At a general meeting of Rolls-Royce plc held on 14 September 2018 the following Resolution was passed as an ORDINARY RESOLUTION:

RESOLUTION

THAT the directors of the Company be and are hereby generally and unconditionally authorised, for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares up to an aggregate nominal amount of £1,355,876.40 for a period of five years from the date of the passing of this resolution.



.....
Pamela Coles
Company Secretary



14 September 2018

REPORT OF THE INDEPENDENT VALUER TO ROLLS-ROYCE PLC FOR THE PURPOSE OF SECTION 593 (1) OF THE COMPANIES ACT 2006

In accordance with Section 593 (1) of the Companies Act 2006, we report on the value of the consideration (the "Consideration") to be received by Rolls-Royce plc ("RR" or "the Company") in connection with the proposed allotment of new ordinary shares in the Company (the "RR Shares"). The RR Shares are to be issued to Rolls-Royce Holdings plc ("RRH") at the nominal value of GB Pounds £0.20 (20 pence) per share and a share premium, and treated as fully paid up by the Consideration.

RR is party to a share purchase agreement dated 24 November 2016 (subsequently amended and restated on 14 July 2017 and further amended on 31 October 2017) (the "SPA") with Sener Grupo de Ingeniería, S.A. ("Sener") and Sener Aeronáutica, S.A.U. ("the Seller"), relating to the acquisition by the Company of 53.125% of the issued share capital of Industria de Turbo Propulsores, S.A. ("ITP Shares") (the "Transaction"). The consideration payable by RR under the SPA for the 53.125% shareholding is €717.8 million (the "Purchase Price" or the "Consideration Payable").

RR will settle the Consideration Payable over a two-year period in eight equal and evenly spaced instalments ("Purchase Price Instalments"). The SPA allows RR flexibility to settle up to 100% of the Purchase Price (and any Purchase Price Instalment, wholly or partly) in the form of ordinary shares of £0.20 (20 pence) per share in the capital of Rolls Royce Holdings plc ("RRH") shares (the "Shares Consideration"). The first instalment was settled on 15 January 2018, the second instalment was settled on 19 March 2018, the third instalment was settled on 19 June 2018 and RR has elected to pay the fourth instalment (the "Fourth Instalment") wholly in Shares Consideration ("Fourth Instalment Shares Consideration"). RR will issue shares to RRH ("RR Fourth Instalment Issue") in consideration of RRH issuing the Fourth Instalment Shares Consideration, thereby satisfying a portion of RR's deferred consideration liability to the Seller under the SPA (the "Satisfied Portion of RR's Deferred Consideration Liability"). The Consideration received by RR is therefore the ITP shares.

This letter relates to the RR Fourth Instalment Issue to be issued on 19 September 2018.

We considered the value of the Consideration by reference to the economic value of the Satisfied Portion of RR's Deferred Consideration Liability as at 13 September 2018 (the "Valuation Date").

We report on the value of the Consideration for the allotment of 6,779,382 new ordinary shares by RR having a nominal value of GB Pounds £0.20 (20 pence) per share, to be allotted and issued at a premium of GB Pounds 12.155 (1,215.50 pence) per share, representing the RR Fourth Instalment Issue. The nominal value of these shares and the share premium are to be treated as fully paid up by the



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Consideration for the allotment (as described in the following paragraph). The shares are to be allotted and issued to RRH.

This report is made solely to RR in accordance with Section 593 (1) of the Companies Act 2006. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than RR for this report or for the opinions we have formed.

Opinion

In our opinion:

- i. the method of valuation applied to value the Consideration is reasonable in all circumstances; and
- ii. there appears to have been no material change in the value of the Consideration since the Valuation Date and the date of this letter.

On the basis of the valuation, in our opinion, the value of the Consideration is not less than the aggregate of the nominal value and share premium of the RR shares allotted and issued as the RR Fourth Instalment Issue, which are to be treated as paid up by the Consideration.

Yours faithfully

Ernst & Young LLP

For and on behalf of
Ernst & Young LLP
United Kingdom