

ANNUAL REPORTS  
Todd Shipyards Corporation 1964  
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# TODD SHIPYARDS CORPORATION

YEAR ENDED MARCH 31,

## Annual Report 1964



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## Directors and Officers

- \*JOHN D. REILLY  
*Chairman of the Board of Directors*
- \*JOHN T. GILBRIDE  
*President*
- \*JOHN D. REILLY, JR.  
*Executive Vice President*
- \*HARRY G. HILL  
*Executive Vice President and Counsel*
- \*CLIFFORD A. SHELDRAKE  
*Vice President—Finance and Comptroller*
- \*JOHN H. BAKER  
*Vice President—Sales*
- \*FRANCIS J. SMYTH  
*Vice President—Public Relations*
- \*ROBERT FREEBAIRN  
*Retired Vice President*
- HENRY D. OBST  
*Vice President—Industrial Relations*
- J. THOMAS EDGE  
*Treasurer*
- EDWIN K. LINEN  
*Secretary*
- LANGDON S. GODDARD  
*Assistant to the President*
- ROBERT J. FARRINGTON  
*Assistant to the President*

\*Directors

## Division Management

- ANGEL R. GARATE — Brooklyn  
*Brooklyn, New York*
- RALPH F. ANSELM — Hoboken  
*Hoboken, New Jersey*
- BERT L. HALE — New Orleans  
*Algiers, Louisiana*
- CARL M. LIPPINCOTT — Galveston and Nuclear  
*Galveston, Texas*
- LOWRY E. GILBREATH — Houston  
*Houston, Texas*
- JAMES F. GOODRICH — Los Angeles  
*San Pedro, California*
- AUSTIN D. SHEAN — San Francisco  
*Alameda, California*
- ROBERT G. ZENER — Seattle  
*Seattle, Washington*
- WILLIAM H. BOHN — Products  
*Brooklyn, New York*

## Subsidiary

- TODD PROPERTIES CORPORATION  
*Seattle, Washington*

## Affiliate

- TODD OIL BURNERS LIMITED  
*London, England*





YEAR ENDED MARCH 31,

# Annual Report 1964

## TODD SHIPYARDS CORPORATION

One Broadway, New York, N. Y. 10004

*Transfer Agent*

Manufacturers Hanover  
Trust Company, New York, N. Y.

*Registrar*

First National City Bank, New York, N. Y.

*Auditors*

Arthur Young & Company, New York, N. Y.

*Counsel*

Cullen and Dykman, Brooklyn, N. Y.

*The Corporation's stock is traded on the  
American Stock Exchange, New York, N. Y.*

### Annual Meeting

The Annual Meeting of Stockholders will be held on Wednesday, June 17, 1964, at 12 noon, E.D.S.T., at Manufacturers Hanover Trust Company, 40 Wall Street (Fourth Floor), New York City. You are cordially invited to attend.



# TODD SHIPYARDS CORPORATION

## Significant Facts

	<i>Fiscal Year Ended March 31</i>	
	<b>1964</b>	<b>1963</b>
Sales . . . . .	\$99,455,632	\$111,462,115
Income before Taxes . . . . .	\$ 1,975,174	\$ 2,654,879
Federal Income Taxes . . . . .	\$ 775,000	\$ 1,225,000
Net Income . . . . .	\$ 1,200,174	\$ 1,429,879
Dividends Paid. . . . .	\$ 1,023,922	\$ 1,026,385
Total Taxes . . . . .	\$ 4,369,599	\$ 4,934,703
Working Capital . . . . .	\$24,981,203	\$ 24,136,217
Current Ratio . . . . .	2.40	2.31
Fixed Assets — Net . . . . .	\$17,112,001	\$ 18,131,768
Stockholders' Equity. . . . .	\$43,923,757	\$ 43,802,448
Number of Shares Outstanding . . . . .	730,674	732,840
Number of Stockholders . . . . .	2,557	2,663

## Data on a Per Share Basis

Net Income . . . . .	\$ 1.64	\$ 1.95
Dividends Paid. . . . .	\$ 1.40	\$ 1.40
Total Taxes . . . . .	\$ 5.98	\$ 6.73
Stockholders' Equity. . . . .	\$ 60.11	\$ 59.77



May 22, 1964

**To the Stockholders:**

The Company realized a modest profit for the 1964 fiscal year. In addition, our long-range corporate program has been accelerated and definite progress accomplished. As referred to later on in this letter, operations at one of the divisions have been significantly reduced, plant betterment programs at three of the divisions have been started, our diversification program has been formalized, and the program to alert the nation of the inherent dangers in a weak maritime industry has been accentuated. While it is recognized that much of this progress is intangible at this time, it is our belief that its importance cannot and should not be overlooked in assessing the past fiscal year.

Sales volume has declined due to the continued reduction in our uncompleted shipbuilding contracts. However, sales generated from shiprepair and conversion work remained relatively steady. Total sales of \$99,455,632 compared with \$111,462,115 for the 1963 fiscal year.

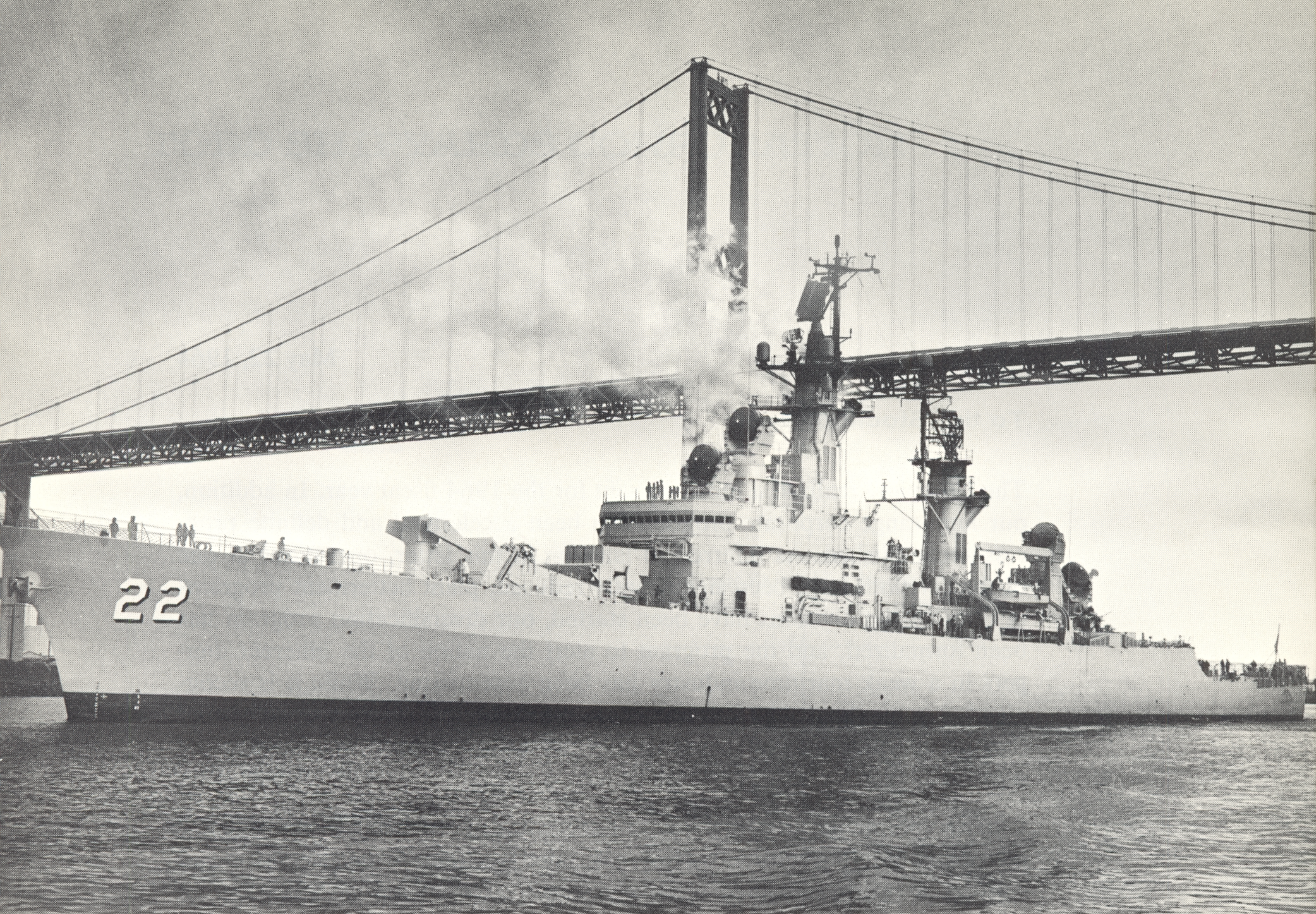
Net income after taxes was \$1,200,174 or \$1.64 per share. The quarterly dividend of 35¢ per share was maintained, as management was of the opinion that the progress being made and the financial posture of the Company warranted this policy.

The Company's working capital increased \$844,986 to \$24,981,203 at March 31, 1964. The practice of financing our current cash requirements through short-term financing remains unchanged with resultant bank loans totalling \$5,350,000 at the fiscal year end.

Capital expenditures for the year amounted to \$755,000. However, this is not indicative of the progress being made in our over-all plant betterment program as extensive engineering work is required before contracts are awarded and actual construction commences. This program envisions the expenditure of upward of \$10,000,000 over the next two or three years.

It was stated in our last annual report that because of changing requirements of the shipping industry, certain of our plants are located in areas where the need for facilities such as ours is diminishing. To meet this situation, we have reduced personnel at one of our divisions, restricted the use of certain of its facilities and are presently maintaining an operation completely adequate for the work which is available in that port. Our plans envisage further reductions in other divisions which will not interfere with the over-all effectiveness of our operations.





Top — Guided Missile Frigate ENGLAND delivered December 5, 1963, the first of two from the Los Angeles Division.

Bottom — Guided Missile Destroyer RICHARD E. BYRD delivered February 28, 1964. One of four 'Adams' class from the Seattle Division.



In connection with our facilities devoted to the marine field, the stockholders have heretofore been apprised of the fact that Navy-owned facilities which form an integral part of the plants at six of our divisions have been declared surplus to the needs of the Navy Department. Pursuant to the options granted to the Company under its leases, an agreement has been reached since the close of the fiscal year to purchase the Navy-owned facilities at our Galveston plant for the sum of \$625,000. The purchase of these facilities was given priority because of the importance of this plant, not only in the shiprepair and conversion activities of the Company, but also because this plant is the hub of the Company's participation in the nuclear field. This agreement did not include floating equipment and we shall continue to operate this equipment under the terms of our lease. Negotiations for the purchase of Navy facilities in other plants are continuing and further progress can be expected during the current year.

In pursuit of our diversification objectives, after evaluation and investigation of a number of established manufacturing companies, we can report that negotiations are progressing for the acquisition of the Lester Engineering Company, Cleveland, Ohio, a leading manufacturer of plastic injection molding and metal die-casting machinery. It is hoped that we will be in a position to report more definitive information on the subject to the stockholders at the Annual Meeting.

Shiprepair and conversion work volume has been maintained. This was due in some measure to the fact that, for the Government's current fiscal year, our trade association supported by all private shipyard operators again was successful in having included in the defense budget the requirement that at least 35% of Naval shiprepair and conversion work be performed in private yards. This year the struggle to continue the requirement became even more controversial, with those leading the fight against it more determined than ever to eliminate this provision of the law. The Naval Shipyard supporters were well organized and extremely articulate in Congressional hearings on the subject. While we are virtually certain of its passage this year (it has already passed in the House and is now before the Senate) the battle becomes increasingly difficult each year. We have hopes for ultimate success in even greater utilization of private shipyards but the road will be neither short nor easy.

Our efforts in the nuclear field, while for the most part concentrated on the repair and maintenance of the N/S SAVANNAH, are continuing toward the objective of contracting with the Government and private industry in the fields of servicing, refueling and engineering. Shortly after the end of the current fiscal year the N/S SAVANNAH was drydocked at our



Galveston Division and necessary underwater work performed to enable the ship to meet its scheduled visits to world ports.

At Houston, the completion of the three Coast Guard vessels will soon be accomplished. During the year we received an order from one customer for fifty large sand and stone barges, eight of which have been completed. In addition, eleven barges and a small ferry boat were constructed and further orders are being received for similar floating equipment. We look forward to a successful year in this facet of our business.

The Los Angeles Division delivered the Guided Missile Frigate (DLG-22) USS ENGLAND and the Seattle Division the Guided Missile Destroyer (DDG-23) USS BYRD. We are proud of these fine ships, both of which received Navy commendation, and proud of the men responsible for their construction. At the present time we have under contract one DLG at Los Angeles and one DDG at Seattle which are the remaining vessels to be built under current contracts. No additional contracts for the construction of Naval vessels have been obtained since the last report.

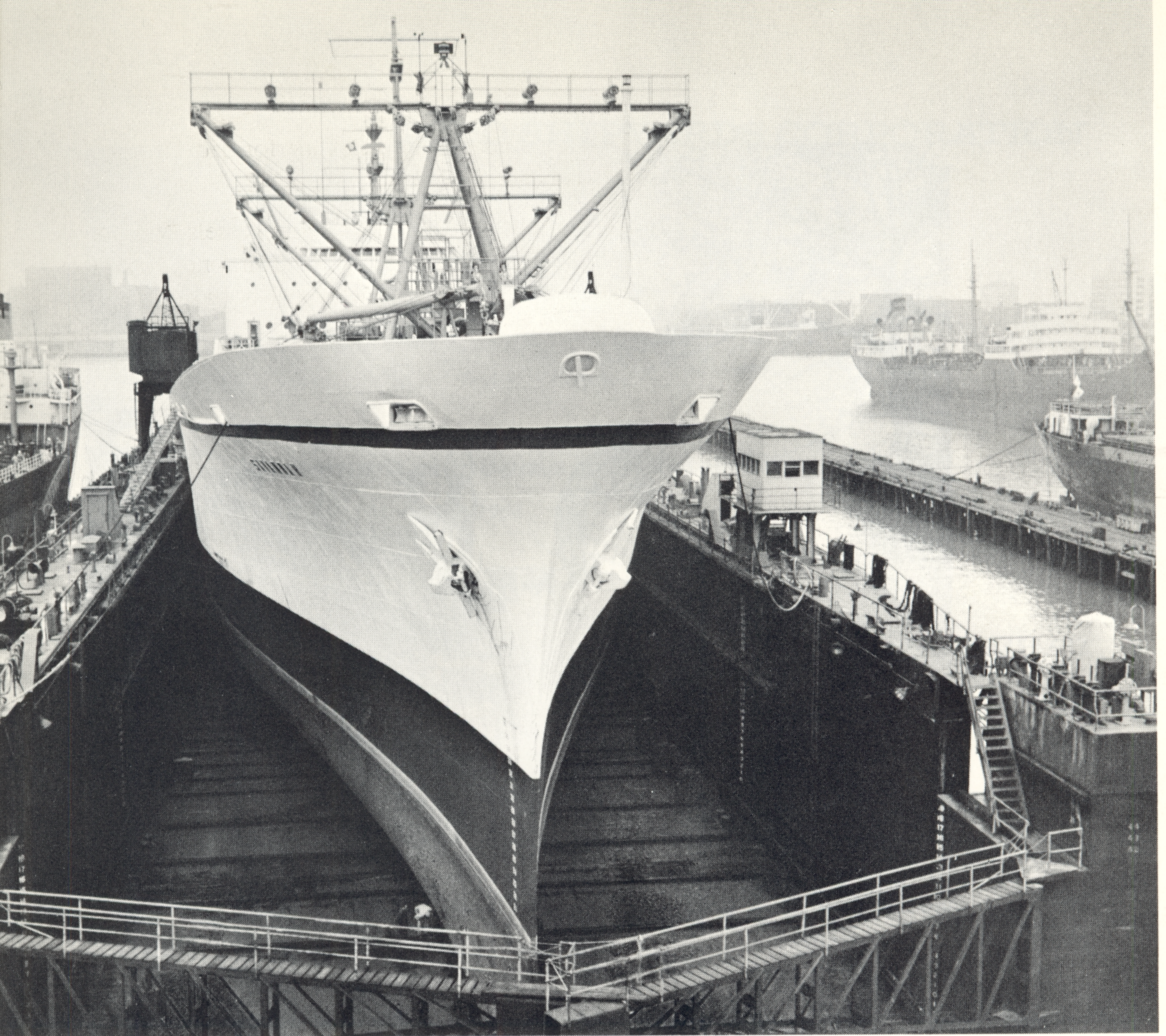
The year has been one of accomplishment in our line of manufactured products where progress has been made in improved engineering techniques and in the refinement of marketing methods. Industrial activities are continuing in those areas of participation where the capabilities of our plants allow.

The consolidation of our two foreign subsidiaries, mentioned in the last annual report has been completed, and the surviving company is accelerating its efforts to increase efficiency and sales in the Sterling and Common Markets.

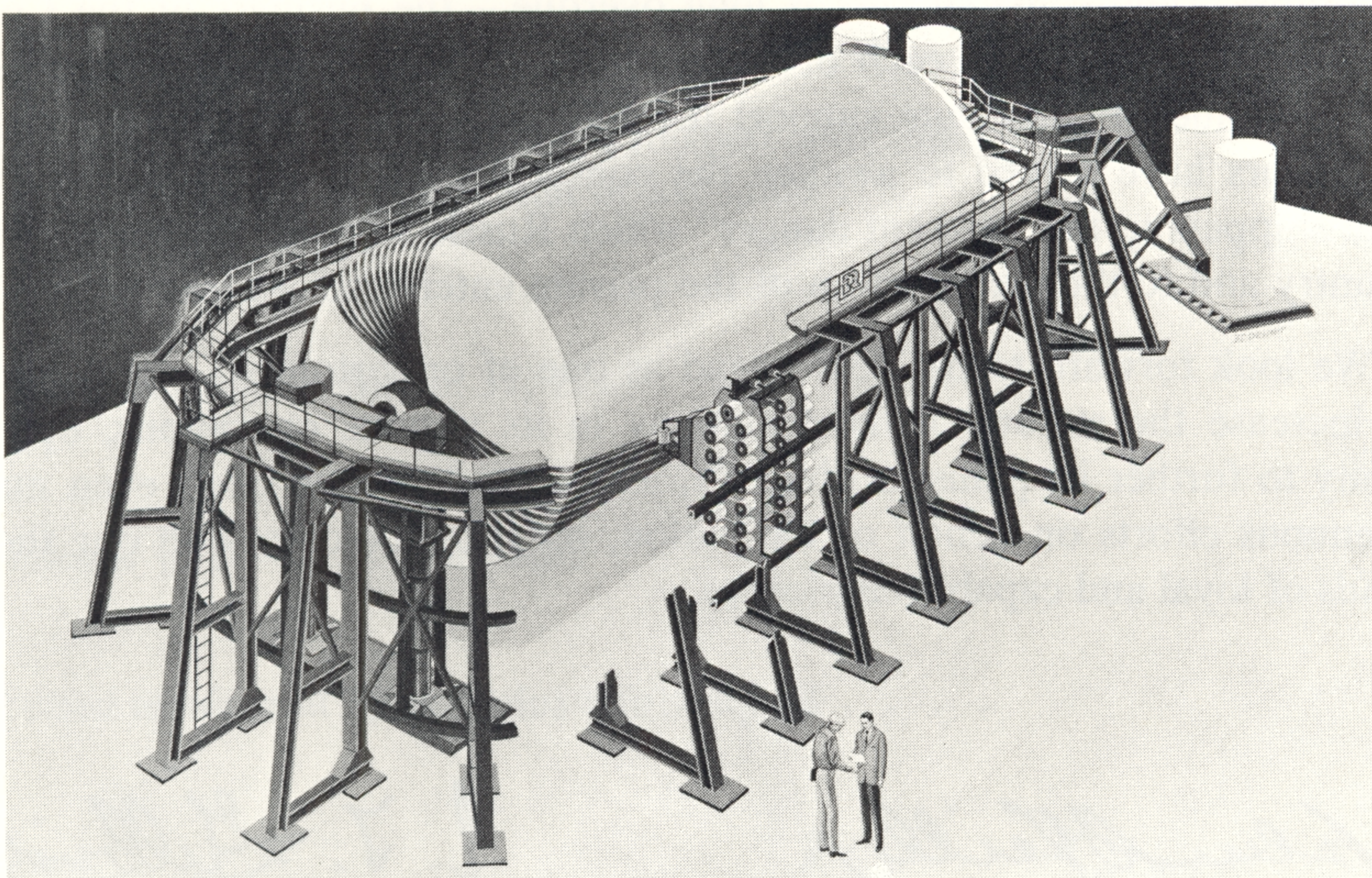
In the field of labor relations this was a year without any major stoppage of work at any of the Company's divisions. New contracts within the established industry pattern were negotiated at three divisions. At the invitation of the President of the United States, the Company became a member of his Plans for Progress which complements our long standing policy of non-discrimination in employment.

We find that there is nothing fundamentally wrong with the principal industry in which we are engaged. What is wrong is the apathy with which an industry basic to the defense and economic welfare of our country is viewed by the Congress and the public generally. Extensive publicity has been released to newspapers and magazines giving chapter and verse of the tremendous buildup of sea power undertaken by Russia. Such buildup is not confined to their Merchant Marine but to Naval sea power as well, particularly in the area of submarines. It seems almost incredible that our Government leaders in Congress and in the executive bureaus could for so long overlook this very definite threat to our security and economy. There now appears some realization in responsible quarters of the plight in which the country finds itself in these areas. It is a matter of record that this country, which generates more commerce than any other on the globe, transports less than 10% of such commerce in ships flying its own flag.





Recent routine drydocking of N/S SAVANNAH at nuclear vessel servicing facility, Galveston Division.



Artist's conception of giant fiber reinforced plastic solid rocket motor case. Two are being built and hydrotested for the Air Force at the Los Angeles Division.





TIFA (Todd Insecticidal Fog Applicator) selected for insect and health control at New York World's Fair. Model SF-50 in use for wide area fogging. In addition, portable units will control closed area trouble spots.

Campaigns are being waged to remedy this situation. Talk is approaching the action stage to remove from competition with the private shipyards at least some of the Naval Shipyard complex. Granted some success in these programs — and some success is long overdue — the business of the Company must improve. To each of these efforts the Company contributes and will continue to contribute support to trade associations and others whose endeavors have served to awaken the conscience of Government and private shippers to the “present danger” which Russia’s threat imposes on this country and to the preservation of the private enterprise system.

We look forward to the year ahead as one of opportunity — opportunity to increase the stature of the Company in its various operations, opportunity to further its plans to diversify, and opportunity to exert even more strenuous efforts on behalf of the nation, our stockholders, and our thousands of loyal and capable employees.

Respectfully submitted,

*John B. Heilger*  
CHAIRMAN OF THE BOARD

*J. T. Gilbride*  
PRESIDENT



# TODD SHIPYARDS CORPORATION

## Statement of Income and Retained Earnings

Year ended March 31, 1964

Sales . . . . .		\$99,455,632
Operating expenses:		
Labor, material and other expenses . . . . .	\$91,669,778	
Taxes, other than federal taxes on income . . . . .	3,594,599	
Depreciation . . . . .	1,752,511	
Contributions to retirement and pension plans . . . . .	<u>504,027</u>	<u>97,520,915</u>
Profit from operations . . . . .		1,934,717
Other income — net . . . . .		<u>40,457</u>
		1,975,174
Federal taxes on income, including \$100,000 of deferred taxes, less investment tax credit of \$105,000 . . . . .		<u>775,000</u>
Net income . . . . .		1,200,174
Retained earnings at March 31, 1963 . . . . .		<u>29,332,395</u>
		30,532,569
Dividends paid — \$1.40 per share . . . . .		<u>1,023,922</u>
Retained earnings at March 31, 1964 . . . . .		<u><u>\$29,508,647</u></u>

See note to balance sheet.



TODD SHIPYARDS CORPORATION

Balance Sheet March 31, 1964

ASSETS

CURRENT ASSETS:

Cash . . . . .		\$ 2,398,710
Accounts and notes receivable, including amounts unbilled of \$10,694,411 (Note):		
U. S. Government Departments . . . . .	\$ 8,650,290	
Other . . . . .	16,280,444	24,930,734
Work in progress, less progress billings (Note) . . .		9,830,523
Materials and supplies, at lower of cost or replacement market . . . . .		3,488,169
Prepaid insurance and other expenses . . . . .		2,217,595
Total current assets . . . . .		<u>42,865,731</u>

NONCURRENT NOTES AND ACCOUNTS RECEIVABLE, partly secured . . . . .		989,142
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INVESTMENTS IN AFFILIATED COMPANIES NOT CONSOLIDATED, at cost (estimated equity \$700,000) . . . .		498,249
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TOOLS AND TOOL PARTS, at depreciated value . . . .		1,568,162
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FIXED ASSETS, at cost:

Plant, dry docks and equipment . . . . .	40,959,088	
Less accumulated depreciation. . . . .	28,745,755	
	<u>12,213,333</u>	
Land . . . . .	3,802,172	
Leasehold improvements, less amortization. . . . .	1,096,496	17,112,001
		<u>\$63,033,285</u>

Note: Contracts completed at March 31, 1964 are included in accounts receivable at estimated cash realization value. Contracts not completed at March 31, 1964 are carried in work in progress at the lower of (a) cost, plus, in the case of contracts requiring a construction period in excess of twelve months, a portion of estimated profits based on percentage of completion, or (b) estimated final realizable value reduced by estimated costs to complete.

LIABILITIES

CURRENT LIABILITIES:

Notes payable to banks . . . . .	\$ 5,350,000
Accounts payable . . . . .	8,297,632
Payrolls and vacations . . . . .	2,298,151
Taxes, other than federal taxes on income . . . . .	894,314
Federal taxes on income . . . . .	<u>1,044,431</u>
Total current liabilities . . . . .	17,884,528

DEFERRED FEDERAL TAXES ON INCOME . . . . .	1,225,000
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STOCKHOLDERS' EQUITY

Common stock, \$20 par value:		
Authorized, 1,000,000 shares		
Issued, 746,709 shares . . . . .	\$14,934,180	
Retained earnings. . . . .	<u>29,508,647</u>	
	44,442,827	
Less 16,035 shares of common stock held in treasury, at cost. . . . .	<u>519,070</u>	43,923,757
		<u>\$63,033,285</u>



**ARTHUR YOUNG & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

165 BROADWAY  
NEW YORK, N. Y. 10006

THE BOARD OF DIRECTORS AND STOCKHOLDERS  
TODD SHIPYARDS CORPORATION

We have examined the accompanying balance sheet of Todd Shipyards Corporation at March 31, 1964 and the related statement of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the financial position of Todd Shipyards Corporation at March 31, 1964 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Arthur Young & Company*

May 4, 1964



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