

2 March 2009



**Babcock International Group PLC  
HMS Vigilant contract award**

Babcock International Group PLC (Babcock), the Royal Navy's leading submarine support provider, announces the award of the Long Overhaul Period and Refuel (LOP(R)) contract for HMS Vigilant. The Secretary of State for Defence, Rt Hon John Hutton MP, today announced the three and a half year contract which is expected to be worth in excess of £300 million, during a visit to Babcock's Devonport Royal Dockyard, Plymouth, where the refit will be undertaken.

HMS Vigilant is the third Vanguard class submarine to undergo LOP(R) at Devonport. Including the planning phase, the project will take five years, with HMS Vigilant remaining in dry dock until 2011 and completion scheduled for 2012.

Babcock will be working closely with the Ministry of Defence (MoD) throughout this project under new contracting arrangements. These arrangements are expected to be similar to those to be contained in the Terms of Business Agreement (ToBA) currently being negotiated with the MoD. The ToBA supports greater transparency of information and incentivises high standards of safety and quality delivered at lower than contracted cost.

Work to be undertaken includes the refuel and subsequent reactor commissioning, which dictates the overall duration of the project. This is supported by a major revalidation of all reactor systems, replacement of major equipment and tactical and strategic weapons updates. In addition the accommodation areas will be updated and a major external preservation work package undertaken. The project will involve more than 2.2 million man hours.

Babcock Chief Executive Peter Rogers commented:

"I am delighted that we have been able to sign this contract under the new contracting arrangements with the Ministry of Defence. Utilising the highly specialised, technical knowledge and experience within our business, we look forward to continuing our track record of working in close partnership with the Ministry of Defence to ensure maximum benefits are delivered for both parties.

This, combined with the additional work load on the CVF announced by the MoD this morning, underlines the continuing success of our Marine business."

Secretary of State for Defence, John Hutton commented:

"This substantial contract, providing over three years of work at the dockyard and sustaining many jobs across industry including small and medium enterprises, is a crucial part of our commitment to updating our submarine fleet. Maintaining the effectiveness of our nuclear deterrent is one of MOD's highest priorities.

"The highly sophisticated nature of the work involved is testament to the experience and skills of the workforce here in Devonport and is the latest in a steady stream of packages to be carried out in the dedicated submarine refit facilities here. Both HMS Victorious and HMS Turbulent have recently left Devonport following successful overhauls, with HMS Triumph making progress in her maintenance period as we speak."

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