



**April 5, 2024**

HII's Weekly News Digest is compiled every Friday by the Corporate Communications team to summarize and highlight news stories of significance to the company.

**Shipbuilders Continue To Face Retention, Supply Chain Challenges:** Inside Defense reported on Thursday that skilled labor shortages and supply chain challenges stemming from the pandemic continue to be among the many hurdles that U.S. shipbuilders are overcoming. HII CEO Chris Kastner said delays in the delivery of certain parts, for example, have led to residual delays in shipbuilding. "Fundamentally we've got some late material at the bottom of the ship," Kastner told reporters Thursday. "We can't erect the ship until we get that done." Reuters reported on Tuesday the U.S. Navy released a report this week that takes a comprehensive review of national and local causes of the challenges to shipbuilding. Shipyard labor retention remains a stubborn problem long after the end of the pandemic which led to high retirement rates for older and more skilled workers, Vice Adm. James Downey told reporters at the Pentagon. Defense News reported on Tuesday that based on current performance, the Navy projects the first *Columbia*-class ballistic missile submarine will deliver 12 to 16 months later than its contractual delivery date of October 2027. The service is counting on the lead *Columbia* boat to deliver in 2027 so it can go on its maiden patrol in 2031. The *Columbia* program, the Navy's top acquisition priority, is the least delayed of the new programs assessed in the shipbuilding review, Navy acquisition chief Nickolas Guertin said.

**Austin, Brown To Testify On Defense Budget:** Inside Defense reported on Wednesday that Defense Secretary Lloyd Austin and Chairman of the Joint Chiefs of Staff Gen. C.Q. Brown are scheduled to appear before the Senate Armed Services Committee on April 9 to discuss the fiscal year 2025 defense budget request alongside Pentagon Comptroller Mike McCord. Austin and Brown are also expected to push committee members to continue their support of a \$95 billion security supplemental spending package that the Senate has already passed with bipartisan approval but remains stalled in the House. The Defense Department — capped by a two-year congressional spending deal — is seeking about \$850 billion for fiscal year 2025, with \$167.5 billion for procurement and \$143.2 billion for research, development, test and evaluation for a total modernization investment of \$310.7 billion. Some GOP lawmakers, such as Senate Armed Services Committee Ranking Member Roger Wicker, R-Miss., have said the fiscal 2025 request is too small but have not openly advocated breaking the caps set by the 2023 Fiscal Responsibility Act.

**Navy Plans New Information Warfare LVC Training Centers:** Defense One reported on Wednesday that the Navy is planning to open three new information warfare live, virtual, constructive (LVC) team training centers, in San Diego, Norfolk, Va. and Yokosuka, Japan. Design for the first two is underway now, with construction anticipated for next year, and a build for Yokosuka should follow in 2026, said Elizabeth Nashold, deputy commander for U.S. Naval Information Forces (NAVIFOR). "We are not at our best in the training we're providing for our information warriors," NAVIFOR's boss, Vice Adm. Kelly Aeschbach, said last year. "We have a lot of good stuff in place, but we do not move fast enough, nearly fast enough, to pace with all the capability we're delivering. Our brick and mortar construct has a lot of trouble keeping up with the agility with which industry and others now are delivering fantastic capabilities." Nashold said he is looking forward to creating an ability where the centers will track an individual's or team's performance to help improve overall tactics, techniques and procedures.

### Social Media Highlight Of The Week

Posted Thursday on HII's Facebook page:

"As the nation's sole designer, builder and refueler of nuclear-powered aircraft carriers HII's #NewportNewsShipbuilding division is proud to be building the Gerald R. Ford-class of aircraft carriers for the U.S. Navy, the first new design for an aircraft carrier in decades.



Visit us at Booth #1323 at this year's Sea Air Space Maritime Expo at the Gaylord National Resort & Convention Center in National Harbor, Maryland, from Monday, April 8, to Wednesday, April 10, to learn how we're meeting the U.S. Navy's operational needs of the 21st century.

Learn more at HII.com: <http://hii.com/events/sas24/>

Learn more about the Ford class of aircraft carriers here: <https://hii.com/what-we-do/capabilities/aircraft-carriers/>

**Austal Rebuffs Initial Takeover Attempt From Hanwha:** The Wall Street Journal reported on Tuesday that Austal is rebuffing takeover attempts from South Korea's Hanwha Ocean, the latter of which made a \$649 million bid this week for the Australia-based shipbuilder. Austal said any takeover would require approval not only from Australia's foreign-investment watchdog but also the Committee on Foreign Investment in the U.S. and the U.S. Defense Counterintelligence and Security Agency. Those approvals reflect Austal's role in building vessels for the U.S. Navy. Hanwha's interest in Austal comes as Australia said it would spend billions more dollars over the next decade to expand its surface fleet to its largest size since World War II. The blueprint called for 26 major surface vessels, including destroyers and frigates, plus 25 minor war vessels. Breaking Defense reported on Tuesday that Austal has left the door open for a future acquisition. "At present Austal is not satisfied that these mandatory approvals would be secured, however the company is open to further engagement if Hanwha is able to provide certainty on whether a transaction would be approved," according to a statement provided by Austal.

**General Electric Launches GE Aerospace:** Breaking Defense reported on Tuesday that General Electric has completed the spin off of its aviation and energy businesses, launching GE Aerospace as a standalone company. The event is the final step in the long-awaited break up of General Electric into three individual companies, which was first announced in 2021. GE Aerospace is now just one of two major U.S. aviation engine manufacturers, with its defense engines unit making up about \$9 billion of GE Aerospace's \$32 billion portfolio. GE Aerospace is being led by CEO Larry Culp, who helmed General Electric since 2018. The company expects mid- to high-single digit growth for its defense unit in 2024, driven by increased engine shipments, as well as strong interest from international customers like Japan

and South Korea for GE engines to power homegrown combat aircraft currently in development, executives said at the company's Investors Day held the first day it was trading on the New York Stock Exchange.

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*HII's Weekly News Digest is produced by HII's Corporate Communications team and posted to Homeport every Friday.*

*Please note: Social media is blocked on HII computers for most employees. Employees are encouraged to visit HII's Facebook page and other social media sites on personal time and from non-work devices.*

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