

April 20, 2009

Rolls-Royce PLC
65 Buckingham Gate
London
SW1E 6AT
United Kingdom

Dear Sir or Madam:

The Project On Government Oversight (POGO) has updated its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including Rolls-Royce. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to Rolls-Royce, please be assured that any response received by POGO will be posted on the website along with the data. Please note that the database includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure

Pending Instance

Faulty Propulsion System

Date: 08/07/2003 (Date of Filing)

Misconduct Type: Poor Contract Performance

Enforcement Agency: Non-Governmental

Contracting Party: Non-Governmental

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: In August 2003, Celebrity Cruises filed a \$300 million lawsuit against Rolls-Royce and Alstom Power Conversion in Florida state court. The lawsuit alleges the Rolls-Royce and Alstom Power Conversion pod propulsion system, which goes by the brand name Mermaid, failed repeatedly, resulting in cancelled cruises, unexpected repairs and thousands of disappointed guests. In January 2006, Carnival settled with Astom for \$38 million. The suit remains pending against Rolls-Royce.