



**Newport News
Shipbuilding**

A Division of Huntington Ingalls Industries

Kesselring Site Contract Conclusion Retention Details

February 2020

- **Finalized Rev E Schedule** – talks ongoing with customer to ensure budget in place to contract end
- **Finalized Retention Accrual Schedule**
 - Customer received the refined cost estimate of the Transition Package based on our current plan and the initial manning evaluation provided by KS management before shutdown.
 - Customer gave us verbal funding approval for Transition Package in mid January.
 - Customer forwarded Transition Package to NR
 - **Pending Final NR approval**
- **Today, the Numbers** (*we anticipate NR will approve...*)

The contents of this presentation are based on preliminarily approved figures and are subject to change pending final customer approval.



Project Completion Bonus

- Project Completion Bonuses are cash bonuses paid to employees who successfully meet project Key Events outlined in a Project Completion Agreement.
- Bonuses are calculated using a **Retention Accrual Schedule** and are directly proportionate to the length of each project.
- Eligible employees:
 - Must be in non-represented, salaried positions,
 - Must be permanently assigned to work at the Kesselring work location
 - Must remain employed in an eligible position through project completion.
- Project Completion Agreements and Project Completion Bonuses:
 - A Project Completion Agreement is a formal, written agreement between NNS and all eligible, participating employees in which the employee agrees to successfully complete project Key Events by pre-determined project completion date (s) and NNS agrees to pay the employee a monetary bonus in return based on the Retention Accrual Schedule.
 - All employees who desire to participate will be required to sign a Project Completion Agreement.
 - NNS will payout Project Completion Bonuses (a.k.a. “Retention Bonuses) in line with an established **Retention Accrual Schedule**.

DISCLAIMER: This Project Completion Bonus program was designed to meet NNS obligation to successfully complete work connected with contract (s) ending at Kesselring. Future retention/project completion bonus plans are not guaranteed to offer the same payout values and terms as this bonus plan.

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Proposed Retention Accrual Schedule-to Refueling & beyond

Month	# Months	% Total Points Accrued	% Points per Month	Event
Jan-20	1	3.00%	3.00%	
Feb-20	2	5.00%	2.00%	
Mar-20	3	7.00%	2.00%	
Apr-20	4	9.00%	2.00%	
May-20	5	11.00%	2.00%	
Jun-20	6	12.00%	1.00%	
Jul-20	7	13.00%	1.00%	CR00
Aug-20	8	14.00%	1.00%	
Sep-20	9	15.00%	1.00%	
Oct-20	10	16.00%	1.00%	
Nov-20	11	17.00%	1.00%	
Dec-20	12	18.00%	1.00%	
Jan-21	13	19.00%	1.00%	
Feb-21	14	20.00%	1.00%	

- Dates in the Project Completion Agreement are based on Key Events

CR00	COMPLETE REFUELING
SC00	START COLD OPS
CC00	COMPLETE COLD OPS
SH00	START HOT OPS
CH00	COMPLETE HOT OPS
SP00	START POWER RANGE TESTING
CP00	COMPLETE POWER RANGE TESTING
CA00	COMPLETE AVAILABILITY

- Your completion date may not be the exact day of the key event



Proposed Retention Accrual Schedule- to Contract End

- The dates of the Key events are subject to schedule change, and are to give you an idea of how work is progressing, and if slippage is occurring.
- Key events begin to escalate after May, 2021 which will decrease our workload and the manning required on the project.
- The Rate continues at 1% until CA00

Month	# Months	% Total Points Accrued	% Points per Month	Key Event
Mar-21	15	21.00%	1.00%	
Apr-21	16	22.00%	1.00%	SC00
May-21	17	23.00%	1.00%	CC00
Jun-21	18	24.00%	1.00%	
Jul-21	19	25.00%	1.00%	
Aug-21	20	26.00%	1.00%	
Sep-21	21	27.00%	1.00%	SH00
Oct-21	22	28.00%	1.00%	CH00
Nov-21	23	29.00%	1.00%	
Dec-21	24	30.00%	1.00%	
Jan-22	25	31.00%	1.00%	SP00
Feb-22	26	32.00%	1.00%	
Mar-22	27	33.00%	1.00%	CP00
				CA00



Proposed Retention Accrual Schedule-Post Contract End (CA00)

- After Key Event CA00 it is anticipated six months of additional work will be needed to close out NNS presence in NY
- If your work is scheduled to take you beyond the CA00 Complete Availability date, the Retention Schedule continues
- The rate will increase to 2% after CA00

Month	# Months	% Total Points Accrued	% Points per Month	
CA00+1	28	35.00%	2.00%	
CA00+2	29	37.00%	2.00%	
CA00+3	30	39.00%	2.00%	
CA00+4	31	41.00%	2.00%	
CA00+5	32	43.00%	2.00%	
CA00+6	33	45.00%	2.00%	

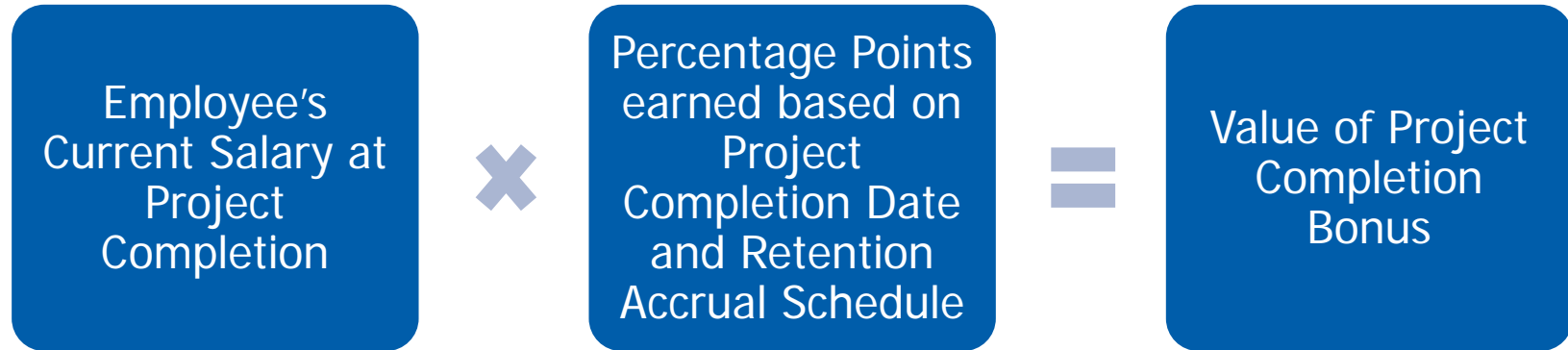
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Project Completion Bonus

How is the Project Completion Bonus paid?

CALCULATION:



When is the Project Completion Bonus paid out?

Each project assigned to an employee will have an anticipated project completion date. The length of projects, project requirements and payout values will vary between employees based on the nature of the project, the employee's current position and skillsets, the length of the project and the employee's current base salary at time of payout.

Project Completion Bonus payouts will be paid upon successful completion of project Key Events AND written certification from management that the project Key Events have reached completion.

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Project Completion Bonus Example 1

The employee completes the project assignment as scheduled, or earlier than scheduled.

A Foreman (salaried, non-represented and permanent at KSO) signs the project completion agreement agreeing to complete several duties and responsibilities for ROH project Key Event by June 15, 2020.

His manager provides a written certification on June 10, 2020 that the project was successfully completed on May 31, 2020.

The Foreman's annual base salary at written certification is \$75,000. Even though the Foreman successfully completed the project *prior* to the anticipated completion date, he will be paid the full value of the bonus no later than July 10, 2020 (within 30 days of receiving written certification). In this case, the Foreman will receive the following project completion bonus:

PROJECT KEY EVENT

Project Start Date: January 2020

Anticipated Completion Date: June 2020

Annual Salary: \$75,000.00

% of Total Points Earned: 12%*

Total Payout: \$9,000.00**

*Based on anticipated completion date of June 2020

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Project Completion Bonus Example 2

The project assignment takes several additional months to complete.

An Engineer Nuclear 2 signed a project completion agreement agreeing to complete duties and responsibilities specific to the completion of Project Key Event by the anticipated completion date of February 20, 2021.

On January 1, 2021, management makes the determination that the anticipated completion date will need to be extended from February 2021 to April 2021 in order to successfully complete the Project Key Event. The new anticipated completion date is communicated to the employee.

On May 1, 2021, management provides written certification certifying that the work on the project has been successfully completed in April 2021.

The employee will be paid a Project Completion Bonus of 22.00% (based on completion date of April 2021) no later than May 31, 2021 (within 30 days of written notification date of May 1, 2021).

PROJECT KEY EVENT

Project Start Date: January 2020

Original Anticipated Completion Date: February 2021

New Anticipated Completion Date: April 2021 (extended by 2 months)

Annual Salary: \$75,000.00

% of Total Points Earned: 22.00%*

Total Payout: \$16,500.00*



Project Completion Bonus Example 3

The employee completes the original project assignment on time, and is asked to stay on to complete a second project assignment.

An Engineer Shift Test 2 started the original Project Key Event on January 2020 with an anticipated completion date of November 2020 (11 months to completion).

The original Project Key Event (Project A) is completed on schedule in November 2020. The manager provides written certification on December 2, 2020 and the employee is paid the first project completion bonus (Gross Amount: \$12,750.00) no later than January 2, 2021 (within 30 days of receiving written certification from management).

Another on-going project requires the technical skills of an Engineer Shift Test in order for the Project Key Event to be completed; therefore, management invites the Engineer Shift Test to immediately serve on the new Project Key Event upon completion of her current Project Key Event in November 2020.

The Engineer Shift Test signs a new Project Completion Agreement to start the new Project Key Event in December 2020 with a new anticipated completion date of March 2022 (16 months to completion). Again, the new Project Key Event (Project B) is completed on time and written certification is provided by the manager on April 5, 2022. The employee is paid her second Project Completion bonus (Gross Amount: \$12,720.00) no later than May 5, 2022.

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Project Completion Bonus Example 3 (continued)

The employee completes the original project assignment on time, and is asked to stay on to complete a second project assignment.

Project A (Original Key Event):

Project Start Date: January 2020

Anticipated Completion Date:
November 2020

Annual Salary at payout: \$75,000.00

% of Total Points Earned: 17.00%*

Total Payout: \$12,750.00*

*Notes:

- Based on anticipated completion date of November 2020.
- Bonus amount does not account for applicable withholdings.

Project B (New Key Event):

Project Start Date: December 2020

Anticipated Completion Date: March 2022

Annual Salary at payout: \$79,500.00*

% of Total Points Earned: 16.00%*

Total Payout: \$12,720.00*

*Notes:

- Assumption: Annual Base Salary includes two (2) 3.00% merit increases for 2021 and 2022.
- Based on total monthly accruals between Dec-20 and the anticipated completion date of March 2022.
- Bonus amount does not account for applicable withholdings.

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After the Retention Period

- A Transition Package will be offered to permanent salaried employees who remain working at the site until it is determined by management that their assignment has ended.
- People redeploying within HII:
 - We will work with you and your future division to set a relocation timeframe.
 - Included in the Transition Package: the project completion bonus, an offer of continued employment with NNS VA, relocation services.
- People not redeploying:
 - You will continue to be an NNS employee as long as there is valuable work that you can do.
 - We will give employees as much notice as possible on their release date.
 - Included with this Transition Package: the project completion bonus, severance pay, as well as outplacement services.

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Next steps

- Obtain final approval from NR and Communicate any difference from what is being communicated today.
- Management will be given Project Completion Agreements
 - General Information is populated, Managers will add details about what work the employee will need to complete to satisfy the agreement.
- Managers to have conversations with individual employees about their work and anticipated completion dates
 - Signed original agreements are returned to HR
- Optional Outplacement Services to be offered:
 - One on One meetings with HR, sign up by using the Scheduling Assistant in Outlook
 - Resume Writing Seminar(s) with Talent Acquisition
 - TSD, HII Information Sessions
- Management to provide regular updates on pace of work completion (Schedule revisions)

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Online Resources

<http://www.huntingtoningalls.com/careers/kso-contract-conclusion>

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HII Stock: Open: 267.00 Trade: \$265.98 High: \$267.64

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Kesselring Site Operation Contract Conclusion

It was recently announced that Newport News Shipbuilding (NNS) will no longer be supporting the Kesselring Site Operation (KSO) post ROH. This website resource page has been established as the primary means of communication for employees affected by the announcement.

The **resources listed below** are intended to help employees affected by the announcement to make informed decisions concerning their future with NNS.

- [Contract Conclusion Message from Newport News Shipbuilding](#)
- [Transition Information](#) – presentation delivered on August 29, 2019
- [Relocation Benefits Summary for Renters](#)
- [Relocation Benefits Summary for Homeowners](#)
- [Frequently Asked Questions \(FAQs\)](#)
- [Severance Plan Information](#)
- [Severance Plan Benefit \(additional document\)](#)
- [Letter from Chris Miner, Vice President of In-Service Aircraft Carrier Programs](#) – October 23, 2019
- [The Journey Continues update](#) – December 20, 2019
- [Additional Questions and Clarifications](#) – January 10, 2020

For more information, or for specific questions please contact your Human Resources Business Partner or send an email to HRAssistance@hii-nns.com





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