

OUR VISION, BUSINESS MODEL, STRATEGY AND VALUES

Rolls-Royce is a global Group, providing integrated power solutions for customers in civil and defence aerospace, marine, energy and power markets. Our products work in mission-critical environments where safety is paramount.

Read more on pages 14 to 23.

OUR VISION

Better power for a changing world

Since its earliest days, Rolls-Royce has been striving to achieve ever higher standards. Our vision is delivering 'better power for a changing world'.

Better: we will succeed only by continually raising standards. We constantly improve quality, performance and cost. We are inquisitive, energetic and 'better' every day. Even when we may be the best, we must continue to get better.

Power: we are a power systems company that develops, sells and services mission-critical products. Our customers demand innovation that improves performance and reduces the environmental impact of our power systems.

Changing world: the world around is changing rapidly and the pace of change is accelerating. New markets are emerging, shifting the balance of economic power. Regulation is, rightly, driving the requirement for cleaner power and setting new standards for business conduct. Our continuous investment in technology, our ingenuity and our commitment to excellence allow us to seize the opportunities that change presents and to face the future with confidence.

OUR BUSINESS MODEL

Our business model places emphasis on reducing costs so that we can generate the funds we need to deliver our vision of 'better power for a changing world'.

The business model is built around our core strategic themes of **customer**, **innovation** and **profitable growth**. We are a power systems company based on two technology platforms, gas turbines and reciprocating engines. Continuous investment in **innovation** delivers better products and services on behalf of **customers**. This allows us to meet their needs and **grow profitably** to the benefit of our shareholders.

Around the core strategic themes of the model we:

Grow sales for original equipment and the associated aftermarket through developing strong routes to market based on customer relationships, understanding and knowledge. **Allocate capital** in a disciplined way, choosing where to grow, and where not to. **Reduce costs and generate cash**, to enable profitable growth from our order book and the maintenance of a strong balance sheet. **Fund research, development, infrastructure** and future programmes. Our financial resilience and resources provide a firm foundation from which to invest. Risk and Revenue Sharing Arrangements are a particular feature of the civil aerospace sector as a means of sharing risk due to the scale of investment required for large gas turbines.

OUR STRATEGY

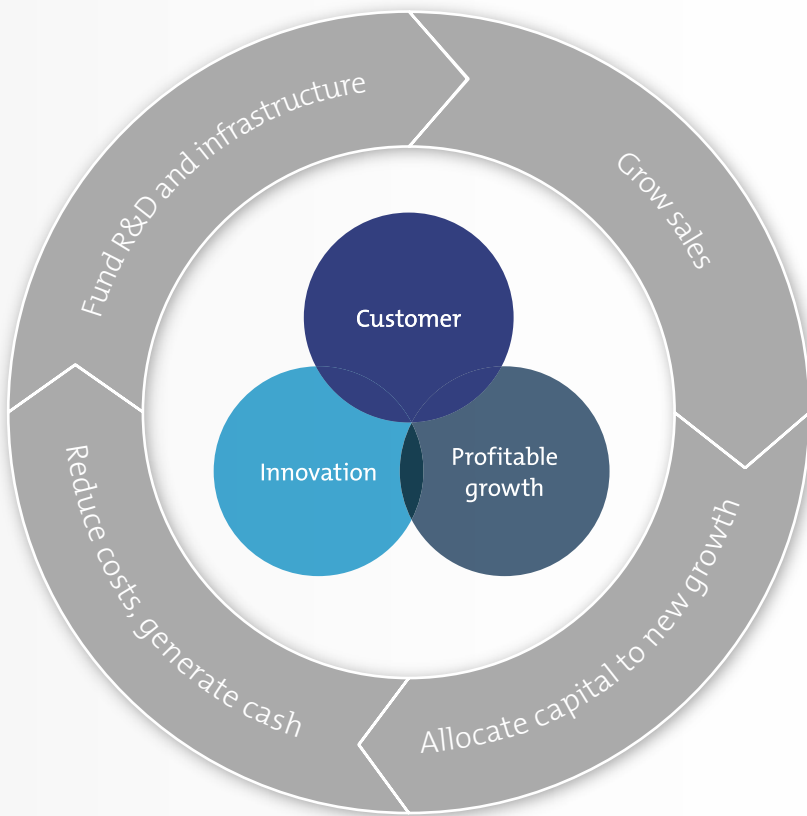
We operate in competitive markets. Our competitors are well-funded, ambitious and full of smart people.

Our strategy will enable us to win by focusing on three powerful themes: customer; innovation and profitable growth.

CUSTOMER



Customer: placing the customer at the heart of our organisation is key. We need to listen to our customers, share ideas, really understand their needs and then relentlessly focus on delivering our promises.



OUR VALUES

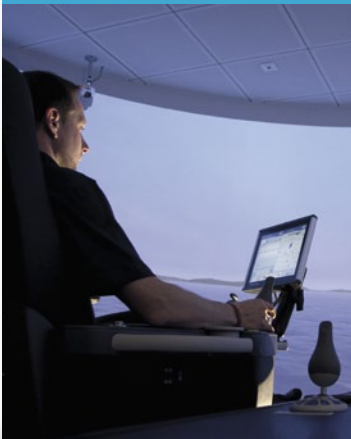
We say we are 'trusted to deliver excellence', but simply being Rolls-Royce does not give us the right to make that claim. Trust takes a long time to earn and can be lost in an instant.

Trust: is earned by doing what we say we will. It demands care, consistency, courage and competence. Trust commits us to high ethical standards – it is central to who and what we are.

Deliver: part of being trusted. We must deliver on our promises, meeting our customers' requirements for quality, delivery, responsiveness and reliability, always recognising that the safety of our products and our people is paramount.

Excellence: if we are trusted, and we deliver, then we will be regarded as excellent.

INNOVATION



Innovation: is our lifeblood. We must continually innovate to remain competitive. To drive innovation, we create the right environment – curious, challenging, unafraid of failure, disciplined, open-minded and able to change with pace. But most importantly, we ensure our innovation is relevant to our customers' needs.

PROFITABLE GROWTH



Profitable growth: by focusing on our customers, and offering them a competitive portfolio of products and services, we will create the opportunity to grow our market share. Of course we have got to make sure that we are not just growing, but growing profitably. That means ensuring our costs are competitive. We look after our cash and we win right.