Rolls-Royce – Submarines Vulcan Business Operations Update: September 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 at Vulcan and with our deployed resource.

Safety Performance remains our Key focus with Target Zero and a clear Vision of: Zero Injuries. This continues to be achieved through the Safety Performance Improvement programme and is very much a key Business Operational focus for the Company and our people.

We have now commenced further additional contract work on initial preparations for specific work and nuclear operations on site in the period 2015 – 2020.

Rolls-Royce has been awarded a £1.1Bn contract by the Ministry of Defence to deliver Reactor Cores for the UK's nuclear powered submarine fleet. This is a further endorsement of the overall submarine programme and in particular the future submarine programmes. This programme is key to the specific future Business Planning for our Capability, Skills and Personnel at Vulcan and in Caithness. We continue to develop our specific Business Planning and maturing our options of the future utilisation and deployment of our nuclear skills in Caithness in 2020 and beyond. Fundamental to this is the alignment to the overall Rolls-Royce – submarines Business demands and the UK's submarine and nuclear programmes. This continues to be the case across the entire Submarines Business and indeed our overall Nuclear Sector.

As planned – our 4 new Rolls-Royce Apprentices commenced their Careers at Vulcan last month. A total of 16 apprentices are in training at Vulcan as part of the overall Company Training scheme.

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