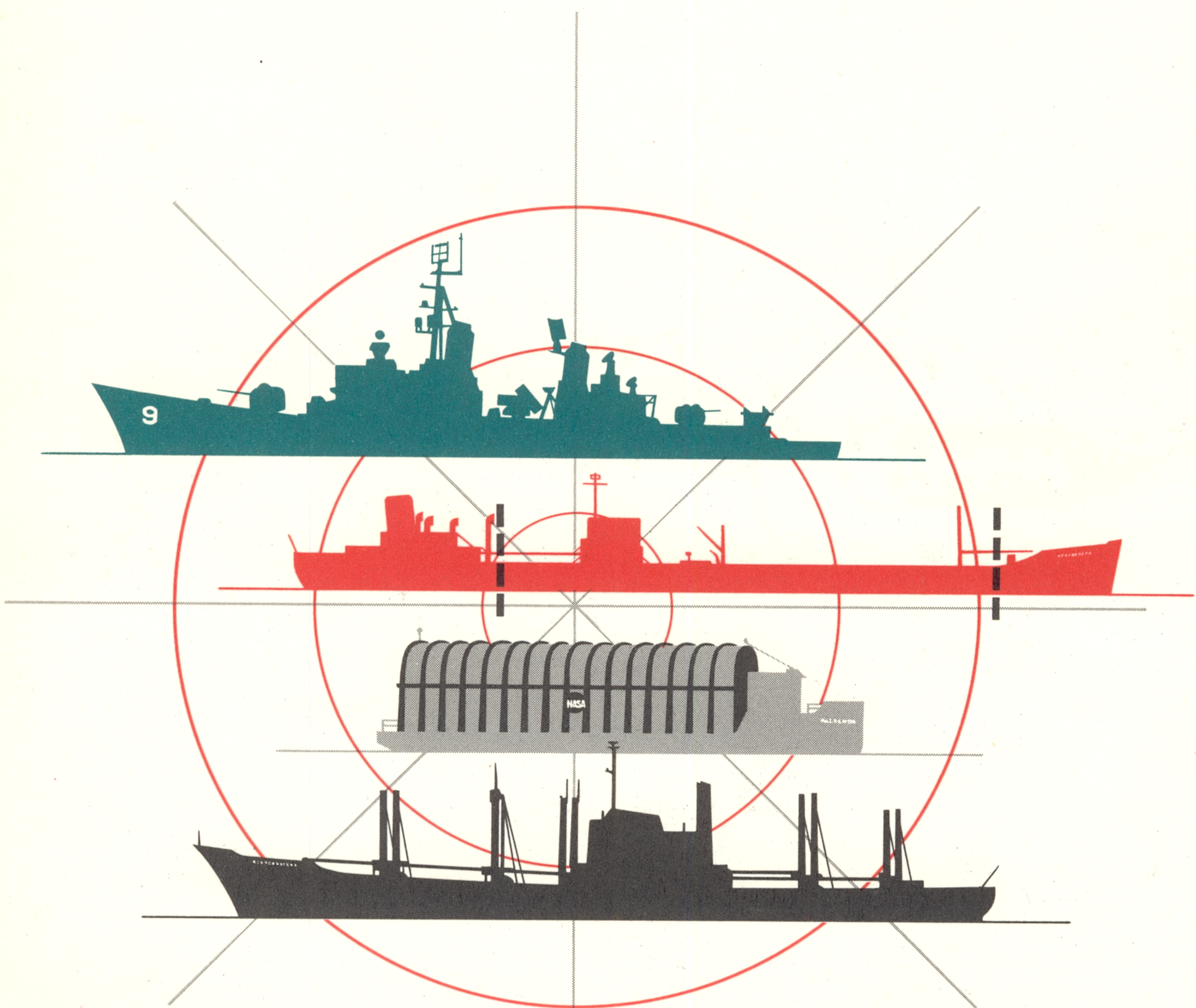


ANNUAL REPORT

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Todd Shipyards Corporation 1961
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annual report **1961**
Year Ended March 31,

TODD
SHIPYARDS CORPORATION



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DIRECTORS AND OFFICERS

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

*Directors

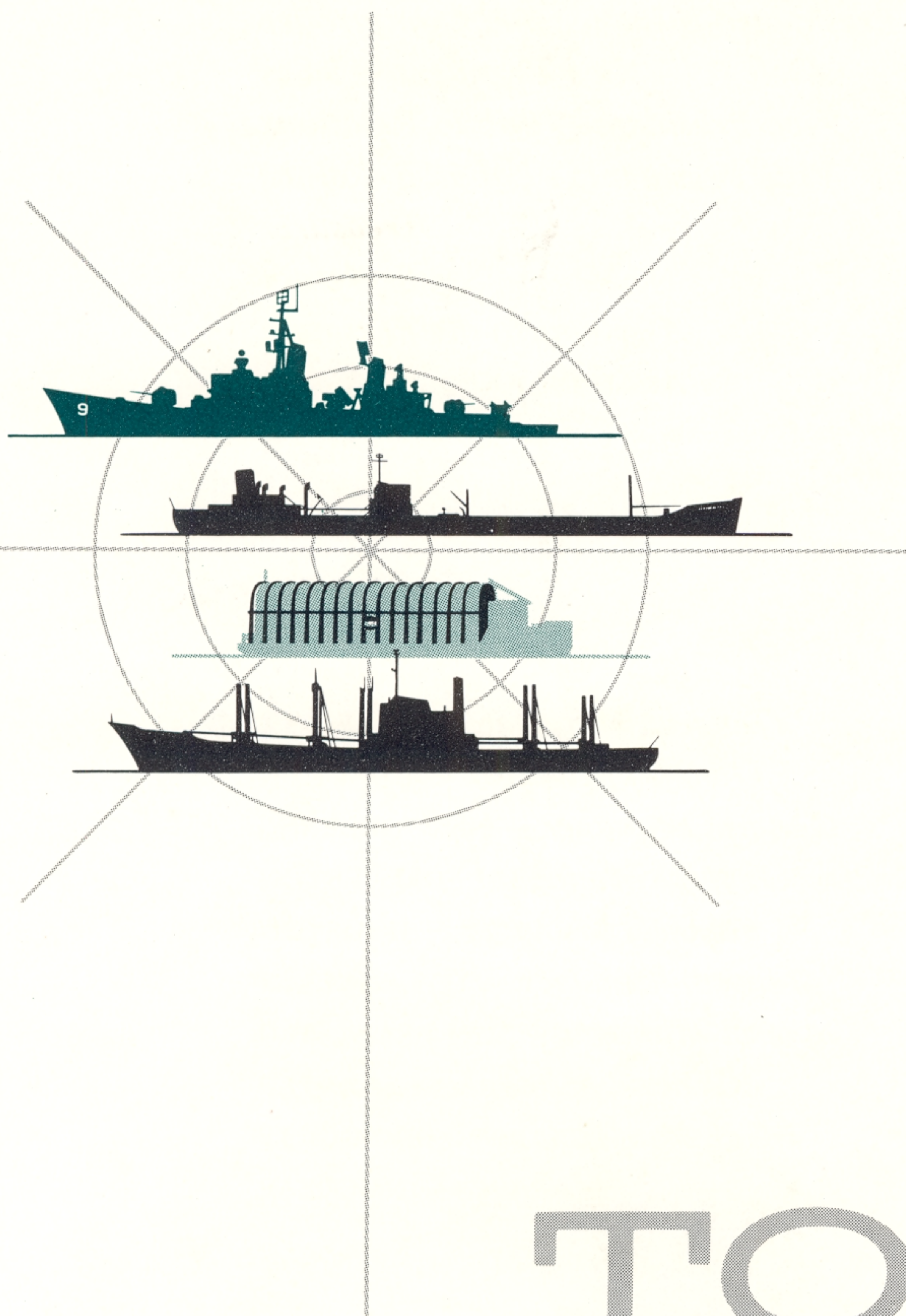
DIVISION MANAGEMENT

JOSEPH B. MEYER	<i>General Manager — BROOKLYN</i>
RONALD J. VANDERWENDE	<i>General Manager — HOBOKEN</i>
BERT L. HALE	<i>General Manager — NEW ORLEANS</i>
CARL M. LIPPINCOTT	<i>General Manager — GALVESTON</i>
LOWRY E. GILBREATH	<i>General Manager — HOUSTON</i>
JAMES F. GOODRICH	<i>General Manager — LOS ANGELES</i>
AUSTIN D. SHEAN	<i>General Manager — SAN FRANCISCO</i>
ROBERT G. ZENER	<i>General Manager — SEATTLE</i>
WILLIAM H. BOHN	<i>General Manager — PRODUCTS</i>
BENJAMIN W. WINCHELL	<i>Manager — NUCLEAR</i>

Transfer Agent The Hanover Bank, New York, N. Y.
Registrar First National City Trust Co., 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 report **1961**
Year Ended March 31,



TODD

SHIPYARDS CORPORATION

One Broadway, New York 4, New York

TODD

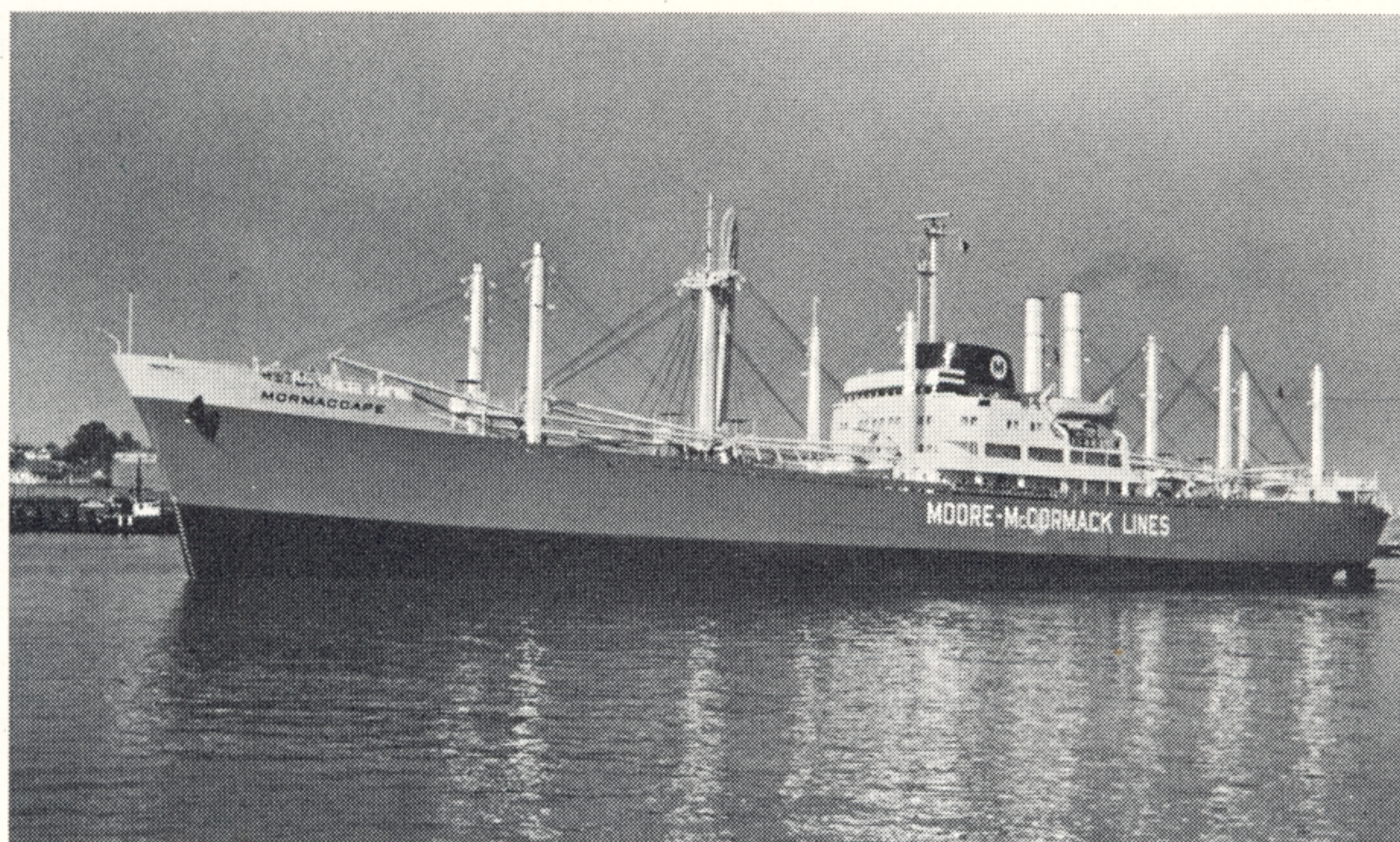
SHIPYARDS CORPORATION

Significant Facts

	<i>Fiscal Year Ended March 31</i>	
	1961	1960
Sales	\$107,951,896	\$76,299,310
Net Income (loss)	\$ 1,316,363	\$ (980,346)
Refund of Prior Years Taxes on Income	\$ 1,588,867	—
Net Income (loss) and Tax Refund . .	\$ 2,905,230	\$ (980,346)
Dividends Paid	\$ 1,027,467	\$ 1,080,927
Net Working Capital	\$ 24,623,440	\$22,851,988
Current Ratio	2.34	3.21
Fixed Assets — Net	\$ 18,325,377	\$18,092,989
Stockholders' Equity	\$ 44,935,919	\$43,069,897
Number of Stockholders	2,582	2,581

Data on a Per Share Basis

Net Income (loss)	\$ 1.79	\$ (1.34)
Refund of Prior Years Taxes on Income	\$ 2.17	—
Net Income (loss) and Tax Refund . .	\$ 3.96	\$ (1.34)
Dividends Paid	\$ 1.40	\$ 1.47
Stockholders' Equity	\$ 61.25	\$ 58.67



Cargo-passenger liner MORMAC-CAPE, first of two vessels completed for Moore-McCormack Lines, Inc.

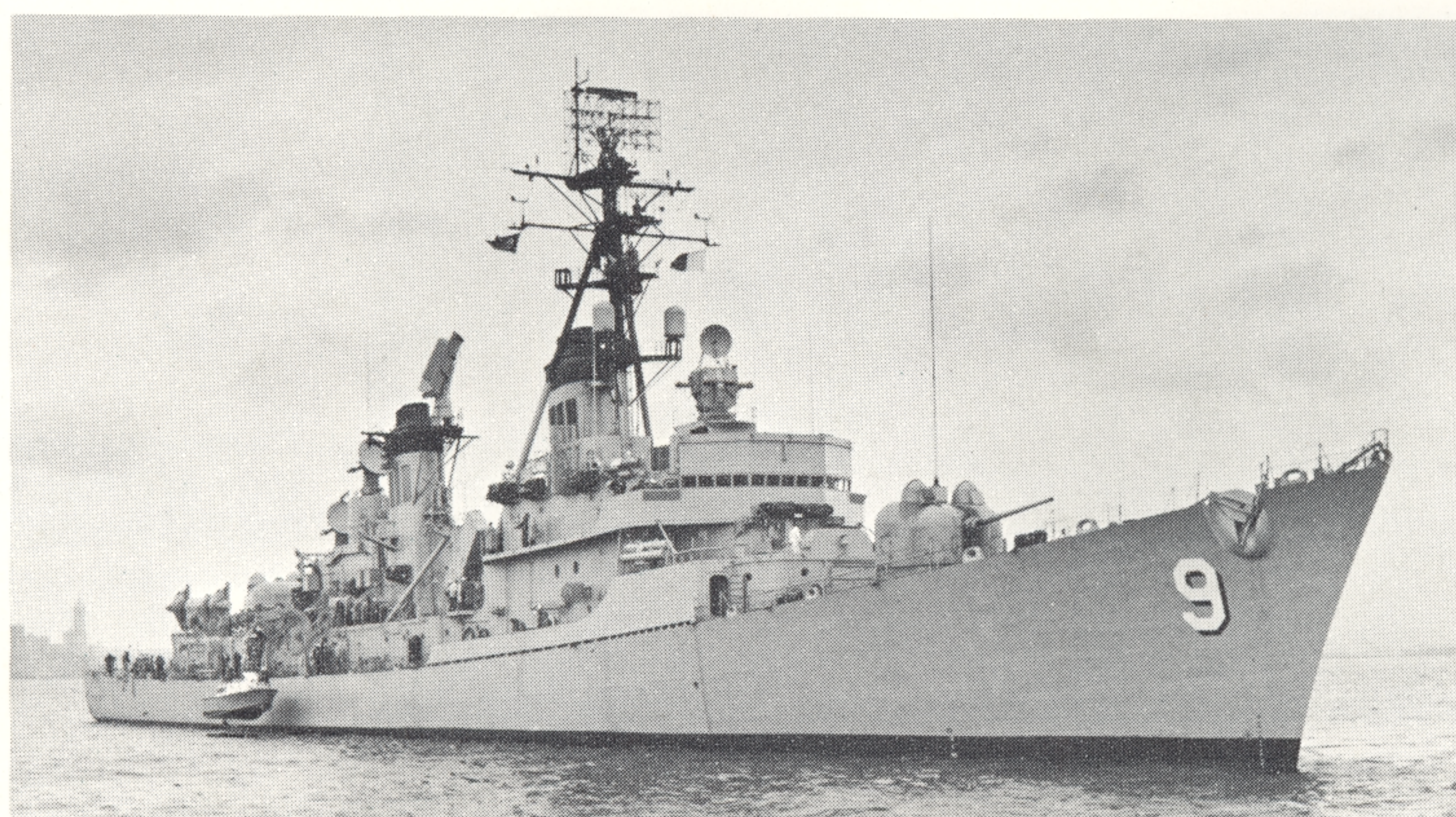
May 24, 1961

To the Stockholders:

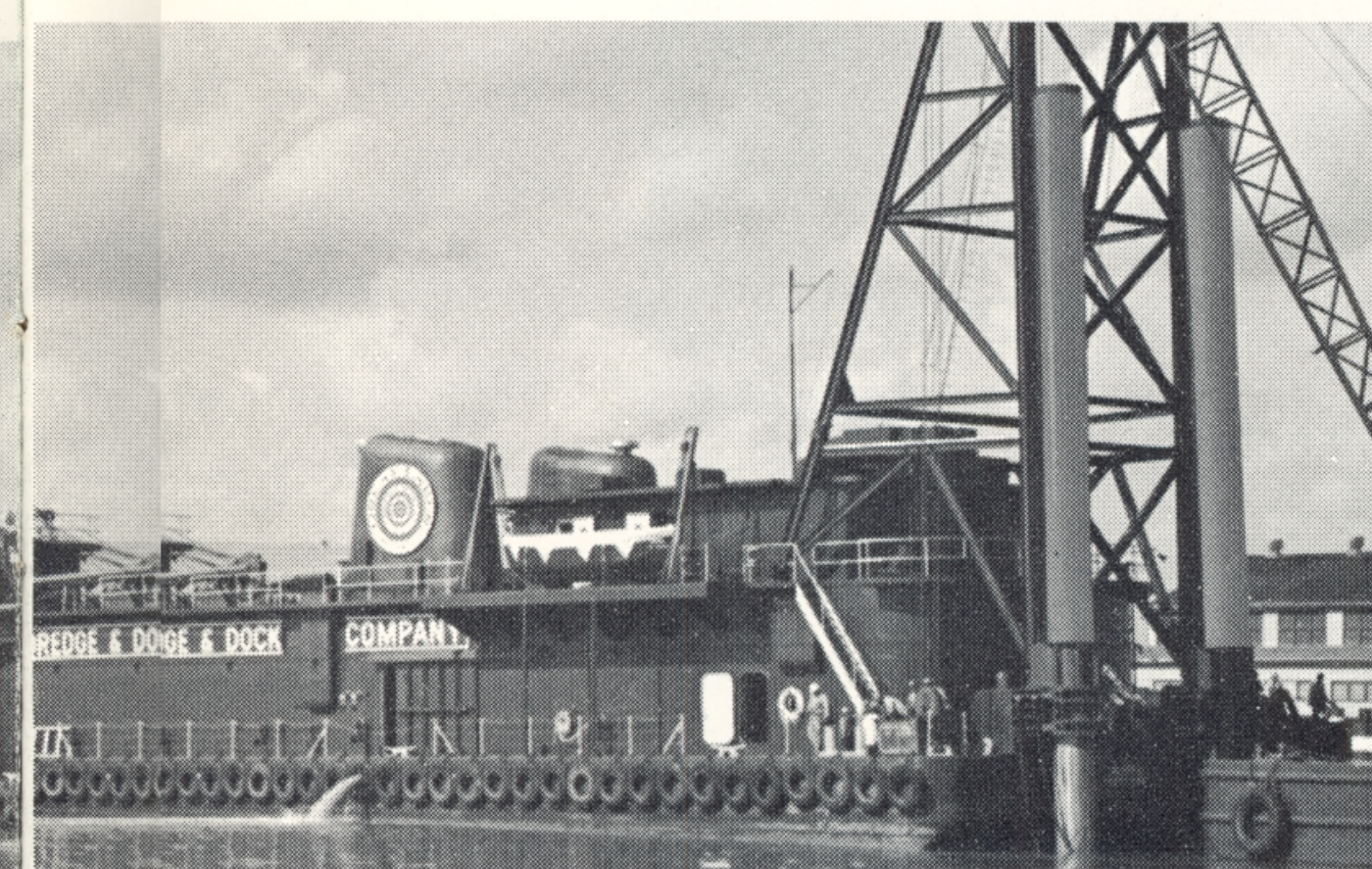
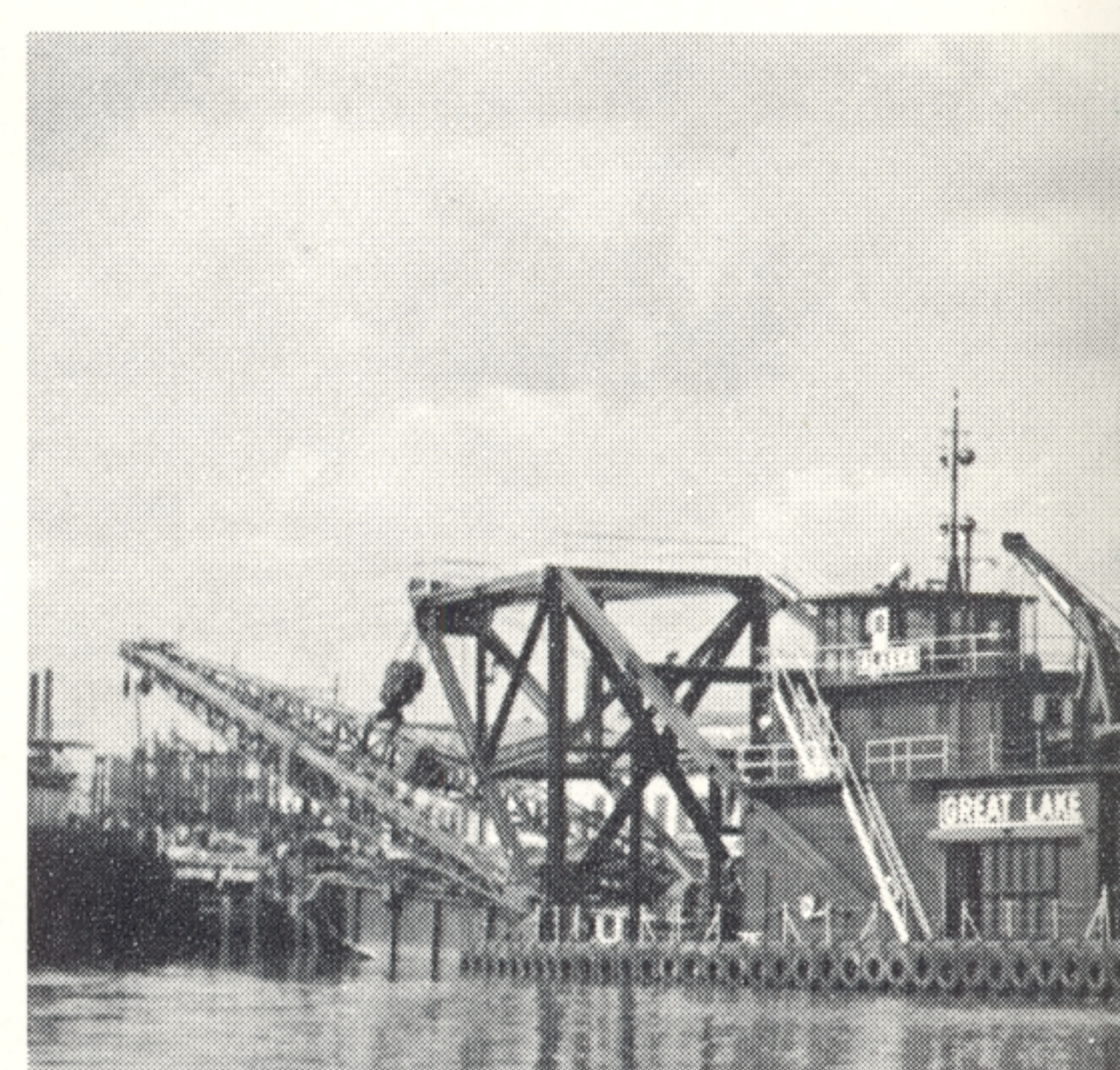
The Company realized for the fiscal year ended March 31, 1961, net income of \$1,316,363 after provision for Federal taxes on income of \$1,000,000. In addition, the Company received \$1,588,867 in final settlement of a claim for refund of Federal income and excess profits taxes which were paid and deducted from income of prior years. Thus, the net income and tax refund totaled \$2,905,230 or \$3.96 per share based on the number of shares outstanding at the fiscal year end.

Sales during the year under review increased to \$107,951,896 from \$76,299,310 the previous year. This substantial increase is attributable principally to shipbuilding, although there was a modest increase in the volume of shiprepairs over last year. This latter class of work still remains seriously below the levels for the year ended March 31, 1959 and the immediately preceding years, due to the depressed conditions in the shipping industry, a subject referred to later in this report. The Company's shipbuilding program continued the momentum started in 1959 and has now reached a point where it has become of significant importance in generating sales volume.

Your Management declared and paid dividends totaling \$1,027,467 in four quarterly payments of \$0.35 per share; these payments

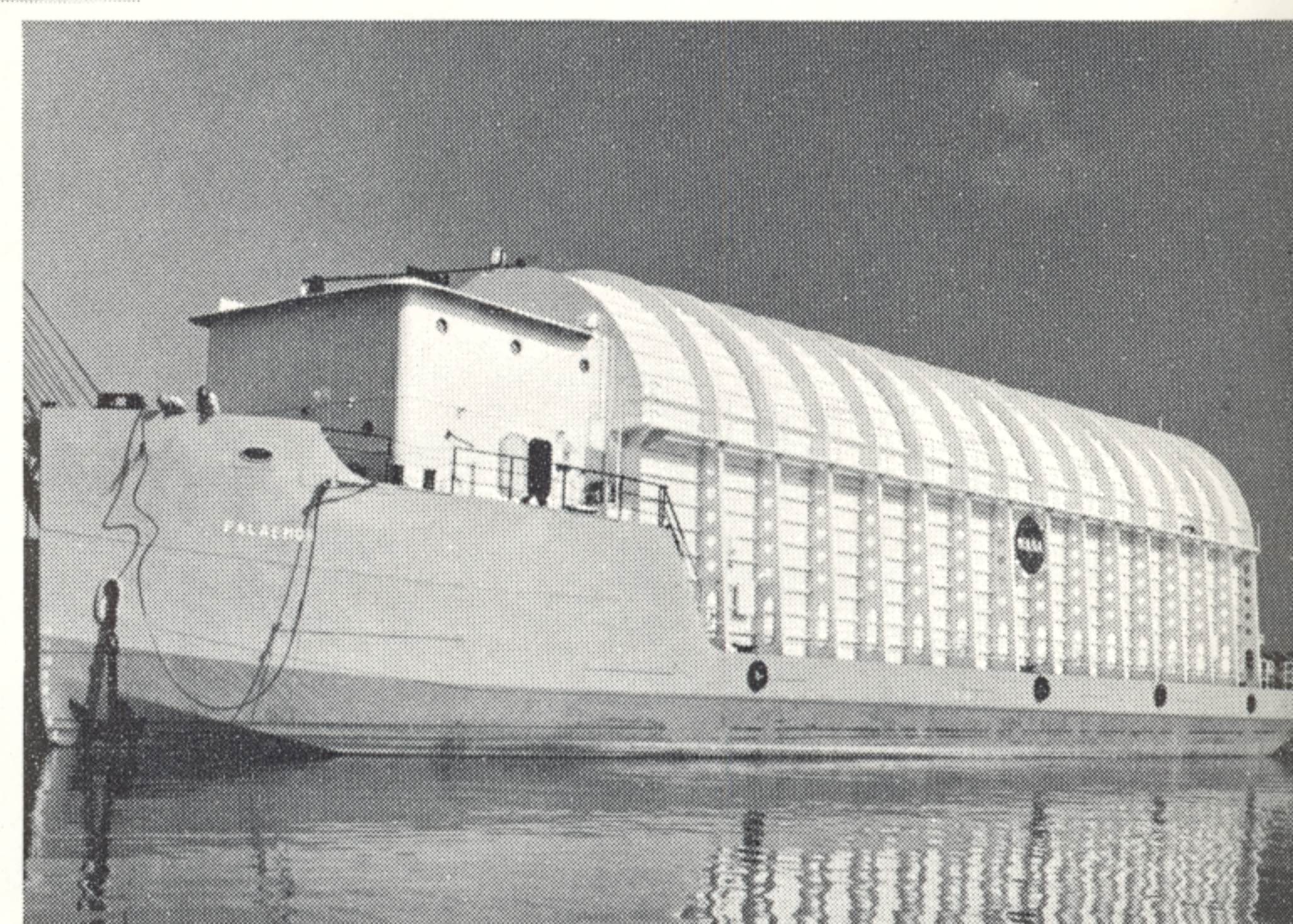


USS TOWERS (DDG-9) on builder's sea trial. First of the four guided missile destroyers for the Navy.



Ultra-modern hydraulic dredge ALASKA, constructed for the Great Lakes Dredge & Dock Company of Chicago.

PALAEMON, unique vessel constructed for National Aeronautics & Space Administration (NASA) to transport boosters for Saturn space vehicle from Huntsville, Alabama to Cape Canaveral.



maintained the Company's unbroken record of consecutive quarterly dividends since its inception in 1916.

The operations and activities of the Company during the year resulted in the continued strengthening of its financial position and stockholders' equity. The substantial increases in accounts receivable and work in progress are due primarily to the Company's shipbuilding program. The various shipbuilding contracts between your Company and the government provide for certain retentions of the contract price and other incurred costs until completion of the contract. These various retentions understandably increase as work under the contracts progresses. This situation has made it necessary to continue the practice commenced during the previous year of resorting to short-term bank loans for the Company's day to day cash requirements. At March 31, 1961, these loans totaled \$3,500,000.

Capital expenditures for improved production facilities totaled \$1,600,000 during the year under review.

The maritime industry during the year continued to feel the effects of the world-wide recession which has gripped it for a number of years. For some of the nation's shipbuilding and ship-repair yards the limited offerings of new construction and repair work, together with the competitive prices that resulted, proved too much. Several companies on the West, Gulf, Atlantic and Great Lakes coasts, after many years of service to their government, their communities, and to the shipping world, found it necessary to retire from the business.

Your Company has strengthened its organization in many respects, has maintained its strong financial position, and as a result has secured a greater amount of such work as has been available. The competitive situation is such that the prices at which work is performed are sometimes less than satisfactory. On the other hand, our organization has remained intact and has responded to the challenge of the times. It has gained in experience, particularly in the peacetime shipbuilding area, and any improvement in the industry generally should and will be reflected in your Company's performance.

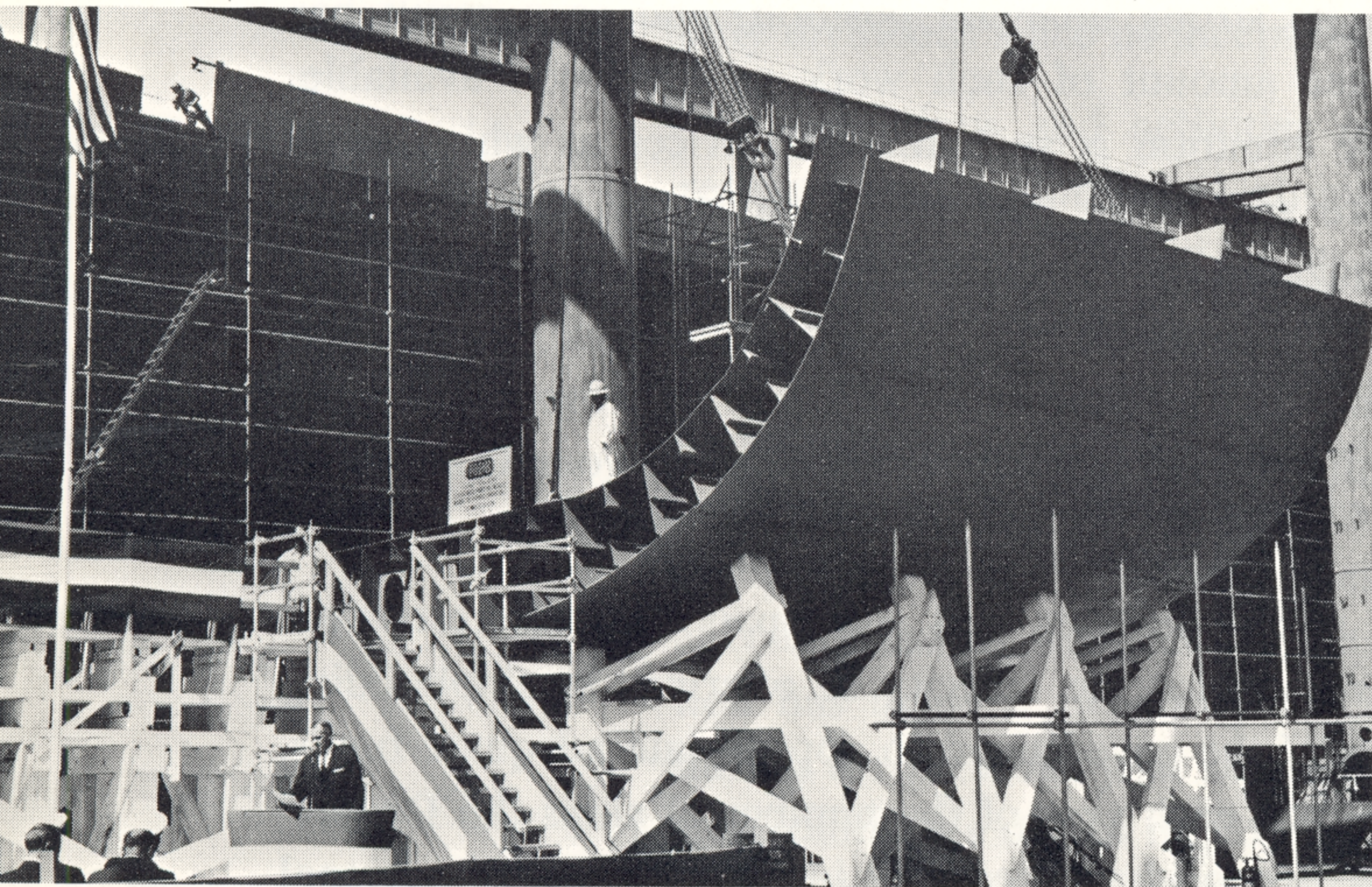
Offerings both in shipbuilding and shiprepair are still restricted. The principal reason for the scarcity of offerings in shipbuilding is the reluctance of the government to appropriate adequate funds, first for the building each year of the number of ships the Department of the Navy considers necessary in the interests of national

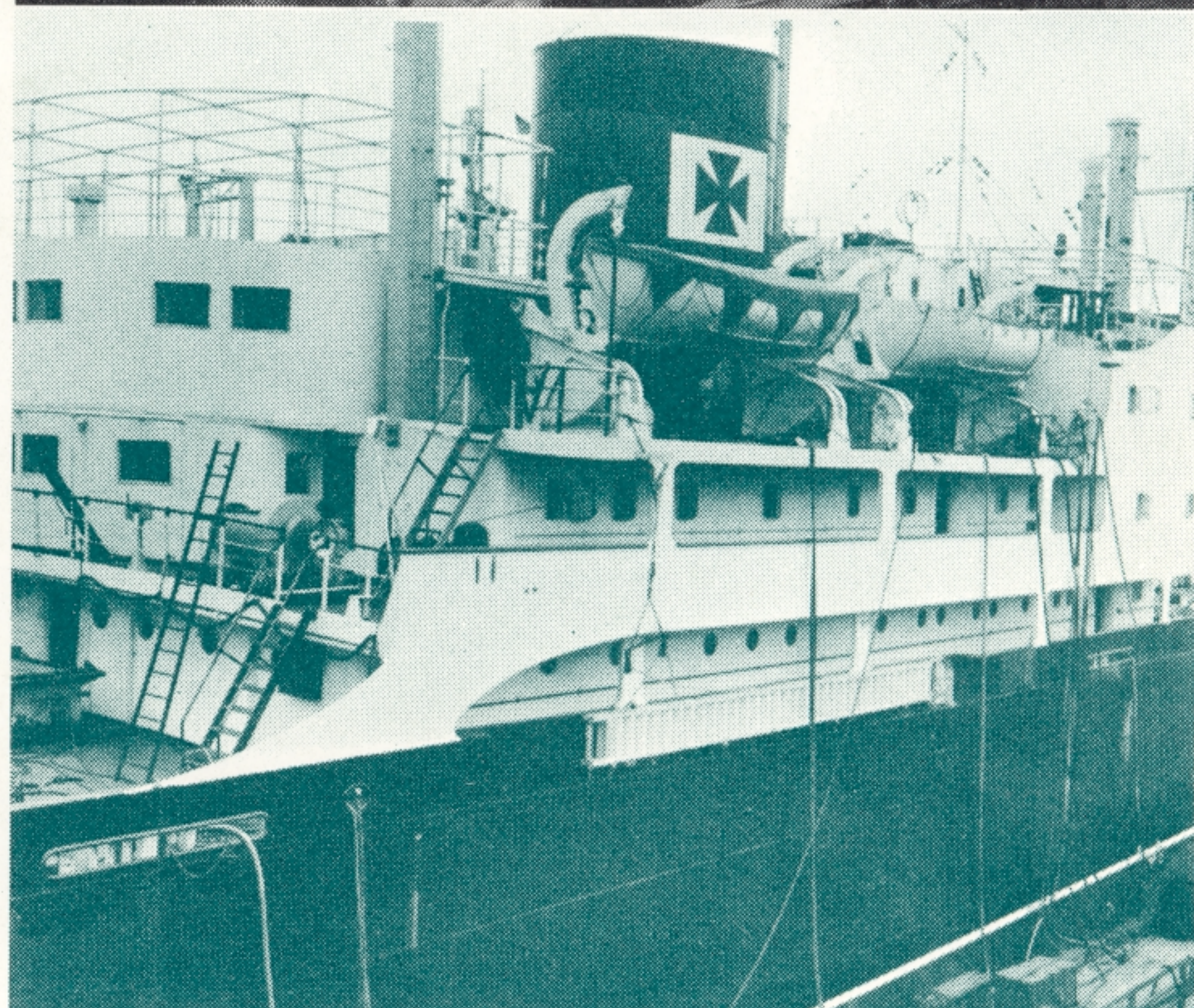
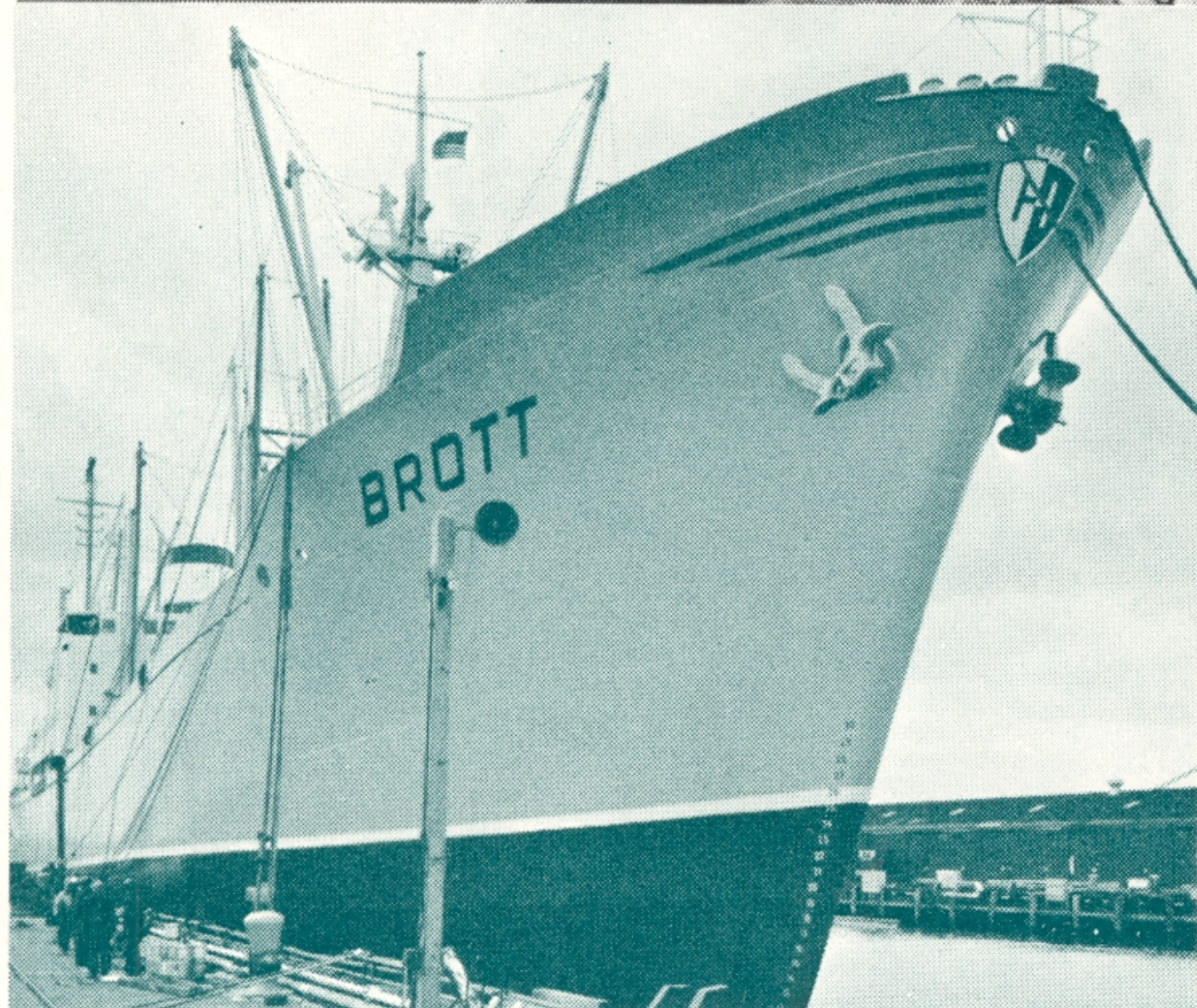
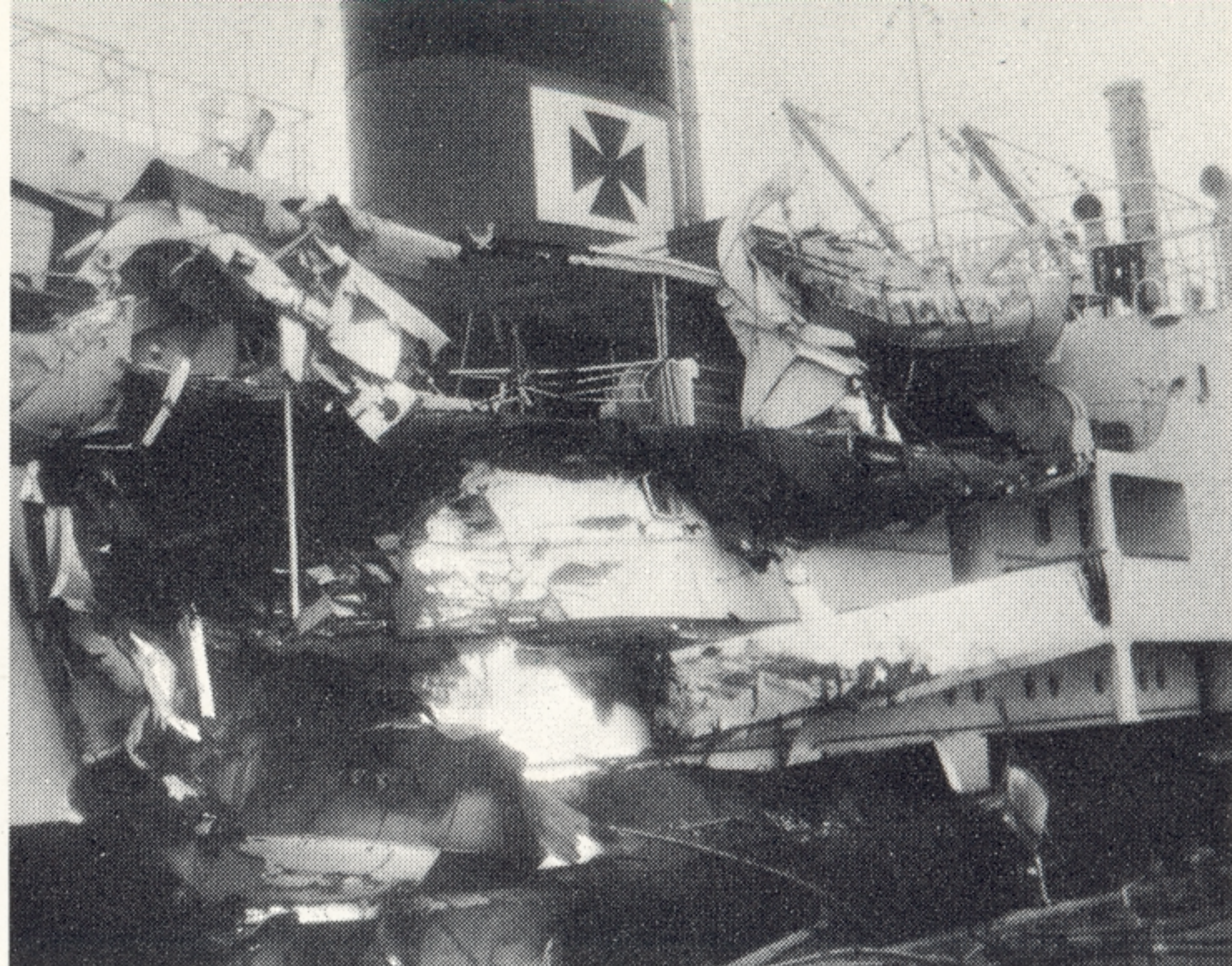
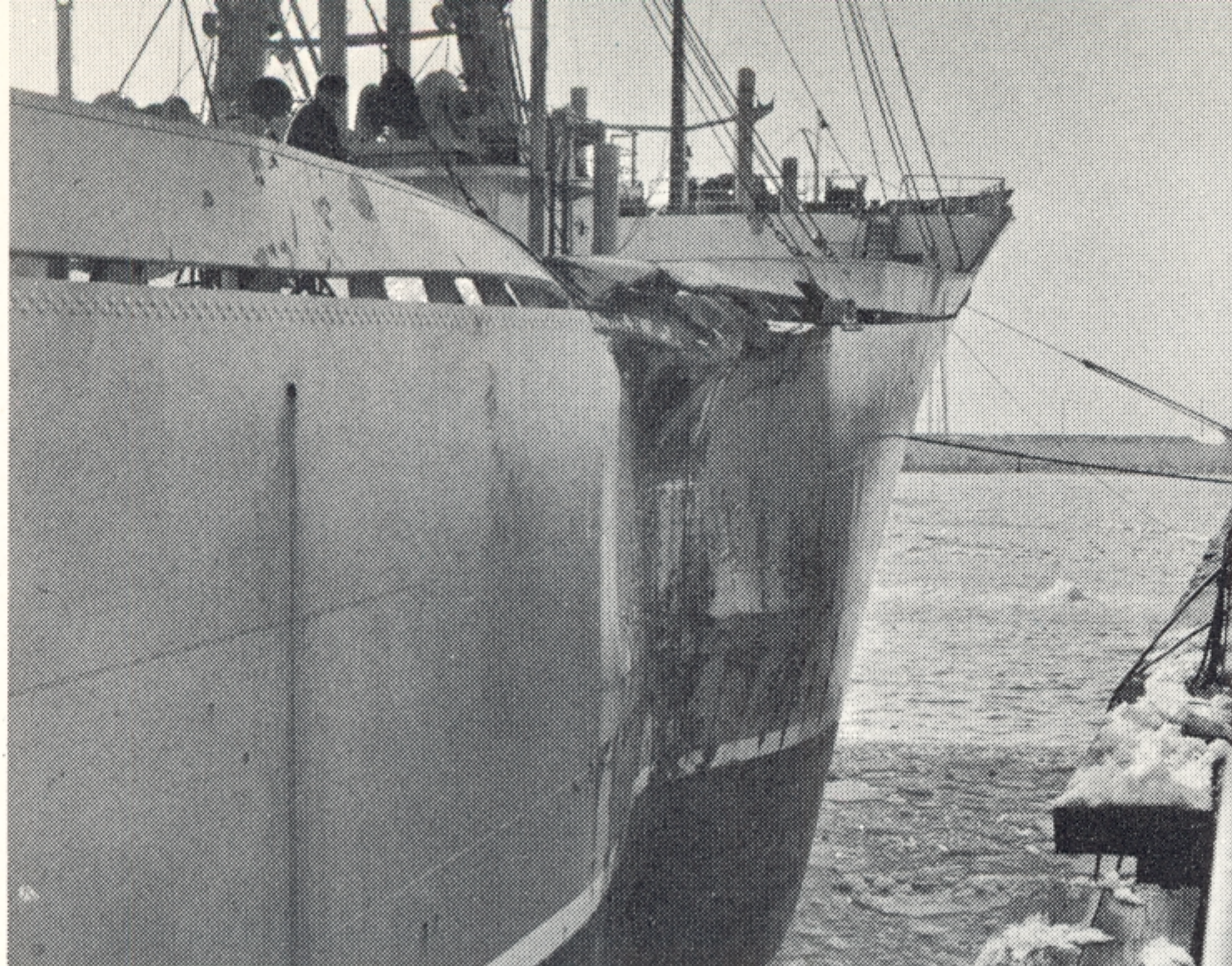
defense, and second for the implementation of the objectives contained in the Merchant Marine Act of 1936. In shiprepair, although it has been recognized that the private companies in the industry are a vital part of the Nation's defense potential, the allocation of most of the Department of the Navy's shiprepair and conversion work to the Naval Shipyards has restricted the number of offerings. On both counts — lack of sufficient appropriations and government competition with private business — your Company has played a strong role in the efforts of industry associations and others to publicize these conditions and to correct them through legislation or the force of public opinion. Progress to this end has not been as rapid as we would have liked, but there is definite progress and your Company, in cooperation with other companies in our business, proposes to continue to present the facts to the appropriate departments of the government and to the public, as persuasively as possible.

Right: The Todd Girls Club assisted in the keel laying of our third guided missile destroyer (DDG-23) April 12, 1961.

Left: Laying the keel of the USS ENGLAND (DLG-22), guided missile frigate, October 4, 1960.

Because of the constantly growing business potential of Texas and of the market for our manufactured products generally, changes in the corporate organization were made. The former Products Division at Houston was divided into two divisions. The new Houston Division was instituted to handle shiprepair, the building of barges, tugboats and miscellaneous small craft, oil drilling rigs, and a variety of other items for the marine and construction industries. Manufacture of the Company's products continues at





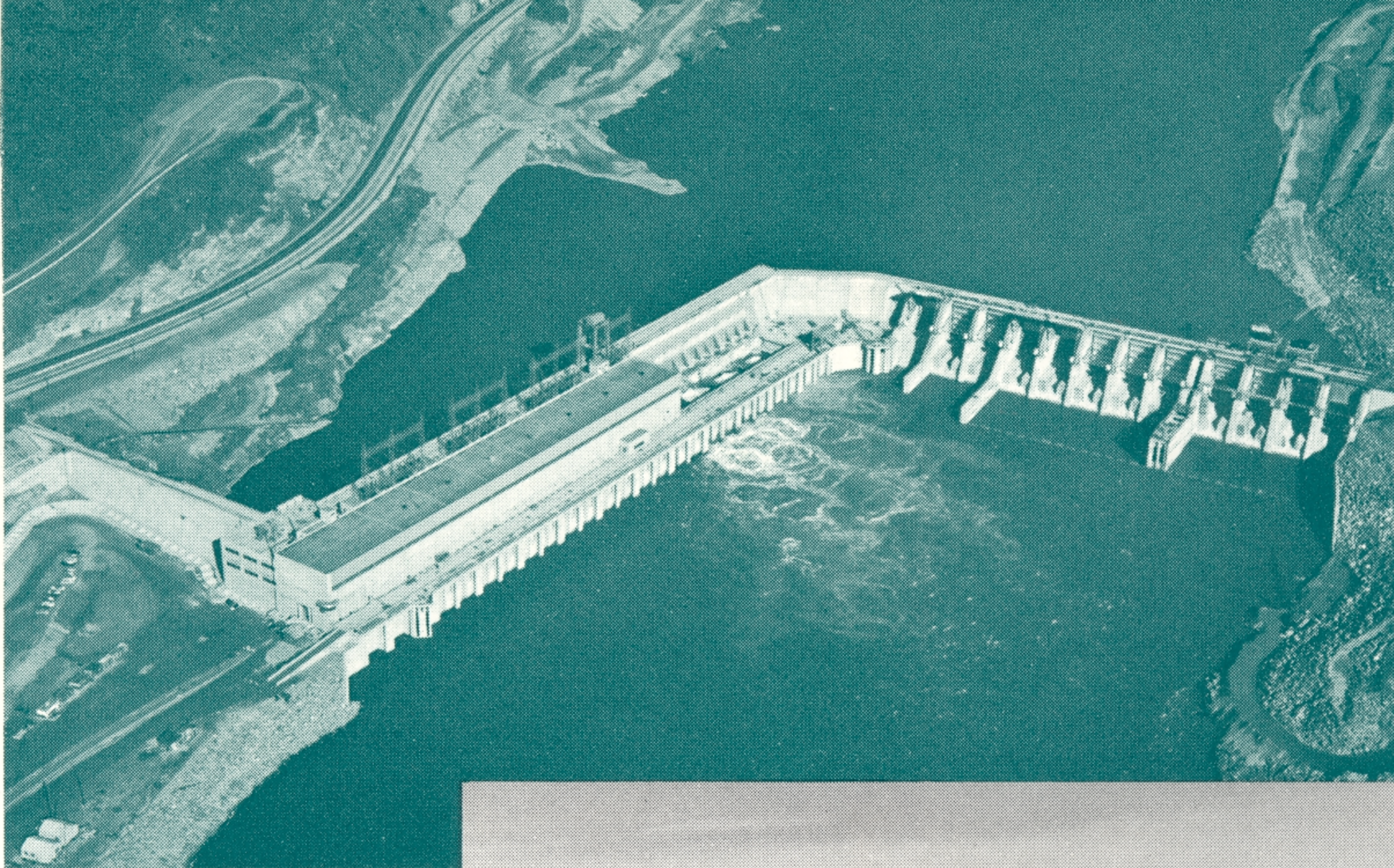
Todd plants have demonstrated outstanding ability to quickly restore damaged vessels to service. Two such performances are shown in before and after views above.

this division. Awards of contracts for the construction of 21 barges, one of which will be the first all-aluminum barge built in this country, have recently been made to this new division.

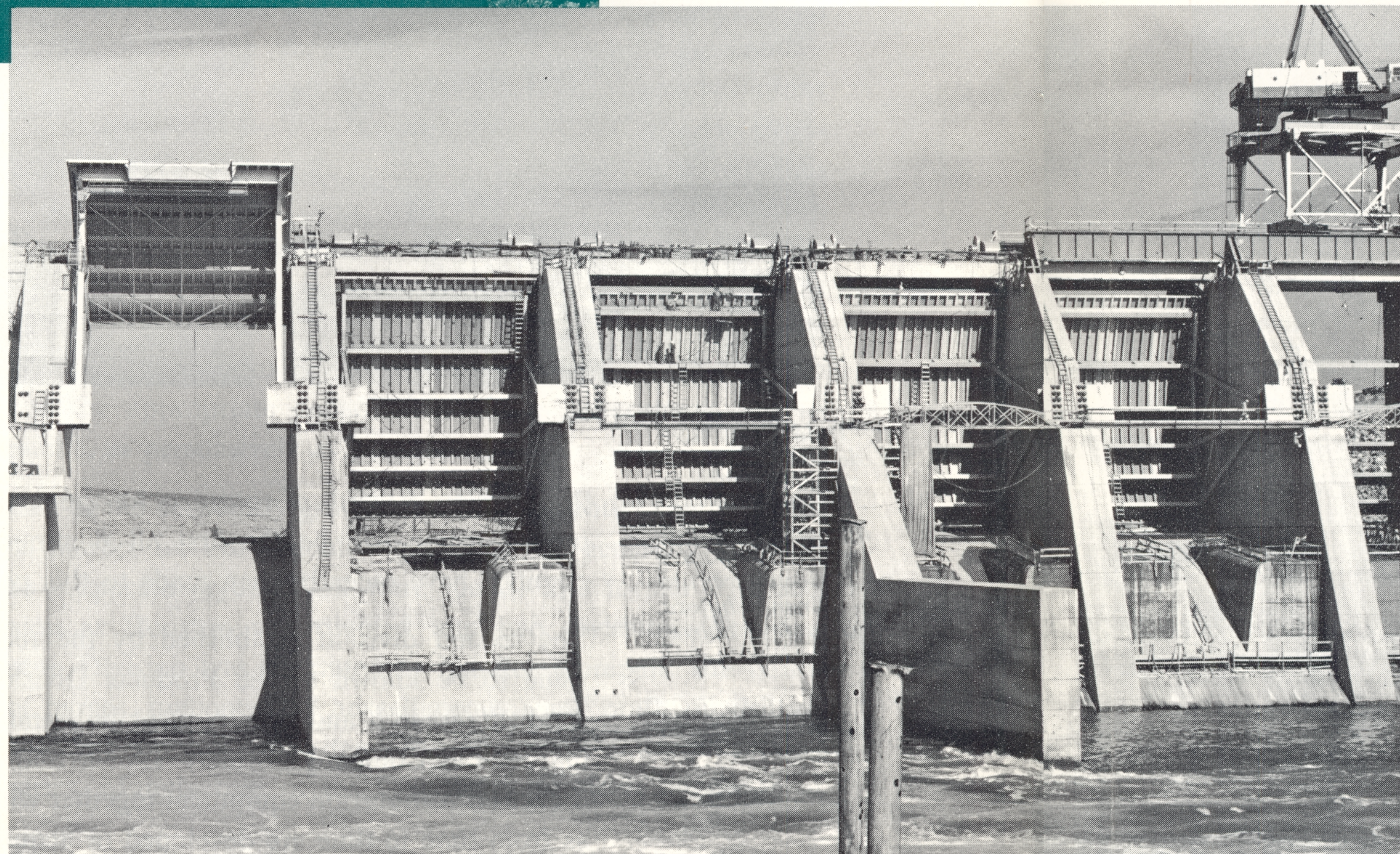
The second division established by the reorganization will continue to be known as the Products Division. This division will conduct research and development in manufactured products and market the Company's widely known and accepted marine and industrial combustion equipment together with such other products as from time to time are developed or acquired and added to our line. Increased emphasis is being placed on capturing a larger share of the commercial market for our products, and to this end engineering development, lower production costs and improved distribution are being stressed.

Russell W. Bowes, a Vice President and Director, who was responsible for all Company operations in Houston, Texas, died on June 24, 1960. His loss was keenly felt, as his ability and experience were of inestimable value to the Company.

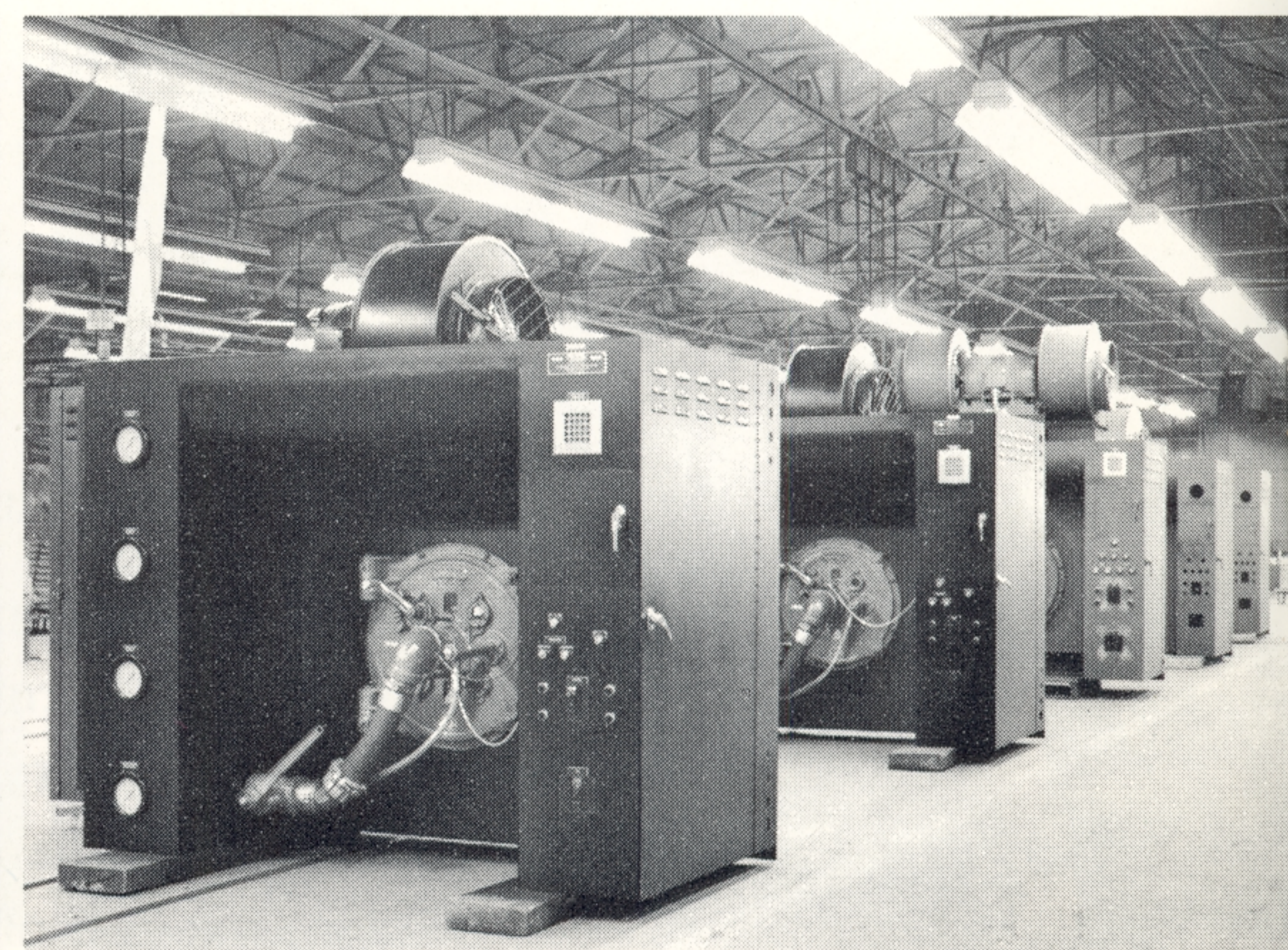
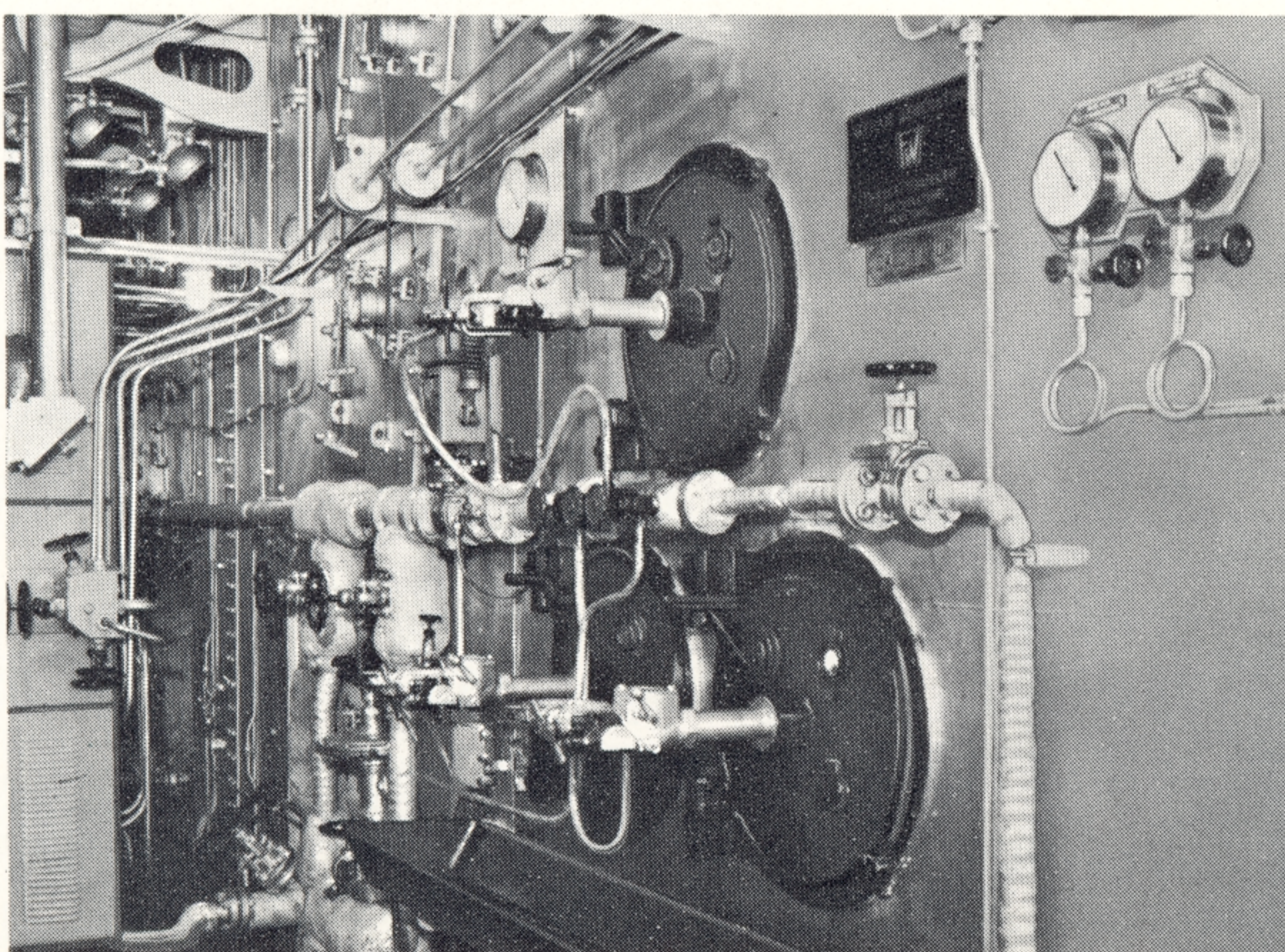
Our shipbuilding program is proceeding as scheduled. The first Moore-McCormack ship was delivered by our Los Angeles Division on January 27, 1961. The second and last ship under contract for that company was completed in May, 1961. At this same division, the first of three ships under contract for the American Mail



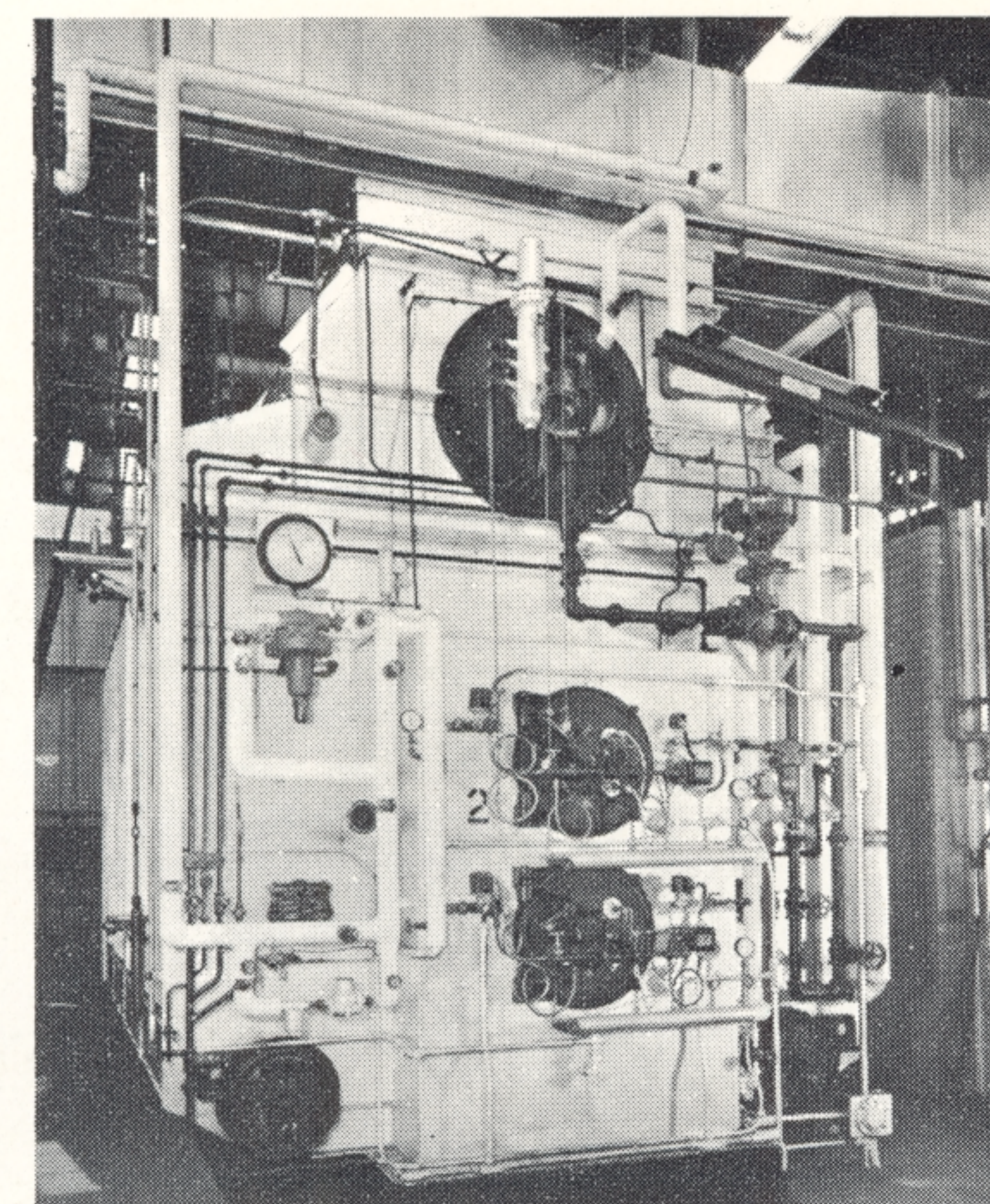
12 Tainter gates (5 shown), largest of their type, and floating caisson fabricated at a Todd plant for the Rocky Reach Hydro-Electric Project on Columbia River, State of Washington. Aerial view of Project above.



Typical battery of Todd marine burners on shipboard installation.

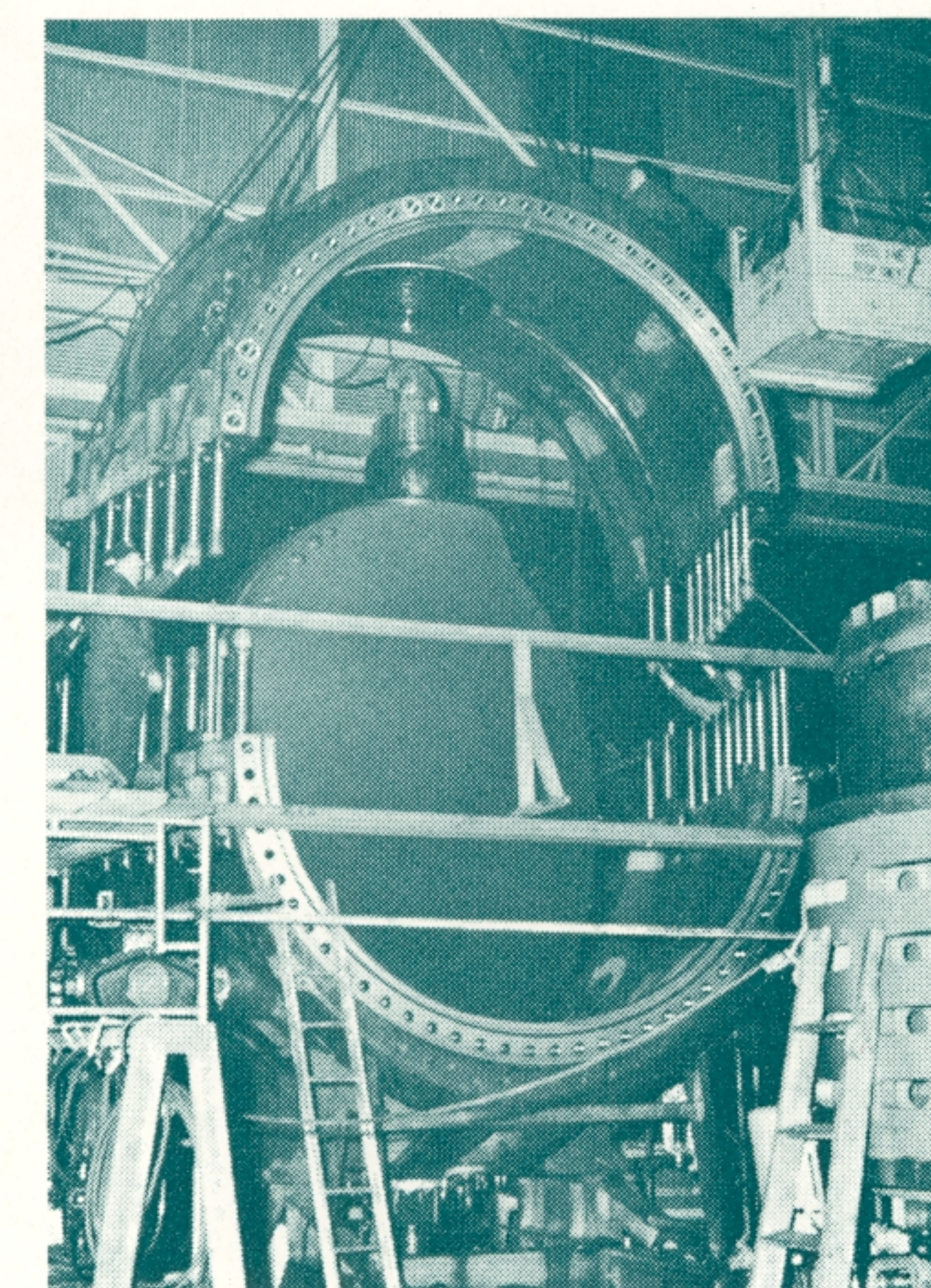


Assembly line production of Todd "Sav-Pac", fully automatic, packaged combustion equipment units, complete with all necessary piping and wiring.



Two Todd burners incorporated by industrial boiler manufacturer in his complete packaged assembly.

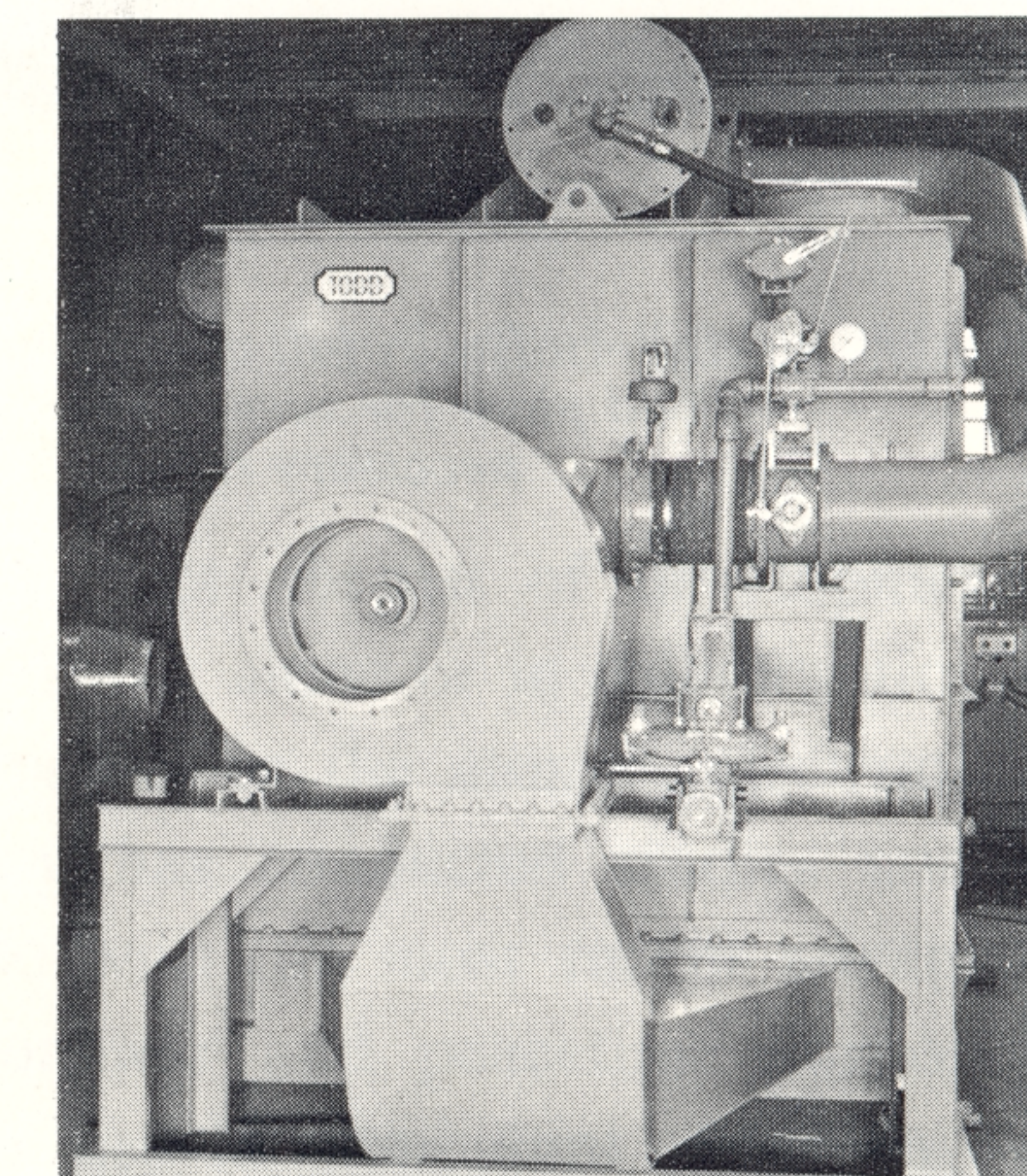
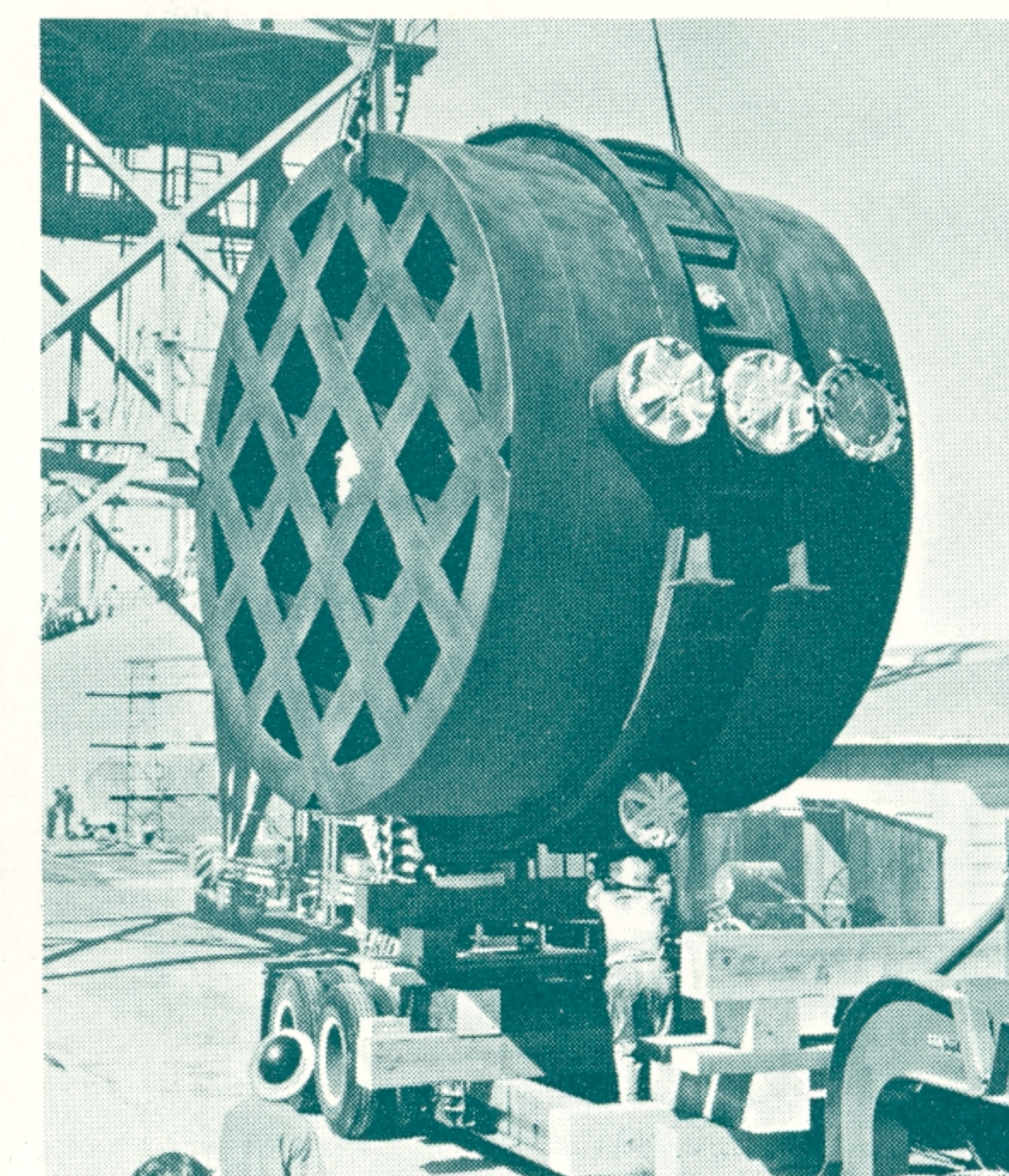
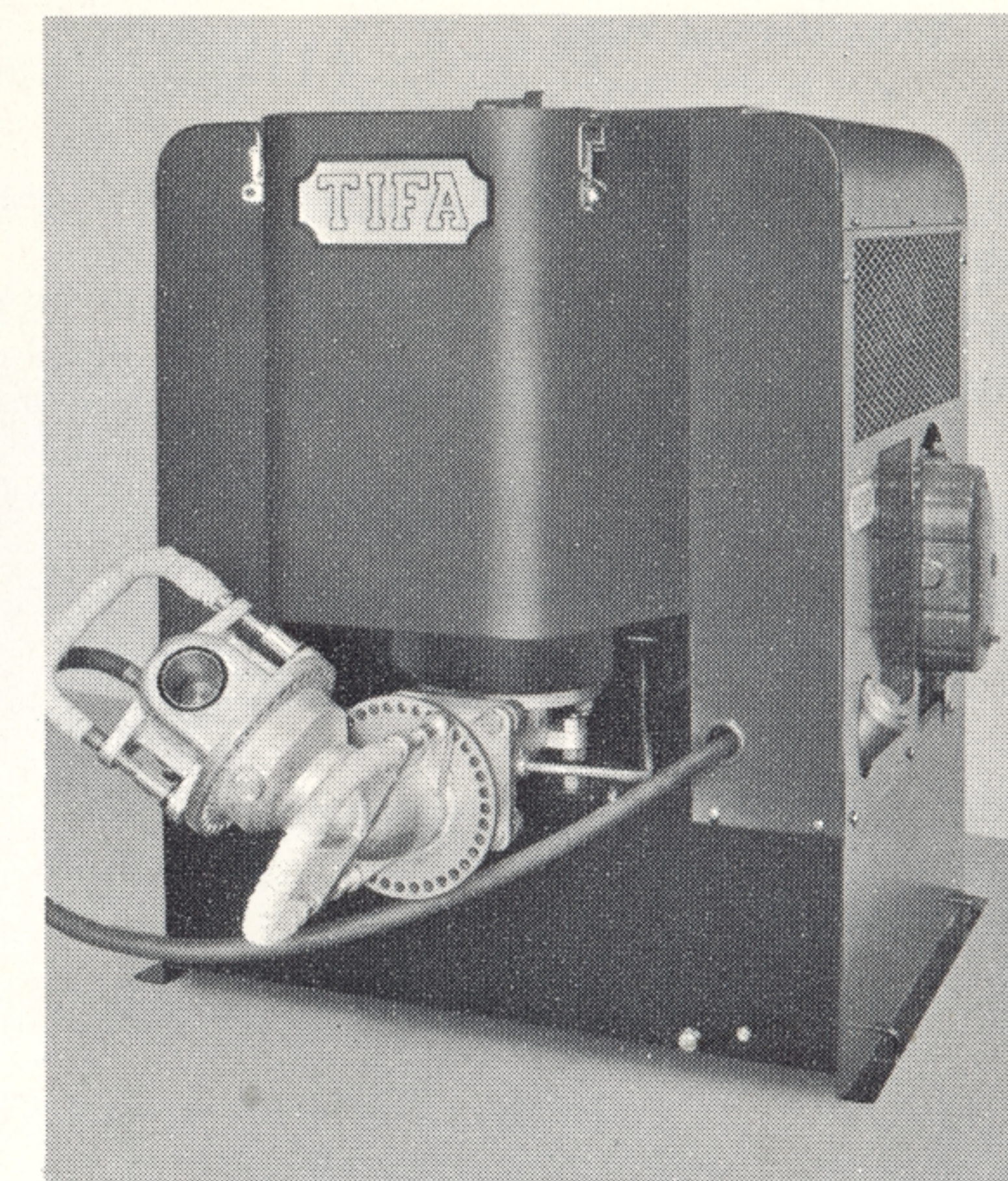
Evacuated Cavity for use in weapons analysis, one of the first and largest of this type, constructed for University of California, Los Alamos Scientific Laboratory.



168" Butterfly Valve for final unit of Hoover Dam Powerplant, Boulder, Nevada.

Hot Blast Heater manufactured for foundry requirements.

"TIFA" — Todd Insecticidal Fog Applicator. In world-wide use by scientists, pest control specialists, professional exterminators, sanitation and public health officials.

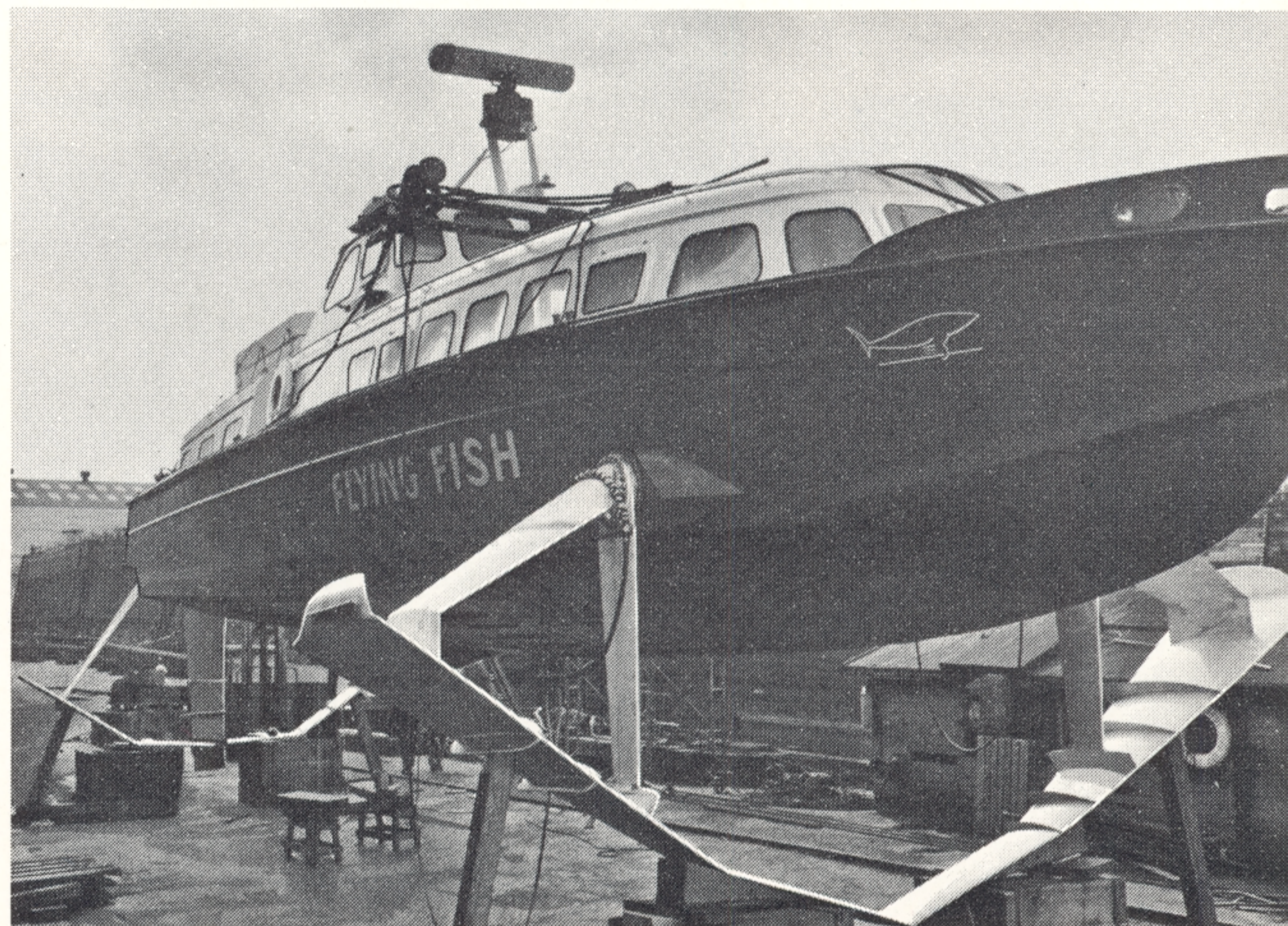


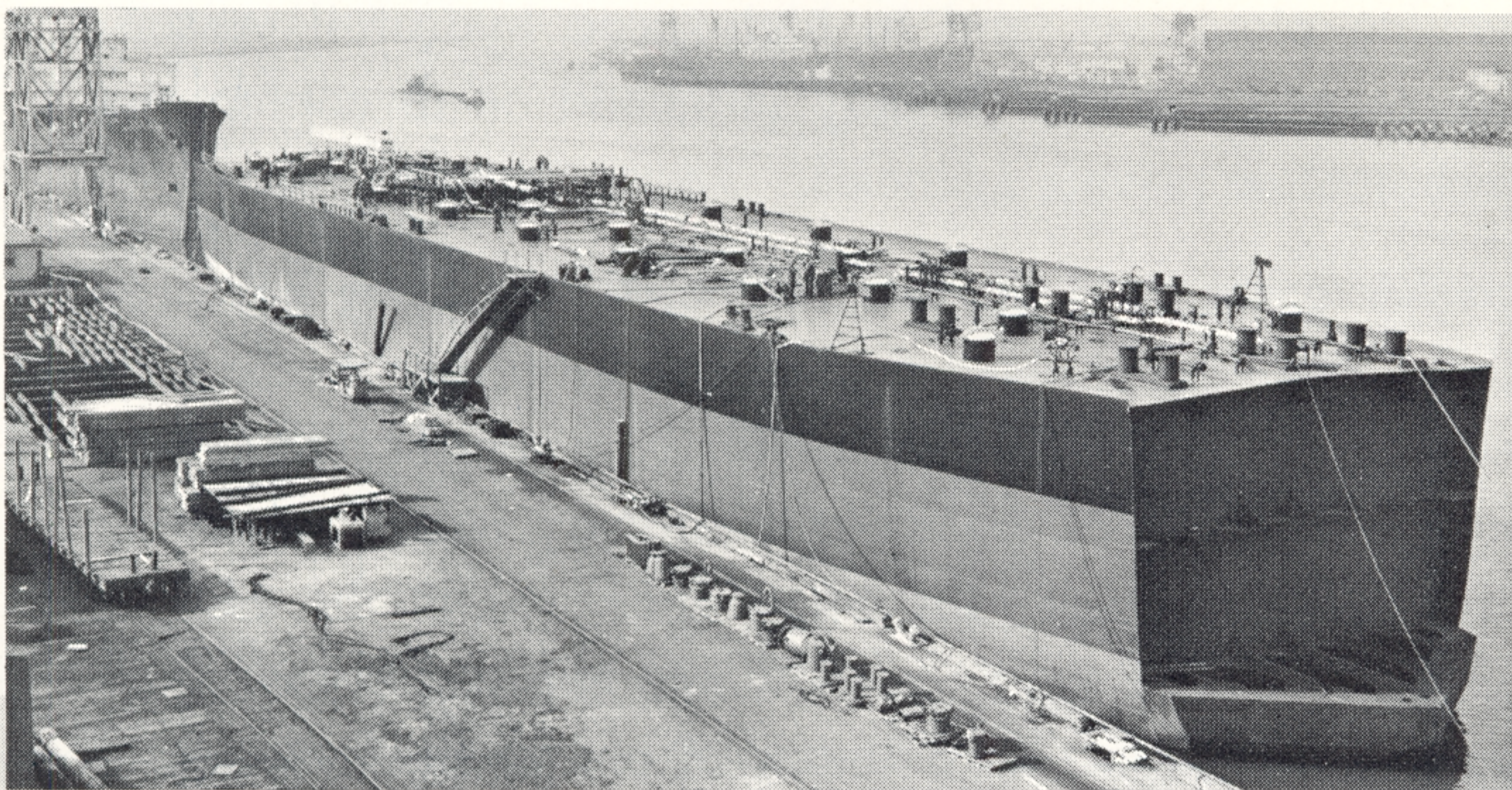
Line was launched on May 11, 1961, and the keel for the Navy Frigate (DLG) has been laid.

At Seattle, the first of two Guided Missile Destroyers (DDG) awarded to this division in 1957, will be delivered on May 31, 1961. During the fiscal year, the Seattle Division was awarded a contract for two additional destroyers of the same class, making a total of four such vessels constructed or to be constructed at this division.

In connection with shipbuilding, in previous years the stockholders have been informed of the pioneering efforts of your Company in developing methods calculated to reduce the cost of ship construction. Based upon our intensive studies of methods used in other industries it was concluded that similar techniques could be applied to ship construction. In a series of conferences and symposiums the possibilities were graphically illustrated to government officials as a result of which your Company was awarded a research and development contract by the Navy Department to investigate the feasibility of mathematical fairing and numerical control. The main purpose of this project is to conduct a research program encompassing mathematical definition of hull forms, computer fairing and standardizations required to make this information usable by all shipyards and compatible with existing shipyard techniques. In this effort a close liaison will be maintained with the Bureau of Ships and the David W. Taylor Model Basin, both

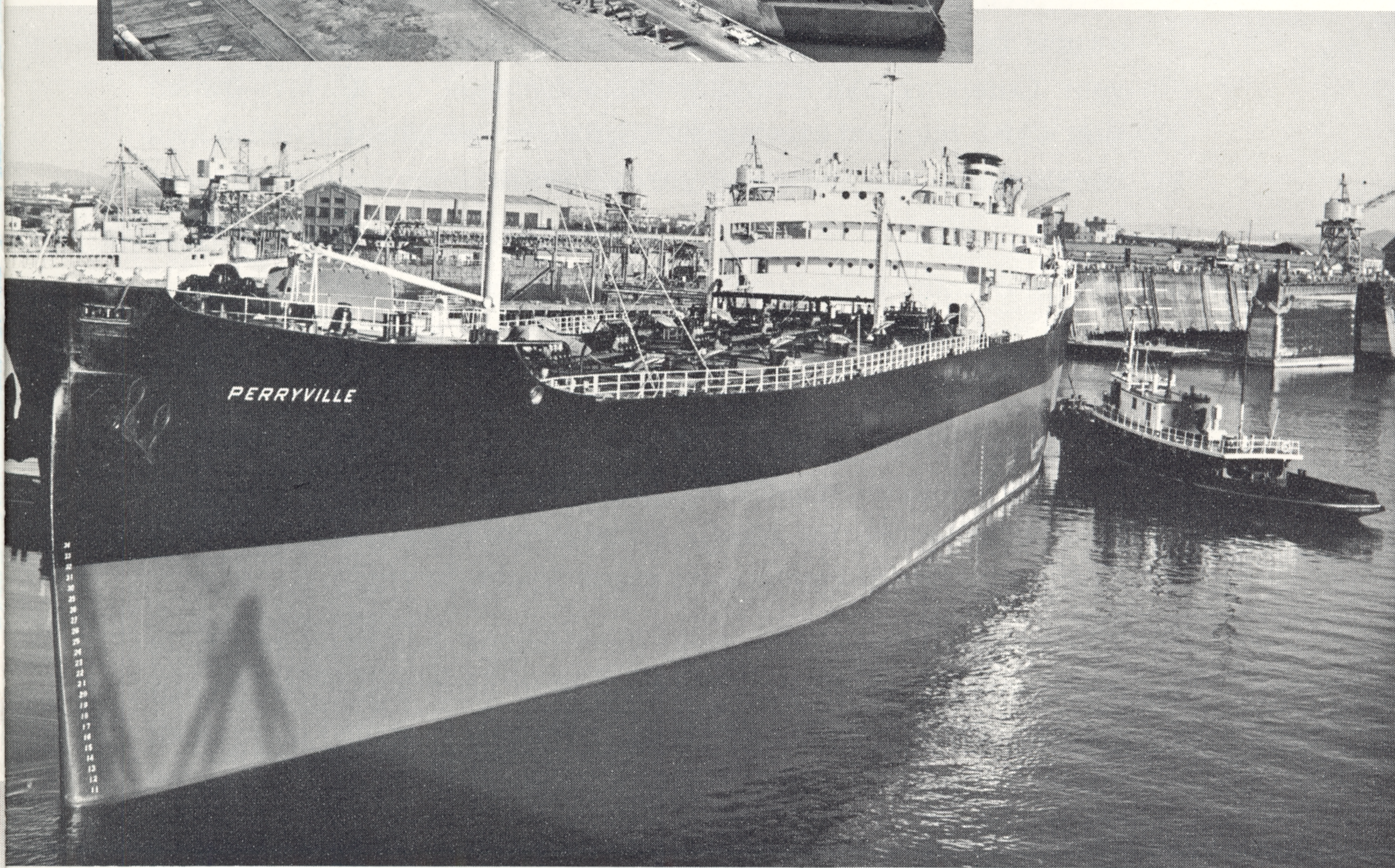
Modern Hydrofoil craft at Todd plant for survey and necessary repairs.





First of four jumboized tankers completed for Keystone Shipping Co. This vessel was lengthened from 523 to 585 feet and widened from 68 to 80 feet increasing carrying capacity by 2,688,000 gallons of petroleum products.

Inset: New cargo midbody ready for insertion between existing bow and stern sections.



of the Navy Department, and with the United States Maritime Administration.

Your Company has otherwise kept abreast of developments in shipbuilding and allied fields. Either alone or in collaboration with some of the outstanding companies in the atomic, electronic and aviation fields, your Company has conducted studies and submitted proposals having to do with the most recent advances in the use of nuclear energy for war and peacetime purposes, in electronic control systems for use in combatant ships, in ocean

missile-launching platforms, and in high-speed hydrofoil vessels, as well as in other programs already launched or in contemplation by government or private agencies.

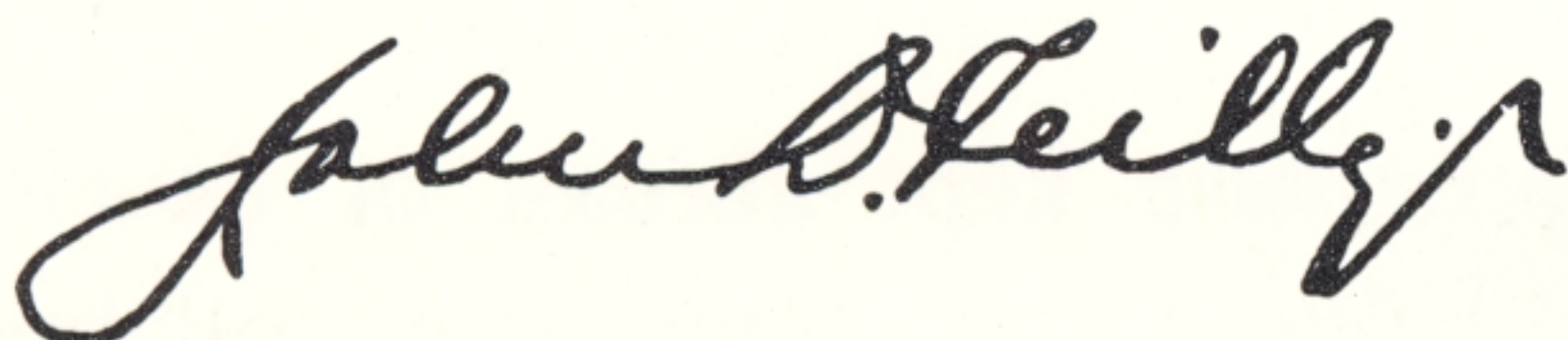
Your Company's position in the forefront of the industry has been maintained and enhanced during the year. Our repair yards have been awarded contracts for the jumboizing of a number of vessels for private owners, some of which have already been completed. Some difficult damage repair jobs where time was of the essence have been completed with the know-how and expedition that ship-owners have come to expect as a matter of course in the yards of your Company. An experimental conversion on a Navy-owned ship which required exceptional engineering imagination and skilled workmanship was successfully completed in one of our Gulf coast yards.

In all of our yards, multiple-year labor contracts have been negotiated with the unions representing our employees, at wage rates within the industry pattern, without work stoppages.

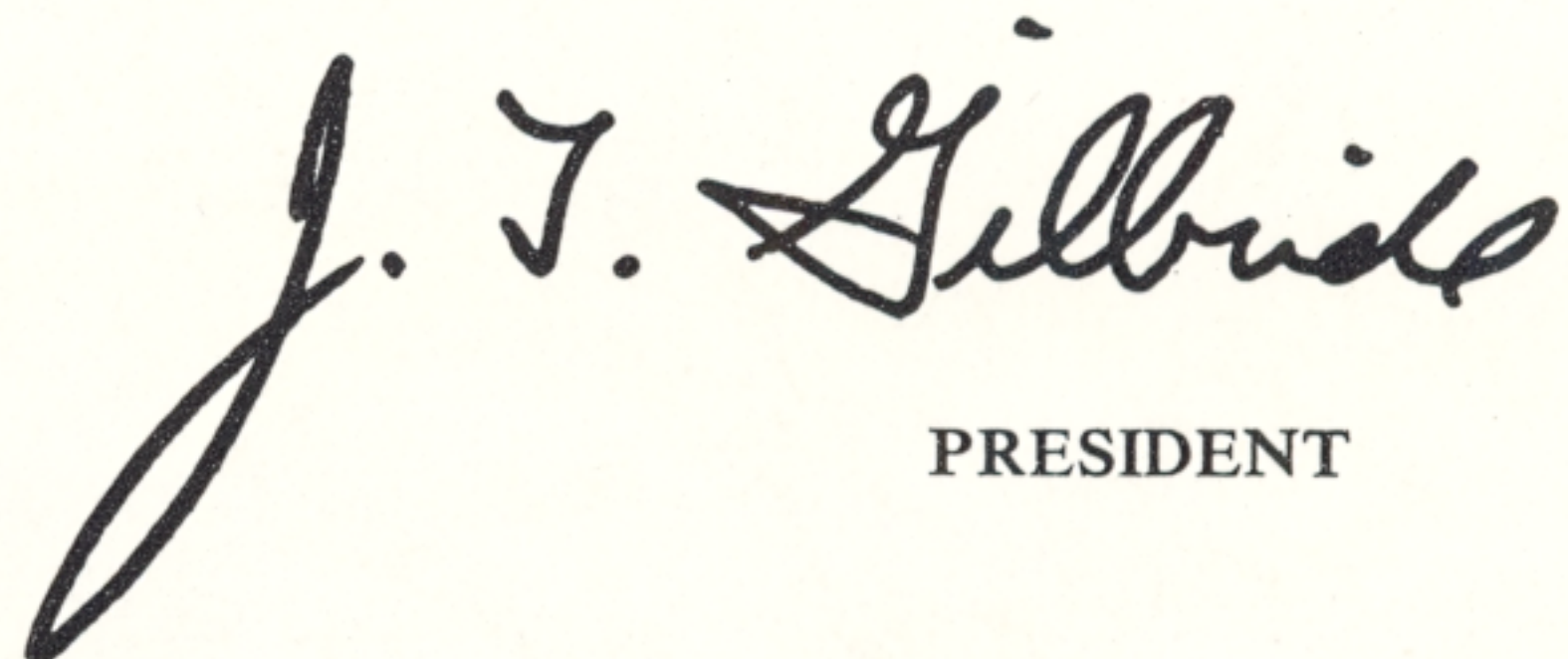
The year has not been without difficulty, not only for your Company but for all companies engaged in the maritime industry. Under the circumstances, the results achieved seem satisfactory and we look forward with cautious optimism to the future.

To our stockholders who have been helpful and cooperative, to our customers whose work we have been permitted to do, to our employees whose skill and enthusiasm have contributed in no small degree to the overcoming of the vicissitudes of a difficult year, we are truly grateful.

Respectfully submitted,



CHAIRMAN OF THE BOARD



PRESIDENT

TODD

SHIPYARDS CORPORATION

Statement of Income and Earned Surplus

Year ended March 31, 1961

Sales		\$107,951,896
Operating expenses:		
Labor, material and other expenses	\$101,455,282	
Taxes, other than Federal taxes on income	3,299,328	
Depreciation	1,402,646	
Contributions to retirement and pension plans	807,861	106,965,117
		<hr/>
Profit from operations		986,779
Other income:		
Dividend from affiliate	10,101	
Management fees	18,000	
Interest — net (including \$844,227 on tax refund shown below)	724,347	
Net gain on disposition of fixed assets, including casualty losses	725,992	
Miscellaneous — net	(148,856)	1,329,584
		<hr/>
		2,316,363
Federal taxes on income (including deferred taxes of \$135,000)		1,000,000
		<hr/>
Net income		1,316,363
Refund of income and excess profits taxes for the years 1950 and 1951		1,588,867
		<hr/>
Net income and tax refund		2,905,230
Earned surplus at March 31, 1960		28,569,585
		<hr/>
		31,474,815
Dividends paid — \$1.40 per share		1,027,467
		<hr/>
Earned surplus at March 31, 1961		<u>\$ 30,447,348</u>

See note to balance sheet.

Balance Sheet

March 31, 1961

ASSETS

CURRENT ASSETS:

Cash		\$ 1,606,869	
Accounts and notes receivable, including amounts unbilled of \$7,939,085 (Note):			
U. S. Government Departments	\$ 5,801,894		
Other	15,283,220	21,085,114	
Work in progress, less progress billings (Note) . .		15,783,279	
Materials and supplies, at lower of cost or replacement market		3,011,980	
Prepaid insurance and other expenses		1,496,629	
Total current assets		42,983,871	

NON-CURRENT NOTES AND ACCOUNTS RECEIVABLE, partly secured		699,843	
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INVESTMENTS IN AFFILIATED COMPANIES NOT CONSOLIDATED, at cost (estimated equity \$800,000) . .		498,249	
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TOOLS AND TOOL PARTS (at depreciated value)		1,604,010	
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FIXED ASSETS, at cost:

Plant, dry docks and equipment (including \$8,129,850 emergency facilities fully depreciated)	38,521,663		
Less: Accumulated depreciation	25,642,739	12,878,924	
Land	3,802,174		
Leasehold improvements, less amortization	1,644,279	18,325,377	
		\$64,111,350	

LIABILITIES

CURRENT LIABILITIES:

Notes payable to banks	\$ 3,500,000	
Accounts payable	10,715,492	
Accrued payrolls and vacations	2,273,105	
Accrued taxes, other than Federal taxes on income .	978,294	
Accrued Federal taxes on income	893,540	
Total current liabilities	18,360,431	

DEFERRED FEDERAL TAXES ON INCOME	815,000	
--	---------	--

CAPITAL STOCK AND SURPLUS

Common stock, \$20 par value:

Authorized, 1,000,000 shares		
Issued, 746,709 shares	\$14,934,180	
Earned surplus	30,447,348	
	45,381,528	

Less: 13,081 shares of common stock held in treasury, at cost	445,609	44,935,919
---	---------	------------

\$64,111,350

Note: Contracts completed at March 31, 1961 are included in accounts receivable at estimated cash realization value. Contracts not completed at March 31, 1961 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.

TODD

SHIPYARDS CORPORATION

ARTHUR YOUNG & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

165 BROADWAY
NEW YORK 6

THE BOARD OF DIRECTORS AND STOCKHOLDERS,
TODD SHIPYARDS CORPORATION:

We have examined the accompanying balance sheet of Todd Shipyards Corporation at March 31, 1961 and the related statement of income and earned surplus 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, 1961 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 10, 1961



DIVISIONS

BROOKLYN
Brooklyn, New York

HOBOKEN
Hoboken, New Jersey

NEW ORLEANS
Algiers, Louisiana

GALVESTON
Galveston, Texas

HOUSTON
Houston, Texas

LOS ANGELES
San Pedro, California

SAN FRANCISCO
Alameda, California

SEATTLE
Seattle, Washington

PRODUCTS
Brooklyn, New York

NUCLEAR
Brooklyn, New York

SUBSIDIARIES AND AFFILIATES

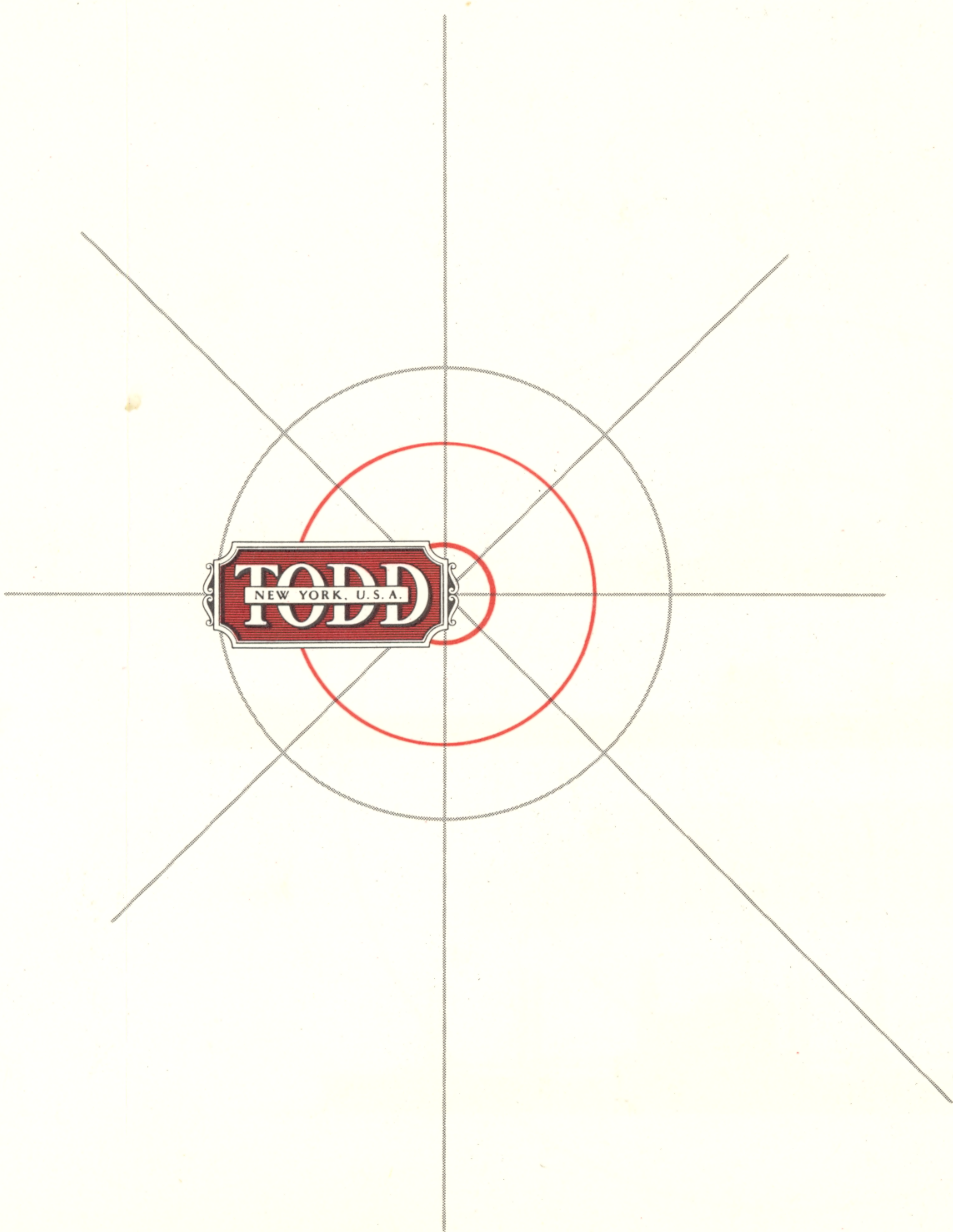
TODD ATLANTIC SHIPYARDS CORPORATION
South Portland, Maine

TODD OIL BURNERS LIMITED
London, England

LISTER-TODD ENGINEERING CORPORATION LIMITED
London, England

DEC 8/95

DEC 05 1997 Ret'd Business



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