

Rolls-Royce – Submarines

Vulcan Business Operations Update: November 2017

- - 2 --Rolls-Royce Business Operations at the Vulcan Site remain focused on continuing to safely deliver our current PWR2 Plant Operations and submarines nuclear support programmes.

Safety Performance remains our Key focus with Target Zero and a clear Vision of: Zero injuries. We continue to work at our safety vision through the Safety Performance Improvement Programme which is very much a key Business Operational focus for the Company and our People.

We are continuing to deliver the specific work and nuclear operations on site in the immediate/short term period: now until 2022. This aligns with the demands and requirements of the overall MoD UK submarine programme associated with the current Vulcan site, plant and operational delivery.

The overall UK submarine programme with the Rolls-Royce designed Next Generation PWR3 reactor core and plant along with the continued support and appropriate development of current in service operations with PWR2 Plant submarines underpins the overall submarines Business going forward in excess of 40 years. These programmes remain key to the specific Future Business planning for our Capability, Skills and Personnel currently at Vulcan and longer term in Caithness. Immediate tactical focus is on safe and accelerated delivery of the defuel and fuel movement programme key to the overall site closure programme. We are continuing to progress at appropriate aligned pace our Business planning and development for utilisation and deployment of our nuclear skills in Caithness in 2022 and beyond.

Fundamental to this planning is ongoing flexible and informed transitional alignment to the overall Rolls-Royce submarines Business demands and the - - - 2 - - - It is appropriate to note this continues to be the case across the entire submarines Business and Enterprise in the UK. Our Business planning in Caithness is also fully aligned to our rapidly developing Civil Nuclear programme in the UK and our civil nuclear market across the world.

A total of 16 Rolls-Royce apprentices continue 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, acquisitions, progress and position.