

**February 19, 2013**

**Ship Repair Team,**

**In January, I provided preliminary information about planned reductions the U.S. Navy was considering in several areas including personnel, ship maintenance, and base operations. On Friday, we received further guidance from the Navy, which includes the potential to cancel, defer, or de-scope 13 of our ship availabilities across four of our sites.**

**Although the Navy advised that this is “not a cancellation order” but “an intent to cancel,” we need to act accordingly and issue “conditional” Worker Adjustment and Retraining Notification (WARN) Act Notices to more than 3,500 production, management and administrative staff at Norfolk, Mayport, San Diego, and Hawaii. These notices will be mailed Wednesday and delivered via the U.S. Postal Service to each employee’s home address. We are also contacting our subcontractors and suppliers to assess how this decision affects their operations.**

**This conditional WARN notice informs employees that they might be laid off due to a reduced workload and a loss of business revenue, if the Navy issues cancellation orders. In the unfortunate event that a reduction in force is necessary, we will update the WARN notices with specific layoff or furlough dates for affected employees.**

**We do not take these decisions lightly, and we regret the anxiety it causes our employees and their families. I also recognize this news is unsettling, but rest assured we are working closely with our Navy customer and members of Congress to mitigate the impact of these proposed reductions. As I have in the past, I’ll provide updated information as soon as it becomes available.**

**I’m extremely proud of the great work you do each day providing our Navy with the best- maintained and modernized ships in the world. I’m confident that you will stay focused on that mission – thank you for your continued support.**

**Bill**