



**COMPANY ANNOUNCEMENT
30 DECEMBER 2010**

U.S. NAVY AWARDS AUSTAL MULTI-VESSEL LCS CONTRACT

The USA division of Australian-headquartered Austal Limited (ASX: ASB) has been awarded a fixed price incentive contract by the U.S. Navy for a 10 ship block-buy of Austal's Independence Class Littoral Combat Ship (LCS). The total value of the initial contract is US\$432.1 million. The contract includes options for nine additional vessels in the following five years, subject to Congressional appropriation of each year's LCS program requirements.

Austal will immediately commence preparation work including a US\$140 million facility expansion and workforce development which will take approximately 12 months to complete. Construction of the first LCS vessel will commence in early 2012 and is scheduled for delivery in 2015.

The aluminium warships will be built at Austal's U.S. shipyard in Mobile, Alabama, and will more than double Austal's U.S. workforce to around 3,800 employees.

Austal Ltd's Chairman John Rothwell said this contract is a very significant milestone for the company, and is proud that Austal has been selected to produce this important new class of vessels for the U.S. Navy.

"This contract has firmly established Austal as an international defence shipbuilder, is a strong vote of confidence in Austal's aluminium trimaran LCS design, and also reflects the strength and capability of our USA operations and highly-skilled workforce," said Mr Rothwell.

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About Austal

Austal is the world leader in the design and construction of customised, high performance aluminium vessels for both commercial and defence applications. With shipyards in Western Australia and the USA (Mobile, Alabama), Austal has delivered more than 220 vessels for customers around the world.

Established in Western Australia in 1988, Austal's product range includes passenger and vehicle-passenger ferries, patrol boats, theatre support vessels, combat ships, multi-role vessels and luxury private live-aboards. Austal is also an established provider of worldwide vessel maintenance and management services.

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INDEPENDENCE CLASS LCS FACT SHEET

The U.S. Navy's Littoral Combat Ship (LCS) is a new generation high speed warship designed to carry out a range of operations including mine countermeasures, anti-submarine warfare and the prosecution of surface attack craft in the near-shore (littoral) environment.

The LCS program began in 2002 with the U.S. Navy's pursuit of a new class of stealthy, fast and affordable multi-mission support ships capable of defeating anti-access and asymmetric threats in the littorals. This relatively small, high-speed combatant will complement the U.S. Navy's Aegis Fleet, DDG 1000 and CG(X) by operating in environments where it is less desirable to employ larger, multi-mission ships. It will have the capability to deploy independently to overseas littoral regions, remain on station for extended periods of time either with a battle group or through a forward-basing arrangement and will be capable of underway replenishment. It will operate with Carrier Strike Groups, Surface Action Groups, in groups of other similar ships, or independently for diplomatic and presence missions. Additionally, it will have the capability to operate cooperatively with the U.S. Coast Guard and Allies.

The LCS will be a "Network-Centric," Advanced Technology Ship relying heavily on manned and unmanned vehicles to execute assigned missions and operating as part of a networked, distributed force. In order to conduct successful combat operations in an adverse littoral environment it will employ technologically advanced weapons, sensors, data fusion, C4ISR, trimaran hullform and propulsion together with optimal manning concepts, smart control systems and self-defense systems.

In addition the LCS will be capable of operating at low speeds for littoral mission operations, transit at economical speeds, and high-speed sprints, which may be necessary to avoid/prosecute a small boat or submarine threat, conduct intercept operations over the horizon, or for insertion or extraction missions.

In October 2005, Austal, as a part of the General Dynamics LCS team, was one of two bidders awarded a landmark construction contract for one of two LCS, USS Independence (LCS 2), followed by a contract to build a second Independence-class LCS, USS Coronado (LCS 4), in May 2009.

Austal is now the Prime Contractor for an expanded 10-ship Independence Class LCS program. While General Dynamics Bath Iron Works remains the prime contractor on USS Coronado (LCS 4).

USS Independence was completed at the end of 2008 and is operating with the fleet at its current location in Norfolk, Virginia. USS Coronado is due for completion in June 2012.

The 127 metre LCS uses Austal's unique aluminium trimaran hull form which provides superior seakeeping and performance as a result of its long, slender central hull and smaller side hulls ("amahs"). The trimaran hullform provides a huge internal mission deck with a large payload and its superior seakeeping translates into greater crew comfort and mission capability plus the ability to conduct helicopter operations in a wider range of sea conditions.

Located above the mission bay is the largest flight deck on a surface combatant capable of conducting dual H-60 helicopter operations and accommodating the US Navy's largest helicopter, an H-53, a feature not available on similar size naval warships. The vertical location of the flight deck on the trimaran hull form provides the highest flight deck elevation on a combatant ship other than a major amphibious vessel or aircraft carrier.

INDEPENDENCE CLASS PRINCIPAL PARTICULARS

Length	127 metres
Beam	31.4 metres
Hull Draft (max)	4.5 metres
Mission Bay	11,000 cubic metres
Speed	40 Knots
Range	3,500 nautical miles
Crew	40
Aviation	2 x SH-60 or 1 x CH-53

MISSION CONFIGURATION

Anti-mine warfare (MIW)
Anti-submarine warfare (ASW)
Surface Warfare (SUW)

FUTURE MISSION CAPABILITIES

Special operations (Spec Ops)
Intelligence, surveillance and reconnaissance (ISR)
Humanitarian assistance / disaster relief (HA/DR)