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The Directors
Rolls-Royce Industrial Power Systems Limited
NEI House
Regent Centre
NEWCASTLE-UPON-TYNE
NE3 3SB

Our ref rhr/wsm/943

Company registered No: 3182451

15 January 1997

Dear Sirs

Notice of resignation

We hereby give notice of our resignation as auditors of your company with effect from today.

We enclose our statutory statement given in connection with our ceasing to act.

Yours faithfully

KPMG

KPMG

Enclosures:



Member firm of
KPMG International

KPMG is registered
to carry on audit work and
authorised to carry on
investment business

by the Institute of
Chartered Accountants in
England and Wales. The
principal place of

business is 8 Salisbury
Square, London EC4Y 8BB
where a list of partners'
names is open to inspection.