



**Nov. 15, 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.

**Navy 'Finishing Up' Contract Negotiations For FY-24 Virginia Subs Despite Shortfall:** Inside Defense reported on Wednesday that the Navy is "finishing up contract negotiations" for Block V Virginia-class submarines Baltimore (SSN 812) and Atlanta (SSN 813) despite Congress' refusal to provide an additional \$1.95 billion to cover cost growth in the program. The Navy was unable to fully pay for the two boats with the \$9.4 billion appropriated for their procurement in fiscal year 2024 and prior years. Rear Adm. Jonathan Rucker, program executive officer for attack submarines, told reporters contract negotiations are "almost done but not quite" but didn't specify how the contract would be structured in the absence of this additional funding. Despite the service's goal of reaching a delivery rate of 1.5 Virginia submarines per year by the end of calendar year 2024, Rucker acknowledged annual Virginia delivery rates still sit at about 1.2 vessels per year. Supply chain material delays have forced out-of-sequence work at the shipyards and contributed to this shortfall, Rucker said. Meantime, USNI News reported on Wednesday that the Virginia-class attack submarine program will extend to an eighth block before the Navy transitions to the next generation of attack submarines, the director of Naval Reactors said. Adm. Bill Houston said the service is planning for a Block VIII Virginia-class submarine that will extend the program into the 2040s. The Navy expected to transition from the Virginia-class boats to the SSN(X), with the new program starting construction in Fiscal Year 2031, but now the first boats may not arrive until the 2040s.

**HII And Navy Address Workforce Challenges Amid Weld Issue On Carriers And Submarines:** Inside Defense reported that HII's Newport News Shipbuilding is collaborating with the Navy to resolve suspected faulty welds on aircraft carriers and submarines, an issue linked to a less experienced workforce in the submarine industrial base. Navy officials have inspected over 90% of the welds. An internal investigation by HII found no evidence of malicious intent but identified procedural lapses by some welders. In response, HII is pivoting its hiring strategy to attract more experienced workers, described by CEO Chris Kastner as an investment in workforce efficiency and long-term quality. This challenge highlights broader labor shortages across the shipbuilding sector, with the Navy projecting a need for 140,000 new skilled workers by 2030. Addressing these workforce gaps is essential for HII to sustain its leadership in shipbuilding and meet the Navy's production and maintenance goals.

**HII Redelivers USS Montana (SSN 794) From Post-Shakedown Availability At Newport News Shipbuilding:** Seapower Magazine reported on Thursday that HII's Newport News Shipbuilding division has completed post-shakedown availability (PSA) work on Virginia-class fast attack submarine USS Montana (SSN 794). The submarine was redelivered to the U.S. Navy Tuesday. "Redelivering USS Montana back to the fleet reflects the tremendous teamwork and accomplishment by our shipbuilders and the crew," said Jason Ward, NNS vice president of Virginia-class submarine construction. "This successful PSA demonstrates our commitment to building the finest submarines for the Navy and ensuring they are ready to carry out the mission defending our nation around the world." The PSA, a maintenance period that typically follows delivery of new ships, included combat systems and electronics upgrades, as well as general maintenance on the submarine. USS Montana is the 21st

Virginia-class submarine, and the 10th delivered by NNS. The Navy commissioned it on June 25, 2022 at Naval Station Norfolk.

### Social Media Highlight Of The Week

Posted Tuesday on HII's Facebook page:

"Did you know aircraft carriers are often called "cities at sea?" Looking at a photo like this when it's next to an actual city, it's not hard to see why!

Sailors man the rails on the flight deck of the Nimitz-class aircraft carrier USS Ronald Reagan (CVN 76), built by our #NewportNewsShipbuilding division, as the ship pulls into Naval Air Station North Island, California, on July 23.



As we continue to celebrate National U.S. Navy #AircraftCarrierMonth, we're so proud that our shipbuilders can say they constructed these mighty ships that can carry up to 5,000 people and up to 90 aircraft.

📷: U.S. Navy/MCS2 Stanton"

**Trump Selects Fox Host And Army Veteran Pete Hegseth As Secretary Of Defense:** AP News reported President-elect Donald Trump's selection of Pete Hegseth as Secretary of Defense brings a familiar conservative media figure and veteran to the role. Hegseth, a former Army officer and current Fox News host, has a reputation for advocating military reforms focused on traditional values, often opposing policies he argues weaken the military's effectiveness. Hegseth, 44, is a co-host of Fox News Channel's "Fox & Friends Weekend" and has been a contributor with the network since 2014, where he developed a friendship with Trump, who made regular appearances on the show. Hegseth is also the author of "The War on Warriors: Behind the Betrayal of the Men Who Keep Us Free," published earlier this year, and has been outspoken about rooting out what he has called "woke-ness" in the military. AP News reported If confirmed by the Senate, he would inherit the top job during a series of global crises — ranging from Russia's war in Ukraine and the ongoing attacks in the Middle East by Iranian proxies to the push for a cease-fire between Israel, Hamas and Hezbollah and escalating worries about the growing alliance between Russia and North Korea.

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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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