



Atlantic Marine Holding Company

May 18, 2010

All Alabama, Florida and Millennium Employees:

Today, an agreement was signed to sell Atlantic Marine Holding Company (including our facilities in Jacksonville, Florida; Mobile, Alabama; and Moss Point, Mississippi) to BAE Systems Ship Repair Inc. Our Boston and Philadelphia operations will remain under the ownership of affiliates of J.F. Lehman & Company.

The sale is subject to required regulatory approvals and is expected to close in the third quarter of 2010.

BAE Systems' Ship Repair business is part of BAE Systems, Inc., the U.S. subsidiary of BAE Systems plc, a global defense, security and aerospace company with approximately 107,000 employees worldwide that provides a full range of products and services for air, land and naval forces, as well as advanced electronics, security, information technology solutions and customer support services.

Headquartered in Arlington, Virginia, BAE Systems, Inc. employs more than 40,000 employees in the U.S., and more than 50,000 in total around the world. BAE Systems, Inc. operating groups provide support and service solutions for current and future defense, intelligence, and civilian systems; design, develop and manufacture a wide range of electronic systems and subsystems for both military and commercial applications; produce specialized security and protection products for law enforcement and first responders; and design, develop, produce, and provide service support of armored combat vehicles, artillery systems, and intelligent munitions.

BAE Systems Ship Repair is a leading provider of non-nuclear ship repair, conversion and modernization services, focusing on dry-dock and pier-side ship repair for the U.S. Navy, other defense agencies, and commercial customers. BAE Systems Ship Repair has operations in Norfolk, Virginia; San Diego, California; San Francisco, California; and Honolulu, Hawaii.

We are very excited about the opportunity to become part of the BAE Systems family. I want to thank you for helping to make this possible.

I will provide you with additional information as it becomes available.

Edward J. Fleming, Jr.
Acting President and CEO