

Rolls-Royce – Submarines **Vulcan Business Operations Update: May 2012**

Current Rolls-Royce Business Operations at the Vulcan Site remain focused on continuing to safely deliver our current PWR2 Reactor Operations and submarines nuclear support programmes here and with our deployed resource.

Safety Performance remains our key focus with Target Zero and our clear Vision of: Zero Injuries. Our continuous Safety Performance Improvement Programme is very live and as a head line indicator we have now achieved 602 days at Vulcan Site without any Lost Time Accidents or Injuries to our personnel. This is very much a key Business Operational focus for the Company and our people.

In March 2012 we have successfully been awarded additional new Contract work in excess of £30M for submarine related work on Site. We have mobilized additional Teams and are delivering this tasking in parallel with our existing operations. This is very in line with our current and future Business Plans. These plans remain very much integrated with the demands and requirements of the future submarine and civil nuclear programmes.

We continue to develop our Business planning and maturing our options of our future utilisation and deployment of our nuclear skills in Caithness in 2020 and beyond. This is the case across our entire Rolls-Royce Nuclear Sector. Development progresses with further acquisitions (Brooks: now Rolls-Royce Nuclear Services) and an ongoing extensive recruitment programme in Submarines and Civil Nuclear with now in excess of 3000 employees.

We hosted a visit by the UK Secretary of State for Scotland, Michael Moore MP on 2 April 2012; he was accompanied by John Thurso MP. Overall aim was to be appropriately introduced to Rolls-Royce – Submarines current Business operations and Future Business development. Visit was a success and useful:

Quote from: Michael Moore MP:

“I was greatly impressed by Vulcan and the Rolls-Royce team. The quality of engineering, the commitment to training apprentices and the obvious commitment to the skilled workforce in Caithness add up to a prime example of British engineering excellence and innovation supporting, and being supported by, its host community. I am delighted John Thurso suggested this visit and I have learnt a lot.”

Quote from John Thurso MP:

“Vulcan is often the unsung hero of the Caithness economy. I wanted the Secretary of State to see the breadth and depth of quality in engineering skills which exist in the North and hear at first hand Rolls-Royce's commitment to their future in Caithness and the exciting new streams of business. Any community would be proud to have a British icon like Rolls-Royce at the heart of its economy. We are no exception. It is a partnership we must build on and I am determined to help in any way I can.”

We have completed our assessment centre for the 2012 intake of Rolls-Royce apprentices and 4 new apprentices start their Careers with the Company at Vulcan in August this year. Equally important 4 have completed their apprenticeships and have commenced working in our Engineering and Operations Teams on Site. A total of 16 apprentices remain in training at Vulcan as part of the Company Training Scheme.

We continue to recommend our website (www.Rolls-Royce.com/nuclear) which covers our Nuclear Business development, progress and position.