COMPANY ANNOUNCEMENT
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U.S. NAVY FUNDS AUSTAL LCS TEAM TO BUILD TWO MORE SHIPS

Additional contracts affirm commitment to the LCS program

Austal USA's order backlog has grown by approximately US$681.7 million as a result of two additional Littoral Combat Ship (LCS) contract options being exercised by the United States Navy.

The contract options fund construction of the LCS 14 and LCS 16, the fifth and sixth ships in the 10-ship block buy award made to an Austal-led team in December 2010. That 10-ship program is potentially worth over US$3.5 billion.

Austal Chief Executive Officer Andrew Bellamy said the company's U.S. Navy programs provide revenue and workload for years to come.

"Austal's production of these revolutionary ships continues to expand and improve, simultaneously delivering better program outcomes for the Navy and improved financial results for the company's shareholders," he said.

Austal USA President, Craig Perciavalle, had this to say regarding the new contract award, "This confirms the Navy's commitment to the LCS program and their confidence in Austal." Perciavalle continued, "This award wouldn't be possible without the hard work and dedication of our employees."

Austal has been contracted by the U.S. Navy to build ten 103-metre JHSVs under a 10-ship, US$1.6 billion contract, one of which has already been delivered, and eight 127-metre Independence-variant LCS class ships (including *USS Independence*, delivered to the Navy in 2009), six of which are a part of a 10-ship, US$3.5 billion contract.

USNS Choctaw County (JHSV 2) and *Coronado* (LCS 4) have both been launched and are preparing for sea trials later this spring. Construction of another three JHSVs and two LCSs is also underway in Austal's Mobile, Alabama shipyard.

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About Austal

Austal is a global defence prime contractor. The Company designs, constructs and maintains revolutionary platforms such as the Littoral Combat Ship (LCS) and the Joint High Speed Vessel (JHSV) for the United States Navy, as well as an extensive range of patrol and auxiliary vessels for defence forces and government agencies globally. Austal also designs, installs, integrates and maintains sophisticated communications, radar and command and control systems.

Austal benefits from its position as a world leader in the design, construction and support of customised, high performance aluminium vessels for the commercial high speed ferry market, an achievement gained over a period of nearly 25 years.

Austal's primary facilities comprise a dedicated defence shipyard in Henderson, Western Australia; a dedicated defence shipyard in Mobile, Alabama; and a dedicated commercial shipyard in Balamban, Philippines. The Company also provides vessel support services from its facilities in Australia, the United States, Asia, Europe, the Caribbean, and the Middle East. Systems development, sales and support are coordinated from Austal's facility in Canberra, Australia.

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