

Aker American Shipping President & CEO Dave Meehan's speech Naming Ceremony of the Overseas Long Beach

June 16, 2007

Thank you Eric for that kind introduction - - and to our guests – on behalf of my fellow employees – welcome to Aker Philadelphia Shipyard.

Madam Governor, it is an especially great pleasure to welcome you to Pennsylvania and to our shipyard, and we are honored that you officially name our ship today. We all know that Delaware was the First state, but perhaps my fellow Pennsylvanian's don't know that Thomas Jefferson nicknamed Delaware "the Diamond State", because he described Delaware as a "jewel" among states due to its strategic location. We often refer to our shipyard as a "jewel" of a manufacturing facility so we have more in common that our location on the Delaware. Thank you, and as we say – *you have a friend in Pennsylvania.*

And to the men and women of Aker Philadelphia, I can say that you have a lot of friends in Pennsylvania as well. Please let me read a note from one of our friends that sent his regrets that he could not be here:

June 13, 2007

Dear Dave,

I regret that I will be unable to join you and all the men and women of Aker Philadelphia Shipyard and Overseas Shipholding Group, to celebrate the naming of the Overseas Long Beach.

It is quite remarkable that in ten short years this shipyard has gone from bare ground to delivering its sixth ship.

Having long supported the shipyard and the notion of bringing commercial shipbuilding back to Philadelphia, this event further solidifies the future of the shipyard, and the jobs of all workers.

I send my heartiest congratulations and share your pride that Philadelphia is once again the shipbuilding capital of the nation.

My best, sincerely,

Arlen Specter.

Ladies and gentlemen, here we are again - and as Senator Specter noted - doing something that only a few short years ago not many thought possible; we near the completion of our 6th ship built in Philadelphia, by Philadelphians in the oldest shipbuilding community in the United States. I'm still amazed to be part of this continuing phenomenon we call Aker Philadelphia Shipyard!

It strikes me that 2007 is a very important year for this shipyard; for Philadelphia and for the nation. Ten years ago, when people were complaining about the price of gas - at \$1.20 per gallon, something else was going on: Then Governor Ridge and then-Mayor Rendell and a group of Norwegians signed an agreement to bring shipbuilding back to Philadelphia.

And not just any shipbuilding - but modern, world-class shipbuilding - combining the most advanced technologies with the most advanced building methodologies, techniques and practices of the world's best and most productive shipyards.

Both the governmental parties and the Norwegian shipbuilders believed it would work; that we could be a success, but, frankly, I suspect everyone at the table took a number of very deep breaths when the papers were signed.

The governmental parties committed hundreds of millions in public funds and our company contributed hundreds of millions in private capital to build this marvelous state-of-the-art facility and enter into a multi-year commitment to build ships.

It was and remains today a partnership. In all respects, both parties bet their futures on this shipyard.

Looking back now, ten years later, some people might be tempted to say the decision was a “no brainer” and point to the six ships we’ve delivered in four years, and our full order book through 2012 as proof of the clarity of our shared public and private vision.

But you have to recall where the U.S. shipbuilding industry was in 1997 to fully appreciate the risk that was taken. You must also understand where we are today in order to fully comprehend the impact this shipyard has had, not only to our region, but to the entire country.

In 1997, Newport News Shipyard were in the process of losing hundreds of millions on a commercial tanker project and publicly stating it was OUT of the commercial shipbuilding business; Both the Alabama and Avondale Shipyards were just completing tanker projects... at a loss.

In 1997 there were no U.S. owners showing any signs whatsoever of wanting to buy new ships.

Indeed, questions were beginning to be voiced about the future health of the U.S. shipbuilding industry, and challenges were mounted in Congress and among the public questioning the continuation of the Jones Act; particularly the U.S. build requirement.

This frames the context of what Aker faced when it put its money, name and reputation on the line to build ships in the United States in a way that had never been done before in this country and to commit publicly that we would become the leading commercial shipyard in the United States.

This was the environment when we committed to build a new facility from the ground up; when we committed to train an entirely new workforce; when we committed to deliver two ships – the first ship within five years.

That was 1997. That was then.

What has happened to shipbuilding in the U.S. since we started here in Philadelphia?

More than \$3 Billion has been invested in U.S. shipyard facilities and training (more than \$650 of that here in Philadelphia); Employment in the U.S. shipbuilding industry is rising where it was falling in 1997. Hourly wages for shipyard workers nationally have risen some 25%— and every U.S. shipyard -- including APSI -- is looking for more skilled workers to meet the demand of our market.

In addition to the six ships we have delivered, NASSCO has delivered 6 of their own, Northrop Grumman four, Halter one. We have up to 16 tankers to build and own; NASSCO has up to 9; and Jones Act owners are looking at us and other builders in an entirely different light.

Certainly, as Aker American Shipping - we look at ourselves in an entirely different light – not just a shipyard, but as a ship owner – with a shipyard.

So the outlook in our industry is very different today than it was ten years ago.

And, while Aker American Shipping, American Shipping Corporation and the Aker Philadelphia Shipyard are not entirely responsible for the revitalization of the U.S. shipbuilding industry that's occurring today, we certainly are and remain a key component in its sustenance and growth.

But we should not forget that ten years ago, there were NO jobs in this or any other shipyard in the region. There were NO new ships sailing down the Delaware every four months or so. There were no naming ceremonies.

There were no celebrations (like today) of the incredibly hard work that every employee of Aker Philadelphia knows it takes to make those ships sail.

Today, 1,300 people come to work each day in full confidence that the gates will be open tomorrow. Hundreds of millions of dollars have been put back into this community by virtue of our existence; and every ship we deliver translates directly into more economic activity, revenues and growth for the region.

We continue to expend close to \$1 mil per year as an investment in our apprenticeship program, to train the next generation of our professional shipbuilders- who will be the future leaders of this shipyard.

This is a down payment on the company's future, on the future of our employees, and the future of commercial shipbuilding in the region; so our commitment to Philadelphia and to the Delaware region continues and will continue.

If I sound proud of our accomplishments – its true - I am. And my pride is shared by everyone who comes to work here each and every day to build the best ships in America. We believe the ship standing before you today when it sails down the Delaware, will be one of the finest ships in the Jones Act fleet.

But we also know - better than anyone - that we have a ways to go to achieve our goals of producing three ships per year and becoming more competitive; and in large part my job is to keep pushing all of us to strive for those goals.

But while our pride is tempered with a firm resolve to improve every aspect of our process we do allow ourselves a smile or two at moments like this.

Thank you all for joining in this celebration today, and I remind all of you that in a few months, we'll be asking you to join us here again, likely in coats and scarves, to celebrate the naming of our 3rd Veteran Class tanker.

No other shipyard in America can say that, and we take great pride in saying we can and we derive great satisfaction in knowing that you, the friends of Aker Philadelphia Shipyard believe we will.

Thank's again....and see you next time!