

FINAL TERMS

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Final Terms dated 3 May 2018

ROLLS-ROYCE plc (the “Issuer”)

**Issue of €550,000,000 1.625 per cent. Notes due 9 May 2028 (the “Notes”)
unconditionally and irrevocably guaranteed by Rolls-Royce Holdings plc (the “Guarantor”)
under the £4,000,000,000 Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Offering Circular dated 8 August 2017 and the supplement to it dated 24 April 2018 (the Offering Circular as so supplemented, the “Offering Circular”) which together constitute a base prospectus for the purposes of the Prospectus Directive (as used herein “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular, including the documents incorporated by reference. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular, including the documents incorporated by reference. The Offering Circular has been published on the website of the London Stock Exchange plc at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from the registered office of the Issuer and from the specified offices of the Paying Agent for the time being in London.

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| 1. | (i) | Series Number: | 8 |
| | (ii) | Tranche Number: | 1 |
| | (iii) | Date on which the Notes will be consolidated and form a single Series: | Not Applicable |
| 2. | | Specified Currency or Currencies: | Euro (“€”) |
| 3. | | Aggregate Nominal Amount: | |
| | – | Series: | €550,000,000 |
| | – | Tranche: | €550,000,000 |
| 4. | | Issue Price: | 99.261 per cent. of the Aggregate Nominal Amount |

5.	(i)	Specified Denomination(s):	€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.
	(ii)	Calculation Amount:	€1,000
6.	(i)	Issue Date:	9 May 2018
	(ii)	Interest Commencement Date:	Issue Date
7.		Maturity Date:	9 May 2028
8.		Interest Basis:	1.625 per cent. Fixed Rate
9.		Redemption/Payment Basis:	Redemption at par
10.		Change of Interest Basis or Redemption/ Payment Basis:	Not Applicable
11.		Put/Call Options:	Issuer Call
12.		Date Board approval for issuance of Notes and Guarantee obtained:	27 February 2018

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.		Fixed Rate Note Provisions	Applicable
	(i)	Rate(s) of Interest:	1.625 per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	9 May in each year, from and including 9 May 2019, up to and including the Maturity Date
	(iii)	Fixed Coupon Amount(s):	€16.25 per Calculation Amount
	(iv)	Broken Amount(s):	Not Applicable
	(v)	Day Count Fraction:	Actual/Actual (ICMA)
	(vi)	Determination Date(s):	9 May in each year
14.		Floating Rate Note Provisions	Not Applicable
15.		Zero Coupon Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

16.		Issuer Call:	Applicable
	(i)	Optional Redemption Date(s):	Any date from and including 9 February 2028 up to but excluding the Maturity Date

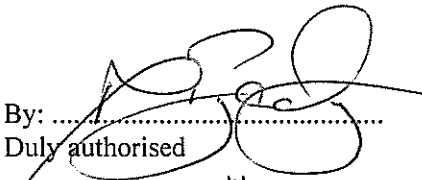
- (ii) Optional Redemption Amount(s): €1,000 per Calculation Amount
- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: Not Applicable
 - (b) Maximum Redemption Amount: Not Applicable
- 17. Investor Put: Not Applicable
- 18. Final Redemption Amount: €1,000 per Calculation Amount
- 19. Early Redemption Amount payable on redemption for taxation reasons or on event of default: €1,000 per Calculation Amount

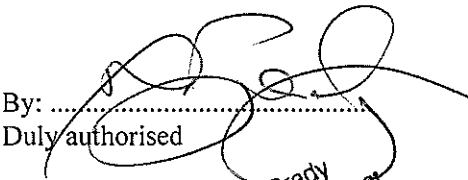
GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 20. New Global Note: Yes
- 21. Form of Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
- 22. Additional Financial Centre(s): London
- 23. Talons for future Coupons to be attached to Definitive Notes: No

Signed on behalf of the Issuer:

Signed on behalf of the Guarantor:

By: 
 Duly authorised
 Mark Brady
 Attorney in Fact

By: 
 Duly authorised
 Mark Brady
 Attorney in Fact

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Date from which listing on the Official List of the UK Listing Authority and admission to trading on the regulated market of the London Stock Exchange is expected to be effective: Issue Date
- (ii) Estimate of total expenses related to admission to trading: £3,650

2. RATINGS

Ratings: The Notes to be issued are expected to be assigned the following ratings:

A3 by Moody's Deutschland GmbH
BBB+ by Standard and Poor's Credit Market Services Europe Limited

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business.

4. YIELD

Indication of yield: 1.706 per cent. per annum

5. OPERATIONAL INFORMATION

- (i) ISIN Code: XS1819574929
- (ii) Common Code: 181957492
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): Not Applicable
- (iv) Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- (v) Intended to be held in a manner which would allow Eurosystem eligibility: Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and

intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that the Eurosystem eligibility criteria have been met.

6. TEFRA RULES

Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D

7. THIRD PARTY INFORMATION

Not Applicable

8. PROHIBITION OF SALES TO EEA RETAIL INVESTORS

Prohibition of sales to EEA Retail Investors: Not Applicable