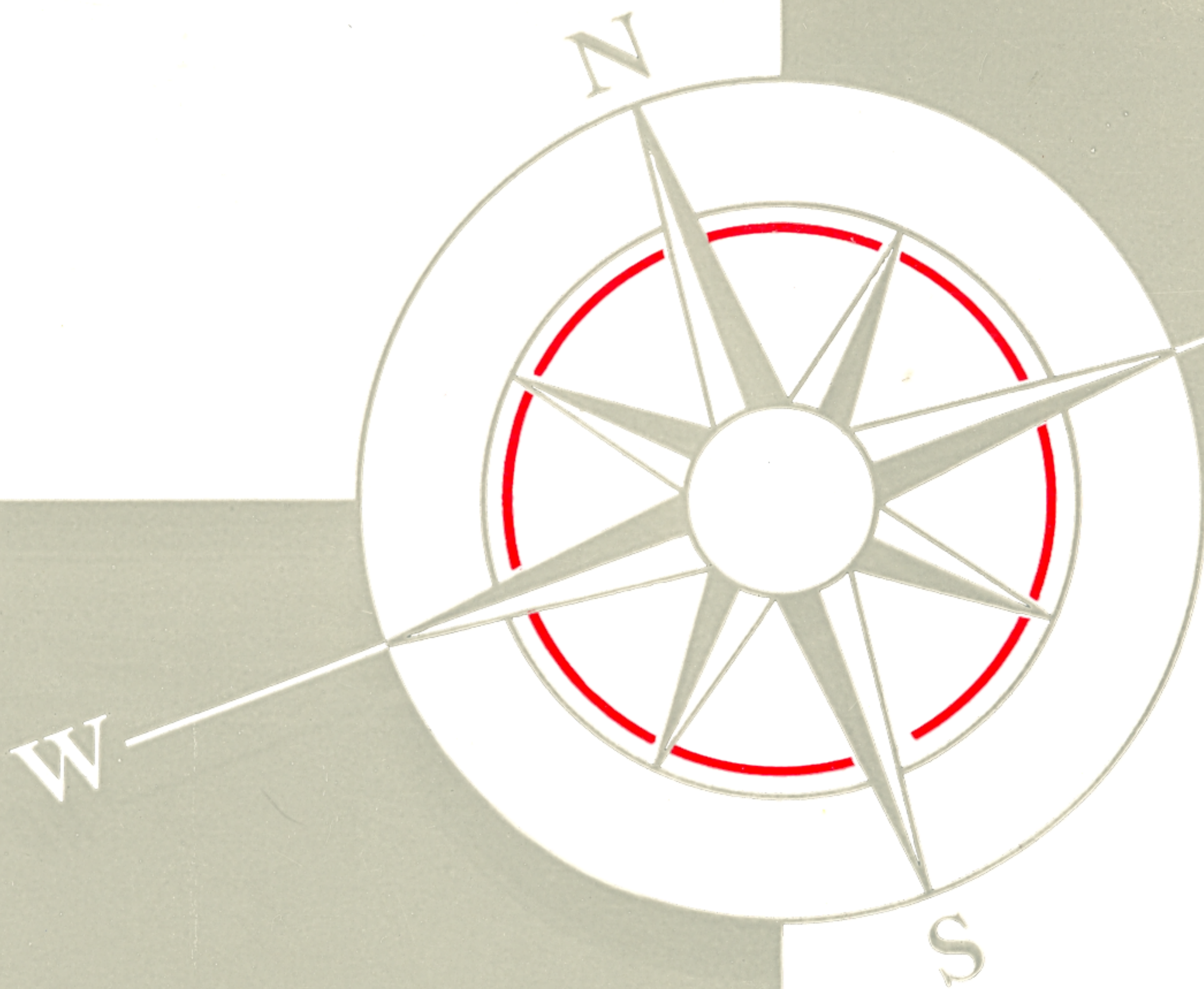


ANNUAL REPORT  
STORAGE

**ANNUAL REPORTS**

Todd Shipyards Corporation 1960  
Foster Business Library  
University of Washington



# TODD

## SHIPYARDS

### CORPORATION

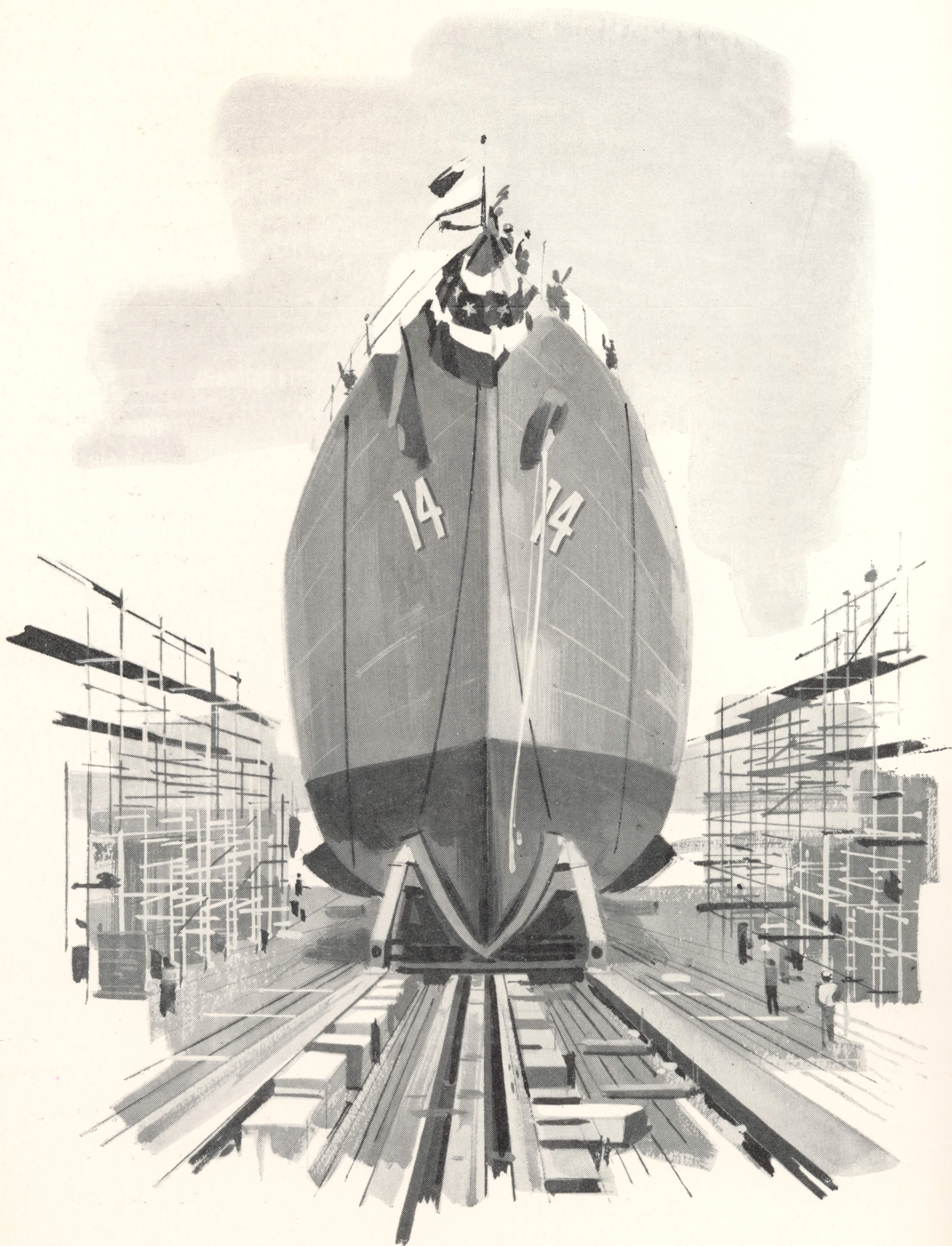


**ANNUAL REPORT** *for the Fiscal Year Ended March 31, 1960*



**BUSINESS ADMINISTRATION**  
**LIBRARY**  
**UNIVERSITY OF WASHINGTON**





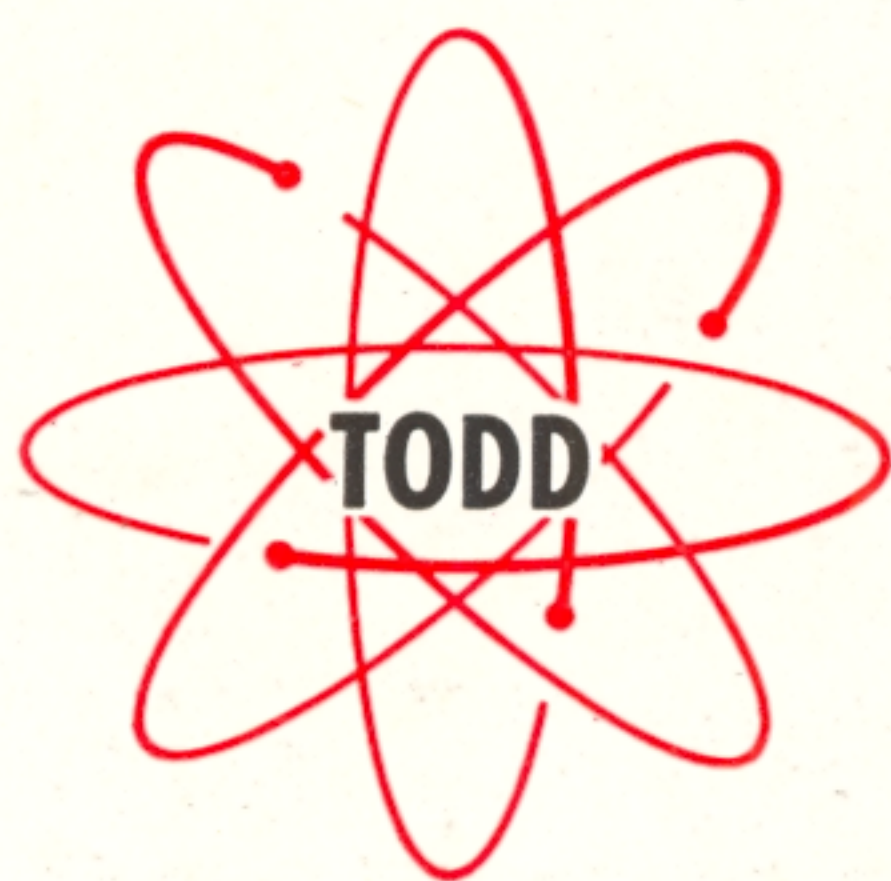
*USS BUCHANAN (DDG-14), guided missile destroyer, launched by Todd Seattle, May 11, 1960. A sister ship, the USS TOWERS (DDG-9) was launched at the same plant, April 23, 1959.*



# TODD

## SHIPYARDS

### CORPORATION



#### ANNUAL REPORT

*For the Fiscal Year Ended March 31,*

**1960**

HEAD OFFICE  
One Broadway, New York

#### DIVISIONS

##### BROOKLYN DIVISION

Brooklyn, New York

*J. B. Meyer—General Manager*

##### PRODUCTS DIVISION

Houston, Texas and  
Brooklyn, New York

*R. W. Bowes—Vice President  
Products and Industrial*

##### HOBOKEN DIVISION

Hoboken, New Jersey

*R. J. Vanderwende—General Manager*

##### NEW ORLEANS DIVISION

New Orleans, Louisiana

*B. L. Hale—General Manager*

##### GALVESTON DIVISION

Galveston, Texas

*C. M. Lippincott—General Manager*

##### LOS ANGELES DIVISION

San Pedro, California

*J. F. Goodrich—General Manager*

##### SAN FRANCISCO DIVISION

Alameda, California

*A. D. Shean—General Manager*

##### SEATTLE DIVISION

Seattle, Washington

*R. G. Zener—General Manager*

#### SUBSIDIARIES AND AFFILIATES

TODD ATLANTIC SHIPYARDS  
CORPORATION

South Portland, Maine

UNION INDUSTRIAL Y ASTILLEROS  
BARRANQUILLA, "UNIAL"

Barranquilla, Colombia, S.A.

TODD OIL BURNERS LIMITED

London, England

LISTER-TODD ENGINEERING  
CORPORATION LIMITED

London, England



## TODD SHIPYARDS CORPORATION

---

### SIGNIFICANT FACTS

	Fiscal Year Ended March 31	
	1960	1959
Sales . . . . .	\$76,299,310	\$81,544,885
Net Income (loss) . . . . .	\$ (980,346)	\$ 417,286
Refund of Prior Year Taxes on Income . . . . .	—	\$ 2,557,327
Dividends Paid . . . . .	\$ 1,080,927	\$ 1,248,735
Net Working Capital . . . . .	\$20,657,402	\$23,430,277
Current Ratio . . . . .	2.98	3.52
Fixed Assets—Net . . . . .	\$18,092,989	\$17,275,333
Stockholders' Equity . . . . .	\$43,069,897	\$45,283,431
Number of Stockholders . . . . .	2,581	2,485

---

### Data on a Per Share Basis

Net Income (loss) . . . . .	\$ (1.34)	\$ .56
Refund of Prior Year Taxes on Income . . . . .	—	\$ 3.46
Dividends Paid . . . . .	\$ 1.47	\$ 1.67 $\frac{2}{3}$
Book Value . . . . .	\$ 58.67	\$ 61.28





May 26, 1960

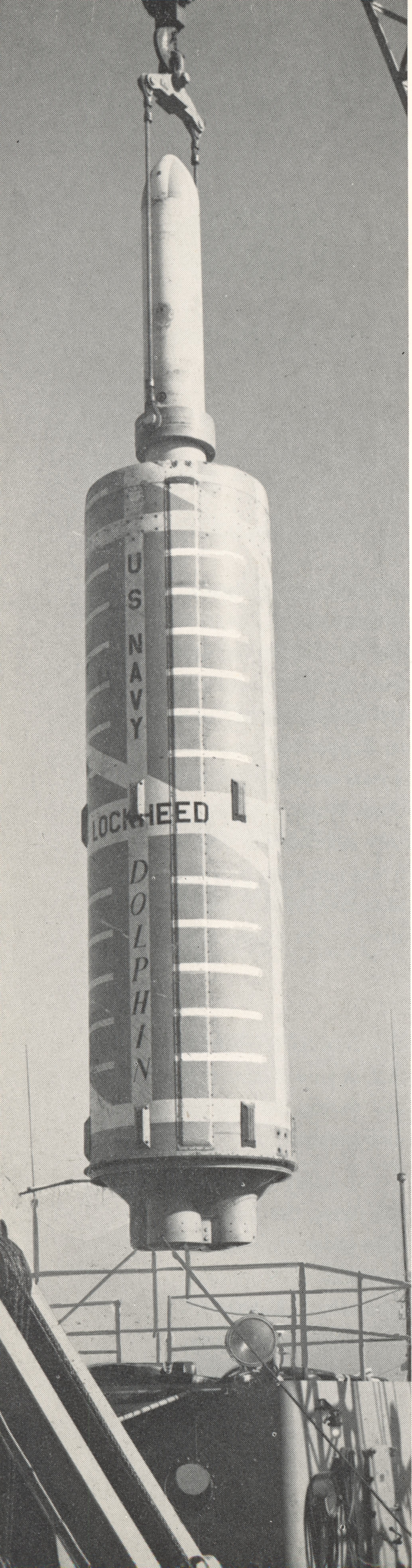
*To the Stockholders:*

• For the fiscal year ended March 31, 1960 sales of your Company totaled \$76,299,310, a substantial reduction from the previous year's volume of \$81,544,885. The Company sustained a net loss of \$980,346 after applying the Federal Income Tax credit of \$900,000. These figures are disappointing and are the direct result of the continued distressed conditions of the maritime industry in our country and world-wide, a situation commented on in the previous Annual Report and letters to stockholders. During the current year under review operations were seriously affected by two additional factors. Labor trouble in our three West Coast plants, which culminated in prolonged strikes in each of the plants, adversely affected the year's operating results by approximately \$2,000,000. In addition, it was necessary to write off approximately \$700,000 of accounts receivable considered uncollectible, a situation that can be attributed to the extended depressed situation in the tramp ship segment of the maritime industry.

• While, because of these financial results it became necessary as of September 15, 1959 to reduce somewhat the rate of dividends paid, nevertheless your Company's record of consecutive quarterly dividends was maintained and during the year an aggregate of \$1,080,927 was distributed to stockholders in this manner.

• Despite the conditions that have existed for the past two years, the financial position of your Company continues to be strong. The decrease in working capital is attributable to the continuance of dividend payments and expenditures of approximately \$2,200,000 for capital improvements (principally shipbuilding). Investment in the shipbuilding program, both in the form of facilities and work in progress, increased during the year making it necessary to resort to short-term bank financing.





It is expected that similar financing will be required from time to time during the course of the shipbuilding program.

- The labor trouble on the West Coast, one of the adverse factors mentioned above, applied to all three of your Company's plants in that region. The San Francisco and Seattle Divisions have been for many years parties to a master labor agreement between most of the shipyards from San Francisco to and including the State of Washington and the traditional craft unions of the American Federation of Labor. During the fiscal year, the representatives of the companies and of the unions involved arrived at an agreement satisfactory to both sides. As is customary, all managements, including yours, ratified the agreement reached, but the unions' representatives were repudiated by their memberships. This action was unprecedented and had the companies agreed to further concessions as a result of non-ratification by the unions' memberships, the integrity of the collective bargaining process would have been destroyed. This the companies, including yours, refused to allow, and long and costly strikes followed. The Seattle Division was shut down from August 24 to October 19, 1959, a total of eight weeks, and the San Francisco Division from August 31 to October 19, 1959, a total of seven weeks.

At the Los Angeles Division, a similar unprecedented situation developed. The negotiating committees of your Company and of the Industrial Union of Shipbuilding Workers of America, after weeks of intensive bargaining, agreed on a contract, ratification of which was refused by the membership of the union. Your Company refused in this case also to contribute to the destruction of the collective bargaining process, and a six weeks' strike ensued, lasting from November 23, 1959 to January 4, 1960.

*"Dolphin" Lockheed training missile for Navy Polaris submarines. Twenty-seven built to date by Todd at San Francisco and Los Angeles.*

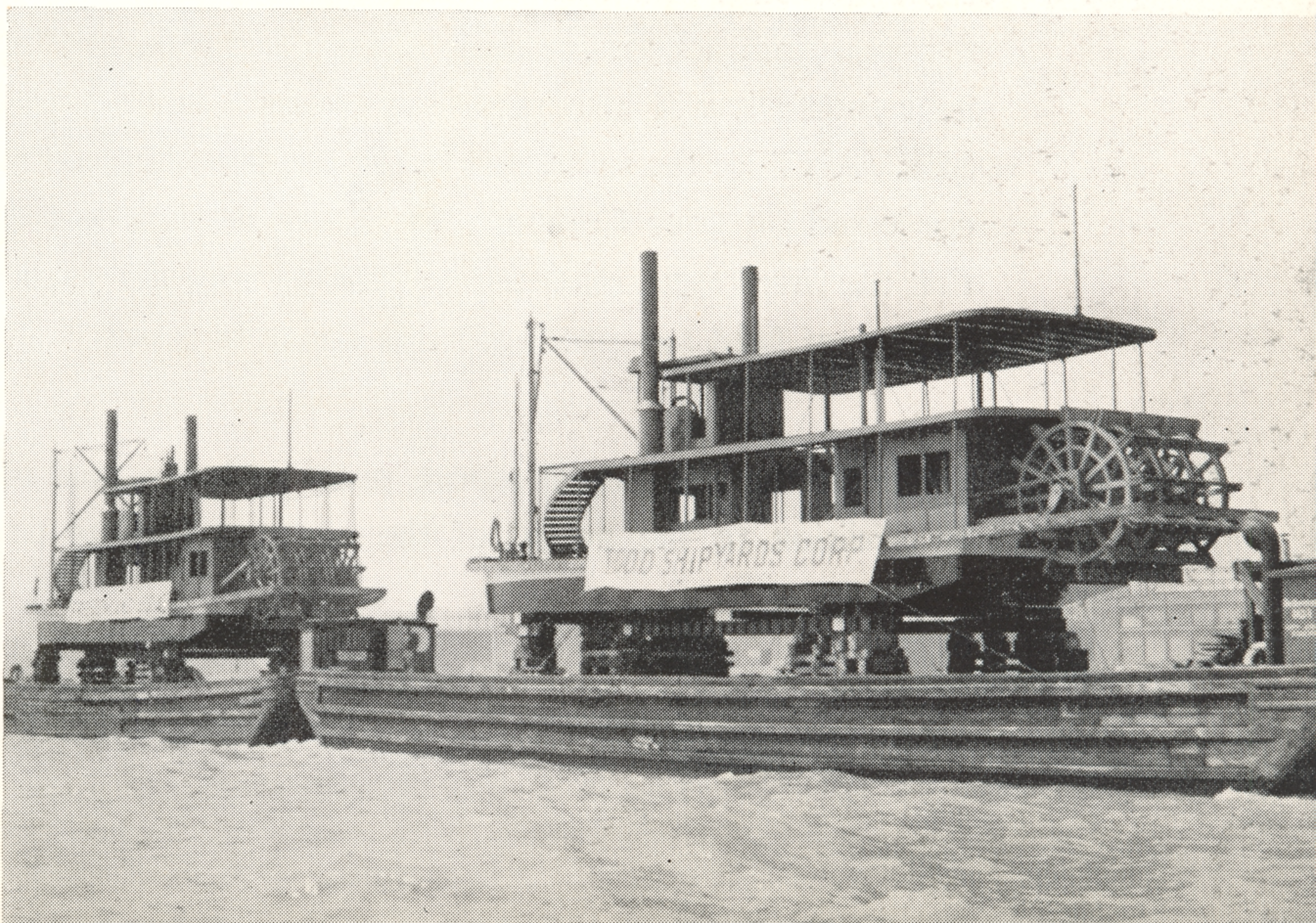


In each of these instances all of the companies involved maintained the position that their agreements made with the authorized officers of the unions in arms length negotiations were final. As a result, in each case—San Francisco, Seattle and Los Angeles—the employees returned to work under contracts for a term of three years containing basically the same conditions agreed upon by their representatives before the strikes were started. A vital principle governing the relationship between management and its employees, valuable for years to come, was upheld. The costly effect of the strikes did contribute in large measure to the unsatisfactory fiscal year, but the maintenance of this principle by all West Coast companies affected was more than warranted under the circumstances.

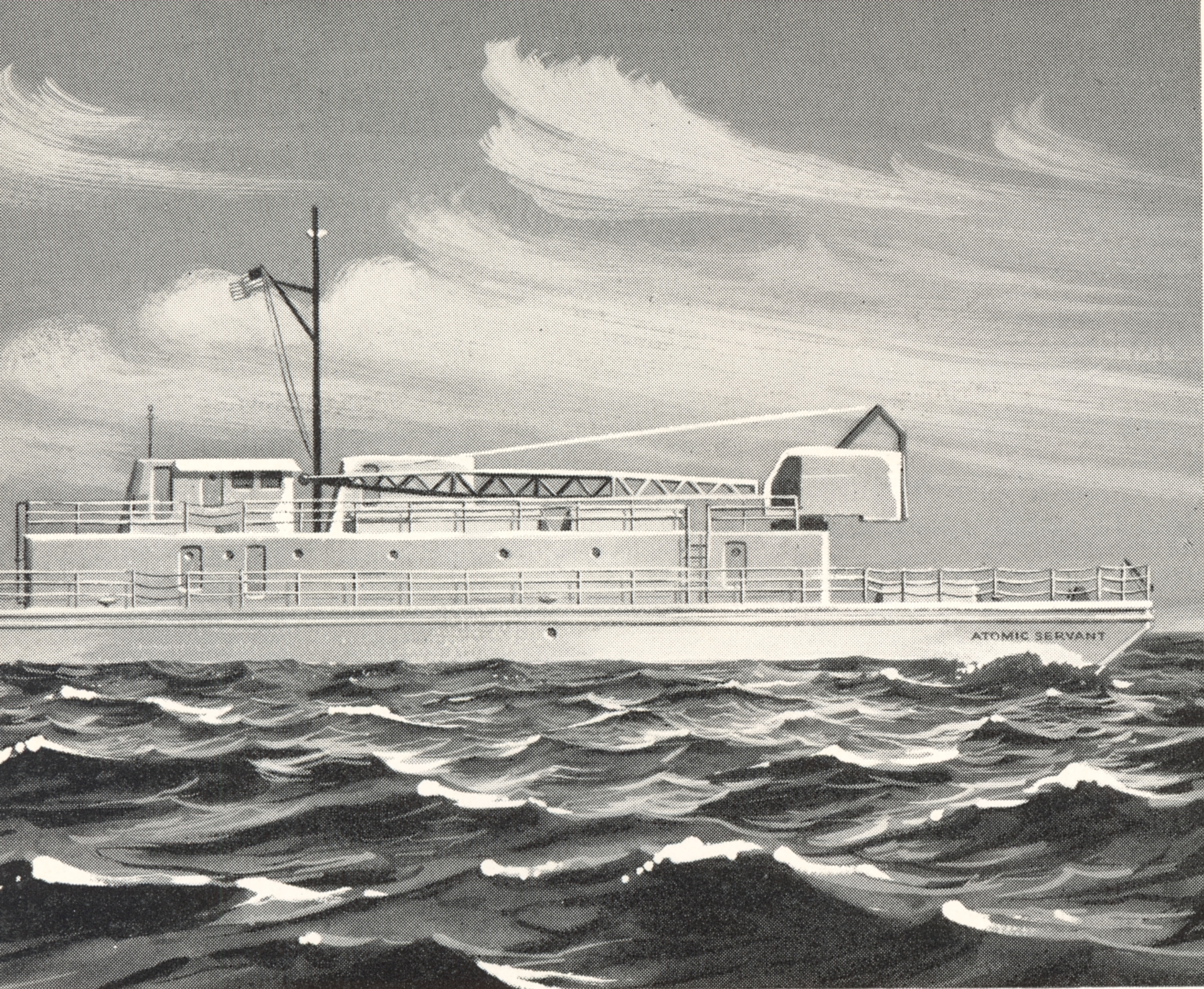
- Fundamentally, what is good for the maritime industry is good for the ship repair business. The maritime industry has been in the doldrums and this has had its effect on your Company. There have been signs, however, since the close of fiscal year 1959-60 that the activity of our customers is increasing. Ships are being jumboized by the insertion of new and larger midbodies between bow and stern sections of older ships. Your Company has been awarded contracts for four such jobs. The dry cargo market has shown some slight improvement but the tanker market is still depressed and will, in our judgment, remain so for some time. However, the overall situation does for the moment at least seem brighter for an increased volume of ship repair and conversion business, and volume of this type of work is one of the most important factors for satisfactory operating results.

- The Nuclear Ship SAVANNAH is scheduled to be completed in 1960 and the problem of the maintenance and repair of this, the first nuclear-powered surface merchant vessel, has been the concern of the Maritime Administration and the Atomic

*Two stern wheel river boats built by Todd Hoboken for Freedomland, U.S.A. Similar vessels, submarines, rocket ships for amusement parks and fairs have been constructed by Todd.*







*The ATOMIC SERVANT  
under construction  
at Todd Houston will be  
used in maintenance,  
refueling and waste  
handling operations for  
the Nuclear Ship  
SAVANNAH.*

Energy Commission for some time. As was announced at the last annual meeting, your Company was awarded a contract to study the problem, and during the current fiscal year was awarded a contract for the construction of a barge which will be christened the ATOMIC SERVANT and will be used to service the N/S SAVANNAH in the course of refueling and the handling of reactor wastes, as well as in other aspects of maintenance and repair.

The Maritime Administration asked certain members of the ship repair and shipbuilding industries to submit proposals for providing shoreside and drydock facilities to repair and maintain the N/S SAVANNAH, and to operate and maintain the ATOMIC SERVANT. After considering the proposals submitted, and after on-the-site examination by a committee of Maritime Administration and Atomic Energy Commission officials of the facilities offered, your Company was chosen as the contractor, and within a month of the close of fiscal 1959-60 was awarded a five-year contract for the maintenance and repair of the N/S SAVANNAH. In the near future it will also receive a contract to operate and maintain the ATOMIC SERVANT for the same period. We are proud indeed that this signal honor has been conferred on your Company for many reasons, not the least of which is the fact that the investment made in the training over the years of personnel in this new and important field has produced this concrete result.

- Since the last annual report, progress in the field of shipbuilding has continued. In addition to the award of the contract for the construction of the ATOMIC

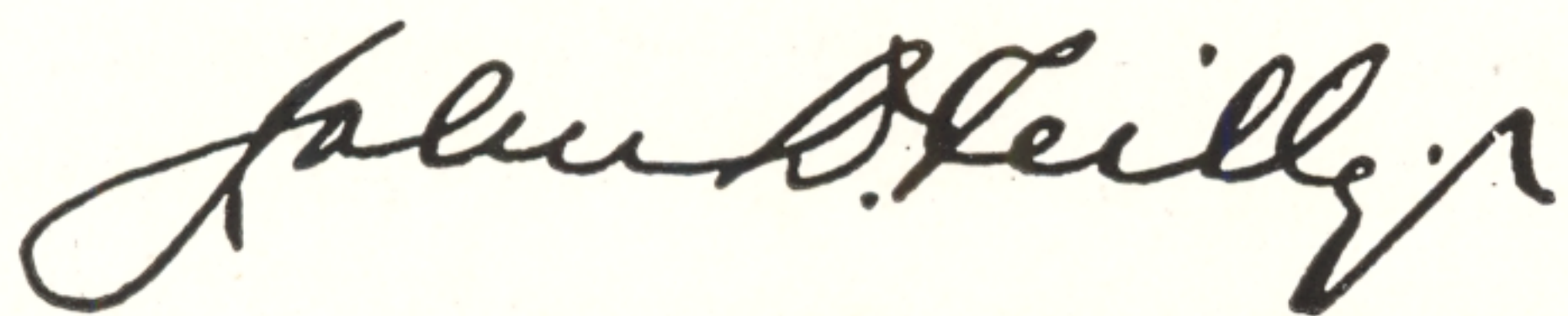


SERVANT mentioned above, your Company was awarded a contract for the construction of three merchant vessels for the American Mail Line, as reported to the stockholders on September 15, 1959. This brings total ship construction contracts received by your Company to \$121,000,000. To accomplish this program the facilities of our two shipbuilding divisions, Seattle and Los Angeles, are being extended and modernized at a total contemplated cost of over \$6,000,000. With these efficient and modern facilities the ship construction in these yards, except as interrupted by the strikes mentioned elsewhere in this letter, has proceeded according to schedule.

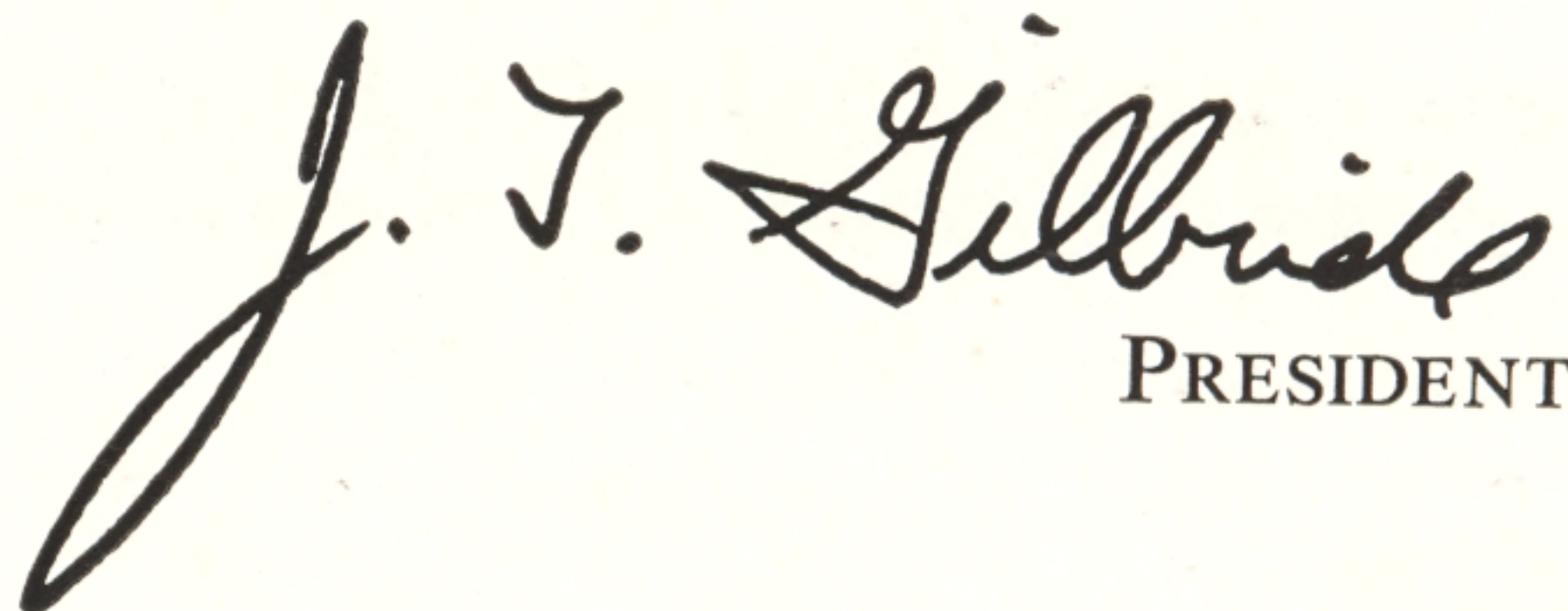
- At the present time with respect to certain ships built by operators of subsidized lines whose home offices are on the Pacific Coast, West Coast shipbuilders are granted a differential by the Merchant Marine Act of 1936. If the lowest Pacific Coast bid is not more than 6% higher than the lowest Atlantic Coast bid, the award of the contract for the building of these vessels must be made to the Pacific Coast bidder. Traditionally higher costs on the Pacific Coast and the national necessity for the maintenance of a shipbuilding industry in that region prompted the passage of this law. Efforts are now being made to secure its repeal. Shipbuilders located on the Pacific Coast, including your Company, are vigorously opposing these efforts.

- This was a difficult year, and we appreciate and thank the stockholders, customers and employees for their helpfulness and cooperation in the many problems such a year presents. The progress we have made in many fields during the year bodes well for the future, and results to date are such as to engender optimism and confidence.

Respectfully submitted,



CHAIRMAN OF THE BOARD



PRESIDENT





*Before and after views of the S. S. Amoco Virginia which was reconstructed by Todd Galveston. The vessel was the victim of an explosion while loading at Houston.*





# TODD SHIPYARDS CORPORATION

## ASSETS

### CURRENT ASSETS:

Cash . . . . .		\$ 2,600,686
Accounts and notes receivable for completed repair, conversion and other work, less payments on account (less reserve) (Note A):		
U. S. Government Departments (including amounts unbilled \$496,342) . . . . .	\$ 1,647,265	
Other (including amounts unbilled \$1,796,487) . . . . .	13,746,895	15,394,160
Work in progress on contracts for U. S. Government Departments and on commercial repair and other contracts, less progress billings (Note A) . . . . .		9,459,711
Materials and supplies, at lower of cost or replacement market . . . . .		3,649,650
Total current assets . . . . .		31,104,207

### INVESTMENTS IN AFFILIATED COMPANIES NOT CONSOLIDATED (estimated equity \$800,000) . . . . .

498,249

### TOOLS AND TOOL PARTS (at depreciated value) . . . . .

1,513,127

### OTHER ASSETS:

Secured loans to employees, not officers or directors . . . . .	133,668	
Notes and accounts receivable (less reserve) not expected to be collected within one year, partly secured by preferred mortgages on ship . . . . .	445,423	
Miscellaneous . . . . .	214,453	793,544

### FIXED ASSETS, at cost:

Plant, dry docks and equipment (including \$8,162,002 emergency facilities fully depreciated) . . . . .	37,100,807	
Less: Accumulated depreciation . . . . .	24,873,684	
	12,227,123	
Land . . . . .	3,778,668	
	16,005,791	
Leasehold improvements, less amortization . . . . .	2,087,198	18,092,989

### DEFERRED CHARGES:

Prepaid insurance premiums and other deferred charges . . . . .	1,514,586	
	<u>\$53,516,702</u>	

See accompanying notes to financial statements.

# BALANCE SHEET March 31, 1960

## LIABILITIES

### CURRENT LIABILITIES:

Accounts payable . . . . .	\$ 7,348,818
Accrued payrolls and vacations . . . . .	2,029,379
Accrued taxes, other than Federal taxes on income . . . . .	766,134
Accrued Federal taxes on income (Note B) . . . . .	302,474
Total current liabilities . . . . .	10,446,805

## CAPITAL STOCK AND SURPLUS

### Common stock, \$20 par value:

Authorized, 1,000,000 shares . . . . .	
Issued, 746,709 shares . . . . .	\$14,934,180
Earned surplus . . . . .	28,569,585
	<u>43,503,765</u>

### Less: 12,564 shares of common stock held in treasury,

at cost . . . . .	433,868	43,069,897
-------------------	---------	------------

\$53,516,702

See accompanying notes to financial statements.



## TODD SHIPYARDS CORPORATION

---

### STATEMENT OF INCOME AND EARNED SURPLUS

*Year ended March 31, 1960*

Sales . . . . .		\$76,299,310
Operating expenses:		
Labor, material and other expenses . . . . .	\$73,698,709	
Taxes, other than Federal taxes on income . . . . .	2,641,935	
Depreciation . . . . .	1,399,481	
Contributions to retirement system . . . . .	519,179	78,259,304
		<hr/>
Loss from operations . . . . .		(1,959,994)
Other income:		
Dividend from affiliate . . . . .	42,047	
Management fees . . . . .	24,000	
Interest—net . . . . .	30,471	
Miscellaneous—net . . . . .	(16,870)	79,648
		<hr/>
		(1,880,346)
Federal taxes on income—carryback credit . . . . .		900,000
		<hr/>
Net loss . . . . .		(980,346)
Earned surplus at March 31, 1959 . . . . .		30,630,858
		<hr/>
		29,650,512
Dividends paid—\$1.47 per share . . . . .		1,080,927
		<hr/>
Earned surplus at March 31, 1960 . . . . .		\$28,569,585
		<hr/>

*See accompanying notes to financial statements.*





## NOTES TO FINANCIAL STATEMENTS

### NOTE A:

Contracts completed at March 31, 1960 are included in accounts receivable at estimated cash realization value. Contracts, other than long-term contracts, not completed at March 31, 1960 are carried in work in progress at the lower of cost, or estimated final realizable value reduced by the estimated additional costs to completion. Long-term contracts (i.e. contracts requiring a construction period in excess of twelve months) are carried in work in progress at cost increased or reduced by estimated profits and losses based on percentage of completion.

### NOTE B:

The Corporation's Federal income tax returns for 1955 and prior years have been examined by the Internal Revenue Service. The provision on the balance sheet is considered adequate to cover the Corporation's liability for Federal taxes on income for the years examined and subsequent years subject to examination.

The Corporation has filed claims of approximately \$1,700,000 for refund of Federal income and excess profits taxes paid in prior years. While the Internal Revenue Service has rejected these claims, the Corporation has initiated litigation in the United States Court of Claims to recover this amount. These claims have not been reflected in the accompanying financial statements.



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, 1960 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, 1960 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 6, 1960





MANAGEMENT

DIRECTORS

RUSSELL W. BOWES

JOHN D. REILLY

ROBERT FREEBAIRN

JOHN D. REILLY, JR.

JOHN T. GILBRIDE

CLIFFORD A. SHELDRAKE

HARRY G. HILL

FRANCIS J. SMYTH

OFFICERS

JOHN D. REILLY . . . . . Chairman of the Board of Directors

JOHN T. GILBRIDE . . . . . President

JOHN D. REILLY, JR. . . . . Executive Vice President—Operations

HARRY G. HILL . . . . . Executive Vice President and Counsel

CLIFFORD A. SHELDRAKE . . . . . Vice President—Finance and Comptroller

RUSSELL W. BOWES . . . . . Vice President—Products and Industrial

ROBERT FREEBAIRN . . . . . Vice President—Sales

FRANCIS J. SMYTH . . . . . Vice President—Public Relations

HENRY D. OBST . . . . . Vice President—Labor Relations

J. THOMAS EDGE . . . . . Treasurer

EDWIN K. LINEN . . . . . Secretary

TRANSFER AGENT . . . . . THE HANOVER BANK, New York, N. Y.

REGISTRAR . . . . . FIRST NATIONAL CITY TRUST CO., New York, N. Y.

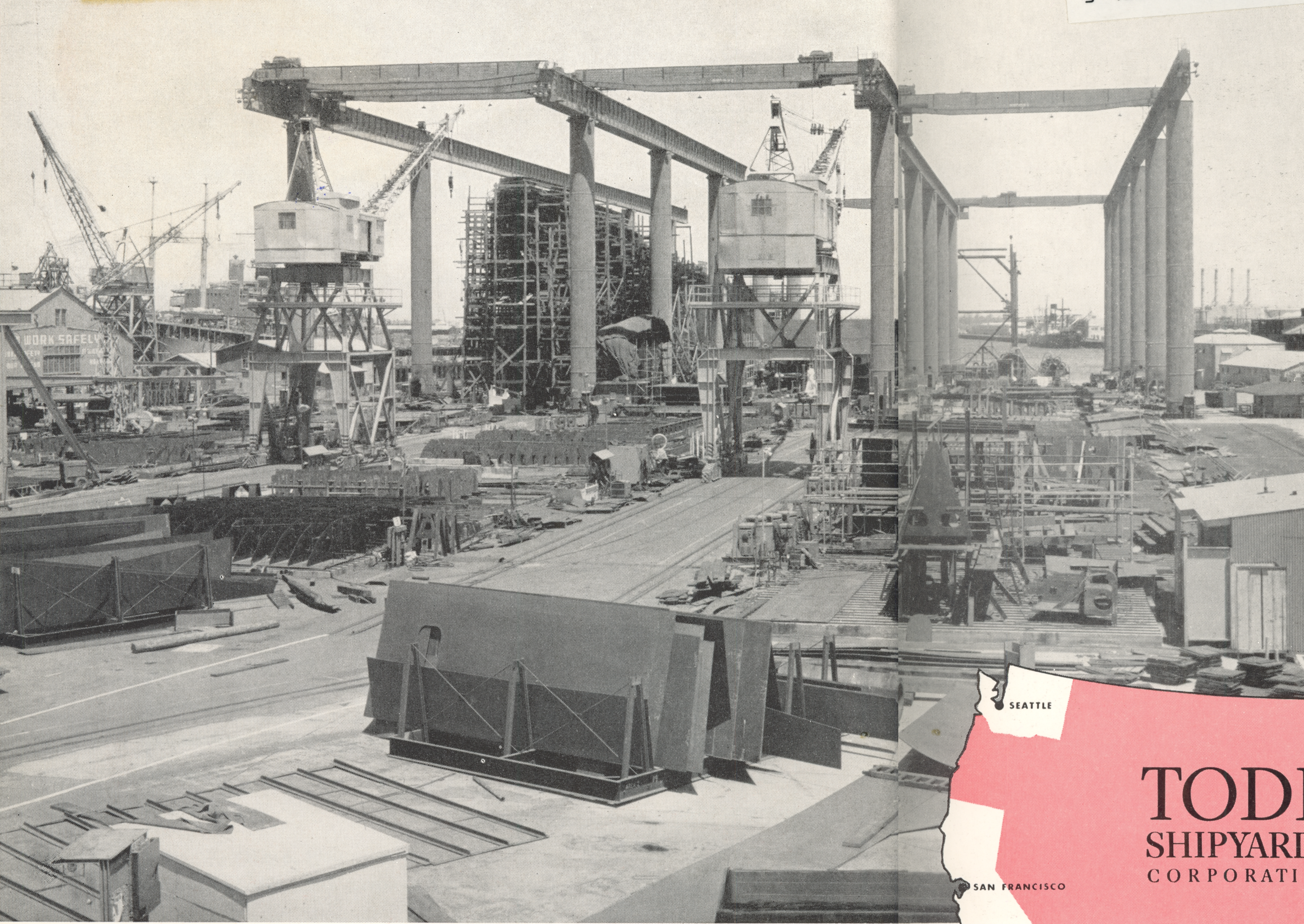
AUDITORS . . . . . ARTHUR YOUNG & COMPANY, New York, N. Y.

COUNSEL . . . . . CULLEN AND DYKMAN, Brooklyn, N. Y.

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



3 9352 04360936 1



*A view in the Todd Los Angeles shipyard. Shown are sub-assembly area and three shipbuilding ways. Two cargo liners for Moore-McCormack Lines, Inc. are under construction, upper left. The first of these will be launched June 6, 1960. An offshore drilling platform is being built on the third ways for Standard Oil Company of California.*

