



**COMPANY ANNOUNCEMENT
5 MAY 2011**

COMPLETION OF US\$225 MILLION BOND ISSUANCE

Austal Limited (ASX: ASB) advises that it has today achieved financial close of a US\$225 million bond issuance to fund the expansion of its US manufacturing facility. The expansion of the production facilities in Mobile, Alabama, is being undertaken to support the delivery of Austal's Independence Class Littoral Combat Ships ("LCS") under the 10 ship block buy contract that was awarded in December 2010.

This bond issuance, which includes a refinancing of the initial 2009 \$60 million bond issuance, was sponsored by the Mobile Downtown Redevelopment Authority ("the Authority") and facilitated through its Gulf Opportunity Zone Revenue Bond scheme ("Go Zone Bonds"). The Authority, on behalf of Austal USA, issued two tranches of bonds of US\$112.5 million. The bonds tranches are secured equally by letters of credit issued by National Australia Bank Limited ("NAB") and Australia and New Zealand Banking Group Limited ("ANZ").

The Go Zone Bonds are structured as an "interest only" facility and mature on 1 May 2041. The bonds were issued at a variable interest rate which when added with the cost of the NAB and ANZ letters of credit, results in a total interest rate of less than 2% per annum.

Austal Chief Executive Officer Andrew Bellamy said "We are very pleased with the level of market support for the bond issuance which has resulted in the excellent pricing achieved at financial close. This bond issuance fully funds Austal's U.S manufacturing facility expansion via a very inexpensive and long term source of funds."

Mr Bellamy noted Austal's gratitude for the support provided by NAB and ANZ which was key to the success of the bond issuance.

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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.

For further information contact:

Richard Simons

Chief Financial Officer

Austal Limited

Tel: +61 8 9410 1111

Fax: +61 8 9410 2564

Website: www.austal.com