December 17, 2018

Dear Shipbuilders,

As part of our company’s NNSFORWARD Strategy, we are focused on how we become more efficient and effective. This is extremely important as the U.S. Department of Defense is facing increasingly complex defense priorities. Looking forward, it is very clear that our shipbuilding industry must become more efficient and that we must continue to transform our business.

To support the Navy’s affordability needs and to improve our efficiency, it is critical that we operate differently in the future. Our focus on enabling our workforce, transforming business operations, executing efficiently, growing the business base and leading the way is intended to help us accomplish this. In support of our 2019 NNSFORWARD priorities, we are taking the following actions.

First, we are reorganizing the business by centering like-functions into single homerooms. This enables the single homeroom leader to be accountable for improvement (standardizing processes, smart technology usage, professional development plans, etc.) within that function. Leadership development and workforce training is one recent example of where we consolidated training across the shipyard into one division. You will see additional consolidations in the near future.

Second, to streamline our overhead costs, we are offering a voluntary severance program for salaried parts of the organization with higher levels of overhead costs. This will allow us to take overhead cost out of the business, provide opportunities for additional organizational changes, and increase development opportunities of future leaders. Details are attached.

I want to stress that we are still hiring, and will continue to hire primarily direct charging positions throughout 2019. Our business outlook is strong, and we are growing, and there is no better opportunity than now to improve our company structure and how we operate. We have the unique responsibility to meet the U.S. Navy’s needs, make NNS stronger and position ourselves to reach our full potential to ensure future success for the generations of shipbuilders who will build upon our legacy.

I know these changes can be distracting. I ask that everyone keep focused on what makes you and your team effective. Thank you for your continued support and dedicated service to Newport News Shipbuilding. I appreciate everything you do.

Respectfully,

Jennifer Boykin
President, Newport News Shipbuilding
Voluntary Severance Program (VSP) Details

- To streamline our overhead costs, we are extending an offer to participate in a Voluntary Severance Program (VSP) to certain active, salaried Newport News Shipbuilding Division employees working in Hampton Roads.

- This offer is being extended to all manager 3 and director level employees from all NNS divisions working in the Hampton Roads area, and to salaried employees in divisions with higher overhead costs.

- Eligible employees will personally receive additional details on how to take advantage of the VSP by email later today.

- This offer excludes represented employees.

- This offer excludes vice presidents, those employees who report to the corporate office (Government and Customer Relations, Benefits and Law Department), and employees who work at offsite locations such as KSO, the NNS DC and Groton, CT offices.

- Employees must be in active status as of December 17, 2018. Employees who have given notice to resign prior to December 17, 2018 are not eligible to participate. Employees that have previously submitted their request to retire prior to December 17, 2018 are eligible and should contact their HR Business Partner.

- Employees who participate in this program will separate from the company no later than March 1, 2019.

- Employees who participate in this program will be paid up to 26 weeks of severance, depending on their years of service.

- There is no age limit to participate in this program.

- This program is completely voluntary, and while NNS is always reviewing workload demands and requirements, the company has no current plans for an involuntary reduction in force.

- NNS has the right to deny an eligible employee’s request to participate in this program.