



January 26, 2006

## STRAIGHT TALK FROM STEVE AND TOM

The Seahawks are going to the Super Bowl! That's not really what this column is about, but we just had to say it. What an exciting time for Seattle!

### Customers Choose Todd Based on Our:

- ☑ Safety & Quality
- ☑ Cost
- ☑ Cycle Time
- ☑ Customer Service

The Seahawks could not have won Sunday's game without exceptionally good communication among coaches and team members. In the huddle, each player's role is communicated – in brief but clear form. As the offense approaches the line, they review the defense. The quarterback may call out an audible or send players in motion with a signal of his foot. When the Seahawk defense is on the field, the 12<sup>th</sup> Man comes into play, tremendously disrupting communications for the opposing team. On both sides of the ball, each team member must understand the play or it will likely fail, when assignments are missed. And, that's what this column is about: communicating clearly.

Our work environment is a complicated place. Our workforce, supervisors, safety, quality, procurement, administrative staff, subcontractors and others all need to work together, interacting in positive ways in order to fulfill our customers' desires and meet the company's vision.

A key foundation of any successful company is people with the ability to communicate clearly and effectively. Clear and concise communication assists in creating a work environment where information is received and shared more effectively, conflicts are avoided, and confusion is minimized. An open communication environment can enhance relationships and promote teamwork. That's why "communicate clearly" is one of the key behaviors expected of each of us.

### Key Behaviors:

- ☑ Plan Ahead
- ☑ Challenge the Routine
- ☑ Communicate Clearly
- ☑ Hold Ourselves & Others Accountable
- ☑ Recognize and Reward
- ☑ Select & Support Right People

How we communicate matters. Some ways create problems – like friction and anger. Other ways unite us and encourage discussion. Offer cooperation and expect it when you communicate with other people.

At one of the All Hands meetings, a worker told us he was injured because his supervisor didn't listen when he suggested a safer way to do his job. After he was injured, the supervisor changed the procedure. That's unacceptable. Cooperative communication — on both sides of the discussion — might have prevented the accident. We weren't there; we don't know the details. We do know that the way we say things are often as important as what we say.

Communication is a very critical ingredient to our becoming the Best Shipyard on the West Coast. That's why we hold All Hands meetings, publish Shop Talk and continually challenge ourselves to improve our communication results. We all own a part of this effort, so in your communication, strive to be a great part of the team.

Go Seahawks!

## ANSWERING THE QUESTIONS YOU ASKED

Over the course of four days and 19 group sessions, most Todd employees had the chance to talk with CEO Steve Welch and President Tom Van Dawark at a series of All Hands meetings in Seattle, Bremerton and Everett. All Hands meetings are held periodically so everyone has a chance to talk — and listen — to each other.

*Talking openly, honestly and frankly with each other is the only way we're going to achieve our mission of being the Best Shipyard on the West Coast of North America.*

---Tom Van Dawark

“Steve and I enjoy every chance we get to talk with employees,” says Van Dawark. We learn as much from our direct and open discussions as our employees tell us they do. Talking openly, honestly and frankly with each other is the only way we're going to achieve our mission of being the Best Shipyard on the West Coast of North America. These meetings remind us that we all want the same thing: to work for a successful company, in a safe work environment, enjoying our work, so we can provide a good living for our families. We're making it happen.”

We took note of each question asked during the sessions and will respond to these questions in upcoming newsletters. We organized the issues by areas of responsibility. In this edition we're addressing marketing and business development issues.

### **How did we do on the Sioux?**

Performance on the Sioux was *great!* Despite numerous difficulties with Government-Furnished Materials (GFM) furniture, bow thruster, and other late GFM, we delivered within the customer's quality and schedule needs. One remark we heard was “the boat never ran better!” The job grew by about one third and you completed it within the labor budget. It was a good job for our customer and for us, and helped win the Navajo that comes in next month.

### **What were the results on the Guadalupe?**

The Guadalupe results were much like the Sioux: *great*, and *lots of growth*, but you completed the project on the customer's schedule, under budget, and met their quality needs. They were especially pleased with the machinery and the steering repairs. This was another success for us and for the customer.

### **What are the implications of winning the Navajo?**

The Navajo win reflects a customer who got what they wanted from us in terms of quality, cost, and schedule on the Sioux, the Ericsson, and the Guadalupe. Those projects and the Navajo are all for the same customer, formerly called MSC, but recently renamed Sealift Logistics Command (SLC). Your consistency in meeting customer needs is as important as price in winning more work.

### **Do we know Cascade's results on the Rainier?**

We know very little about how this job came out, for the customer or for Cascade. Sometimes there are “waterfront rumors,” often of doubtful reliability, but at least there is a sound-bite making the rounds. In this case, we have not even heard any rumors.

## SQUEEZING INTO DOCK #10

BY SPIRO RISVAS, DIRECTOR, SHIP REPAIR FACILITIES & SPECIAL PROJECTS

We did it! On January 13, 2006, Dock Master Dave Anderson and his experienced crew maneuvered the WSF Wenatchee into Floating Dock #10 (Resolute) with only a foot and a half clearance on each side of the ship. This inaugural docking was executed using our newly installed trolley system.

We look forward to continued excellent docking evolutions on all our customers' vessels for many years. Congratulations for a job well done to everyone involved in making this day a reality.

## CELEBRATING DD#10'S ENTRY INTO SERVICE

BY STEVE WELCH, CHIEF EXECUTIVE OFFICER

The skies were cloudy and drizzly but the crowd was warm and sunny on the day we celebrated DD#10's entry into service. The energy, enthusiasm, sense of purpose and direction were powerful. When I stood and looked at our crowd of Todd people, I was inspired — as I always am — by the talents and dedication of each of you.

It was clear that Congressman Dicks and State Senator Hewitt felt the same power when they spoke to you. Nothing like getting hundreds of people — who really know how to work for a living — to put an exclamation point on what we are about. Our guests were also reminded of our commitments to our customers when three sets of 10 whistles filled the air: first the Todd whistles, then the WSF whistles and finally the whistles on the icebreaker.



*You can almost imagine WSF Wenatchee taking a deep breath so it could fit into the dock.*



*The Wenatchee prepares to proudly preside over the inauguration ceremony*

## AMHS GIVES US ALL 5'S FOR OUTSTANDING PERFORMANCE

BY CHRIS MARLETTI, PROJECT MANAGER

For two and a half weeks in December, the Alaska Marine Highway System (AMHS) had its ferry, M/V LeConte, in our yard for emergency repairs. AMHS had not awarded any work to Todd for seven years so this project was a great opportunity to show the customer how well we perform traditional ship repair work. When we were done, they were ecstatic about our performance.

Significant machine shop work, substantial steel repairs, and considerable engineering analysis of the ship's shaft braking system were all employed to repair the ferry. From the moment the vessel arrived, we focused on customer service.

- Ship Manager Abdel Azzouzi brilliantly orchestrated the activities needed to accomplish the work.
- Machine Shop Production Supervisor Jon Nygard proficiently coordinated all shaft repairs with the customer and regulatory bodies.
- Chief Engineer Scott Jackson skillfully managed the engineering analysis of the ship's shaft braking system.
- Nelson Perry superbly managed the on-board activities associated with the steel repairs.

The result of these outstanding efforts was a customer representative that said the fit up and paint of the steel repair "was so good that you could not tell there had been any damage to the vessel." On the exit interview, he also said he "genuinely appreciated the depth of knowledge and experience" at all levels of the organization. He specifically mentioned the people named above and gave us straight fives on a range of one to five.

It is because of the exceptional performance demonstrated on this project that Todd will become the Best Shipyard on the West Coast of North America.

## GETTING BACK TO YOU IS CRITICAL

BY TOM VAN DAWARK, PRESIDENT AND COO

One of the biggest benefits of arranging our All Hands meetings in the format we did is to have more direct communication with our employees. We diligently listened to your comments and recorded your questions. Many questions got asked and answered in one session but not another.

Since consistent information across the company is a critical component of successful communications, Steve and I will use a section of future editions of *Shop Talk* to address each issue so everyone has the benefit of the discussions. In this edition, we answered questions about past and future projects. In the next issue, we will address safety concerns and the many positive suggestions for improvement you raised in our meetings.

## RECOGNIZING SHIPFITTERS & LABORERS FOR WORK ON DD#10

BY DAN NICHOLS, SHIP MANAGER

Converting a Navy submarine drydock into Todd's new Drydock #10 required removing 54 sliding bilge block foundations from the pontoon deck. Each hollow foundation was 12 inches square by 40 feet long and had been filled with a very flammable asphalt tar.

Cutting the foundation to remove it required using large plasma electric arc torches, the continuous injection of carbon dioxide (CO<sub>2</sub>) and the constant application of cooling water to all surfaces. Everyone on the crew had volunteered to do this delicate work. Safety/Quality Auditor Ron Sykes and many marine chemists worked with the team to develop new and improved removal procedures and establish very rigid safety standards. The team was up to the challenge.

*Everyone on the crew had volunteered to do this delicate work.*

Seroka Waldemar, Victoria Bond, Curtis Lowe, Raphael Russell, and Verne Dunn applied their combined skills, and the entire removal was completed without any injuries and ahead of schedule. This is a perfect example of having the right people with the right attitude challenging the routine. Everyone who witnessed this team in action agreed that they deserve special recognition for their outstanding efforts.

On January 5, 2006, Spiro Risvas, Director, Ship Repair Facilities & Special Projects, presented each team member with Todd jackets and his personal thanks for their outstanding performance and teamwork on the AFDM#10. Project Value Stream Leader Steve Breed and Ship Manager Dan Nichols were also on board.



Left to right: Spiro Risvas, Seroka Waldemar, Steve Breed, Victoria Bond, Curtis Lowe, and Dan Nichols



## REAFFIRMING OUR COMMITMENT TO AFFIRMATIVE ACTION

### QUALITY UPDATE

December: 1.3562

12-month average:  
0.8104

Goal FY06: .55

### SAFETY UPDATE

December: 13.32

12-month average:  
13.93

Goal FY06: 9.00

The directors and officers of Todd Pacific Shipyards Corporation have long believed that our objectives can best be achieved by utilizing all the human resources available to us. This article is intended to remind employees that it is our policy to not discriminate in employment. Further, we take affirmative action so that discrimination does not occur on the basis of race, color, sex, religion, national origin, physical or mental disability, or veteran's status. Employment decisions are made to further the principle of equal employment opportunity.

Todd Pacific Shipyards strives to hire, recruit, train, and promote employees in job classifications without regard to race, color, sex, religion, national origin, disability, or veteran's status. Employment decisions, such as compensation, benefits, transfers, layoffs, return from layoffs, training, Todd Pacific Shipyards-sponsored education, tuition assistance, social, and recreation programs will be administered without discrimination. Only valid job requirements will be imposed for promotional opportunities, so that promotion decisions are in accordance with the principles of equal employment opportunity.

Todd Pacific Shipyards also prohibits any harassment of employees based on race, color, sex, religion, national origin, disability, or veteran's status. Any incidents of harassment should be reported immediately to Andrew Posewitz, Human Resources manager. Reports will be investigated and appropriate disciplinary action will be taken, which may include discharge, if prohibited harassment is found to have occurred.

Each manager, supervisor, and employee is responsible for carrying out our equal employment policy. Overall responsibility is assigned to Andrew Posewitz, Human Resources manager, who may be reached at 1801 16<sup>th</sup> Avenue SW, Seattle, Washington 98134, 206-623-1635. He will monitor compliance with this policy and regularly report on the issue.

## Our Vision:

# The Best Shipyard on the West Coast of North America