

No 1003142

THE COMPANIES ACT 2006

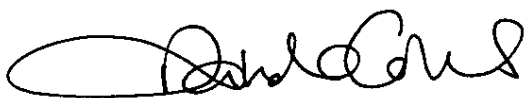
ROLLS-ROYCE plc
COMPANY LIMITED BY SHARES

ORDINARY RESOLUTION

At a general meeting of Rolls-Royce plc held on 15 March 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 £1,456,304.40 for a period of five years from the date of the passing of this resolution.



.....
Pamela Coles
Company Secretary





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#462

19 March 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 and RR has elected to pay the second instalment (the "Second Instalment") wholly in Shares Consideration ("Second Instalment Shares Consideration"). RR will issue shares to RRH ("RR Second Instalment Issue") in consideration of RRH issuing the Second Instalment Shares Consideration, thereby satisfying a portion of RR's deferred consideration liability to the Seller under the SPA. The Consideration received by RR is therefore the ITP Shares.

This letter relates to the RR Second Instalment Issue to be issued on 19 March 2018.

Our consideration of the ITP Shares in order to determine the value of the Consideration was undertaken by reference to the Income Approach, specifically a discounted cash flow ("DCF") approach, and the Market Approach based on pricing statistics from comparable quoted companies and comparable transactions as at a valuation date of 1 November 2017 (the "Valuation Date").

We report on the value of the Consideration for the allotment of 7,281,522 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 11.092 (1,109.2 pence) per share, representing the RR Second 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 Second 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



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19 March 2018

REPORT OF THE INDEPENDENT VALUER TO ROLLS-ROYCE HOLDINGS 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 Holdings plc ("RRH" or "the Company") in connection with the proposed allotment of new ordinary shares in the Company (the "RRH Shares"). The RRH Shares are to be issued to Sener Aeronáutica, S.A.U. ("the Seller") or its assignee at the nominal value of GB Pounds £0.20 (twenty pence) per share and a share premium, and treated as fully paid up by the Consideration.

Rolls-Royce plc ("RR" or the "Acquirer") 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 the Seller, relating to the acquisition by RR of 53.125% of the issued share capital of Industria de Turbo Propulsores, S.A. ("ITP Shares") (the "Transaction"). The total consideration payable by the Acquirer under the SPA for the 53.125% shareholding is €717.8 million (the "Purchase Price" or the "Consideration Payable").

The Acquirer 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 RRH Shares. The first instalment was settled on 15 January 2018 and RR has elected to pay the second instalment (the "Second Instalment") wholly in RRH Shares ("Second Instalment Shares Consideration"). In consideration of RRH issuing the Second Instalment Shares Consideration and satisfying RR's deferred liability to the Seller under the SPA, RR will issue shares to RRH. The Consideration received by RRH is therefore the shares in RR.

The SPA allows the Seller to (subject to agreed conditions) assign all or any part of its right to receive the Purchase Price to a third-party assignee. The Seller has notified RR that it has assigned its right to receive the Second Instalment Shares Consideration to Barclays Bank plc.

This letter relates to the Second Instalment Shares Consideration to be issued on 19 March 2018.

We valued 7,821,522 shares in RR using a Market Approach, specifically by reference to the market capitalisation of the ultimate holding company, RRH, in order to determine the value of the Consideration as at 14 March 2018 (the "Valuation Date"). Under this approach, we considered the value of the assets and liabilities of RRH as presented in its unconsolidated company balance sheet and deducted these from the market capitalisation to arrive at an equity value of its subsidiary, Rolls-Royce Group plc ("RRG"). We

then considered the value of the assets and liabilities of RRG as presented in its unconsolidated company balance sheet and deducted these from the derived equity value of RRG to arrive at an equity value for its subsidiary, RR.

We report on the value of the Consideration for the allotment of the 9,624,396 new ordinary shares by RRH having a nominal value of GB Pounds £0.20 (twenty pence) per share, to be allotted and issued at a premium of GB Pounds 8.83 (883 pence) per share, representing the Second Instalment Shares Consideration. The nominal value of these shares and the share premium are to be treated as fully paid up by the Consideration (as described in the following paragraph). The shares are to be allotted and issued to the Seller's assignee.

This report is made solely to RRH 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 RRH for this report or for the opinions we have formed.

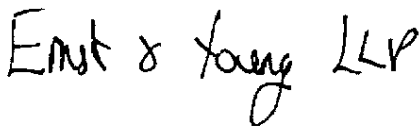
Opinion

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 date on which the valuation was made.

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 RRH Shares allotted and issued as the Second Instalment Shares Consideration, which are to be treated as paid up by the Consideration.

Yours faithfully



For and on behalf of
Ernst & Young LLP
United Kingdom