



A Message from Ship Systems President Philip A. Teel

Fellow Shipbuilders:

No doubt, you have heard rumors or seen news articles regarding problems with the National Security Cutter and other areas of the Deepwater Program. As this is such a large and closely watched program, you can expect to see public observations and media coverage that do not contain all of the facts. Over the next couple of weeks, or even months, there will be much said and written about the Deepwater Program. There will be hearings and reports issued. This is common and even to be expected as a new Congress convenes and as the hearing season begins. We urge you to remain confident in the knowledge that your efforts and success will be highlighted, and our story will be told.

The U.S. Coast Guard is pleased with the quality of the construction of NSC 1 and 2. Both ships continue to surpass yard records for first time quality. The entire program has a reputation for innovative construction and care and protection practices.

Admiral Thad Allen, Commandant of the U.S. Coast Guard, in recent testimony, emphasized his pride in the performance of Northrop Grumman especially after the tragedies of the 2005 hurricane season: "Construction of the NSCs continues and we appreciate the efforts of the shipyard workers and Coast Guard men and women in keeping production of these important vessels moving forward. I firmly believe that the NSC will provide a great contribution to the Coast Guard and the nation."

We look forward to continuing the progress we have made on our commitment and continuing to improve performance in the future. We know that you, and all members of the team, remain committed to the needs of Coast Guard men and women and will continue to deliver on program commitments.

We are confident of one thing: Long after the hearings, reports, and news articles are all forgotten, the National Security Cutter will continue to be the cornerstone of the 21st Century U.S. Coast Guard, enabling them to successfully execute their role in Homeland Defense.

Philip A. Teel