

THE COMPANIES ACT 1985

ROLLS-ROYCE plc

COMPANY LIMITED BY SHARES

Special Resolution

At the ANNUAL GENERAL MEETING of ROLLS-ROYCE plc

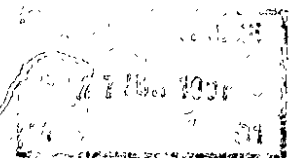
held on Tuesday, 28 May 1991, the following

Resolution was passed as a SPECIAL RESOLUTION:

RESOLUTION

That the Company amends its Articles of Association as follows:

- 1 by inserting the following definition in Article 2:
"subsidiary undertaking" the meaning set out in section 258 of the Act;
- 2 in Article 74 by deleting, wherever they appear, the references to "subsidiary", "subsidiaries" or "subsidiary companies" and substituting "subsidiary undertaking" or "subsidiary undertakings" as appropriate.
- 3 by inserting the following new sub-paragraph in Article 102(B):
"(4) any proposal concerning any insurance which the Company has the power to purchase or maintain for or for the benefit of any directors of the Company or persons who include directors of the Company."
- 4 by redesignating Article 111 as Article 111(A) and by inserting the following new paragraphs:
"111(B) With the prior sanction of an ordinary resolution, the directors may offer extra shares to shareholders as an alternative to any dividend or dividends which the resolution specifies. These extra shares will be known as a "scrip dividend"."



111(C) Each shareholder who chooses a scrip dividend will be allotted the number of shares which, at the Relevant Value, are worth an amount as close as possible to, but no more than the cash dividend that the shareholder would have received, exclusive of any imputed tax credit. "Relevant Value" means the average of the middle market quotations for the Company's shares on The Stock Exchange taken from the Daily Official List for a day chosen by the directors and the four business days immediately following.

111(D) The directors shall not allot fractions of shares. The board may make whatever arrangements they think fit to deal with fractional entitlements that would otherwise arise. These arrangements may include (i) provisions under which the whole or part of the benefit of fractional entitlements is kept for the Company and / or (ii) provisions under which fractional entitlements are accumulated on behalf of a shareholder and applied in allotting bonus shares to that shareholder or subscribing cash for shares on behalf of that shareholder, and / or (iii) provision for cash payments to be made to shareholders in respect of their fractional entitlements.

111(E) The full cash dividend will not become payable to shareholders who validly choose the scrip dividend. Instead, extra shares will be allotted to such shareholders in accordance with Article 111(C). For this purpose the directors shall set aside a sum equal to the total nominal amount of the additional shares to be allotted from sums credited to the Company's reserves, its share premium account or its profit and loss account. The directors shall apply this sum to pay up the relevant number of shares for allotment and distribution to such shareholders. When allotted, these shares shall rank on equal terms with the existing issued shares (except for the right to receive the relevant cash dividend).

111(F) The directors may on any occasion decide not to make the right to choose a scrip dividend available to shareholders or any category of shareholders in any territory where

1) the offer of such a right would or might be unlawful, or

2) the directors consider that compliance with local laws or regulations would be onerous.

In these cases the provisions of this Article shall be subject to such decisions.

111(G) The directors shall have the power to do anything which they think fit to put this Article into effect.

5 In Article 123 by:

5.1 inserting the words "or (where the Acts or any applicable regulations allow, and if the directors so resolve) a copy of a summary financial statement instead of such balance sheet and profit and loss account" after the words "every balance sheet and profit and loss account" in line one;

5.2 inserting the words "or this statement" after the words "these documents" wherever they appear in the Article;

5.3 inserting the words "or this statement" after the words "such documents" in line 16.

R.W. HENCHLEY

Secretary

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