



**COMPANY ANNOUNCEMENT
8 NOVEMBER 2010**

UPDATE – U.S. NAVY LCS CONTRACT

Austal Limited (ASX: ASB) confirms that its USA division has received from the U.S. Navy the draft modification to the contract for the Littoral Combat Ship (LCS) tender in which the Navy proposes to award both Austal USA and Lockheed Martin a 10-vessel contract each.

The Navy has extended the due date for submission of responses to 2pm U.S. Eastern Standard time on Monday 8 November 2010.

Austal is presently reviewing the terms of the draft modification and has not made a decision as to whether it will agree to the proposal.

The Company expects to inform the market of its decision on 9 November 2010, at which time trading in Austal's securities will resume.

END

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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