

THE COMPANIES ACT 1985

ROLLS-ROYCE plc

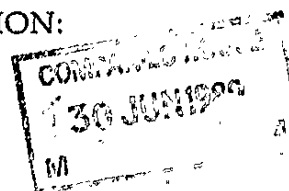
COMPANY LIMITED BY SHARES

Special Resolution

At the ANNUAL GENERAL MEETING of ROLLS-ROYCE plc

held on Tuesday, 23 May 1989, the following

Resolution was passed as a SPECIAL RESOLUTION:



RESOLUTION

THAT the directors be empowered, pursuant to Section 95 of the Companies Act 1985, to allot equity securities (as defined in Section 94 of that Act) wholly for cash as if Section 89(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

- (i) the allotment of equity securities in connection with an offer by way of rights in favour of the holders of ordinary shares where the equity securities respectively attributable to the interests of all holders of ordinary shares are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, provided that the directors may make such arrangements as they consider necessary or expedient in relation to fractional entitlements, or as a result of legal or practical problems arising under the laws of any territory or the requirements of any regulatory body or stock exchange; and
- (ii) the allotment of equity securities (otherwise than pursuant to sub-paragraph (i) above) up to an aggregate nominal amount equal to £8,014,706 being 40,073,530 ordinary shares of 20p each

and shall expire on the earlier of August 22, 1990 and the conclusion of the next Annual General Meeting of the Company after the date on which this Resolution is passed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement notwithstanding that the power conferred hereby has expired.


A. WARRINGTON

Secretary