

<p>Section 1: Notification</p>	<p>Capitalisation/Bonus Issue by Rolls Royce Holdings Plc</p> <p>Rolls Royce Holdings Plc has proposed a capitalisation/bonus issue via the distribution of interim 'C' non-cumulative redeemable preference shares in lieu of a dividend payment. The details of this offer are as follows:</p> <p>Shareholders will receive 46 interim C share entitlements for each existing ordinary share held in Rolls Royce Holdings Plc</p> <p>Deadline to instruct: To be advised</p> <p>Shareholders will then be able to elect between the following 3 options in respect of their 'C' shares:</p> <p>Option 1: Redemption Option Shareholders can elect to redeem all or some of their redeemable 'C' shares, at the nominal value of GBP0.001 per 'C' share.</p> <p>Option 2: Re-investment Plan Shareholders can elect to re-invest the redemption proceeds in Ordinary shares through the Company's 'C' share re-investment plan (CRIP).</p> <p>Option 3: Retain is the default. Shareholders can elect to retain the 'C' shares.</p> <p>The Ex-date: 25 October 2018</p> <p>The Record date: 26 October 2018</p> <p>The proceeds resulting from the redemption option are due to be paid on or around 07 January 2019, and shares resulting from the reinvestment option are due to be paid on or around 21 January 2019. Following receipt, we'll apply them to your account as soon as reasonably possible.</p> <p>The allotment of 'C' shares are due on 03 January 2019.</p> <p>We'll write to you again in the near future confirming your entitlement, and options available for election.</p>
<p>Section 2: Additional Information</p>	<p>Trading reserve If you have a Trading Reserve, please note that the result of this corporate action may affect the eligibility criteria. Please check your account and contact us if you have any concerns.</p> <p>Limit orders Please ensure that you review any limit orders you have in this security, as the underlying price may be affected by this event. If your limit is achieved, as a result of any adjustment to the underlying price, your order will automatically execute</p>

*To help continually improve our service and in the interests of security, we may monitor and/or record your telephone calls with us. Our opening hours are 07.30 to 21.30 Monday to Friday and 10:00 to 16:00pm Saturday, excluding bank holidays.

This letter contains a summary of the terms of the offer and has been prepared by HSBC. It's provided for information purposes only and may not contain details of all matters that would be relevant to customers. Customers shouldn't rely on its contents, but should satisfy themselves that they have sufficient details on which to base their investment decision. We'll use reasonable endeavours to assist with any request for further information.