NEWS RELEASE

Rolls-Royce

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ROLLS-ROYCE SIGNS MOU WITH DONGHWA ENTEC TO DEVELOP HEAT EXCHANGER MANUFACTURING TECHNOLOGY FOR GAS TURBINES

Rolls-Royce, the world-leading provider of power systems and services, has strengthened its technology and manufacturing collaboration with Korea, through a Memorandum of Understanding (MOU) with DongHwa Entec Co Ltd, that builds on joint research and manufacturing programmes in Korea developing heat exchanger technology for next-generation gas turbines.

This follows an agreement in January 2006 between Rolls-Royce and Pusan National University (PNU) to jointly develop high-end technologies for the next-generation gas turbine. The purpose of the heat exchanger is to enhance engine cycle efficiency and to meet environmental requirements in the future.

Now DongHwa Entec Co. Ltd. has joined the programme to work on the development of novel heat exchanger manufacturing technologies, from the basic technology assessment and proving stage to production implementation.

The MOU was signed on 28 November at the Lotte Hotel, Seoul, at a ceremony attended by Chung Sye-kyun, Minister of Commerce, Industry and Energy, Kim Inn-se, M.D., Ph.D., President of PNU, Sir John Rose, Chief Executive Officer of Rolls-Royce, Warwick Morris, British Ambassador to Korea and Kim Kang-Hee, Chief Executive Officer of DongHwa Entec.

Dr. Simon Weeks, Rolls-Royce Head of Strategy Research Center, said: *"Rolls-Royce is committed to its collaboration with PNU and Busan Metropolitan City to develop world-leading heat exchanger technology for the future and we hope that the new relationship with DongHwa Entec will enhance this research. We see this relationship as being a progressive step forward for Korea in developing its capability in the aerospace field".*

Kim Kang-Hee, Chief Executive Officer of DongHwa Entec said: *"It is a great pleasure for us to sign this MOU with Rolls-Royce to develop ultra-efficient, ultra-light weight heat exchangers, through our international academic-industrial cooperation with PNU.*
Rolls-Royce and DongHwa Entec will actively follow this MOU ultimately to develop the most outstanding and economical heat exchangers."

DongHwa Entec, located in Noksan National Industrial Complex in Busan, manufactures heat exchangers for ships, power generation systems and for the chemical and food industries. Rolls-Royce and DongHwa Entec will commence partnership activities following a Capability Acquisition Agreement due to be signed within the next three months.

Note to editors

1. Rolls-Royce, the world-leading provider of power systems and services for use on land, at sea and in the air, operates in four global markets - civil aerospace, defence aerospace, marine and energy. It is investing in core technology, capability and infrastructure that can be applied across these sectors to take a competitive range of products to market. These investments create high barriers to entry.

2. Rolls-Royce has a broad customer base comprising 600 airlines, 4,000 corporate and utility aircraft and helicopter operators, 160 armed forces and more than 2,000 marine customers, including 70 navies. The company has energy customers in 120 countries. Rolls-Royce is a technology leader, employing around 37,000 people in offices, manufacturing and service facilities in 50 countries.

3. Rolls-Royce powers over 300 aircraft in Korea, with over 500 engines in service with Asiana, Korean Air, Government agencies and all three of Korea's armed forces. Rolls-Royce waterjets, propellers, ship lifts are also in service with the Korean Navy and the Korea Cost Guard.

4. Rolls-Royce is seeking to make Korea its long term partner for both the Korean and worldwide markets. Co-production in Korea in partnership with Korean industry is the preferred mechanism for Rolls-Royce business operations in Korea.

5. A marine equipment facility at Busan, with around 90 employees, supplies Korean and Japanese shipbuilding companies. Rolls-Royce also supplies gas turbines to Korea's shipbuilding companies for installation in equipment for the worldwide oil and gas and power generating industries.

6. Samsung Techwin is the sole supplier of combustor modules for Rolls-Royce Trent 900 engines for the Airbus A380 under a long-term agreement signed in 2001.

7. Rolls-Royce has delivered the first three gas turbine generator sets which will provide the main electrical power system for the Republic of Korea Navy's first 7,000-tonne destroyer, designated KDX-III. The first AG9140RF gas turbine generator set, was produced at the Rolls-Royce Indianapolis plant, and the other two were assembled by Samsung Techwin from Rolls-Royce supplied kits. The first KDX-III destroyer, which is currently under construction, will be delivered to the Korean Navy by the end of 2008.

8. Rolls-Royce has been focusing on the joint R&D programs through 25 University Technology Centres (UTC) worldwide since 1990. Through this program, Rolls-Royce hires some outstanding engineers from the UTCs and maintains good relationship with the leading engineering students of each area.

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