

“Did you know?”



GREAT THINGS ARE HAPPENING
Y-12 National Security Complex

B W X T Y - 1 2 , L . L . C .



The new management structure for the Y-12 National Security Complex has been in place for 6 months. This has been a challenging and dynamic time for all of us—for new team members, for those with years of commitment to Y-12, and for our families and the community. I would like to take this opportunity to reflect on what we have accomplished together.

A major focus has been placed upon our most important asset—**our people**—through emphasizing personal safety, addressing benefits, and clarifying our expectations for all employees. We will continue to work to provide a workplace that supports employees' right to work to their highest potential in an atmosphere of dignity and integrity.

We have also focused on the processes and procedures used to manage and operate the **Y-12 Complex**. These have been improved in many areas, with the restart of the first phase of Enriched Uranium Operations as a key example.

Finally, we have recognized our obligations to the **community** and the extraordinary support it provides to us and to our families. Highlighted in these pages are just a few of the many ways in which we attempt to be the kind of corporate citizen worthy of the long tradition of mutual support between Y-12 and its neighbors.

The successes of the past months have been possible only through open communication and candid dialogue exchanged between those with new ideas and those with years of hard-earned expertise unique to Y-12. This booklet is provided to allow each of us to recognize and enjoy our successes—and to set the stage for the future that we will build together.

“What is everyone talking about?”



“Y-12 HAS MADE COMMUNICATION A PRIORITY.”

Shortly after BWXT Y-12 was selected as the managing contractor for Y-12, a series of “town hall” meetings was held to introduce the new management team to employees and the community and to answer any questions. This emphasis on communication continued throughout the transition period with weekly status update meetings, a transition newsletter, a question-and-answer Web site, and an employee call-in line.

Since the contract period began on November 1, 2000, two-way communication with employees has continued to be a priority. Some of the highlights of the communication program have included:

- monthly employee forums with senior management;
- an employee question-and-answer forum on the internal Web site;
- a series of meetings to hear retirees’ concerns and answer questions as part of working toward a solution to issues concerning pension benefits; and
- establishment of a monthly newsletter specifically for retirees.

“I really appreciate what’s being done with the Question and Answer Forum.

It’s a great way to communicate with us, and I particularly appreciate the clear, to-the-point answers that are provided.”

*— Charlie Leopper,
Site Services*



“Have you heard?”



“HAVE YOU HEARD THAT WE’RE WORKING TOGETHER TO TAKE BETTER CARE OF OUR EMPLOYEES?”

Employees are our most valuable assets. During the contract transition, our team worked to ensure the equivalency of employee welfare plans (e.g., medical and dental plans), qualified retirement plans, and other mandated programs, such as workers’ compensation.

Both on and off the job, the company has demonstrated that it values its employees.

On November 1, 2000, we celebrated our joining together through employee introductions to the new management team. Other significant accomplishments include:

- establishing a 3-year extension of the collective bargaining agreement with the Atomic Trades and Labor Council;
- hosting the first-ever employee holiday party, held at Oak Ridge Mall; and
- revising the Performance Appraisal System to more effectively assess performance, plan development, and emphasize safety.



“Have you read?”

“I READ RECENTLY ABOUT SIGNIFICANT CHANGES TO THE PENSION PLAN.”

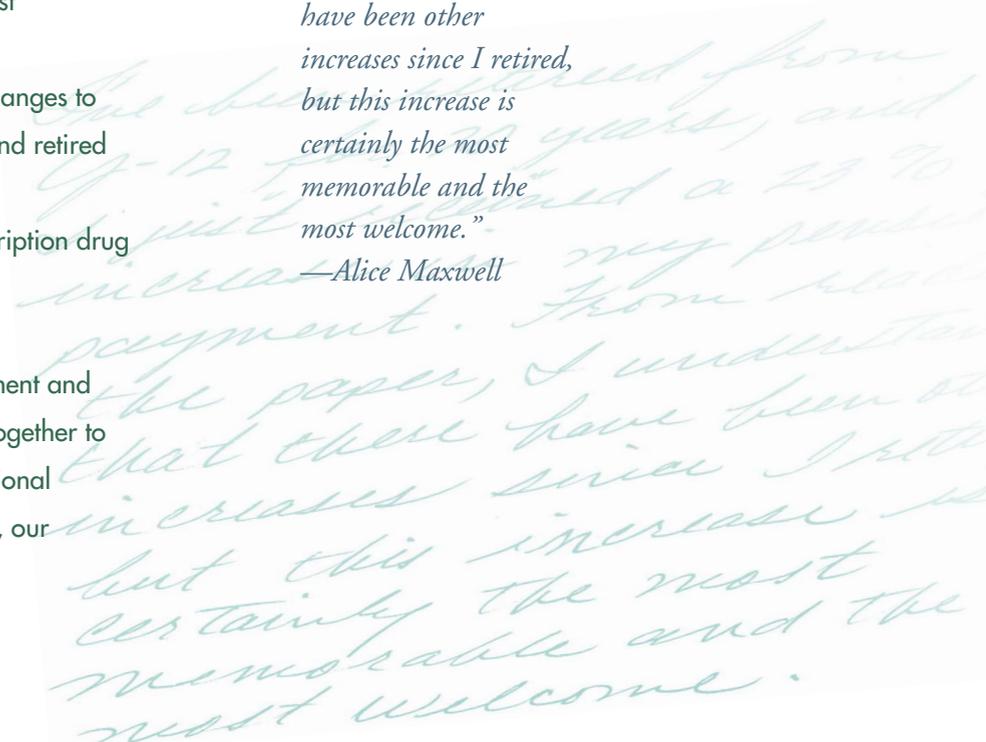
The company has worked diligently to ensure that **all** employees—past, present, and future—are treated fairly while practicing cost containment measures, including:

- implementation of pension plan changes to meet the concerns of both active and retired employees, and
- modification of medical and prescription drug plans to contain escalating costs.

Through effective financial management and concern for people, we’re working together to ensure the longevity of the Y-12 National Security Complex for our employees, our community, and our country.

“I’ve been retired for 20 years, and I just received a 23% increase in my pension payment. From reading the paper, I understand that there have been other increases since I retired, but this increase is certainly the most memorable and the most welcome.”

—Alice Maxwell



“Safety”

SAFETY IS A VALUE THAT CAN'T BE COMPROMISED.

We are working to instill the culture that **all** accidents are avoidable. Toward this goal, we have taken the first steps to implement a “safety culture based on people, not on paper.” From day one, management has emphasized the importance of safety by empowering every employee with Stop Work Authority. This emphasis has continued through senior management leadership of our Integrated Safety Management Program; development of a company-wide Safety Improvement Plan; implementation of a supervisory training program covering 899 employees, including 60 from the National Nuclear Security Administration (NNSA) and 23 shop superintendents; and communication of our safety values to each employee.



Our company is strongly committed to safety—not only for our employees but also for our community. We validated this commitment by inviting emergency management personnel from the surrounding counties to observe a recent emergency response drill. This was the first time in Y-12's history that local emergency personnel were invited, and their participation earned praise from the Director of Emergency Services for Anderson County.

Our NNSA Program Manager for Emergency Management also praised our “relentless efforts to make the Y-12 Emergency Management Program one of the ‘best in class.’”

The health and safety of our employees, the community, and the environment is a fundamental value.

NOTICE

You're never too young or too old for

Y-12 Complex



“We are listening.”



The company focuses on the needs of its customers in the public and private sectors.



We listen to our customers, including:

- NNSA,
- the Defense Nuclear Facilities Safety Board,
- Congress,
- the State of Tennessee, and
- regulators.

In responding to our customers' needs, we are actively participating in the Nuclear Weapons Complex Integration Initiative aimed at cross-site cost reductions.

We have committed to growing our Work for Others business by \$10 million over both of the next 2 years. This program focuses on applying technology to other branches of government and the private sector, and we have had the following successes in the first 6 months.

Guaranteed Remediation—Provides a guaranteed fixed-price environmental remediation program for military installations with substantial cost savings and schedule compression.

Transparency Technology Demonstration Center—Established to serve as a focal point for the selection, development, and demonstration of U.S. and Russian technologies to support arms control and nonproliferation initiatives.

Law Enforcement Innovation Center—Created by a federal grant to the Knoxville Police Department and The University of Tennessee, Knoxville. The goal is to foster innovations in law enforcement technologies, forensic research and development, and other initiatives.

Training with Industry—Sponsored by the U.S. Army to train officers in subject areas where it is not cost-effective for the Army to do so.



“Did you know?”

“DID YOU KNOW THAT MANUFACTURING IS NOW TRULY INTEGRATED?”

Manufacturing excellence is the heart of Y-12. We have further honed this excellence through several initiatives:

- placing all manufacturing resources in one organization,
- including technology development to enhance communication between the shop floor and developers, and
- centralizing management of key technical functions.

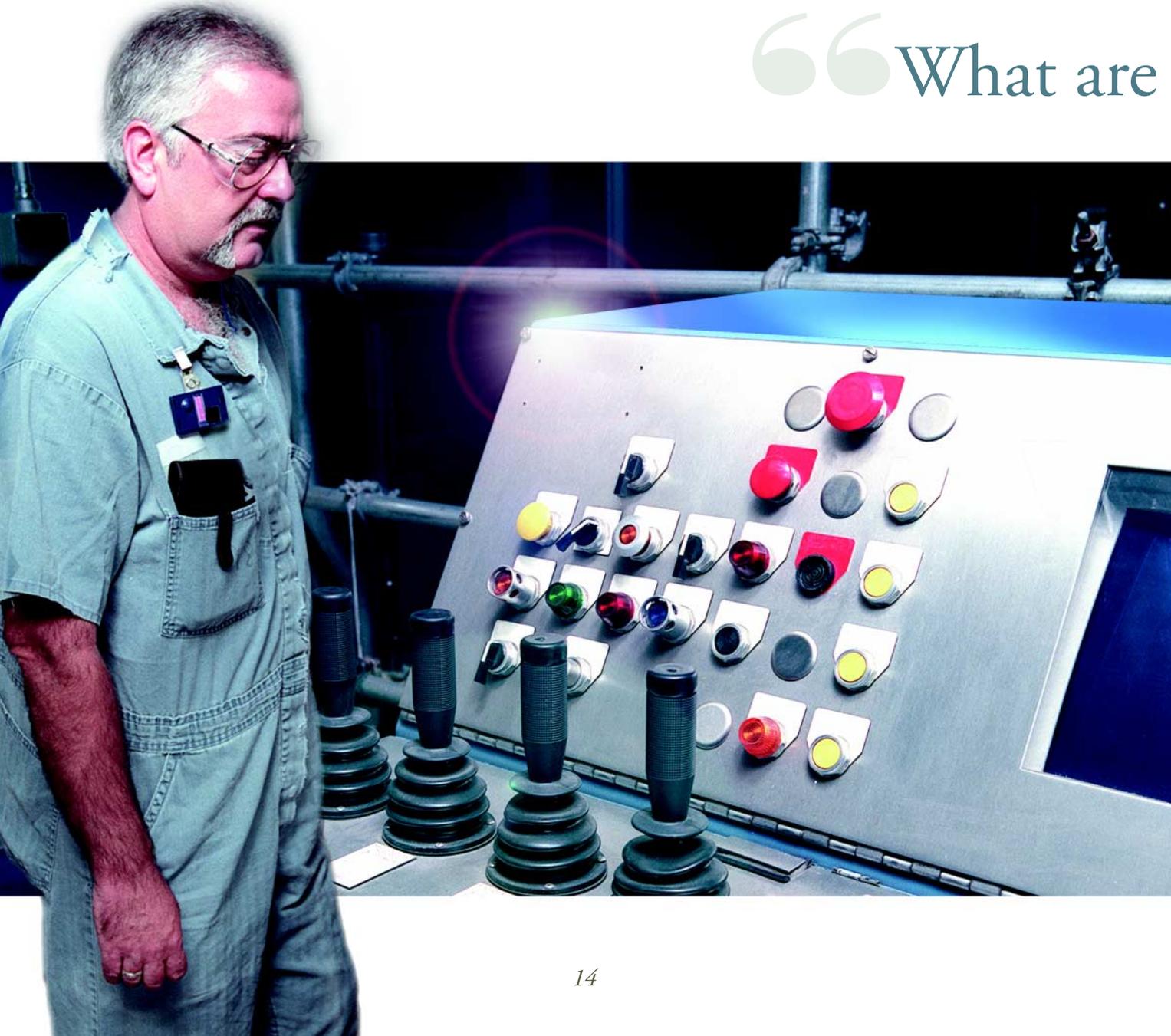
The synergy from these initiatives will enhance consistent application of requirements and minimize redundant functions, thus ensuring the effectiveness and efficiency of manufacturing operations and satisfying our customers.



Y-12 Complex

The integration of manufacturing will ensure efficiency that satisfies our customers.

“What are some other changes?”



“THERE HAVE BEEN OTHER SIGNIFICANT CHANGES IN MANUFACTURING.”

Our Y-12 manufacturing team has reached several key goals in the past 6 months, including:

- establishing a direct feedback process to move toward “Target Zero,” or no injuries;
- successfully completing management and operational reviews for the restart of the reduction and pour-up processes for the first phase of Enriched Uranium Operations;
- reducing the inventory of highly enriched uranium in Building 9206 by more than 50% by meeting a milestone for shipping United States Enrichment Corporation material;
- meeting the milestone for the assembly of the 3500-ton hydraulic press (shown at left);
- completing the Independent Assessment of the Integrated Safety Management System for Balance of Plant; and
- accelerating the completion of the Emergency Disassembly Project by approximately 18 weeks.



Manufacturing has met several key goals in the past 6 months, including the restart of the first phase of Enriched Uranium Operations after a 7-year shutdown.

We are now consistently planning work according to resources, budget, and schedule to ensure effectiveness.



“Have you heard?”

“I HEARD THAT THERE IS A NEW PLANNING AND INTEGRATION ORGANIZATION.”

Planning and integration are integral components to Y-12's success. To ensure consistency across the Complex, we have created a Planning and Integration Organization to centralize project controls and cost estimating, thus providing an enhanced focus.

Procedures have also been established to improve the change control system for the planning baseline. These procedures enforce more control within the schedule, cost, technical, and funds baselines as well as ensuring that safety projects receive the appropriate priority.

Resource-loaded schedules that support earned-value management have been completed for Enriched Uranium Operations.

We are now better able to measure our performance by quantifying earnings for the weapons effort. These improved performance measurements will enable efficiency gains in the future.

We have also established a site-wide work breakdown structure. This structure effectively communicates expectations to our employees and our customers and forms the basis of the 10-year baseline.



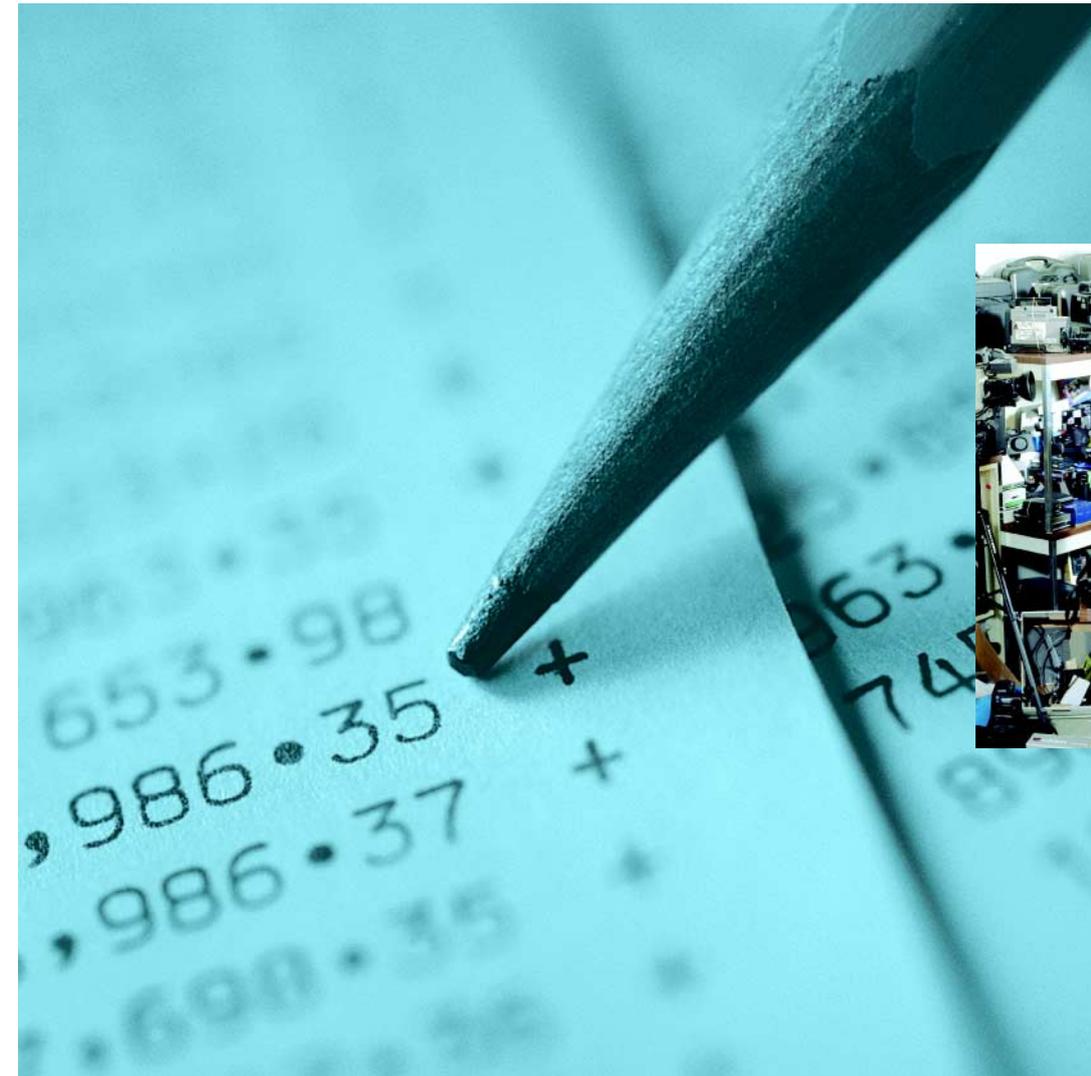
“I also heard . . .”

“. . . THAT THE COMPANY HAS STREAMLINED SOME BUSINESS SYSTEMS.”

Working together, financial and program staff have reduced outstanding invoices significantly. Invoices greater than 180 days have decreased from \$3.2 to 2.9 million, with the number of invoices outstanding decreasing from 2,094 to 1,757.

Further, we have taken steps to ensure secure and responsible operations, including:

- developing an overall computing philosophy for consistent hardware and software applications,
- creating a correspondence action tracking system for the executive offices,
- enhancing property accountability by the return of government computers located off-site,
- ensuring the security of operations through implementation of a camera policy,
- placing more stringent controls on the use of company credit cards, and
- eliminating unnecessary expenditures by consolidating copier requirements.



Y-12 Complex

Through prudent financial management, Y-12 took steps to reduce overhead, increase direct work, and resolve initial financial issues.

“What will it cost?”

PERFORMANCE IMPROVEMENT

For FY 2002 and 2003, our management team has committed to reducing operations costs by 5% through increased efficiencies. The resulting \$21 million in savings from FY 2002 will be used to fund the remaining Enriched Uranium Operations restart activities that have been delayed by insufficient funds.



Our focus on continuous improvement is not only our responsibility—it is vital to our success.

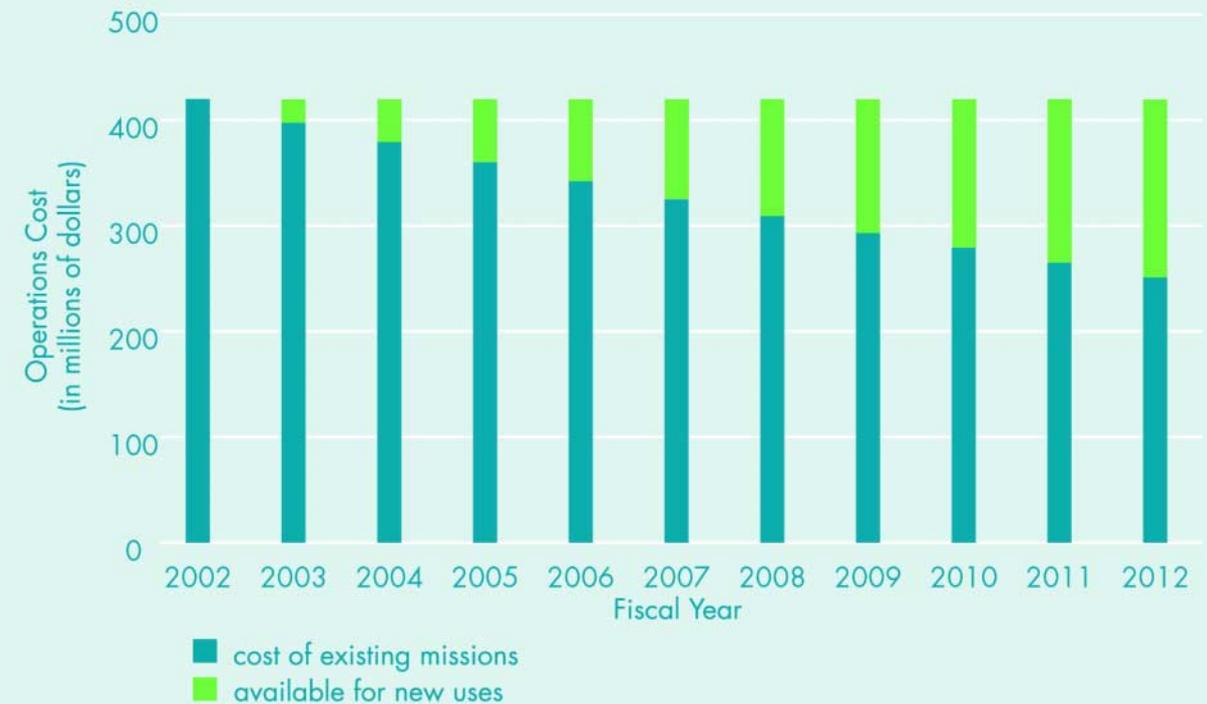
Cost savings through efficiency are important throughout Y-12. As such, the program managers have also committed to perform work at less cost each year.

Further, we have made significant progress in reducing construction costs. These improvements have been facilitated through:

- streamlining work processes,
- consolidating plant support for construction, and
- self-performing work previously performed by subcontractors.

GROWING NEW MISSIONS

“ . . . reduce operations costs by 5% . . . ”



“ . . . to be used to add capabilities that enhance national security.”



“Have you noticed?”

“HAVE YOU NOTICED THE IMPROVEMENTS AROUND THE COMPLEX?”

There is a new sense of pride at Y-12, and it's readily apparent. Both on and off site, the improvements are noticeable.

Listen to what people are saying:

“I wanted to compliment the appearance of the grounds. I've noticed people working the grounds . . . [and it] looks good.” —Terry B. Olberding, NNSA

“Your efforts in supporting the 480-volt breaker change-out on January 31, 2001, in Development are greatly appreciated. The work was executed safely and efficiently because of the whole team working together”

—Charlene Edwards, Development Manager

“This [correction of a safety hazard in a parking lot] was great! That's how the team work **used** to work here at Y-12.”

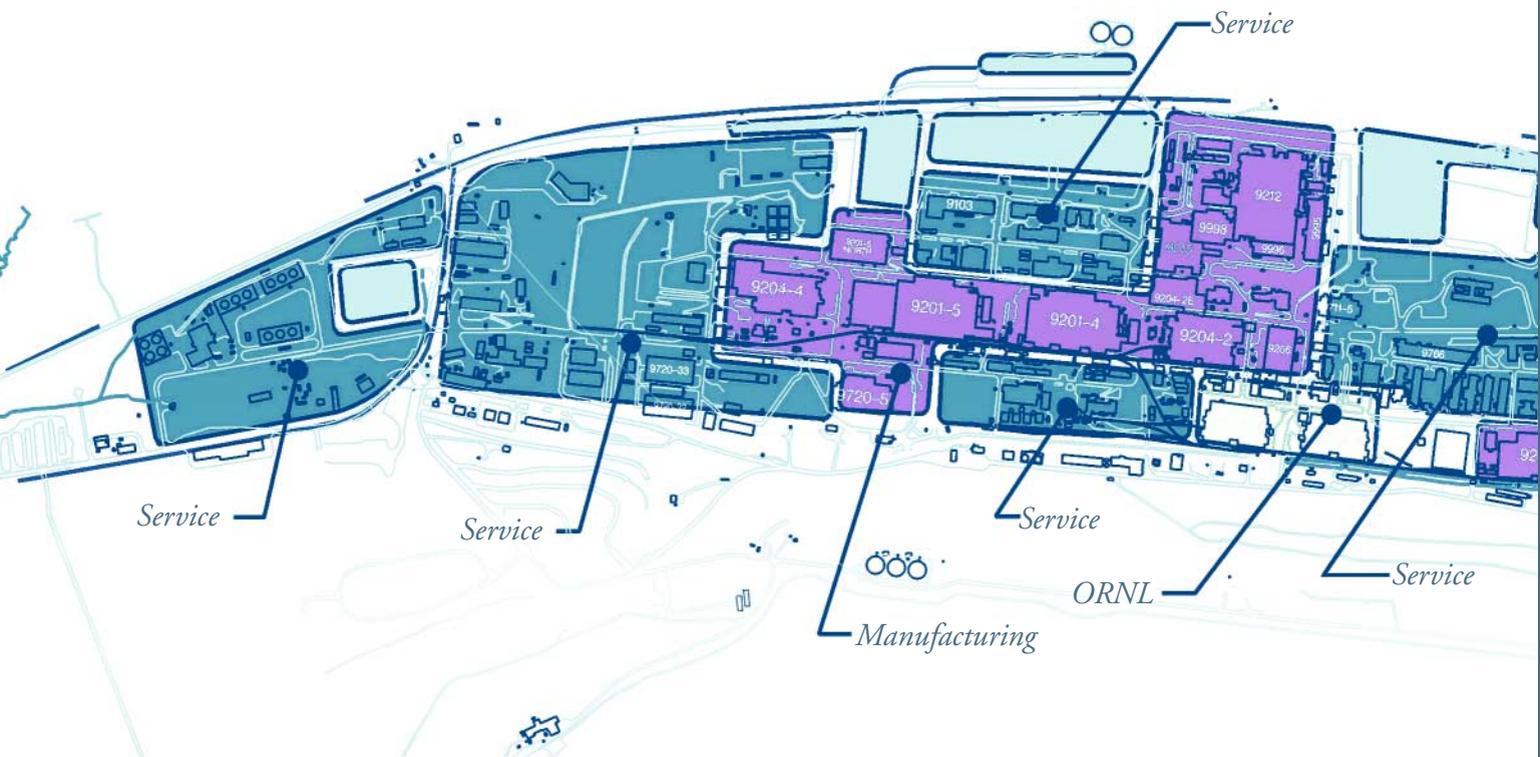
—Cathy Waitinas, We Care Committee Member

“. . . thanks for a great job in clearing and cleaning up the area by the new Y-12 National Security Complex sign at Bear Creek and Scarboro Roads.”

—Bruce Hunter, Tactical Plans Manager for Wackenhut Services, Incorporated—Oak Ridge



CURRENT Y-12 NSC • FUNCTIONAL DIAGRAM



“Can you see?”

“CAN YOU SEE THAT MODERNIZATION IS PROCEEDING?”

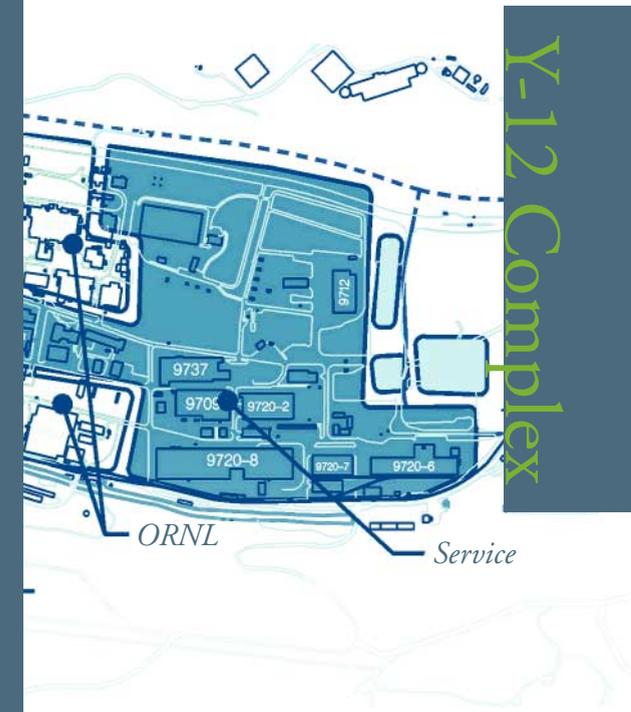
Good planning is the key to success for any project—especially one as large and as important to our national security as the modernization of the Y-12 Complex. We have developed an extensive and aggressive strategic plan with very specific goals, including:

- focusing our project management expertise on two large capital projects—the Highly Enriched Uranium Materials Facility and the Special Materials Complex;
- redefining the critical skills needed for Y-12’s future; and
- creating a comprehensive 10-year plan, including a new master site plan, a vision for 2020, and the first cut at a comprehensive, resource-loaded schedule that can be used to develop multi-year funding forecasts.

Our strategy for modernization focuses on “three Rs”:

- **Reduce** costs,
- **Reuse** existing facilities through maintenance and upgrades, and
- **Replace** with new technology and construction when most effective.

Infrastructure reduction is a major element of the overall strategy for modernization of Y-12. This, along with the “three Rs,” will enable us to meet our goals efficiently and effectively and to ensure the Complex’s viability for the future.





“Who’s helping?”

“HAVE YOU SEEN BWXT Y-12’s ACTIVITIES IN THE COMMUNITY?”

Our commitment to people extends to the community in which we do business. When the contract period began on November 1, 2000, BWXT Y-12 took care to introduce itself to the community as well as the employees. It also implemented a speakers’ bureau through which the new management team is speaking to selected groups and organizations.

We are also supporting the community by planning for the construction of a Y-12 Visitor Overlook with the City of Oak Ridge as well as through participation in various community initiatives, such as continuing the “Help the Smokies” project in the Great Smoky Mountains National Park and participating in building the Claxton Optimist Club’s “Kids’ Palace” playground (as shown at left).

“The rehabilitation project at Cades Cove Picnic Area would not have been possible without the generosity of BWXT Y-12 and its dedicated volunteer employees Thank you for continuing an outstanding partnership with your national park.”

*—Michael J. Tollefson,
Superintendent, Great Smoky
Mountains National Park*

“I’ve heard that.”



“I’VE HEARD THAT THE COMPANY HAS MADE MANY FINANCIAL CONTRIBUTIONS.”

The company has also shown support for economic development organizations in Anderson, Roane, and Knox counties. These organizations include the Oak Ridge Chamber of Commerce, the New Century Alliance, the Roane Alliance, and the East Tennessee Economic Council.

BWXT Y-12 has also contributed to more than 50 charitable organizations, including the following:

- American Diabetes Association,
- Anderson County Schools,
- Anderson County’s Promise,
- Coalfield Public Library,
- Delta Sigma Theta,
- Great Smoky Mountains National Park,
- Jacksboro Public Library,
- Karns Lions Club,
- Kingston Fire Department,
- March of Dimes Birth Defects Foundation,
- National Society of Black Engineers,
- Recording for the Blind and Dyslexic,
- The Good Samaritan Center of Loudon County, and
- Wartburg Public Library.



“The next 6 months”

“WHAT CAN WE EXPECT IN THE NEXT 6 MONTHS?”

Our story is just beginning. We have many more improvements planned in the next 6 months, including:

- further cost-saving initiatives, including the replacement of central computing resources;
- additional improvements in Integrated Safety Management Systems usage at Y-12;
- completion of our first Six Sigma process improvement projects;
- progress in reducing the footprint through the demolition of inactive buildings;
- partnerships across the Nuclear Weapons Complex resulting in significant cost-saving proposals;
- further growth in complementary work for the Y-12 Complex; and
- streamlined processes and work packages.



THE STAGE IS SET FOR THE FUTURE THAT WE WILL BUILD—TOGETHER.



Information about the Y-12 National Security Complex is available through the Public Relations organization.

Telephone: (865) 574-1640

Mail: P. O. Box 2009
Oak Ridge, Tennessee 37831-8245

Visit us on-line at www.y12.doe.gov

DISCLAIMER

This work of authorship and those incorporated herein were prepared by Contractor as accounts of work sponsored by an agency of the United States Government. Neither the United States Government nor any agency thereof, nor Contractor, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, use made, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise, does not necessarily constitute or imply its endorsement, recommendation, or favoring by the United States Government or any agency or Contractor thereof. The views and opinions of authors expressed herein do not necessarily state or reflect those of the United States Government or any agency or Contractor thereof.

“Now you know.”

