



ASX/MEDIA RELEASE

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Engineering support services leaders come together for ANZAC ship maintenance

Sydney: UGL Limited (ASX: UGL) today announced that Babcock Pty Ltd (Babcock) and UGL Infrastructure Pty Ltd will form a Special Purpose Vehicle, Naval Ship Management (Australia) Pty Ltd (NSM(Aust)), an incorporated 50:50 joint venture, to provide Naval surface ship repair and maintenance services for the ANZAC Ship Group Maintenance Contract (GMC).

NSM(Aust) has been announced as the preferred tenderer for the ANZAC Ship GMC, a new \$300 million five-year contract with potential for further extensions based on performance. Contract negotiations are expected to be finalised by June 2012.

NSM(Aust) has access to the combined expertise of UGL's asset management capabilities and Babcock, the UK's leading naval ship sustainment company. The companies bring considerable Australian and international experience in managing long-term, performance based maintenance contracts.

UGL's Managing Director and CEO, Richard Leupen said: "UGL is very pleased that NSM(Aust) has been selected as the preferred tenderer for this prestigious contract which will provide the opportunity to extend UGL's Royal Australian Navy ship maintenance and support activities for the ANZAC class through our new joint venture with Babcock.

"NSM(Aust) combines UGL's long history and depth of experience in maintenance and asset management expertise with the UK's most experienced naval ship sustainment and class output management company. With the proven combined capabilities of UGL and Babcock in major warship support, including the eight Australian and two New Zealand ANZAC frigates, we are able to provide a highly competent, efficient and cost-effective service that offers the Commonwealth Government a low risk transition and roadmap to total asset management."

Babcock's Chief Executive Officer Craig Lockhart commented: "We are delighted to be working with UGL on the ANZAC GMC. Our two companies combine the very best of international sustainment expertise and will create NSM(Aust) as a platform for Naval Engineering excellence. We have a strong GMC proposition, with highly relevant technical, engineering and commercial expertise to satisfy the customer's expectations."

Both Mr Leupen and Mr Lockhart were unanimous in their support of the Defence Materiel Organisation's (DMO) initiative to reform the naval ship repair sector. They added that NSM(Aust), through its parent companies, provides a demonstrable track record in cost reductions while setting high standards of performance. NSM(Aust) also offers access to national and internationally recognised supply chains, and an integrated solution for better utilisation and improvement of Fleet Support Unit capabilities.

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About UGL Limited

UGL Limited (ASX: UGL) is a global leader in engineering, property services and asset management and maintenance operating in the water, power, transport, resources and property sectors. It consists of four divisions – UGL Infrastructure, UGL Rail, UGL Resources and UGL Services. Headquartered in Sydney, Australia, UGL Limited operates worldwide across 45 countries employing approximately 55,000 people. For more information, visit: www.ugllimited.com