

General Dynamics NASSCO Announces Layoffs at San Diego Shipyard

Lack of FY2011 Defense Appropriations Bill and Diminishing Workload Cited

SAN DIEGO – March 25, 2011 – Today, General Dynamics NASSCO notified its employees that, due to the federal budget stalemate and lack of recovery in the commercial shipbuilding market, the company will carry out workforce reductions in the coming weeks. Employees received letters informing them of the potential that they may be indefinitely laid off between late May and early June. NASSCO anticipates that this action will result in approximately 350 employees being laid off. These layoffs are the result of the federal budget stalemate that is preventing the U.S. Navy from contracting for any new programs, delays within the Navy’s ship repair schedule, and a downturn in the commercial shipbuilding market. Currently, there are about 3,600 employees working at the shipyard.

“I regret the loss of any member of our skilled workforce,” said Fred Harris, president of General Dynamics NASSCO. “We understand the disruptions that layoffs cause in personal lives and in our community. This is in no way a negative reflection on our workforce. However, a combination of events is limiting our business options and forcing us to reduce our current employee total.”

“NASSCO is fortunate to have California’s Senators and Representatives fully engaged in helping to solve this issue and to avert negative impacts on their constituents. They are working diligently on our behalf with both the Senate and House leadership to get the FY11 Defense Appropriations bill passed,” Harris said. “We continue to work closely with the Navy and our elected officials to encourage a favorable resolution to the federal budget impasse, as it applies to NASSCO. Passage in early April of a federal budget that authorizes new defense spending will sustain progress on new programs, stabilize the Navy repair schedule, and reduce the number of layoffs.” However, Harris cautioned that “such action will not



eliminate all job losses at NASSCO given the current business environment. Unfortunately, a protracted delay in congressional action could result in much deeper job cuts – to as many as 1,500 – by the end of this year.”

Located in San Diego, NASSCO employs 3,600 people and is the only major ship construction yard on the West Coast of the United States. The San Diego shipyard has already delivered eleven T-AKE ships to the Navy and is currently building three additional T-AKE ships, including the *William McLean* (T-AKE 12), *Medgar Evers* (T-AKE 13), and the yet unnamed T-AKE 14, for a total class of 14 vessels. Additional information on NASSCO can be found at www.nassco.com.

General Dynamics, headquartered in Falls Church, Va., employs approximately 90,000 people worldwide. The company is a market leader in business aviation; land and expeditionary combat systems, armaments and munitions; shipbuilding and marine systems; and information systems and technologies. More information about General Dynamics is available online at www.gd.com.

###