September 1, 2005

Impact of Hurricane on Shipbuilder Still Being Assessed

Pre-Hurricane Preparations May Have Prevented Serious Damage to the Coast Guard's New National Security Cutter

PASCAGOULA, Miss. - (September 1, 2005) Integrated Coast Guard Systems announces that early reports on the impact of the Hurricane Katrina on the partially complete National Security Cutter indicates the hull and related equipment did not sustain any major damage; however, the full scope of impact is still yet to be determined.

The National Security Cutter (WMSL750), which is under construction at Pascagoula and is now about 25% complete, has been visually inspected and appears to have no apparent impact or damage from the storm. Shipyard personnel prepared the hull for heavy weather and loose equipment onboard the ship was removed prior to the hurricane. It appears seawater, wind and rain did not damage erected assemblies or the major equipment they contain. For the second ship in class which is due to begin construction later this month (WMSL751), no major equipment had yet been received by the shipyard.

Inspectors at Northrop Grumman Ship Systems, the builder of the National Security Cutter and three other classes of ship in development for the Integrated Deepwater System program, are currently assessing the impact of Hurricane Katrina to its facilities on the Gulf Coast. Initial reports indicate that Ship Systems facilities bore the full impact of the hurricane winds and storm surge.

The greatest aggregate unknown is the personal toll this has taken on the personnel who live and work at all three shipyards (Pascagoula, Gulfport, Miss., and Avondale, La.). Resources are being collected and mobilized to offer support to Northrop Grumman, Lockheed Martin and related supplier employees who live and/or were working in the area. A similar effort is ongoing for Navy personnel and Coast Guard personnel attached to the three shipyards.

In general, all three shipbuilding facilities engaged in the Deepwater program suffered some structural damage, with Avondale (New Orleans Operations) experiencing the least amount of flooding and facilities damage. Gulfport Operations suffered extensive flooding and a complete damage assessment is underway. Pascagoula Operations experienced serious flooding, up to six - feet in some areas, and damage assessments are on-going. A number of major shipyard assets such as cranes and most fabrication facilities appear to have survived the hurricane in reasonably good order but flooding and high winds did damage several shipyard buildings and equipment.

Pre-hurricane preparation to the ships under construction kept damage to a minimum. All six ships at NGSS facilities rode out the storm intact with DDG 100, a Navy ship, the only one incurring damage at Pascagoula -- a break three inch-by-four feet long that was repaired in 24 hours by NGSS personnel.

Currently no estimates on hurricane-related costs or impacts to the Coast Guard shipbuilding program.
can be speculated on until additional information can be gathered and longer term assessments can be made.

"We are working hard to get all of our facilities back in operation," said Phil Teel, president of Northrop Grumman Ship Systems. "We are making progress, but assessments are incomplete. I am personally incredibly impressed with the skill and dedication of the people at all of our shipyards in protecting the ships at our piers, and now in getting our yards up and running."

**About Integrated Deepwater System**

IDS is a critical multi-year, multi-billion dollar program to modernize and replace the Coast Guard's aging ships and aircraft, and improve command and control and logistics systems. It is the largest recapitalization effort in the history of the Coast Guard. When complete, the interoperable IDS system will include three classes of new cutters and their associated small boats, a new fixed-wing manned aircraft fleet, upgraded helicopters, and both cutter-based and land-based unmanned air vehicles (UAVs). All of these highly capable assets are linked by Command, Control, Communications and Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) systems, and are supported by an efficient and progressive integrated logistics system.

**About Integrated Coast Guard Systems**

ICGS is a joint venture of Lockheed Martin (NYSE: LMT) and Northrop Grumman (NYSE: NOC). ICGS was awarded the Deepwater contract in June, 2002. Headquartered in Rosslyn, VA, core leadership teams are located in Virginia, Louisiana, Mississippi, New Jersey, and Washington, DC.

**Media Contact:**
Margaret Mitchell-Jones:
Communications Director, Integrated Coast Guard Systems
tel: 571-218-3352; cell: 571-216-5653; mmj@dwicgs.com

[Close Window]