

Mike Petters, president and CEO, Huntington Ingalls Industries
Coronavirus message
March 29, 2020

Good afternoon. It's Sunday afternoon, March the 29th, and I'm Mike Petters, the president, CEO of Huntington Ingalls Industries, and I'm here to talk to you again about the way that Huntington Ingalls is responding to this crisis, and give you a sense of where we are, and where we think we're going.

The first thing I want to do is; I want to thank you for your ability and your willingness and your energy in taking care of yourself and in taking care of your families, taking care of your neighborhoods, taking care of your teammates here at Huntington Ingalls, as well as taking care of the nation. There are a lot of people on the planet today that deserve a lot of thanks and as far as I'm concerned you are too. I thank you for that. I particularly want to thank those of you who unfortunately have tested positive but have self-identified to us that that happened, so that we could actually implement the protocols that we had put in place to protect more of our teammates. That's a really important thing for us and we appreciate the fact that you do that.

The second thing I want to do is, I want to thank those of you, the vast majority of you, in the corporation who are coming to work and making things happen for us after having gotten your situations sorted out whatever your family situation is, whatever your personal situation is, you have, you've worked your way through that and I really appreciate the fact that you've gotten through that and now you're back and doing what the nation has asked us to do. And I appreciate the fact that some of you are still working on that but that you are on your way and I look forward to, for you to join us too as we go forward and do our very important mission.

Now last week when I talked with you, at the very end of my conversation, I told you that I would be looking at some comments on Facebook and answering your questions. I had a chance to look through all of those comments and every single comment that was made on Facebook I read that. Some of them were very, very sharp and very to the point. A lot of really good questions in there but I think they kind of fell into about three buckets of questions. There were three things that I think kind of capture the vast majority of the comments that I saw so I want to talk about those three areas:

- First of all, it's; why are we mission essential?
- The second question is; how can I, how can you, HII, help me take care of my family situation that has been greatly disrupted? Kids are coming, not going to school anymore. I need to look after my parents or my grandparents. I have to look after my kids. My life changed last week and what can you do to help me?
- And the third one is; I know you want us to go to work; is my workplace safe?

So I want to talk about those three buckets of questions. And I know there's probably a little bit more in there, but I think that out of the over 600 comments that I saw those were the three areas to talk about. So I want to talk to you about it though in the frame of a crisis response. And the way that I think about

responding to a crisis, and I alluded a little bit to this last week, but this is a company that thinks about crises all the time. And we practice crises and crises response all the time.

For me, the way I think about it, there's three buckets of a crisis; there's three phases of a crisis, if you will:

- The first one is preparation
- The second one is respond
- and the third one is recover

And the presumption in that crisis, as I talked about last week, is that you get ready for the storm, and then when the storm comes you're responding to it while the storm is there, but then the storm is over and then you move on, and you recover, and you, maybe you rebuild something and you move on. And that's why I said most crisis, most of the way we think about things is in that sort of framework. We usually have lots of time to prepare. We practice getting ready for a hurricane, for instance, at our two shipyards. We practice that time and time and time again. We have literally decades of experience on the hurricane response. We people know what they need to do.

I want you to think for a minute about fire drills. You probably started doing fire drills when you were in grade school. And even today, even if you're sitting in a new building, if you hear the fire alarm go off you know exactly what to do. You know not to run. You know not to take the elevator. You know you need to gather up outside the building. That comes from years and years of practice and drilling and doing fire drills over and over again.

One of the things that I really believe is important is that you play the way you practice, so you have to practice hard. In preparation, you drill and you drill and you drill and you learn and you make decisions and you think about problems well in advance. Well, this is a scenario where there wasn't much time to prepare. We had really less than two weeks from the time we started to think about this until we had our first positive case. Less than two weeks. So when we started to think about it we didn't know that we only had less than two weeks. We didn't know how long we had so we said, "How are we going to get ready for this? What are the things we need to do?"

The first thing we need to do is we need to give our employees as much flexibility as we possibly can so that they can deal with the disruption in their lives. And you know what we did, and we've reiterated this, and you can go find this, more, this on the website. The first thing we did is; we issued liberal leave for everybody. And now we have liberal leave extending on into the month of April to help you continue to respond to the crisis. This is preparation for the response and your response is using liberal leave to get yourself ready to handle the handle the crisis that you have.

The second thing that we did is, we started looking at how do we change our posture in the company? Our posture in the company had been, pretty much across the company, that if you want, if you were able to work remotely, then talk to us about it and maybe we would consider allowing that to happen. A lot of you can't do that but some of you can and we had a very few, we had, I'd say, a very low percentage of our workforce was working remotely three weeks ago. But we changed our posture on the front end and we said, "At this point, our posture is going to be; if you can work remotely, you will unless you have to be in the in, at the job site or some place." Now we haven't got everybody on that yet. We've got a percentage of folks working remotely to about 20% of our workforce is now working remotely. Almost 8,000 people, so as you were, as we've worked through that we've seen some remarkable transformation and innovation and ingenuity happening to allow people to do that. That does a couple of things; that allows people to be more flexible in their response when they respond to

this situation in their lives. It also gives us a chance to spread people out and basically minimize the surface area of the business to the potential for this virus to hit us in a hard way.

The third thing we had to do in preparation was we had to start to develop the protocols not for the; if we get a positive case, but for when we get a positive case and what are those protocols going to be. And you've seen some of that already, you know. You've seen where we've taken people and we quarantine people that have been on international travel. We shut down travel, for instance. We quarantine folks who are in contact in the last week with the positive cases that we've had. You've seen us quarantine not just the, I mean the person that's sick is definitely out, but then also the people that were associated with that. We began to change

The way we think about work. How do we implement the CDC recommendations and guidelines for a jobsite? All of that was in preparation for the crisis that was to come. For instance, in the CDC case, we've moved, we started to move people from one shift to another to spread people out. We've gotten really clear about what is it, what does social distancing really mean; social distancing really means spending more than 15 minutes, inside of six feet with another person. That's a pretty strong definition from the CDC for what social distancing is and we've been redesigning our work for those folks who are in the part of our business where a lot of people tend to work together.

We've been redesigning our work on that. We're not done redesigning that work but we're working to do that. So then we go to, we did all of those things really in the first two weeks before the first positive test. And I would say that at the point where we got the first positive test now we're responding and we're testing all of our preparations just like we do when we have a hurricane or a snowstorm or any other crisis. We're now testing, we're testing our preparation. What we've seen is and you've seen this in the response; you've seen that we have, we've executed, and we've exercised our protocols to the extent that we've had to adjust our protocols going forward. We've been doing that. We have become a very learning organization right before our very eyes. And it's really fascinating to watch this happen through the through the lens of; we're not in a, we're not in a response period that's going to end in a couple of days this is going to be one of those crises that goes on where the response and the recovery are going to be overlapping. Instead of having the end of the response in the beginning of the recovery, we're going to have the response go on and then the recovery pick up as we go forward.

I talked to you last week about the need the nation has given us; they called on us to be able to not only respond to this crisis but to recover in this crisis. And let me just give you a sense of what that means. What does that mean when the last couple of weeks here are some things that have happened; our folks have been engaged with the USS Gerald R Ford and we've gotten the flight deck certified and that ship set up to be the aviation qualification carrier for the East Coast. That's a big deal. That carrier is now going to be training the pilots that are out there defending our way of life. It underscores the issue or the belief that I have that national security is something that never sleeps. You can't just take two weeks off from national security. You can't just take a year off from national security. You've got to find a way to continue to provide that. And the folks and the team, the ship, the team of shipbuilders working on Gerald R Ford directly but also the team behind them working back at Newport News to get that ship to where it is and have it ready to go has been recognized by the Acting Secretary of the Navy as a phenomenal job. That partnership between the Navy and the shipyard has been a really, a great success in the middle of this crisis.

Not to be outdone, our friends at Ingalls have gone and done that as well. Just yesterday we launched LPD 28 and this past week we facilitated and enabled the crew move aboard for the Fitzgerald. You

remember the Fitzgerald was a ship that was damaged on the front line of national security. Getting the crew back on board that ship will allow that ship to proceed on the past so that it can get back to work doing the things that it needs to do out there protecting our way of life. In our technical solutions division we just two days ago finished up the acquisition of Hydroid which has really been an eighteen-month effort. Hydroid, we welcome, we welcome you folks to our organization.

We're excited about the things we're going to be able to do together. We know that just a month ago, you delivered a platform to the US Navy that will help them perform missions and enable national security in ways that we had not been able to really to do before so we look to that we look to that as being a big part of what we're all about. But beyond that, the other customers in technical solutions have been awarding contracts. Five major contracts were awarded just this past week in the middle of this crisis. So national security goes on. So if you think about where we are; preparation, we're going to continue to, we're basically done with preparation frankly. We're into the response mode.

We'll be adjusting our policies and procedures as we go forward. We'll be adjusting our protocols as we learn more and develop some more capabilities in that area but we're also going to be supporting our customers not only in our in our local manufacturing centers in Ingalls and Newport News but around the world in the work that we do in support of our fleet. That's going to be the way we respond. That's also going to be the way that we recover. I think we want to talk about recovery as being long. I would love to tell you that this is all going to be behind us in 30 days or even 60 days; I think we would all kind of take that. But I think we all know that this is one of those situations that we don't know what the end point is going to be. Some people say it won't end until we have a vaccine and some people say that the vaccine may be 12 or 18 months away. We have to be able to operate in an environment, in that environment. I'm not predicting it that's the way it's going to go. I have no knowledge but I can tell you that I have to plan for that possibility. And this organization has to plan for that possibility. And the hard part of this is that we've got a plan for that environment as testing comes along, as we understand how to help our employees better, as we are able to help our protocols and make our job sites better, we're going to be doing that as a learning organization moving forward, getting better every single day.

That doesn't really actually terrify me very much because I've seen that. I've seen us get better every single day of my career. I really appreciate the hard work that you all do. We have a really hard challenge in front of us. We've got some big milestones out there in support of national security.

We've got shipbuilders and technical solutions folks and engineers and analysts and computer folks and graphic; we got all kinds of folks as you find all over the world that are doing great work. They also need our support. And so let's all work on this together. I thank you for what you're doing every day on behalf of the nation. I hope you have a good rest of the day.

Thank you.