



March 20, 2020

Dear Austal Supplier,

Thank you again for your support during this ever-changing, global situation. As a follow up to our previous communication, we wanted to provide further guidance we've received from the U.S. Navy regarding the criticality of your continued support towards the production of our nation's defense fleet.

We are aware of countries, states and individual cities that are enforcing lock-downs and shelter-in-place directives. However, it is imperative that you understand the importance of continuing production, even when there are lockdowns in place. In accordance with Presidential Policy Directive 21, the U.S. Navy has deemed Austal USA as a mission essential business to our national security. (See the attached letter entitled *Austal USA*.)

You, as an Austal supplier, fall under the umbrella of essential businesses, and as such, should continue to make every effort to carry on business as usual, while ensuring the safety and well-being of your workforce. In the attached letter entitled *Ser00-109 - NAVSEA Covid-19 Guidance for Industry*, the Naval Sea Systems Command (NAVSEA) states they are "continuously implementing and refining policies related to contractor and third party access to Government facilities, official and personal travel (including notification, approvals, and restrictions)...". NAVSEA also instructs us as contractors and suppliers to notify them of "any impediments that are considered likely to interfere with the timely accomplishment of your contract." Please utilize these letters to support your need for remaining operational during this time.

As a reminder, all of Austal's Purchase Orders are rated by the Defense Priorities and Allocations Systems (DPAS). Austal's rating under 15 CFR 700 is Do A3. As a "Rated Order," your company is to place priority in acceptance, and priority in scheduling, for the building of U.S. Navy ships. You can find more information at https://www.dcms.mil/Portals/31/Documents/DPAS/DPAS_Contractors_REV7.pdf

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Bill Rebarick".

Bill Rebarick, PhD
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THE ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

March 19, 2020

Mr. Craig Perciavalle
President
Austal USA
100 Addsko Road
Mobile, AL 36602

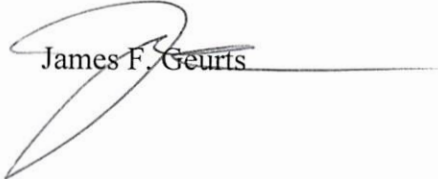
Dear Mr. Perciavalle,

During this time of national response to the COVID-19 pandemic, I would like to emphasize the importance of employee health and safety as well reemphasize the importance of the ship construction and repair efforts you and your suppliers perform to the national defense. Delivering or redelivering our ships to the fleet is a national need that is unwavering and crucial to our national security.

Given the mission essential functions you perform, while ensuring the safety and well-being of the workforce, I cannot stress enough the importance of accomplishing this mission, and notifying the Government of any impediments that are considered likely to interfere with timely accomplishment of this mission. This is in accordance with the President's Coronavirus Guidelines and the Presidential Policy Directive/PPD-21 "Critical Infrastructure Security and Resilience," which defines critical infrastructure industry to include the Defense Industrial Base.

Secretary Modly, Chief of Naval Operations (CNO), Commandant of the Marine Corps (CMC), and I understand that this national emergency presents a challenge and we are dedicated to working closely with you to ensure the safety of the workforce and the national security mission.

Sincerely,


James F. Geurts



DEPARTMENT OF THE NAVY
NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVE SE
WASHINGTON NAVY YARD DC 20376-0001

IN REPLY REFER TO
6200
Ser 00/109
20 Mar 20

MEMORANDUM

From: Commander, Naval Sea Systems Command
To: Naval Systems Command Prime Contractors
Subj: NAVSEA COVID-19 GUIDANCE FOR INDUSTRY

1. This letter outlines NAVSEA's response to the corona virus disease (COVID-19) and outlines expectations and guidance for Industry. While NAVSEA remains operational; we will take appropriate steps to prioritize all resources to slow the transmission of COVID-19, while ensuring our mission-critical activities continue.

2. NAVSEA continues to emphasize performance, particularly completion of mission essential and emergency tasks by both government and industry. We are making every effort to carry on business as usual, including contract negotiations, contract awards, and contract administration functions such as billing, invoicing, and payments. Additionally, we are looking at all options necessary to prevent industry from getting in extremis including items such as a temporary reduction in retentions/withholds. I am also actively soliciting your ideas if there are other items/policies in place that could be improved to ensure you can continue to support the Navy during these exceptionally challenging times. Please send those directly to your contracting officer.

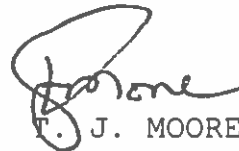
3. At the same time, we recognize that the COVID-19 presents unique challenges to both Government and Industry. We are continuously implementing and refining policies related to contractor and third party access to Government facilities, official and personal travel (including notification, approvals, and restrictions), telework and social distancing, and a variety of other requirements and preventive measures to keep all of us as safe as possible. NAVSEA understands contractors are also implementing their own guidance to protect their workforce and the mission. Given the mission essential functions you perform, while ensuring the safety and well-being of the workforce, I cannot stress enough the importance of accomplishing the mission and notifying NAVSEA of any impediments that are considered likely to interfere with the timely accomplishment of your

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contract. Additionally, NAVSEA requests you alert your cognizant contracting officer and/or contracting officer representative in the event a member of your workforce tests positive for COVID-19.

4. Contractors are encouraged to disseminate this correspondence to their suppliers. Nothing in this correspondence should be understood or relied upon as direction or authority to deviate from, or otherwise change, in any manner whatsoever, any of the terms and conditions of any NAVSEA contract.

5. This is a dynamic and changing environment. If at any point you have questions, please contact a NAVSEA contracting officer immediately. We welcome and need your feedback to ensure we continue to protect our workforce while ensuring all our mission critical activities continue. I thank you for your cooperation and attention to this important health and safety matter. My point of contact for questions on this correspondence is Mr. James G. Lofgren via email: james.lofgren@navy.mil or 202-781-2918.



T. J. MOORE