



### This document is important and requires your immediate attention.

If you are in any doubt about the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all your ordinary shares in Rolls-Royce Group plc, you should pass this document and all other enclosures to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

## Chairman's statement

At the end of an extremely challenging year for the world economy, I am pleased to report that Rolls-Royce has delivered another solid performance in 2009. This demonstrates both the resilience and the long-term nature of our business. Underlying profit before tax has increased by four per cent and despite intense competition, our order book has grown from £55.5 billion in 2008 to £58.3 billion in 2009.

We are proposing a final payment to shareholders of nine pence per share, bringing the full year payment to 15 pence. This is an increase of five per cent and reflects the Board's continued confidence in the Group's business.

In the past year, the degree of uncertainty facing global markets has somewhat diminished. Sharp declines in output have been arrested and growth is returning to most of the world's major economies, albeit at considerably reduced levels. Overall the economic environment remains tough. Therefore we shall continue to focus on operational efficiency, while maintaining our commitment to research and development and to investment which supports our growing order book.

Our strategy of developing our business in new markets and geographies and increasing the revenues we earn through long-term service contracts, positions us well to take advantage of commercial opportunities as they arise and to deliver sustained growth. The power systems and services we sell employ complex technologies and demand advanced engineering skills, which together create high barriers to entry. Our balance sheet remains strong and the long-term nature of our business gives us exceptional visibility of revenues for many years to come.

It is particularly important in periods of economic uncertainty that a company's core values are defended and strengthened. Our commitment to acting with integrity is at the heart of the way we operate. In 2008, Rolls-Royce established an ethics committee, which reports to the Board. In 2009, we published a new Global Code of Business Ethics and distributed this, with face-to-face training, to all our employees worldwide. The Global Code establishes industry-leading standards and is supported by a rigorous process for reporting and monitoring to ensure compliance.

The Board is committed to improving the environmental performance of our products across all our business sectors. We have always recognised that technology and innovation are critical to achieving such improvements. As a consequence we commit two-thirds of our research and development expenditure to developing solutions to these challenges. Substantial progress has been made over many years. Our products are significantly more fuel efficient than they were a decade ago. We continue to look for further advances through the Environmentally Friendly Engine and other research programmes. In our marine business, we have extended our range of engines that run on liquefied natural gas, offering far better emission performance than conventional diesel powered engines. We also actively explore the opportunities presented by civil nuclear and other sustainable energy technologies.

Rolls-Royce is a long-term business operating in global markets and we have benefited again in the past year from the wise counsel of our International Advisory Board (IAB), which was established in 2006 to

advise on emerging political, business and economic trends. The IAB provides high-level strategic input to the Board and management. Its members bring a deep understanding of global issues affecting Rolls-Royce and of the markets and countries we operate in.

The life-blood of Rolls-Royce is its people. It is their pride in what Rolls-Royce has achieved and, even more important, their vision of what can be achieved in the future, that will secure our continued success. As I travel around the world, I am constantly impressed by the calibre of the men and women I encounter at every level of the Group. From our apprentices and recent graduates to the most experienced and knowledgeable of our engineers and scientists, it is their ideas, their insight and their motivation which give Rolls-Royce its competitive edge. The Board is committed to investing in the development of future generations who will, in time, ensure the success of the Company.

I am very proud of our employees. We remain committed to developing their skills through a range of world-class training programmes, as well as by encouraging a wider interest in science and engineering. A good example of this is our sponsorship of the Rolls-Royce Science Prize for schools which attracts greater interest every year. In 2009, 1,500 schools took part, with 2,000 schools expected to participate in 2010. Last year's top award of £20,000 went to Kells Lane Primary School, Gateshead, England for a really innovative wind turbine project.

Rolls-Royce supports a wide range of charitable causes, with much of that support directed towards educational programmes which promote engineering and scientific learning.

I would like to thank the management and all our employees for the commitment and the flexibility they have shown in the past challenging 12 months. I would also like to record my gratitude to my fellow directors for their continued hard work and support. There have been no changes to the Board during the past year, but I would like to take this opportunity to thank Charles Blundell for his contribution to Rolls-Royce and his services to the Board where he served as Company Secretary from 1995 to 2007. He retired this year from the position of Director of Public Affairs.

2010 will present significant challenges for Rolls-Royce. However the resilience of the Group's performance reflected in our Annual report, the fundamental strength of its business model and the proven capabilities of the management team, give me confidence that Rolls-Royce will continue to find opportunities in the marketplace and deliver sustainable growth for the benefit of all our stakeholders.

**Simon Robertson**

Chairman, February 10, 2010

### Full year payment to shareholders

14.30p → 15.00p

2008

2009

Overview

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Order book – firm and announced (£bn)	<b>58.3</b>	55.5	45.9	26.1	24.4	21.3	18.7	17.1	16.7	14.5
Underlying EBITDA (£m)	<b>1,300</b>	1,244	1,065	979	933	717	661	672	849	837
Underlying revenue (£m)	<b>10,108</b>	9,147	7,817	7,353	6,458	5,947	5,645	5,788	6,328	5,864
Underlying earnings per ordinary share (p)	<b>39.67</b>	36.70	34.06	29.81	24.48	15.62	12.20	11.10	20.20	19.38
Profit before financing (£m)	<b>1,172</b>	862	512	693	877	417	270	212	311	289
Payments to shareholders (p)	<b>15.00</b>	14.30	13.00	9.59	8.72	8.18	8.18	8.18	8.18	8.00
Underlying profit before tax (£m)	<b>915</b>	880	800	705	593	364	285	255	475	436
Return on capital employed (%)	<b>17.2</b>	17.1	17.2	16.0	14.5	8.5	7.7	7.2	11.8	11.2

**Our consistent strategy is based on five key elements**

**Address four global markets**

We are a leading producer of mission critical, integrated, power systems for the civil and defence aerospace, marine and energy markets.

**Invest in technology, infrastructure and capability**

Over the past five years, we have invested £4 billion in R&D. We invest substantially in employee development and invest around £300 million a year in capital projects.

**Develop a competitive portfolio of products and services**

We have 39 major engineering programmes and we are involved in many of the future projects in the markets we serve. These key projects will define the power systems market for many years.

**Grow market share and installed product base**

Across the Group, the installed base of engines in service is expected to generate attractive returns over many decades.

**Add value for our customers through the provision of product-related services**

We seek to add value for our customers with aftermarket services that will enhance the performance and reliability of our products.

**Underpinned by core characteristics**

**Closeness to our customers**

We recognise that our customers determine our strategy and organisation.

**Domain knowledge**

A deep understanding of our customers and the way in which our products and services are used.

**Integrated systems**

Integrating our products into systems that deliver increased value for our customers.

**Technological superiority**

Gaining competitive advantage through continuous investment in technology.

**Operational excellence**

Working constantly to meet and exceed customer expectations.

**Organisational capability**

Attracting and retaining the best people globally.

**Brand**

Recognised globally, our brand embodies qualities that create a common focus for all our people worldwide.

**Across four key markets**

**Civil aerospace**

Broadest engine range in the world

**£4,481m**

Underlying revenue 2009

**Defence aerospace**

Europe's biggest engine maker

**£2,010m**

Underlying revenue 2009

**Marine**

World-leading systems provider and integrator

**£2,589m**

Underlying revenue 2009

**Energy**

World leader in oil and gas and a growing power generation presence

**£1,028m**

Underlying revenue 2009

“Our balance sheet remains strong and the long-term nature of our business gives us exceptional visibility of revenues for many years to come.”

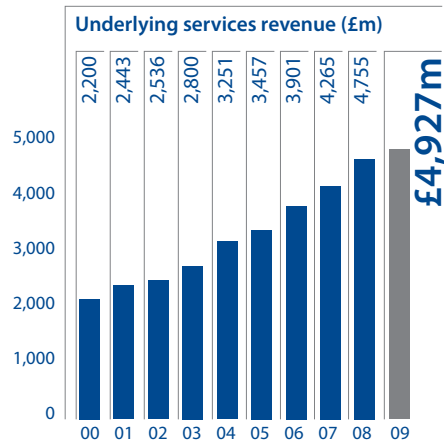
**Simon Robertson**  
Chairman

### An increasing contribution from services

**The increasing contribution from services**  
We have grown our service revenues ten per cent compound over the past ten years. Services now account for around 50 per cent of total underlying revenue.

**Underlying services revenue 2009**

**£4,927m**

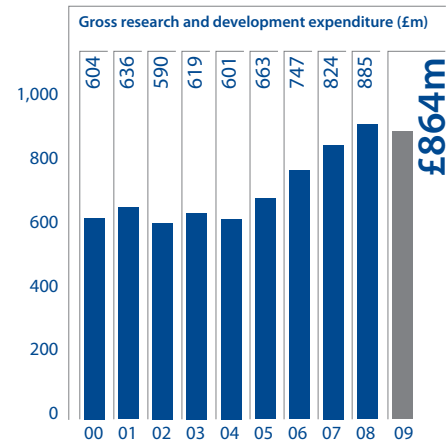


### A commitment to R&D creating high barriers to entry

**A strong record of investment in research and development**  
We invest in world-class, cost-effective technology in order to develop products that add value for our customers, improve efficiency and reduce environmental impact.

**Investment in research and development during 2009**

**£864m**



### Delivering a 20-year track record of continued growth

**Organic growth**  
Our broad product range and expanding service provision have delivered growth globally.

**Partnerships**  
We increasingly develop products with risk and revenue sharing partners and through strategic long-term relationships.

**Acquisition**  
Major acquisitions such as Allison and Vickers have enabled growth in key sectors.

Our growth during the past 20 years has been achieved organically and through partnerships and acquisitions.

### Read our Annual report 2009 at [www.rolls-royce.com](http://www.rolls-royce.com)

The purpose of this document is to notify you that the Rolls-Royce Group plc Annual report 2009 and the Notice of the Annual General Meeting (Notice) are now available to read or download from our website. The Notice contains information on resolutions to be put to the Annual General Meeting (AGM), which is important information for you to read and consider before voting.

Our website contains a wealth of information about our Company. It has an investors' section specifically designed to meet the needs of our shareholders and you can also sign up to our news service which will enable you to receive all of our press releases direct to your email address or even to your mobile phone.

### Register your email address at [www.etreuk.com/rolls-royce](http://www.etreuk.com/rolls-royce)

You can help the environment by agreeing to accept shareholder communications such as this one by email in future. For every shareholder registering their email address using the eTree™ website, we will donate £1 to the Woodland Trust for their Tree for All programme. You will need to quote the Shareholder Reference Number (SRN) as printed on the proxy form.

We have assumed that you wish to view our shareholder communications online, as we have not received a completed shareholder communication form from you. However, if you do wish to receive a hard copy of the Annual report by post in the future, please notify the Registrar at the address below.

### Record your vote at [www.eproxyappointment.com](http://www.eproxyappointment.com)

The 2010 AGM of Rolls-Royce Group plc will be held at 11.00am on Wednesday April 28, 2010 at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE. If you wish to attend please bring the enclosed admission card with you.

All the resolutions at the AGM will be put to the vote and decided by a poll. This ensures that shareholders who are not able to attend the AGM are able to have their votes taken into account either by completing and returning the enclosed form of proxy or by registering the appointment of a proxy on the internet. Further details are set out in the explanatory

notes to the proxy form and in the notes to the Notice. Votes must be recorded no later than 11.00am on Monday April 26, 2010.

You can register the appointment of a proxy online at [www.eproxyappointment.com](http://www.eproxyappointment.com). You will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and Personal Identification Number (PIN) as printed on the enclosed proxy form and you will be given a receipt which will confirm that your vote has been recorded.

### Administer your shareholding at [www.investorcentre.co.uk](http://www.investorcentre.co.uk)

At our Registrar's website you can:

- set up instructions to have shareholder payments made direct to your bank account;
- deal in Rolls-Royce shares;
- view your account balance, values and history;
- change your address; and
- view payment history and access tax information.

You will need to quote the Shareholder Reference Number (SRN) as printed on the enclosed proxy form to register for this service.

Alternatively, you can speak to a member of the Registrar's Rolls-Royce team by calling +44 (0)870 703 0162 between 8.30am and 5.30pm Monday to Friday or you can write to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE.



© Rolls-Royce plc 2010

#### Rolls-Royce Group plc

Registered office:  
65 Buckingham Gate  
London  
SW1E 6AT

T +44 (0)20 7222 9020  
[www.rolls-royce.com](http://www.rolls-royce.com)

Registered in England and Wales No 4706930

This notice of availability contains material extracted from the Rolls-Royce Group plc Annual report 2009. It does not constitute a summary financial statement and does not contain sufficient information to allow as full an understanding of the results and the state of affairs of the Group and the principal risks and uncertainties it faces as the Annual report 2009. Shareholders may view the Annual report 2009 and Notice online at [www.rolls-royce.com](http://www.rolls-royce.com). A hard copy of the Annual report is available free of charge on request from the Registrar at the address above.