

SCHEDULE 2

FORM OF TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto

Insert Taxpayer Identification No.

Please print or typewrite name and address including postal zip code of assignee

☐ principal amount of this Note and all rights hereunder, hereby irrevocably constituting and

appointing ☐ as attorney to transfer such principal amount of this Note in the register maintained on behalf of Rolls-Royce plc (the **Issuer**) with full power of substitution.

All terms used herein which are defined in the indenture, dated October 21, 2020 (the **Indenture**) among the Issuer, Rolls-Royce Holdings plc (the **Guarantor**), and Citibank, N.A., London Branch (the **Trustee, London Paying Agent, Registrar and Transfer Agent**) and shall have the meanings assigned to them in such Indenture.

In connection with any transfer of this Note occurring prior to the date which is one year after the later of ☐ and the last date, if any, that this Note (or any predecessor Note) was owned by the Issuer, the Guarantor or an affiliate of the Issuer or the Guarantor, the undersigned confirms that without utilizing any general solicitation or general advertising:

[check one]

- (a) ☐ this Note is being transferred to the Issuer, the Guarantor or an affiliate thereof and such transferee shall make the appropriate notification to the Trustee pursuant to Section 3.11 (*Purchase of Notes by the Issuer or the Guarantor*) of the Indenture.

or

- (b) ☐ this Note is being transferred within the United States to a Qualified Institutional Buyer in compliance with Rule 144A.

or

- (c) ☐ this Note is being transferred outside the United States in compliance with Regulation S under the Securities Act.

or

- (d) ☐ this Note is being transferred pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available).

or

- (e) ☐ this Note is being transferred pursuant to an effective registration statement under the Securities Act.

In addition, the undersigned will provide the Issuer, the Guarantor and any transfer agent such certifications, legal opinions and other information, if any, as they may reasonably require to confirm that the proposed transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

If none of the foregoing boxes is checked, the Trustee shall not be obligated to register this Note in the name of any person other than the registered holder hereof unless and until the conditions to any such transfer of registration set forth herein and in the Indenture shall have been satisfied.

Date: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or any change whatever.

TO BE COMPLETED BY PURCHASER IF (b) or (c) ABOVE IS CHECKED:

The undersigned represents and warrants that:

1. It is purchasing the Note (including the attached Guarantee) for its own account or an account with respect to which it exercises sole investment discretion, and it and any such account (i) is a Qualified Institutional Buyer, and is aware that the sale to it is being made in reliance on Rule 144A or (ii) is a person other than a U.S. person and is aware that the sale is being made in accordance with Regulation S.
2. It acknowledges that the Note (with the Guarantee) has not been and will not be registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold except as set forth below.
3. It understands and agrees that if it decides to offer, sell, resell, pledge or otherwise transfer the Note (including the Guarantee) or any beneficial interests in the Note, it will do so only (A)(i) to the Issuer, the Guarantor or any subsidiary thereof, (ii) to a person whom the seller, and any person acting on its behalf, reasonably believes is a Qualified Institutional Buyer that is purchasing for its own account or for the account of a Qualified Institutional Buyer or Qualified Institutional Buyers, in a transaction complying with Rule 144A, (iii) in an offshore transaction in compliance with Regulation S or (iv) pursuant to any other available exemption from registration under the Securities Act, or (B) pursuant to an effective registration statement under the Securities Act, and in each of such cases, in accordance with any applicable securities law of any state of the United States.
4. It agrees to, and each subsequent registered holder is required to, notify any purchaser of the Note from it of the resale restrictions referred to in clause (3) above, if then applicable.

5. If it is a U.S. person, it understands and agrees that Notes initially offered to Qualified Institutional Buyers in reliance on Rule 144A will be represented by the Rule 144A Global Note, and that before any interest in the Rule 144A Global Note may be offered, sold, resold, pledged or otherwise transferred to a person who is not a Qualified Institutional Buyer, the transferee will be required to provide the Trustee with a written certification (the form of which certification can be obtained from the Trustee) as to compliance with the transfer restriction referred to above).
6. If it is not a U.S. person, it understands and agrees that any Note initially offered in offshore transactions under Regulation S will be represented by the Regulation S Global Note and that transfers thereof are restricted as described in the legend appearing on the front of such Regulation S Global Note.
7. It acknowledges that prior to any proposed transfer of the Note or beneficial interests in a Global Note (in each case other than pursuant to an effective registration statement) the registered holder of such Note or the holder of a beneficial interest in a Global Note may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Note.
8. It acknowledges that the Issuer, the Guarantor, BNP Paribas, Goldman Sachs & Co. LLC, Citigroup Global Markets Limited, Banco Santander, S.A., Barclays Bank PLC, Bayerische Landesbank, Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, Lloyds Bank Corporate Markets plc, Merrill Lynch International, Mizuho International plc, MUFG Securities EMEA plc, NatWest Markets Plc, Skandinaviska Enskilda Banken AB (publ), SMBC Nikko Capital Markets Limited, Société Générale, Standard Chartered Bank, Commerzbank Aktiengesellschaft, TD Securities (USA) LLC and UniCredit Bank AG (collectively, the **Initial Purchasers**), the Trustee and the Agents will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by it by virtue of its purchase of Notes is no longer accurate, it shall promptly notify the Issuer, the Guarantor, the Initial Purchasers and the Trustee. If it is acquiring the Note as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

Date: _____

Notice: To be executed by an executive officer