

Principal subsidiary undertakings

at December 31, 2000

Incorporated within the UK

Civil aerospace

Rolls E.L. Turbofans Limited

FJ44 engine support services/holding company

Defence

Vickers Engineering plc¹

Defence systems

Marine systems

Rolls-Royce Marine Power Operations Limited

Nuclear submarine propulsion systems

Financial services and corporate

NEI Overseas Holdings Limited²

Holding company

Rolls-Royce Aircraft Management Limited

Sales finance and other financial services

Rolls-Royce Capital Limited³

Sales finance and other financial services

Rolls-Royce International Limited

International support and commercial information services

Rolls-Royce Leasing Limited

Engine leasing

Rolls-Royce Overseas Holdings Limited

Holding company

Rolls-Royce Power Engineering plc

Power generation and marine systems

Rolls-Royce Power Ventures Limited

Provision of project development capabilities

Sourcerer Limited³

Supply of goods, services and utilities to the engineering sector

Vickers plc

Holding company

¹ The interest is held by Vickers plc.

² The interest is held by Rolls-Royce Power Engineering plc.

³ These subsidiaries act as agents of Rolls-Royce plc.

The above companies operate principally in the UK and the effective Group interest is 100%.

Incorporated overseas

Civil aerospace

Brazil	Rolls-Royce Brasil Limitada	Repair and overhaul
France	Rolls-Royce Technical Support SARL ¹	Project support
Germany	Rolls-Royce Deutschland & Co KG ²	BR700 series engine development and manufacture
USA	Rolls-Royce Corporation ³	Design, development and manufacture of gas turbine engines
USA	Rolls-Royce Engine Services – Oakland Inc. ⁴	Repair and overhaul
USA	Rolls-Royce Gear Systems Inc. ⁴	Design and manufacture of accessory gearbox systems

Marine systems

Norway	Rolls-Royce Marine AS ⁵	Holding company
Sweden	Kamewa Holdings AB ⁵	Holding company
USA	Syncrolift Inc. ⁴	Shiplift systems

Energy

Canada	Rolls-Royce Canada Limited ⁶	Industrial gas turbines and aero engine sales, service and overhaul
Canada	Rolls-Royce Holdings Canada Inc.	Holding company
Canada	Rolls-Royce Industries Canada Inc. ⁷	Holding company
India	Rolls-Royce Energy Systems India Pty Limited ¹	Project management and customer support
USA	Rolls-Royce Energy Systems Inc. ⁴	Turbine generator packages

Financial services and corporate

Eire	Rolls-Royce Ireland ¹	Holding company
Guernsey	Nightingale Insurance Limited ¹	Insurance services
USA	Rolls-Royce North America (USA) Holdings Co. ⁸	Holding company
USA	Rolls-Royce North America Holdings Inc. ⁹	Holding company
USA	Rolls-Royce Capital Inc. ¹⁰	Financial services

¹ The interests are held by Rolls-Royce Overseas Holdings Limited.

² The interest is held as follows: 50.5% Rolls-Royce Erste Beteiligungs GmbH, 49.5% Rolls-Royce Zweite Beteiligungs GmbH.

³ The interest is held by Rolls-Royce Asset Management Inc.

⁴ The interests are held by Rolls-Royce North America Ventures I Inc.

⁵ The interests are held by Vickers International Limited.

⁶ The interest is held by Rolls-Royce Industries Canada Inc.

⁷ The interest is held by Rolls-Royce Holdings Canada Inc.

⁸ The interest is held by Rolls-Royce Ireland.

⁹ The interest is held by Rolls-Royce North America (USA) Holdings Co.

¹⁰ The interest is held by Rolls-Royce North America Ventures II Inc.

The above companies operate principally in the country of their incorporation and the effective Group interest is 100%.

A list of all subsidiary undertakings will be included in the Company annual return to Companies House.

Principal joint ventures

at December 31, 2000

Incorporated within the UK

	Class	% of class held by Rolls-Royce plc	% of total equity held by Rolls-Royce plc
Civil aerospace			
RoSec Limited ¹	A Ordinary	—	50
Digital engine controls	B Ordinary	100	
TRT Limited	A Ordinary	—	49.5
Turbine blade repair services	B Ordinary	100	
Turbine Surface Technologies Limited	A Ordinary	—	50
Turbine surface coatings	B Ordinary	100	
Defence			
Rolls-Royce Turbomeca Limited (UK & France)	A Shares	—	50
Adour and RTM322 engines collaboration	B Shares	100	
Turbo-Union Limited (UK, Germany & Italy)	Ordinary	40	40
RB199 engine collaboration	A Shares	37.5	
Energy			
Rolls Wood Group (Repair and Overhauls) Limited	A Ordinary	100	50
Repair and overhaul	B Ordinary	—	
Financial services and corporate			
Alpha Partners Leasing Limited	A Ordinary	100	50
Engine leasing	B Ordinary	—	

Incorporated overseas

	Class	% of class held by Rolls-Royce plc	% of total equity held by Rolls-Royce plc	
Civil aerospace				
China	Ordinary	49	49	
Xian XR Aero Components Co Limited Manufacturing facility for aero-engine parts				
Hong Kong	Ordinary	45	45	
Hong Kong Aero Engine Services Limited ³ Repair and overhaul				
Israel	A Ordinary	50	50	
TechJet Aerofoils Limited ³ Manufacture of compressor aerofoils				
Saudi Arabia	Foreign	16.7	16.7	
Middle East Propulsion Company ⁴ Repair and overhaul				
Singapore	Common	50	50	
International Engine Components Overhaul Pte Limited ³ Repair and overhaul				
Singapore	Ordinary	30	30	
Singapore Aero Engine Services Limited ³ (effective interest 39%) Repair and overhaul				
Spain	Ordinary	46.9	46.9	
Industria de Turbo Propulsores SA Manufacture and maintenance of aero engines				
Switzerland	A Shares	100	32.5	
IAE International Aero Engines AG (UK, Germany, Japan & USA) V2500 series engine collaboration				
B Shares				
C Shares				
Switzerland	Ordinary	50	50	
Temro AG ³ Repair and overhaul				
USA	Common	50	50	
Data Systems & Solutions, LLC ⁵ Advanced controls and predictive data management				
USA	Ordinary	50	50	
Texas Aero Engine Services, LLC ⁶ Repair and overhaul				
USA	Common	15	15	
Williams-Rolls Inc. ⁷ (UK & North America) FJ44 engine collaboration				

Incorporated overseas continued

		Class	% of class held by Rolls-Royce plc	% of total equity held by Rolls-Royce plc
Defence				
Germany	EUROJET Turbo GmbH (UK, Germany, Italy & Spain) EJ200 engine collaboration	Ordinary	33	33
Germany	MTU, Turbomeca, Rolls-Royce GmbH (UK, France & Germany) MTR390 engine collaboration	Ordinary	33.3	33.3
Energy				
South Africa	Northern Engineering Industries Africa Limited ⁸ Energy conversion and distribution equipment	Ordinary	24.4	24.4
Financial services and corporate				
Isle of Man	Pembroke Group Limited ⁹ (Eire) Aircraft leasing	Ordinary	50	50
USA	Alpha Leasing (US) LLC ¹⁰ Engine leasing	Common	50	50
USA	Alpha Leasing (US) (No. 2) LLC ¹⁰ Engine leasing	Common	50	50
USA	Rolls-Royce & Partners Finance (US) LLC ¹⁰ Engine leasing	Common	50	50

Unincorporated overseas

Civil aerospace

USA	Light Helicopter Turbine Engine Company (LHTEC) . Rolls-Royce Corporation has a 50% interest in this unincorporated partnership which was formed to jointly develop and market the T800 engine.
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¹ The interest is held by Rolls-Royce Engine Controls Limited.

² The interest is held by Rolls-Royce Power Engineering plc.

³ The interests are held by Rolls-Royce Overseas Holdings Limited.

⁴ The interest is held by Middle East Equity Partners Limited.

⁵ The interest is held by Rolls-Royce Control Systems Holdings Co.

⁶ The interest is held by Rolls-Royce Engine Services Holdings Co.

⁷ The interest is held by Rolls E.L. Turbofans Limited.

⁸ The interest is held by NEI Overseas Holdings Limited.

⁹ The interest is held by Rolls-Royce Partners Finance (Netherlands) BV.

¹⁰ The interests are held by Rolls-Royce Finance Holdings Co.

The countries of principal operations are stated in brackets after the name of the company.

Joint arrangements that are not entities

at December 31, 2000

		Class	% of class held by Rolls-Royce plc	% of total equity held by Rolls-Royce plc
Jersey	RS Leasing Limited ¹ Aircraft leasing	A Ordinary B Ordinary	100 —	50

¹ The interest is held by Rolls-Royce Leasing Limited.

Group five year review

for the years ended December 31

Profit and loss account	2000	1999	1998	1997	1996
	£m	£m	£m	£m	£m
Group turnover ¹	5,864	4,634	4,471	4,323	3,887
Operating profit before exceptional items and net research and development	806	713	626	539	442
Operating exceptional items	(145)	—	—	—	(101)
Research and development (net)*	(371)	(337)	(310)	(268)	(217)
Group operating profit ²	290	376	316	271	124
Share of operating profit of joint ventures	76	31	17	17	12
Non-operating exceptional items	(77)	6	9	1	(147)
Net interest payable	(123)	(53)	(17)	(13)	(17)
Profit/(loss) on ordinary activities before taxation	166	360	325	276	(28)
Taxation	(83)	(74)	(65)	(51)	(16)
Profit/(loss) on ordinary activities after taxation	83	286	260	225	(44)
Equity minority interests in subsidiary undertakings	—	(2)	(2)	(1)	(3)
Profit/(loss) attributable to ordinary shareholders	83	284	258	224	(47)
Dividends	(126)	(112)	(99)	(88)	(78)
Transferred to/(from) reserves	43	172	159	136	(125)
*Research and development (gross)	(604)	(626)	(668)	(595)	(527)
¹ Group turnover					
Continuing operations	5,864	4,634	4,301	3,919	3,397
Discontinued operations	—	—	170	404	490
Group turnover has been restated for the change in treatment of risk and revenue sharing partnership receipts.					
² Group operating profit/(loss)					
Continuing operations	290	376	326	266	229
Discontinued operations	—	—	(10)	5	(105)
Earnings/(loss) per ordinary share					
Underlying	21.63p	19.52p	16.91p	15.16p	12.70p
Basic	5.33p	18.86p	17.25p	15.16p	(3.19)p
Dividends per ordinary share	8.00p	7.25p	6.55p	5.90p	5.30p

Balance sheet	2000	1999	1998	1997	1996
	£m	£m	£m	£m	£m
Fixed assets ¹	2,868	2,853	1,406	1,309	1,201
Current assets ¹	3,892	3,906	3,375	3,232	2,872
	6,760	6,759	4,781	4,541	4,073
Liabilities and provisions	(4,696)	(4,758)	(3,064)	(3,079)	(2,748)
	2,064	2,001	1,717	1,462	1,325
Share capital	314	309	301	296	295
Reserves	1,749	1,679	1,404	1,147	1,008
Equity shareholders' funds	2,063	1,988	1,705	1,443	1,303
Minority interests in subsidiary undertakings	1	13	12	19	22
	2,064	2,001	1,717	1,462	1,325

¹ Fixed and current assets have been restated following the adoption of UITF 24 'Accounting for Start-up Costs', resulting in certification costs being treated as intangible assets (previously included in prepayments). This change in accounting policy has no effect on prior year reserves.

Cash flow	2000	1999	1998	1997	1996
	£m	£m	£m	£m	£m
Cash inflow from operating activities ¹	479	359	309	331	181
Interest, dividends and taxation	(162)	(152)	(98)	(113)	(102)
Capital expenditure and financial investment	(253)	(199)	(333)	(214)	(101)
Acquisitions and disposals	(53)	(666)	87	42	(21)
	11	(658)	(35)	46	(43)
Cash flow from financing	(360)	622	113	13	64
(Decrease)/increase in cash and liquid resources	(349)	(36)	78	59	21

¹ These figures have been restated following adoption of UITF 24 as explained in note¹ in the balance sheet.

Shareholders' information

Financial calendar

Ex dividend date for final dividend	April 25, 2001
Calculation period for scrip dividend	April 25-May 1, 2001
Qualifying (record) date for final dividend	April 27, 2001
Last date for new scrip dividend instructions	May 21, 2001
Annual General Meeting, The Queen Elizabeth II Conference Centre, Broad Sanctuary, London SW1	11am May 31, 2001
Payment of final/scrip dividend	July 2, 2001
Press advertisement of 2001 interim results*	August 24, 2001
Ex dividend date for interim dividend	October 17, 2001
Calculation period for scrip dividend	October 17-23, 2001
Qualifying (record) date for interim dividend	October 19, 2001
Last date for new scrip dividend instructions	November 9, 2001
Financial year end	December 31, 2001
Payment of interim/scrip dividend	January 7, 2002
Press advertisement of 2001 preliminary results*	March, 2002
2001 Annual Report published	April, 2002

*Note: Preliminary and interim results are notified by press advertisements and will also be available on the Company's website.

Shareholder enquiries

If you would prefer to receive new shares instead of cash dividends, please ask the Registrar for a scrip dividend mandate. If you have any queries on the following:

- i) Transfer of shares
 - ii) Change of name or address
 - iii) Lost share certificates
 - iv) Lost or out of date dividend cheques
 - v) Death of a registered holder of shares
 - vi) Any other query relating to Rolls-Royce plc shares
- please write to, or telephone, the Registrar at the following address:
Computershare Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH
Helpline: 0870 702 0111

You may also contact the Registrar through the Internet at www.computershare.com

The Company operates a free-of-charge service for consolidating the individual shareholdings of immediate members of a family. Please ask the Registrar for details if you are interested.

Low-cost share dealing

Details of special low-cost dealing services in the Company's shares may be obtained from Hoare Govett Limited (telephone 020 7678 8000) and from NatWest Stockbrokers Limited (telephone 020 7895 5489). Both are members of the Securities and Futures Authority and NatWest Stockbrokers is also a member of the London Stock Exchange.

You can obtain the current market price of the Company's shares by telephoning 0839 500 232 or alternatively by viewing teletext or similar services.

Internet

The Annual Report, Company announcements and other information are available through the Internet on <http://www.rolls-royce.com>

Analysis of ordinary shareholders at December 31, 2000

Number of shares	Number of holdings	% of total holdings	% of total shares
1 – 150	122,796	36.70	1.01
151 – 500	166,498	49.76	2.69
501 – 10,000	43,412	12.98	4.93
10,001 – 100,000	1,280	0.38	2.39
100,001 – 1,000,000	445	0.14	9.66
1,000,001 and over	158	0.04	79.32
	334,589	100.00	100.00