

Rolls-Royce – Submarines

Vulcan Business Operations Update: December 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 – particularly on support to the new Astute Class build programme.

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 are continuing to progress additional contract work on detailed preparations for specific work and nuclear operations on site in the period 2015 – 2020.

Aligned to the September 2012 Update - Rolls-Royce are progressing the design, development and manufacture of the Next Generation PWR 3 reactor cores and plant for the UK's nuclear powered submarine fleet. This along with continued support and appropriate development of current in-service operations with PWR2 Plant submarines underpins our Submarines Business going forward for in excess of 40 years. These programmes are key to the specific future Business Planning for our Capability, Skills and Personnel at Vulcan and in Caithness. We are very focused on immediate tactical delivery on the various associated VDAD workstreams – along with the integration with the wider UK submarine development and Business position. We continue to develop our specific Business Planning and maturing our options of the future utilization 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 including the rapidly developing Civil Nuclear programme.

A total of 16 apprentices are in training at Vulcan as part of the overall Company Training scheme and we will be progressing further recruitment in the local area – commencing early next year.

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