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Document Name: <b>CODE OF ETHICS AND CONDUCT GUIDELINES</b>		Replaces: <b>POLICY 1.1.1</b>	Dated: <b>03/20/2002</b>
Process Owner: <b>CHIEF EXECUTIVE OFFICER</b>		Responsible Managers: <b>SECRETARY AND GENERAL COUNSEL CHIEF FINANCIAL OFFICER DIRECTOR OF HUMAN RESOURCES</b>	

**POLICY:**

It is the policy of Todd Pacific Shipyards, and its subsidiaries and controlled affiliates regardless of location (collectively 'Todd'), to commit to maintaining the highest business ethics and standards. In order to preserve the integrity of our business and the manner in which we are perceived by co-workers, customers, suppliers, competitors, and the communities in which we live and work, it is imperative that each employee conduct his or her business and personal affairs in compliance with this Code of Ethics and Conduct Guidelines.

This policy contains Todd's Code of Ethics and Conduct Guidelines (collectively referred to as the 'Code'). The Code discusses ethical and legal principles that must guide all of Todd's employees in their work. In order to be useful, this policy should be kept handy and reviewed from time to time. However, the Code does not cover every possible situation that may arise, and is not intended to provide final answers in all matters. Questions or issues regarding the Code should be discussed with the employee's manager and/or the Director of Human Resources.

Put simply, the Company expects its employees to conduct themselves in an ethical and professional manner, and to be honest, responsible or fair when conducting business with any of Todd's customers, suppliers and fellow employees.

**SCOPE:**

This policy applies to all employees and agents (including members of the Company's Board of Directors) of Todd Pacific Shipyards Corporation, its subsidiaries, and controlled affiliates regardless of location (collectively referred to as the 'Company').

**RESPONSIBILITY:**

Employee Responsibilities

Ethics and behavior are individual responsibilities. High standards of ethical and professional behavior are expected of all employees, regardless of position or location. No supervisor has the authority to require or permit conduct that is in violation of either the Code or any law.

In some cases, the Company's agents represent the interests of the Company with respect to third parties. Accordingly, employees who supervise the activities of Company agents are responsible for making sure that agents working under their control or direction receive a copy of, and abide by, the Code.

### Management Responsibilities

All managers are responsible for seeing that Company policies are followed. Every manager is responsible for communicating Company policies to his or her employees, including those dealing with legal and ethical behavior. Managers and supervisors also are responsible for maintaining a work environment where constructive, frank, and open discussion is encouraged and expected, without fear of retaliation. The Chief Executive Officer of the Company, the President, and management at all levels throughout the Company are responsible for ensuring adherence to the Code and for ensuring that there is appropriate ongoing employee communication, guidance, and training. Management is supported in this effort by the Human Resources Department and the Director of Human Resources. Violations of the Code may be reported to your department manager, the Director of Human Resources or any officer of the Company.

### **DETAIL PROCEDURE:**

#### GENERAL

The business of the Company shall be conducted in compliance with all applicable laws, rules and regulations. The use of Company funds or assets for any purpose that would be in violation of applicable laws, rules and regulations is prohibited. Compliance with the law means not only observing the letter but also the spirit of the law. In some cases, the determination of which laws and regulations are applicable and their interpretation may be difficult but employees have access to in-house legal advice and should seek the advice of the Company's General Counsel as necessary to comply with this requirement.

The Company is committed to conducting its business in accordance with the highest ethical standards and has adopted the ethical principles set forth below as Company policy. It is the Company's policy that no employee should place himself or herself in a position where his or her actions, personal interests, or the activities or interests of those for whom he or she acts are, are likely to be, or may be perceived to be, in conflict with the interests of the Company. The purpose of the conflict of interest guidelines is to assist the Company and its employees in avoiding situations in which personal activities and financial affairs may conflict with their responsibility to act in the best interests of the Company. There is no intent to invade individual privacy, but rather to identify possible problems or areas of concern that could be resolved if known. There may well be cases in which an apparent conflict of interest is more theoretical than real, but it is important to resolve such cases promptly. In cases of doubt, for the protection of both the Company and the employee, the employee should fully disclose the nature of the proposed conduct or transaction before it is undertaken. See 'Confirmation of Compliance and Reporting' section below.

Some actions under the conflict of interest guidelines require the prior approval of the Company. This approval means the written consent of the Director of Human Resources or an officer of the Company. Any prior approvals sought by the Director of Human Resources or any officer of the Company must be submitted for consideration to the Nominating/Corporate

Governance Committee of the Board of Directors. Any change to, or waiver from, this Code of Ethics for senior financial officers shall be promptly disclosed publicly on Form 8-K.

## SPECIFIC GUIDELINES

### *Illegal or Unethical Payments, Gifts, Bribes or Gratuities*

Employees, or any member of their immediate families:

- may not give or accept, directly or indirectly, gifts, contributions, or prizes of more than token value which are in any way connected with the business of, or matters involving, the Company
- are prohibited from soliciting gifts, contributions, gratuities services, or kickbacks from suppliers or customers of the Company regardless of their value
- may not accept the use of customer or supplier property, airplane transportation, or trips (including trips sponsored by customers or suppliers) without the prior approval of the President or the Chief Executive Officer
- are not to give or accept, directly or indirectly, entertainment in excess of usual and reasonable limits that are a normal and acceptable part of regular business activity. For example, tickets to sporting or other events, lunches, dinners, golfing dates, and entertainment may be accepted if modest and appropriate and consistent with normal business customs.

### *Loans*

Employees, or members of their immediate families, may not loan money to, or borrow money from, individuals or concerns that do business with or compete with the Company, except transactions with banks and other financial institutions in accordance with normal business practices.

### *Purchase or Sale of Goods or Services*

Employees, or members of their immediate families, may not benefit personally from any purchase by or sale to the Company of goods or services or derive personal gain from transactions involving the Company, including the sale or lease of real or personal property, except when that transaction and the personal interest involved have been fully disclosed to and approved by the Company.

### *Direct or Indirect Business Interests*

Employees, or members of their immediate families, may not have any direct or indirect interest in any enterprise which competes with the Company or which has current or prospective business with the Company when that individual may be able to influence such business with the Company, except when the interest has been fully disclosed to and approved by the Company. Ownership of or interest in publicly traded securities that is not in excess of one percent (1%) of the securities of that corporation is not subject to this paragraph.

### *Association with Competitors, Suppliers or Customers*

Employees, or members of their immediate families, without the prior disclosure to and approval of the Company, may not:

- work for, serve as a director or officer of, or provide services to: a customer, supplier or competitor of the Company, or a customer of the Company's customer -OR-
- be a partner of or investor with any individual or organization or an employee of an organization that is the Company's customer, supplier or competitor, or that is a customer of the Company's customer.

### *Non- Company Service and Income*

No officer or major department head of the Company shall serve as an officer, director, employee, partner, trustee or consultant of, or receive salary, fees, dividends or other income (except dividends and interest from publicly traded securities or other similar investments) from any enterprise other than the Company, unless that relationship has been fully disclosed to the Director of Human Resources. It is not necessary to disclose services as an officer or a director of a not-for-profit enterprise.

### *Outside Employment*

Employees should recognize that their position with the Company must be their primary employment. Any outside employment, investment, or other source of income must be secondary and subordinate to their position with the Company, and must not interfere in any way with the performance of their duties as a Company employee. Any such relationships that could be construed as a conflict with these guidelines must be disclosed to the Company. The Company shall, in its sole discretion, determine whether any employment relationship is prejudicial to its interests and is contrary to these guidelines.

### *Use of Company Personnel or Property*

Employees shall not use or permit others to use the Company's employees or its property for personal purposes. Within established parameters, certain non-consumable equipment may be checked out for personal use with the approval of the Director of Production.

### *Insider Trading*

No person affiliated with the Company may directly or indirectly effect securities transactions on the basis of 'inside information' until that information has been fully disseminated to the public. Inside information is any information about a company or its business about which an employee may learn in connection with his or her employment, which is not generally known to the public, and which could affect a decision to buy, sell, or hold the stock of a company. For example, this policy would preclude the purchase of stock in an unaffiliated company in which the Company is considering an investment or some other business arrangement. In addition, the disclosure of such inside information to persons outside the Company is strictly forbidden.

### *Proper Accounting*

It is crucial that all books of account, financial statements and records of the Company reflect the underlying transactions and any disposition of assets in a full, accurate, fair, and timely

manner. Company records are the basis of earnings statements, financial reports and other disclosures to the public and guide business decision-making and strategic planning. Company records include revenue recognition, payroll, time records, travel and expense reports, emails, accounting and financial data, measurement and performance records, research test results, reports of damage to third parties, customers' or Company property, electronic data files and all other records maintained in the ordinary course of business. The Company's books and records must, therefore, be complete, accurate, reliable and maintained in accordance with the established financial and accounting policies issued by the Company, and in accordance with the Generally Accepted Accounting Practices ("GAAP"). Many of the transactions entered into by the Company entail judgments about proper accounting, including proper recognition of revenue and expenses by the Company. All employees responsible for making these judgments are expected to be familiar with the relevant provisions of GAAP, and to apply them accurately and consistently in recording Company transactions. If any employee is uncertain about the proper application of GAAP to a particular transaction, or has a concern about the accounting treatment chosen for a particular transaction, that employee should raise such concerns with supervisors, the Internal Audit Manager, Accounting Manager, Controller, Chief Financial Officer and the Company's General Counsel (or any of them), or if appropriate, the Audit Committee of the Board of Directors. All assets and liabilities of the Company, and all dispositions of the Company's assets, shall be properly recorded in the Company's books. Undisclosed or unrecorded funds, payments or receipts are inconsistent with our business practices and are prohibited. Failure to abide by these policies may be grounds for dismissal.

#### *Accuracy of Financial Reports and Other Public Communications*

As a publicly traded company we are subject to various securities laws, regulations and reporting requirements. Both federal law and our policies require the disclosure of accurate and complete information regarding the Company's business, financial condition and results of operations. Inaccurate, incomplete or untimely reporting can severely damage the Company and result in legal liability and will not be tolerated.

The Company's principal financial officers, managers and other employees working in the Finance and Accounting Departments have a special responsibility to ensure that all of our financial disclosures are full, fair, accurate, timely and understandable. These employees must understand and strictly comply with GAAP and all standards, laws and regulations for accounting and financial reporting of transactions, estimates and forecasts.

#### *Interactions with Auditors*

Free and forthright communication with internal auditors and the Company's independent outside auditors is crucial to the goal of assuring proper accounting for all Company transactions, assets and liabilities. Accordingly, no employee shall knowingly make a false or misleading statement to the Company's internal auditors or independent outside auditors, nor shall any employee conceal, or fail to reveal, any information necessary to make the statements made to such auditors not misleading. In that connection, no employee, or any person acting under his or her direction, shall directly or indirectly take any action to coerce, manipulate, mislead or fraudulently influence any of the Company's internal auditors or independent auditors if the employee knows (or should know) that his or her actions, if successful, could result in rendering the Company's financial statements materially misleading. Specifically, no employee may take any action that he or she knows (or should know) could cause an auditor to:

- issue or reissue a report of the Company's financial statements that is not warranted in the circumstances (due to a material violation of GAAP, Generally Accepted Auditing Standards ("GAAS") or other professional or regulatory standards);
- fail to perform audit, review or other procedures required by GAAS or other professional standards; or
- fail to communicate matters to the Audit Committee of the Board of Directors.

In summary, absolute candor with our auditors is a mandatory condition of your employment. All employees shall cooperate fully with the internal and independent auditors in the performance of their duties.

## OTHER LAWS AND REGULATIONS

### *Restraint of Trade, Unfair Competition, and Discriminatory Practices Guidelines*

The Company is committed to free and open competition in the marketplace. Strict adherence by all employees to the letter and spirit of the antitrust laws of the United States is absolutely required. No employee should assume that the Company's interest ever requires any other course of conduct.

The antitrust laws are complex and difficult to interpret. They also have application to a very broad range of corporate activities. The list of prohibited activities set forth below is not intended to be exhaustive and is only a general guide to antitrust compliance. Employees should consult with the Legal Department prior to taking action concerning a matter about which there is any question.

It is the Company's policy that no employee shall agree or attempt to agree with a competitor of the Company (whether orally or in writing) with respect to any of the following:

- prices
- terms of sale (including discounts, credit terms, or freight allowances)
- amount of production
- division of markets
- sales territories or customers
- the boycotting of transactions with third parties

Further, no discussion or exchanges of information regarding such matters, including exchanges through trade associations, should take place with competitors or their representatives.

### *Protecting Confidential Business Information Guidelines*

To ensure confidentiality of the Company's confidential information, employees must adhere to the following principles:

Employees must not disclose confidential information, either during or after employment, except when authorized by the Company to disclose it to suppliers, customers or others who have entered into confidentiality agreements with the Company.

Similar restrictions, usually provided for in contracts, apply to information obtained from the Company's customers, partners, suppliers and others who furnish information to the Company

on a confidential basis. Employees must not disclose this confidential information, either during or after employment by the Company, except as provided in such contracts.

### *Competitive Information Guidelines*

It is good business practice for the Company to gather information about the markets in which the Company does business, including information about the Company's competitors and their products and services. However, employees must never attempt to acquire a competitor's trade secrets or other proprietary or confidential information through unlawful or unethical means.

## CONFIRMATION OF COMPLIANCE AND REPORTING

At the commencement of employment, each employee is required to confirm that he or she has read the Code and that he or she understands that compliance with the specific guidelines which are part of the Code is required during the term of employment. Thereafter, certain employees will be periodically asked to reconfirm the statements regarding the Code which they made at the commencement of employment.

At the commencement of employment, employees are also required to disclose to the Company any conflicts of interest they may have with the Company under the conflict of interest guidelines described in the Code. In the event of conflicts which arise after the commencement of employment, employees are required to disclose such conflicts by completing and signing an appropriate form which can be obtained from the Company's Human Resources Department.

Every employee is expected to report any violation of the Code or any applicable law of which he or she becomes aware. Employees who make reports in good faith regarding another employee's violation need have no fear of retaliation. The Company will ensure that any allegations are investigated and reviewed in the strictest possible confidence consistent with the particular situation.

Except as otherwise specifically set forth herein, employees who know of, or reasonably suspect, violations of the Code must report them to one of the following individuals:

- his or her supervisor or department manager,
- the Director of Human Resources
- any officer of the Company.

Additionally, the Company also offers a toll-free telephone hotline as an avenue for reporting suspected improprieties or submitting general inquiries regarding ethical matters. The ethics hotline number (800-762-6313) is prominently posted in the upper left hand corner of the Company's intranet site. The hotline rings to a dedicated telephone in the Internal Audit office and is monitored by the Manager of Internal Audit, who serves the Company in an independent relationship and reports directly to the Audit Committee Chairman. Issues submitted to the ethics hotline are evaluated by the Manager of Internal Audit for necessary investigative steps. It is then determined whether notification to executive management or direct notification to the Audit Committee Chairman is most appropriate based on the individual circumstances reported.

## CONSEQUENCES OF VIOLATING CODE OF ETHICS AND CONDUCT GUIDELINES

The Code is very important to the Company. Failure to comply with the standards outlined herein and all policies referred to herein will result in disciplinary action, ranging from a reprimand to dismissal. Disciplinary action will be taken against:

- Any employee who violates the Code or pertinent law.
- Any employee who deliberately withholds relevant information concerning a violation of the Code or pertinent law.
- The violator's manager or supervisor, to the extent that the circumstances of the violation reflect either participation in the violation or lack of diligence.
- Any supervisor or employee who retaliates, directly or indirectly, or encourages others to do so, against an employee who reports a Code, policy, or law violation.
- Any employee who knowingly falsely accuses another employee of a Code, policy, or law violation.

*The foregoing policy, as applied to the Company's principal financial officers, shall be the Company's 'code of ethics' within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.*