



LOCAL S/6, INDUSTRIAL UNION of MARINE & SHIPBUILDING WORKERS OF AMERICA / I.A.M.A.W.

722 Washington Street, Bath, Maine 04530 207-443-5566 207-442-9750 (fax)

August 2, 2007



Stabilizing the Workforce

Stabilizing the workforce is critical and remains our top priority. The out of town assignments combined with the Company's agreement to offer voluntary layoffs has been a tremendous help. However, more still needs to be done. The Navy is currently operating with a fleet well below the desired 313 ship goal. The members of Local S/6 have sent a loud message that we are ready and willing to take on whatever work comes our way and deliver it with the quality and craftsmanship that we are known for worldwide. Bath Iron Works is currently on schedule and on cost with the current Destroyer which is spectacular news given the shipbuilding industry is taken on more heat than the steel to build them. Late Tuesday evening, Local Lodge President Mike Keenan spoke in length with Senator Susan Collins concerning the current workload, the projected workload, the DDG-1000 and the Cutter Programs. Senator Collins seemed very optimistic that we can get through this hurdle between the ARLEIGH BURKE and DDG 1000 Zumwalt Class programs. The Senator also committed to following up on the Cutter Program and the bidding process. This optimism and commitment was reiterated yesterday on phone conferences with Congressman Tom Allen and Congressman Mike Michaud. All three members of the Maine Delegation have committed their support to fighting the fight on behalf of the Shipbuilders.

Chasing New Work

The Leadership has been actively working with BIW pursuing any new types of vessels and other non-ship work to try and fill the holes in the production schedule. It is the non-traditional market that BIW has had difficulty winning new work for our members. The good news is we are in the best competitive position that we have enjoyed in a long time.

One potential job that we will be bidding on is the Joint High Speed Hulls for the Navy and Army. This ship is similar in size to the DDGs, but is primarily a cargo ship. This ship is mainly structural work but will be helpful to all our members if we win the bid. BIW will be assembling a team to form the bid and we will keep you updated.

The Coast Guard Deep Water Program has been plagued with problems. This Contract is held by our competitors Northrup Grummon Ship Systems. There are three classes of vessels in this program. Two of the classes are still under contract to Northrup Grummon Ship Systems. The third class is a Fast Response Cutter (FRC) that will be between 120 feet and 160 feet in length. The Coast Guard has pulled the FRC's from the program and issued a Request for Proposal on these Cutters. There are many hurdles that must be overcome to effectively bid and win these Cutters. We must compete with small shipyards with low overhead cost. It appears BIW is the only big yard pursuing this work. One thing we can offer the Coast Guard over any other shipyard is a far superior vessel that our members would be proud to build.

How Healthcare Affects Retirement

Today there are more and more members of the bargaining unit that have inquired about retiring only to reconsider the thought after calculating the cost of health care. Taking the PCP plan as an example, the retiree 2007 yearly rate for a single person is \$5,971.56. For you and your spouse it would be \$11,720.76 and with dependent children it would be \$16,703.52.

Once outside the confines of the Labor Agreement the cost of health care for a retiree can be significant. With the average age of a Local S/6 member around 48 and an average length of service at 20 years, the gap between retirement and Medicare/SSI and the cost of insurance has made many members put off a well earned retirement.

However, this is not the only issue surrounding retirement. Those members that have reached full eligibility that do retire are not being assigned anyone to be trained for the job the retiree is leaving. Instead, other mechanics are being forced to absorb the functions/tasks instead of training a replacement. The old method of having a senior mechanic work with a new hire is practically obsolete. The very few mechanics that BIW has hired have since been laid off, making any thoughts of passing down the torch of knowledge rather a moot point. Eventually, sooner than later, this trend will be irreversible if something is not done.

The Leadership has brought these issues to the attention of the Manufacturing Division. With no promises or commitments on the table, Manufacturing has met with the Local Lodge Leadership on several occasions to discuss these growing issues. The meetings have gone very well with a lot of dialog and ideas placed on the table.

As this issue is being addressed, the Leadership will continue to inform the membership on any updates.

Hiring Alert

The transfer/hiring practices of Bath Iron Works have surfaced as possibly being disparate and seem very questionable. The more frequent complaints seem to be around the questions being asked during the interview process, wage offers and seniority. At this point in time we realize from the complaints we have received and the start of our investigation, the Local has only scratched the surface of what could be a significant legal matter. Local S/6 Chief Steward Mike Cyr and Human Rights Chairman Jay Wadleigh have been assigned to handle all complaints surrounding the hiring and transfer process.

This issue is being handled with the utmost sensitivity. The Leadership is committed to ensuring a full and thorough investigation into the allegations.

Your Local S/6 Leadership