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**ROLLS-ROYCE WELCOMES 'LANDMARK' AIRTANKER CONTRACT:
TRENT ENGINES AND SUPPORT WORTH £700M**

Rolls-Royce today welcomed the Ministry of Defence's award of the £13 billion contract to the AirTanker consortium for the UK's Future Strategic Tanker Aircraft (FSTA) Private Finance Initiative programme.

As a shareholder and sub-contractor to AirTanker, the value to Rolls-Royce over the lifetime of the 27-year programme is estimated at over £700 million.

Rolls-Royce will build the Trent 700 engines which will power the fleet of 14 Airbus A330-200 tanker aircraft, as well as providing Mission Ready Management Solutions® support for the propulsion system in service.

The Trent 700 engine is the most popular engine on the Airbus A330, which entered service in 1995. Its market share today stands at 53 per cent of firm and option orders, including 70 per cent of orders placed in the last five years. In the first three months of 2008, Trent 700 orders and TotalCare® service agreements totalled around \$5 billion.

Martin Fausset, Managing Director of Rolls-Royce Defence Aerospace, said: *"The tanker contract is a landmark for Rolls-Royce. Our role in this programme will extend well beyond manufacturing and supporting the Trent engines for the Airbus A330s.*

"As a shareholder in AirTanker we will also be involved in the total service provision for the contract, marking a further milestone in developing our aftermarket services strategy."

With the selection of AirTanker, the RAF will gain the same benefits from the new Trent technology, such as high levels of fuel efficiency, as many of today's leading airlines. The Trent 700 delivers the highest thrust available on the A330 resulting in increased operational flexibility. It is also the only engine on the A330 with a full-length cowl, reducing infra-red signature.

Rolls-Royce programme management and real-time, proactive diagnostic support will be provided from its Defence Aerospace headquarters in Bristol, with additional personnel based at RAF Brize Norton.

The engines will be assembled and tested at the Derby facility. Components for the Trent engines will be manufactured throughout the Rolls-Royce global supply chain.

Note to editors

1. Rolls-Royce is a shareholder in the AirTanker consortium which will provide the RAF with its air transport and air-to-air refueling requirements for 23 years, from 2011. The other shareholders are Cobham, EADS, Thales and VT.
2. In line with its shareholding Rolls-Royce will contribute approximately 20 per cent of the equity investment required for the programme, the majority of which is not payable until the operational phase of the programme.
3. The Rolls-Royce Trent 700 delivers outstanding levels of performance and the highest available thrust on the A330, resulting in increased operational flexibility. Latest technologies fed into the engine as a performance improvement package have delivered better fuel-burn which translates into lower emissions. It has been selected by 52 A330 customers and operators.
4. In engine competitions for follow-on A330 orders, the Trent 700 has an unprecedented 100 per cent success record. To date, 11 customers have placed additional orders for the Trent 700 following an initial fleet purchase.
5. Trent 700s have logged eight and a half million flying hours and almost two and a half million flights on 214 A330s. A further 233 Trent-powered A330s on firm order have still to be delivered, plus 37 options.
6. Rolls-Royce, a world-leading provider of power systems and services for use on land, at sea and in the air, has established a strong position in global markets - civil aerospace, defence aerospace, marine and energy.
7. The Group has a broad customer base comprising more than 600 airlines, 4,000 corporate and utility aircraft and helicopter operators, 160 armed forces, more than 2,000 marine customers, including 70 navies, and energy customers in nearly 120 countries. It employs around 39,500 people worldwide people in offices, manufacturing and service facilities in 50 countries.
8. Annual sales were £7.4 billion in 2007, of which 55 per cent came from services revenues. The firm and announced order book at December 2007 was £45.9 billion, of which aftermarket services represent 30 per cent, providing visibility of future levels of activity.

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For more information, please contact:

Nick Britton

Communications Manager– Defence Aerospace, Rolls-Royce

Phone: 0117 979 5943

Email: nick.britton@rolls-royce.com

www.rolls-royce.com