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SHIPYARDS

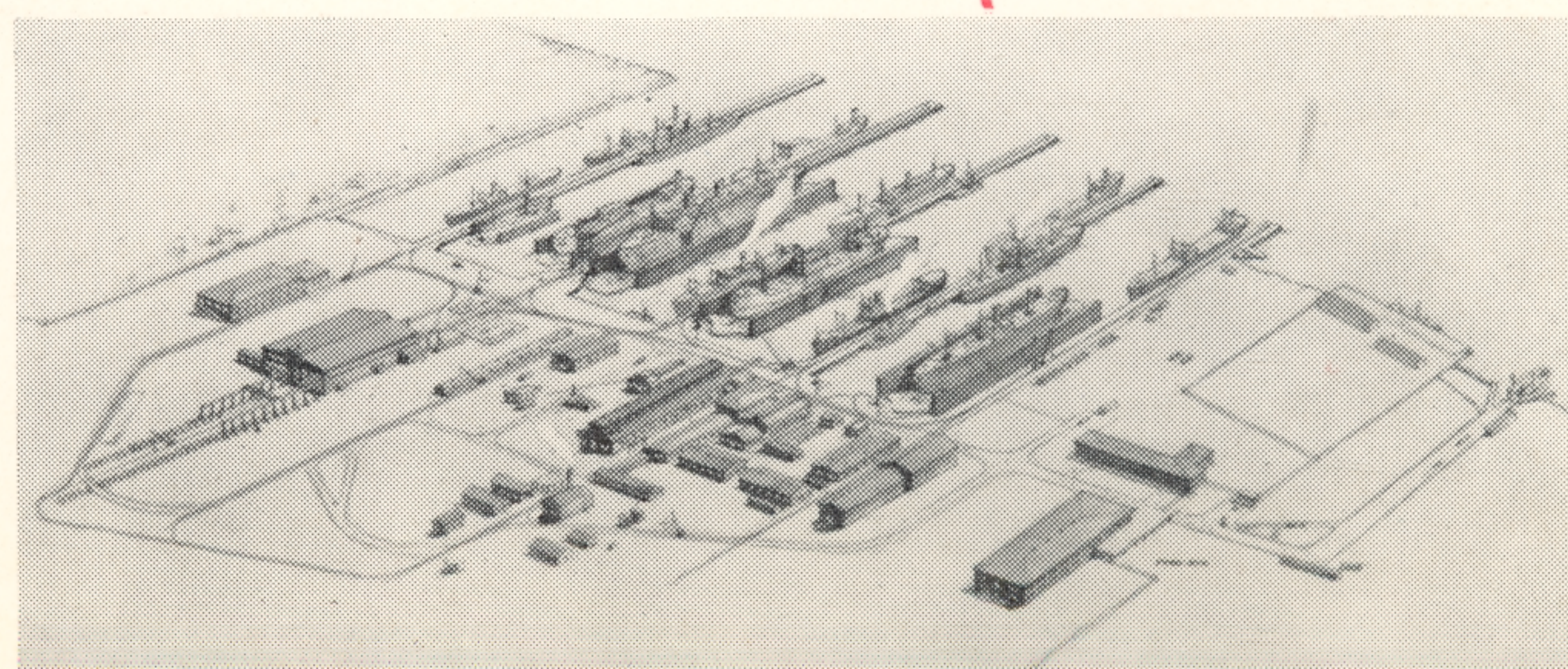
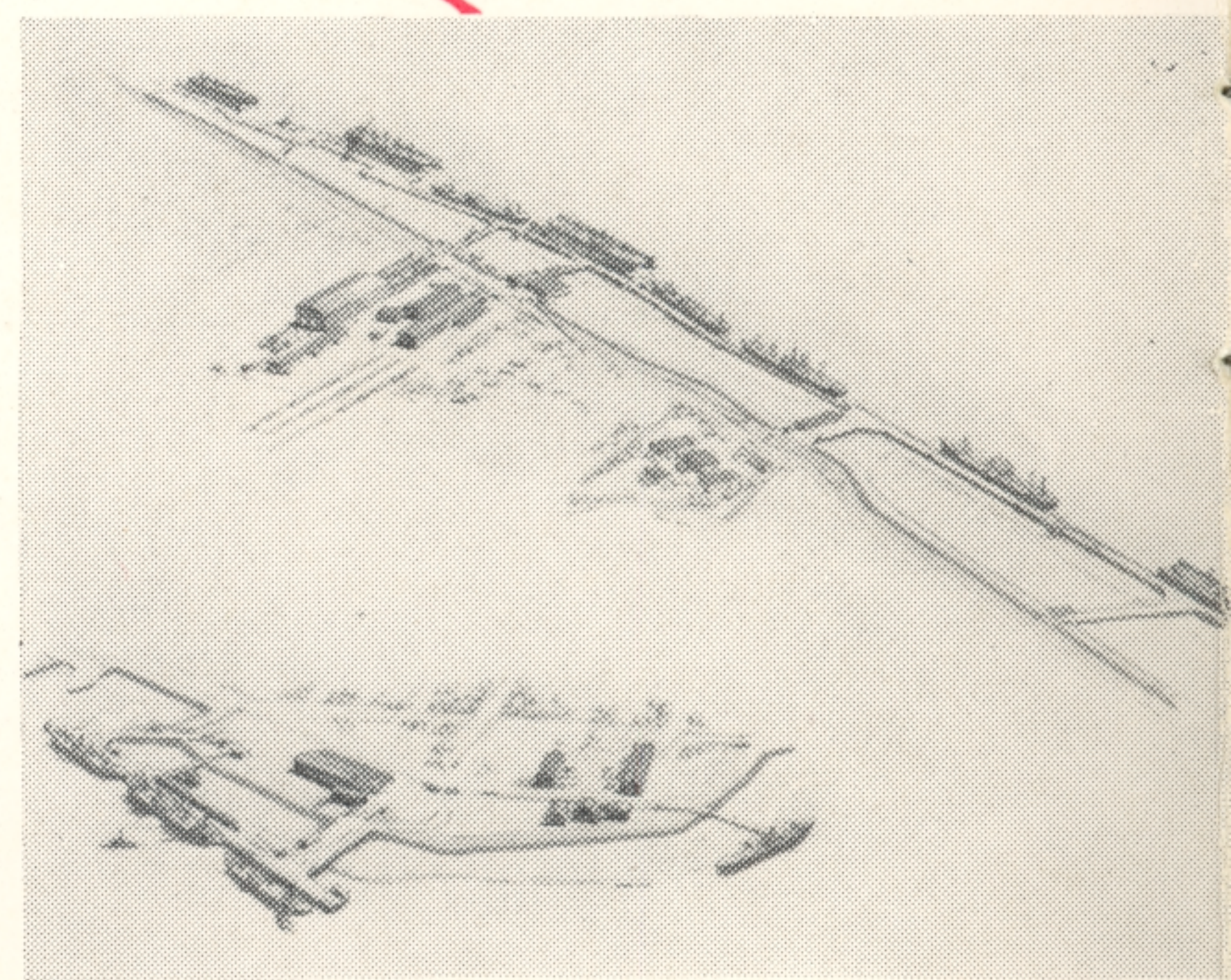
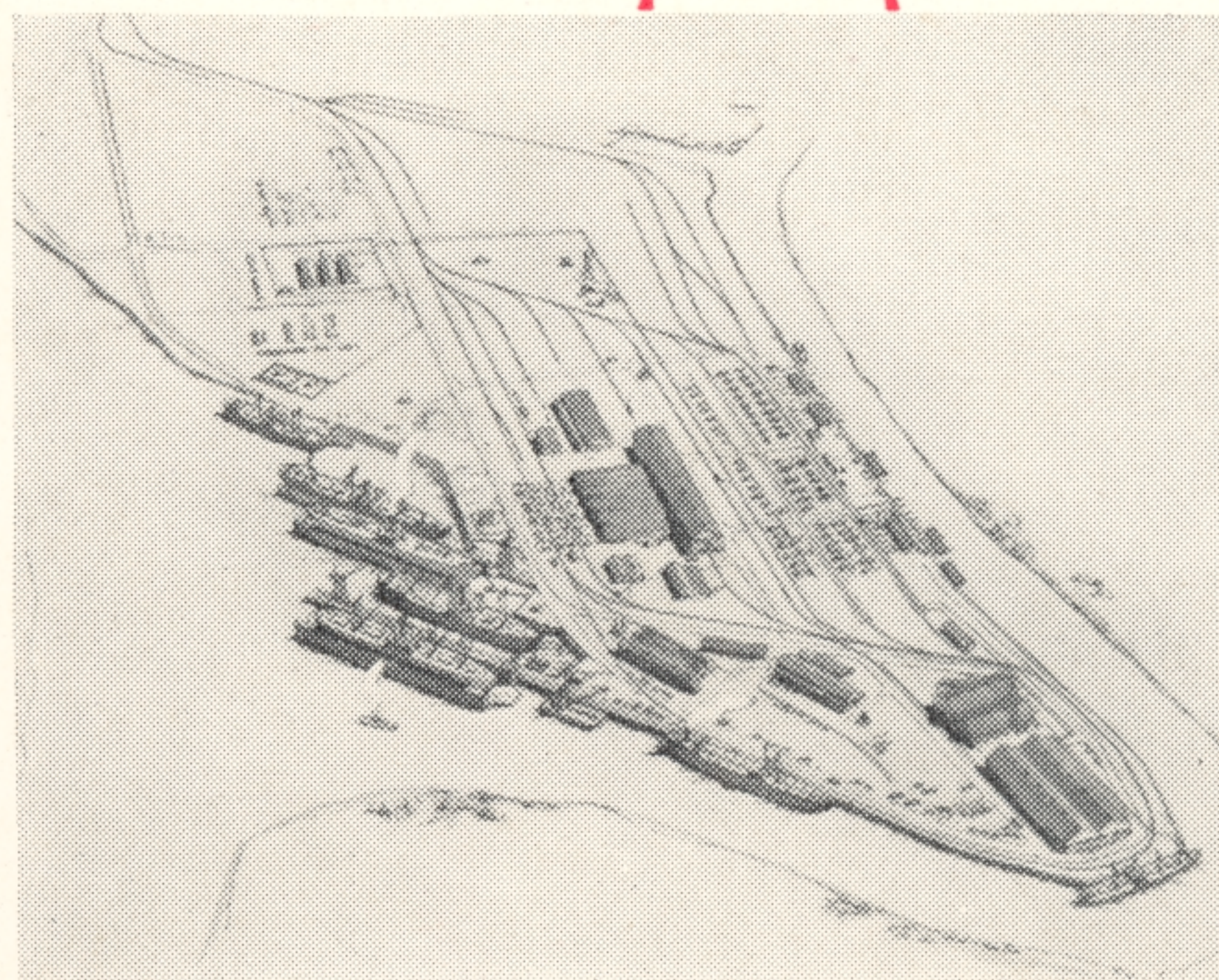
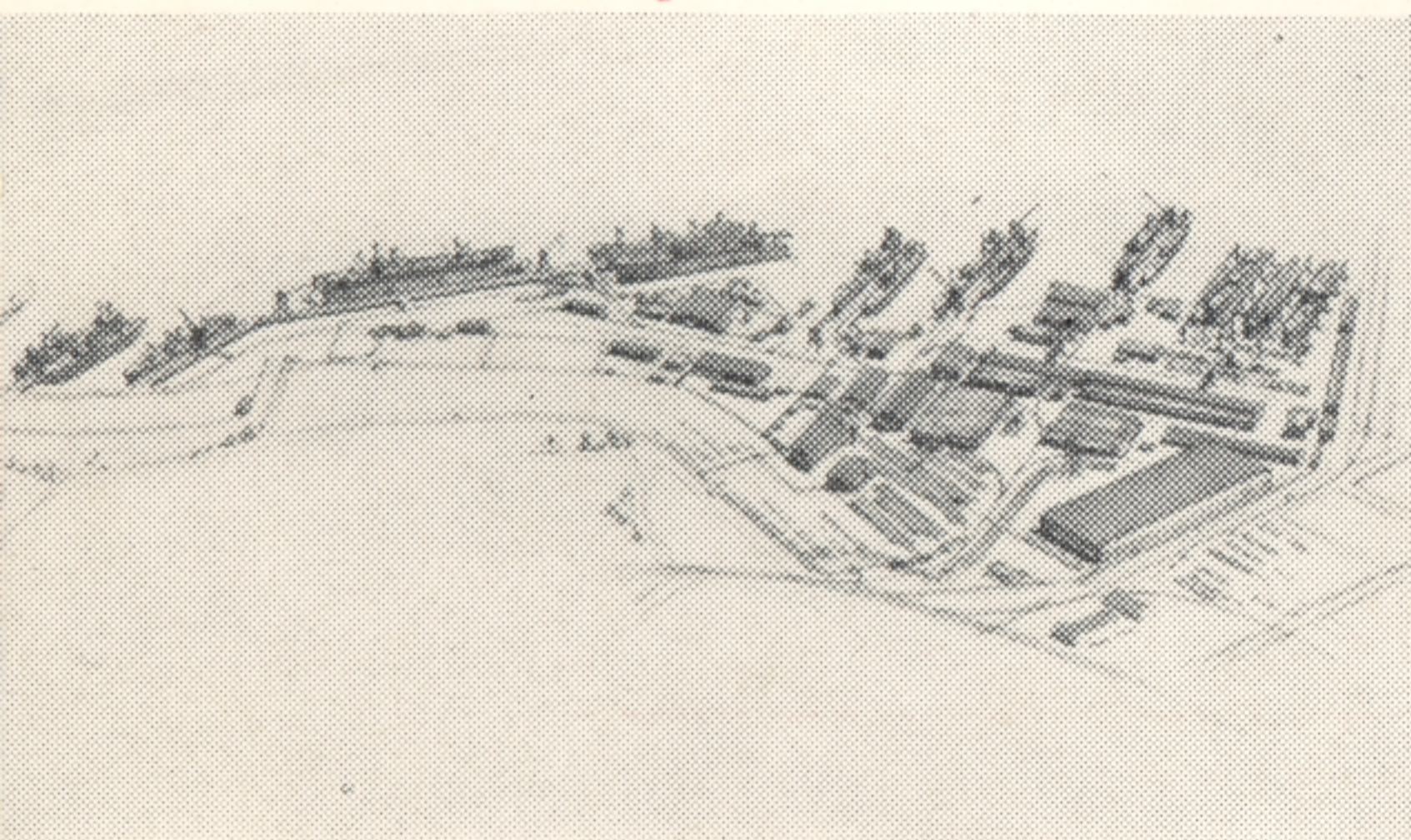
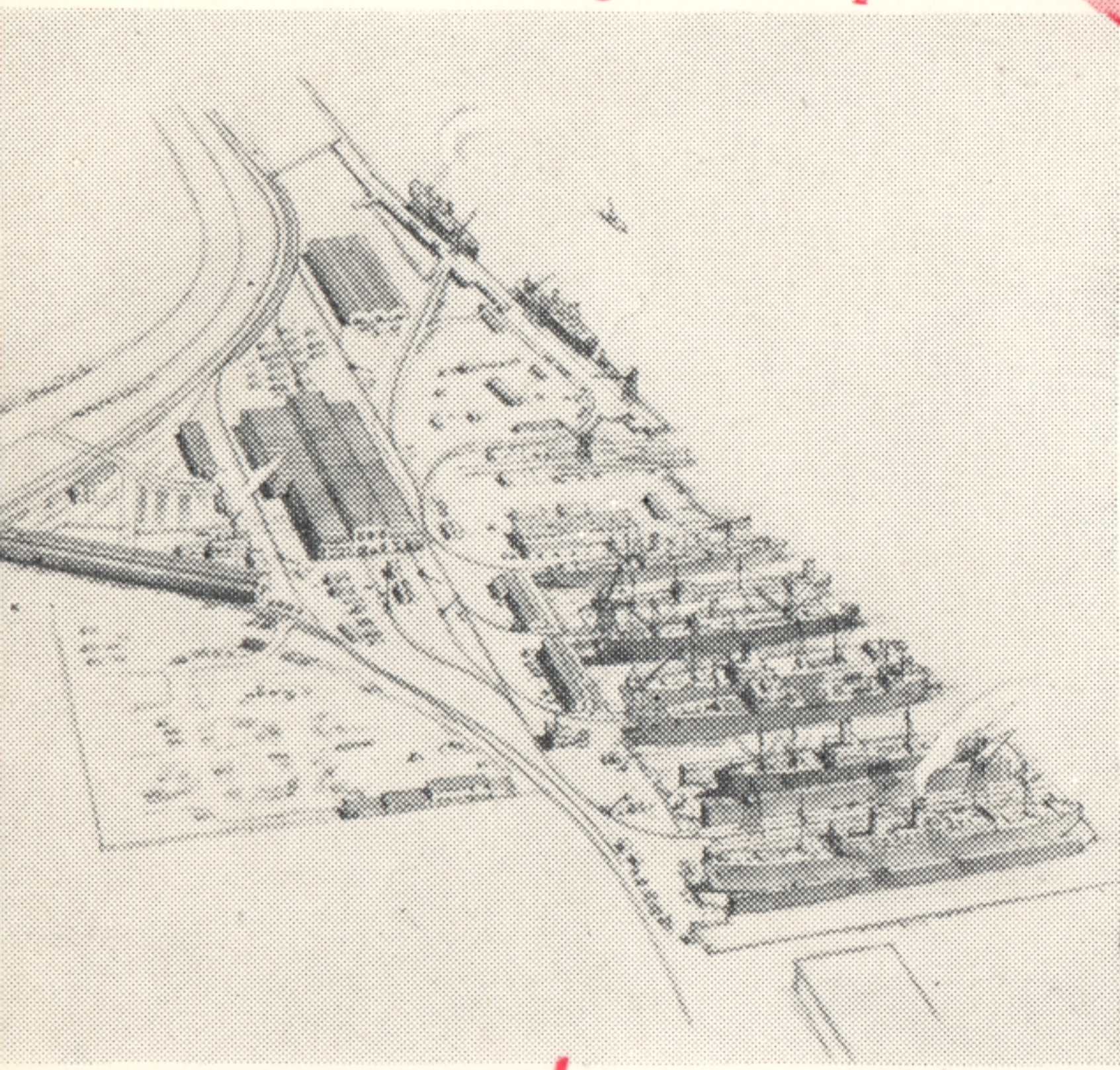
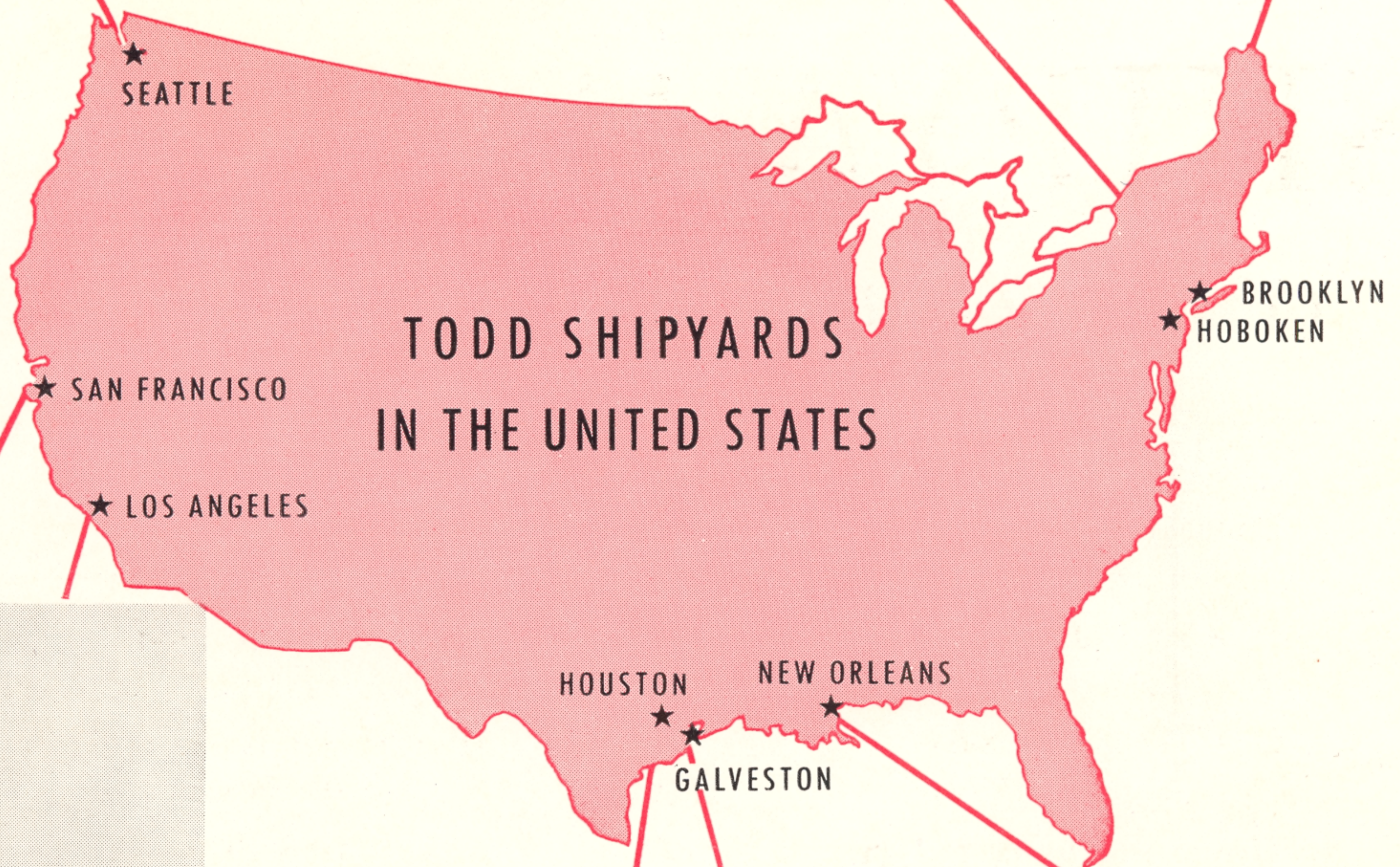
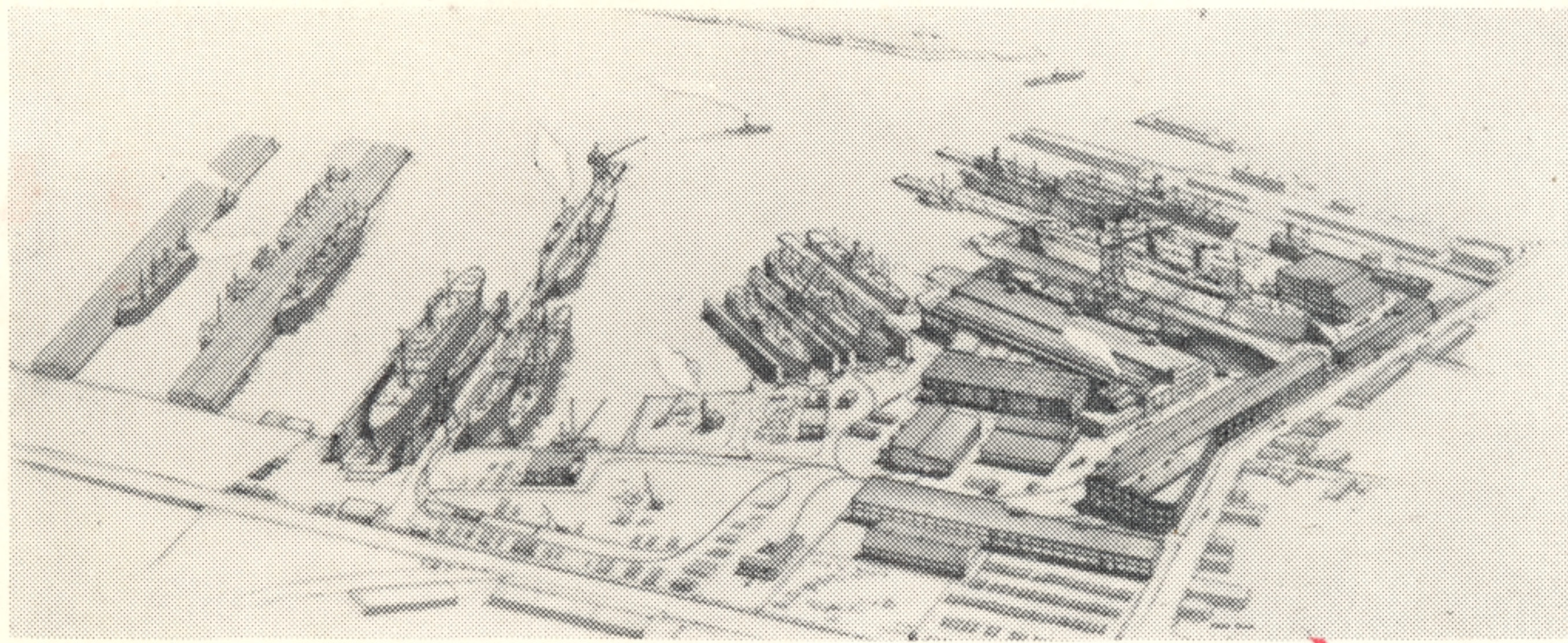
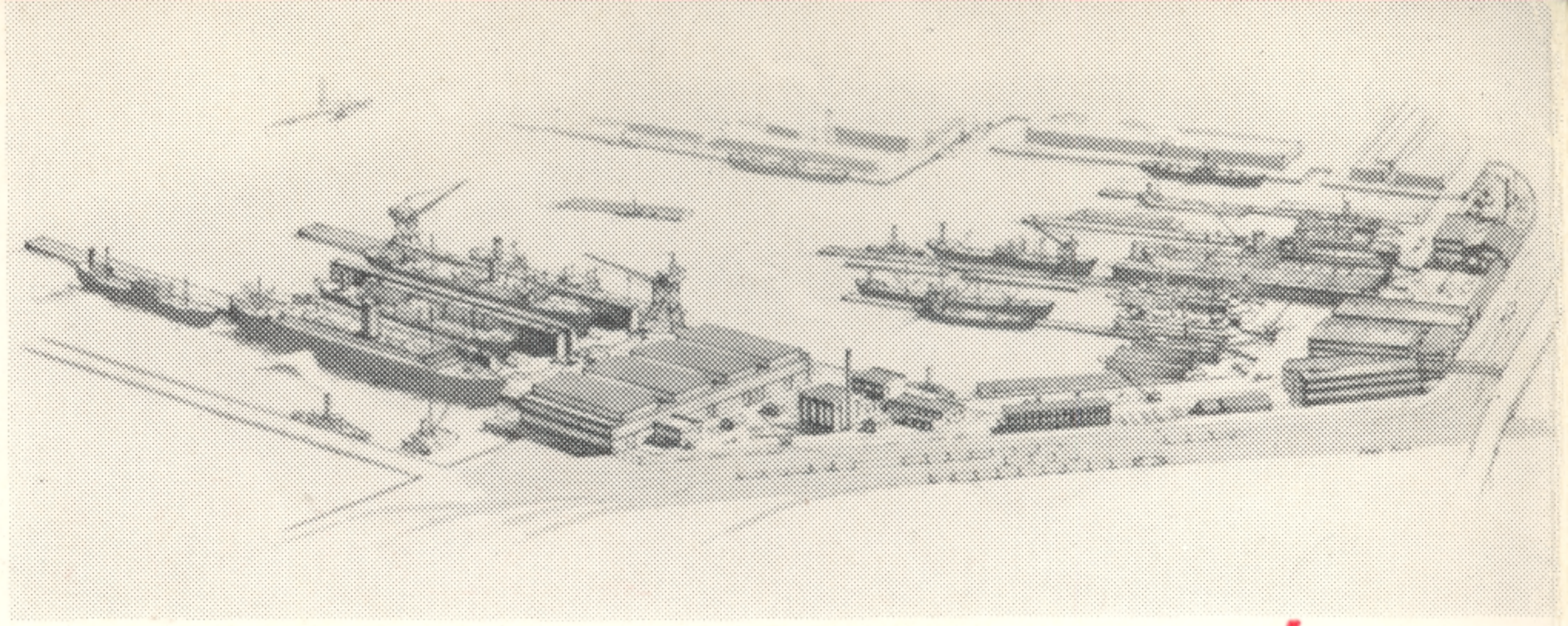
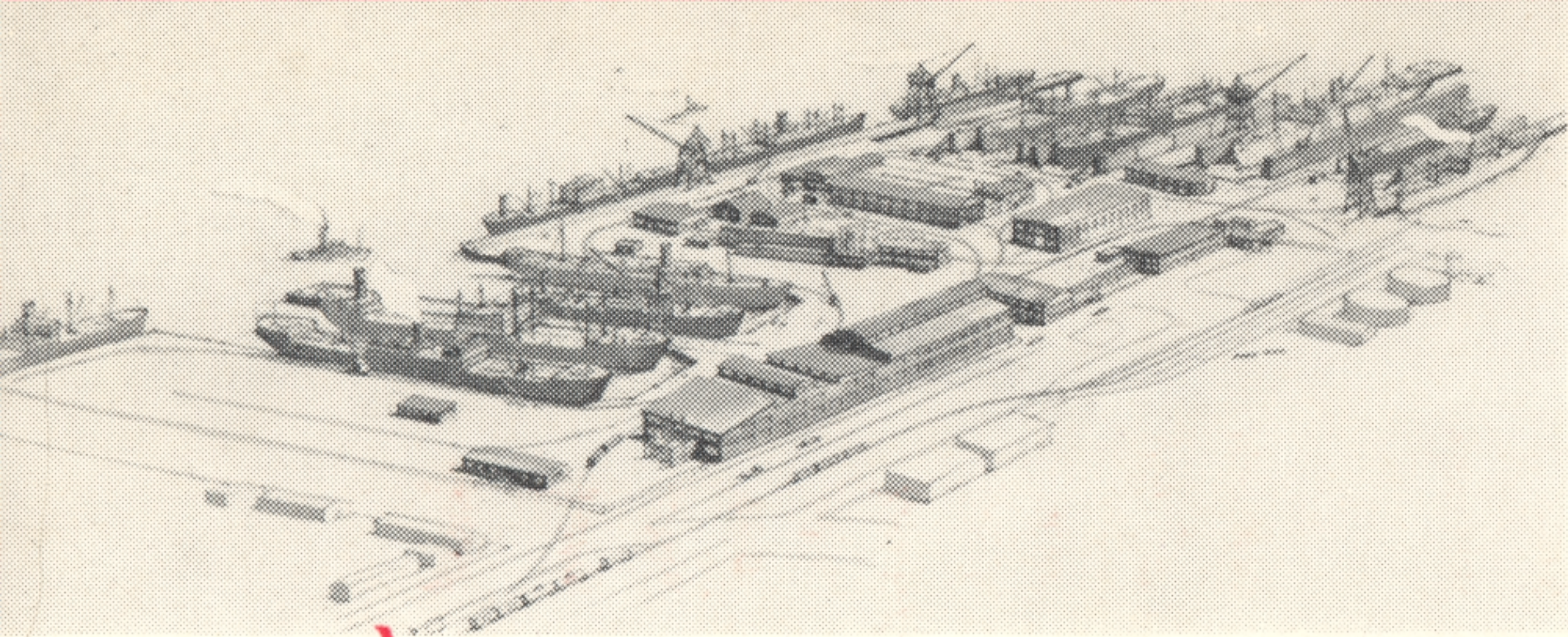
C O R P O R A T I O N

Annual Report
FOR THE FISCAL YEAR ENDED MARCH 31
1954

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Todd Shipyards Corporation 1954
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Annual Report

FOR THE FISCAL YEAR ENDED MARCH 31

1954

TODD SHIPYARDS CORPORATION

DIVISIONS

BROOKLYN DIVISION
Brooklyn, New York

HOBOKEN DIVISION
Hoboken, New Jersey

GALVESTON DIVISION
Galveston, Texas

HOUSTON DIVISION
Houston, Texas

LOS ANGELES DIVISION
San Pedro, California

SAN FRANCISCO DIVISION
San Francisco and Alameda, California

SEATTLE DIVISION
Seattle, Washington

COMBUSTION EQUIPMENT DIVISION
Elmhurst, New York

SUBSIDIARIES AND AFFILIATES

TODD-JOHNSON DRY DOCKS INC.
New Orleans, Louisiana

TODD ATLANTIC SHIPYARDS
CORPORATION
South Portland, Maine

TODD OIL BURNERS, LIMITED
London, England

LISTER-TODD ENGINEERING
CORPORATION, LIMITED
London, England

UNION INDUSTRIAL Y ASTILLEROS
BARRANQUILLA "UNIAL"
Barranquilla, Colombia, S. A.

HEAD OFFICE

One Broadway, New York

SIGNIFICANT FACTS

	Fiscal Years Ended March 31					
	1954	1953	1952	1951	1950	1949
Net Charges for Repair, Conversion and Other Work Performed	\$70,434,354	\$78,894,491	\$75,665,807	\$46,029,323	\$33,458,604	\$59,493,326
Operating Expenses	71,426,782	76,712,233	68,251,346	43,021,653	37,466,181	60,000,692
Income (Loss) from Operations	(992,428)	2,182,258	7,414,461	3,007,670	(4,007,577)	(507,366)
Other Income	522,599	818,487	562,058	514,739	168,659	1,104,081
	(469,829)	3,000,745	7,976,519	3,522,409	(3,838,918)	596,715
Non-Recurring Profit on Sale of Plants	—	—	251,065	—	—	807,992
	(469,829)	3,000,745	8,227,584	3,522,409	(3,838,918)	1,404,707
Federal Income Taxes	(782,812)*	1,030,000	5,615,000	1,450,000	(933,303)	—
Net Income	\$ 312,983	\$ 1,970,745	\$ 2,612,584	\$ 2,072,409	\$ (2,905,615)	\$ 1,404,707
Dividends Paid	\$ 917,488	\$ 1,067,404	\$ 1,102,146	\$ 555,407	\$ 557,678	\$ 2,091,760
Per Share	\$3.50	\$4.00	\$4.00	\$2.00	\$2.00	\$7.50

Net Working Capital	\$20,569,388	\$21,889,148	\$21,812,227	\$20,449,339	\$18,189,651	\$22,154,080
Stockholders' Equity	\$38,329,045	\$39,107,168	\$38,435,181	\$37,373,552	\$35,910,517	\$39,379,693
Book Value Per Share	\$147	\$148	\$143	\$135	\$129	\$141
Number of Shares Outstanding	260,990	264,433	268,696	277,346	278,766	278,902
Number of Stockholders	2055	2115	2140	2018	2046	2064
Number of Employees	6069	8298	9341	7082	4969	8054

*See Note D to Financial Statements.

TODD SHIPYARDS CORPORATION

May 26, 1954

To the Stockholders:

Operations of your Company for the fiscal year ended March 31, 1954 showed a decline of approximately \$8,000,000 in volume compared with the preceding year. This was due to a decrease in the amount of work available which in turn was caused by the decline in the world freight market and by the general diversion of shipping from New York harbor as a result of the chaotic labor conditions in the steamship industry in the port. During the year there was encouraging progress in developing varied services in fields other than ship repair with the object of diversifying Company activities.

On the opposite page you will find a summary of significant facts for the last six years. The fluctuating nature of the Company's business reflected by this table demonstrates the importance of maintaining substantial working capital.

REVENUES

The decline in business because of the weakened world freight market was intensified by the waterfront labor situation in New York harbor which affected two of our largest Plants—those of the Brooklyn and Hoboken Divisions. During the year there were approximately twenty-five work stoppages in New York harbor, of which five were of a major nature and duration. These unsettled conditions and the threats which led up to the actual strikes prompted ship owners to divert their vessels from New York harbor, and after settlement of the strike ships were not immediately rescheduled for calls in New York. During the last dispute in March 1954, over 300 merchant ships originally scheduled for New York were diverted to other Atlantic ports.

This is a situation over which the Company had no control, nevertheless it affected the Company's business seriously. Present indications are that steps are being taken by State and Municipal authorities to prevent a recurrence of this problem and it is to be hoped that their efforts will be successful.

DIVIDENDS

The conservative management of the Company's financial structure has permitted the Company to establish and maintain an enviable record with respect to dividends paid. In each year since its organization in 1916 the Company has paid

a dividend each quarter and the last dividend paid to stockholders was the 155th consecutive dividend so paid.

FINANCIAL

The Company's financial position continues to be strong and sound. The Company is well prepared to meet today's economic conditions, particularly in the maritime field, and its position of financial stability enables it to participate in negotiation or bidding for every ship repair or conversion job, public or private, large or small, that is offered.

An American Merchant Marine is recognized by all agencies of Government and by the American public as an absolutely necessary adjunct for the defense and economy of the Country. While today it is going through one of its recurring cycles, this situation is the subject of much study looking toward the correction of conditions which are deterring the plans of ship owners to expand their operations.

A resurgence of the American Merchant Marine will find your Company equipped in every way to handle its share of the increased business generated by a merchant marine truly representative of America.

LABOR RELATIONS

For many years the relations between your Company and the unions representing its employees have been generally satisfactory. The Company employees in the several Divisions are represented by various unions, some A. F. L. and some C.I.O. Contracts with the unions expire each year on dates varying from January 15 to August 23.

Contracts negotiated during the fiscal year provided for a wage increase and for fringe benefits which resulted in increased hourly payments of from 4½% to 5%. This was the pattern generally in the industry, and the extent of these increases was influenced to a considerable degree by increases granted in the steel industry and extended to the employees of those steel companies operating ship repair and building yards.

During the year a work stoppage affected all shipbuilding and ship repair yards on the West Coast employing machinists affiliated with the A. F. L. The Seattle Division was the only Todd Plant affected by this two-week strike.

PERSONNEL

At a meeting of the Board of Directors held on August 25, 1953, Mr. John D. Reilly who had been employed by the predecessor Company since 1907, had

joined this Company at its organization in 1916 and had served as its President since 1932, was elected Chairman of the Board. Mr. Joseph Haag, Jr., who came with the Corporation in 1917 was elected to succeed Mr. Reilly as President. Other corporate changes made during the year included the election of Mr. Harry G. Hill as Vice President; Mr. Francis J. Smyth as Vice President and Director to succeed Mr. J. L. Lawder, retired; Mr. Robert Freebairn as Vice President in Charge of Sales to succeed Mr. William A. Maloney, retired; and Mr. Edwin K. Linen as Secretary to succeed Mr. Smyth.

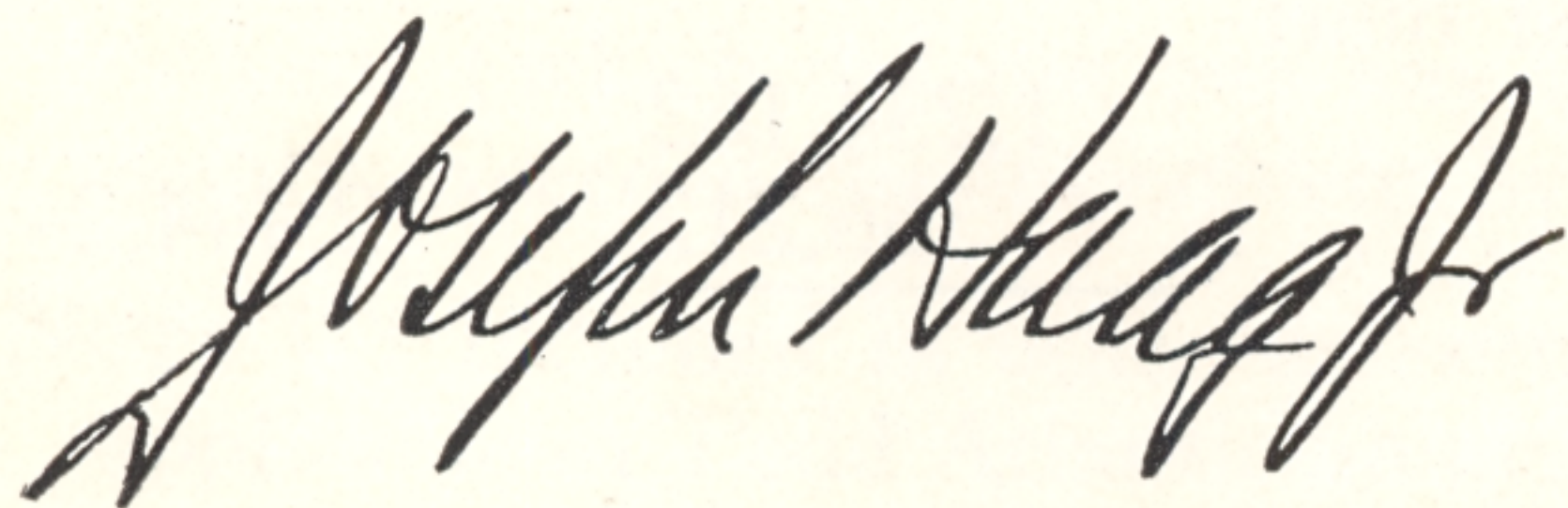
OUTLOOK

Ship repairs in the first three months of 1954 increased considerably in volume which would seem to indicate improvement in the outlook for the remainder of the year. A recent policy of the Navy returned to the private ship repair industry the work on Naval Auxiliary vessels formerly repaired in private yards, but since the War done in the Naval Shipyards, and some work as well on combatant vessels of the Navy. Your Company is securing a considerable amount of this work and as this policy, so far as can be foreseen, is a continuing one on the part of the Navy, it presents a distinctly hopeful picture.

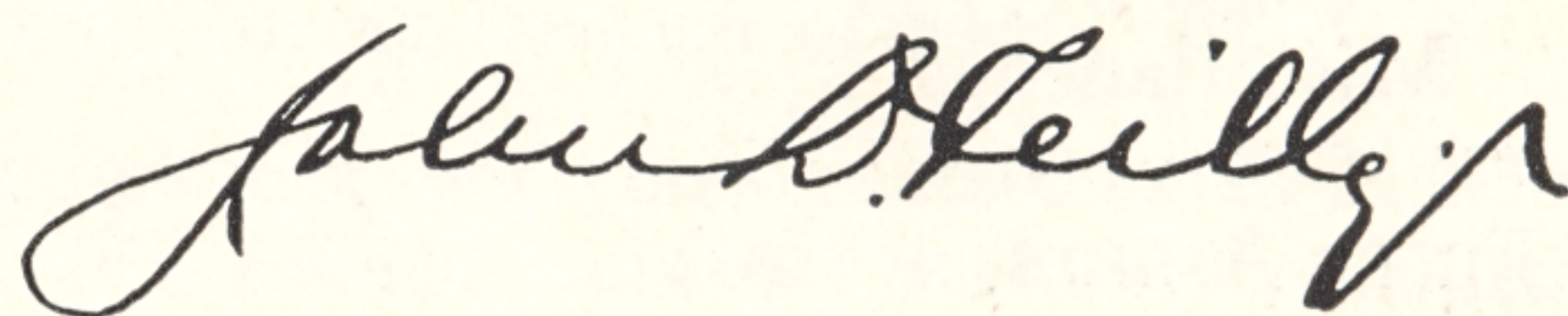
In addition, the results of the efforts to diversify the Company's operations now being exerted in connection with industrial and other allied work are encouraging.

The Directors and Officers are deeply appreciative of the cooperation, confidence and interest of our stockholders, customers and employees.

Respectfully submitted,



JOSEPH HAAG, JR.
President



JOHN D. REILLY
Chairman of the Board

TODD SHIPYARDS CORPORATION

BALANCE SHEET

at March 31, 1954

ASSETS

CURRENT ASSETS:

Cash	\$ 7,754,704	
U. S. Government securities, at cost which approximates market	129,642	
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 \$4,933,396)	\$ 6,247,990	
Other (including amounts unbilled \$1,237,160)	5,641,335	11,889,325
Claims for refund of state taxes, etc.		265,936
Work in progress on contracts for U. S. Government Departments and on commercial repair and other contracts, less payments on account (Note A)	2,944,513	
Amounts receivable from affiliated companies	278,964	
Materials and supplies, at lower of cost or replacement market	3,576,209	
Total current assets	26,839,293	

INVESTMENTS IN AFFILIATED COMPANIES (not consolidated):

Todd-Johnson Dry Docks Inc. (99.23% owned) (Note B)	1,214,338	
Other (Note C)	383,249	1,597,587
Tools, tool parts, etc. (at depreciated value)		1,222,535

OTHER ASSETS:

Mortgage receivable arising from sale of plant, due in quarterly instalments to December 31, 1958	755,000	
Secured loans to employees, not officers or directors	88,867	
Notes and accounts receivable (less reserve) not expected to be collected within one year, partly secured by preferred mortgages on ship	1,234,162	
Miscellaneous	366,212	2,444,241

FIXED ASSETS, at cost:

Plant, dry docks and equipment (including \$8,126,227 emergency facilities fully reserved for)	29,711,459	
Less: Reserve for depreciation	21,732,698	
	7,978,761	
Real estate	3,406,957	11,385,718

DEFERRED CHARGES:

Prepaid insurance premiums, leasehold improvements and other deferred charges	1,109,576	
	<u>\$44,598,950</u>	

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES:

Accounts payable	\$ 3,020,699
Accrued payroll and vacations	1,420,828
Accrued taxes, other than Federal income taxes	541,250
Accrued Federal income and excess profits taxes (Note D)	1,287,128
Total current liabilities	<u>6,269,905</u>

CAPITAL STOCK AND SURPLUS:

Common stock, \$20 par value:		
Authorized and issued 278,902 shares	\$ 5,578,040	
Earned surplus, per accompanying statement	33,664,636	
	39,242,676	
Less: 17,912 shares of common stock held in treasury, at cost	913,631	38,329,045
		<u>\$44,598,950</u>

NOTES TO FINANCIAL STATEMENTS

NOTE A: Repair and conversion contracts which were completed at March 31, 1954 are included in accounts receivable at estimated cash realization value. Contracts which were not completed at March 31, 1954 are carried in work in progress at the lower of cost, or estimated final realizable value reduced by the estimated additional costs to completion.

NOTE B: At March 31, 1954 the balance sheet of Todd-Johnson Dry Docks Inc., 99.23% owned, (which did not pay any dividends during the year) indicated that the Corporation's equity exceeded the investment by \$1,098,114, a decrease during the year of \$446,940.

NOTE C: Included in other investments in affiliated companies, not consolidated, is \$221,500 applicable to Todd Atlantic Shipyards Corporation, a 50% owned company formerly engaged in shipbuilding and ship repair activities. At March 31, 1954 the unaudited balance sheet of this company indicated equity of \$499,736 in excess of the investment. A dividend of \$221,500, paid out of prior years' earnings for the most part, was received by the Corporation during the year.

NOTE D: Federal income tax returns are filed on a calendar year basis. Operations for the calendar year 1953 resulted in a loss and the Corporation has filed a claim, under the carry-back provisions of the Internal Revenue Code, for recovery of taxes previously paid with respect to the prior calendar year. The claim has been offset on the balance sheet against accrued Federal income and excess profits taxes applicable to the three months ended March 31, 1954 and certain prior years. (Notes continued on page 8)

TODD SHIPYARDS CORPORATION

STATEMENT OF INCOME AND EARNED SURPLUS

For the Year ended March 31, 1954

Net charges for repair, conversion and other work performed		\$70,434,354
Operating expenses:		
Labor, material and other expenses	\$68,526,018	
Taxes, other than Federal income taxes	1,751,719	
Depreciation	684,099	
Contributions to retirement system	464,946	71,426,782
Loss from operations		(992,428)
Other income:		
Dividends received from affiliate (Note C)	251,103	
Management fees	24,000	
Interest	163,832	
Gain on sale of fixed assets	27,482	
Miscellaneous (net)	56,182	522,599
		(469,829)
Provisions made in prior years, no longer required, for Federal income taxes—less minor net amount of tax applicable to current fiscal year (Note D)		782,812
Net income		312,983
Earned surplus at March 31, 1953		34,269,141
		34,582,124
Dividends paid during year, \$3.50 per share		917,488
Earned surplus at March 31, 1954		<u>\$33,664,636</u>

NOTES TO FINANCIAL STATEMENTS—CONTINUED

There has been credited to income excess provisions made in prior years for Federal income and excess profits taxes which, based on determinations made during the year with respect to such taxes, are no longer considered necessary.

NOTE E: A portion of the profits for the current and prior years arose from work performed under contracts with U. S. Government Departments, which contracts are subject to the provisions of applicable law with respect to renegotiation. It is estimated that the amount, if any, of profits which may be refundable to the Government in renegotiation proceedings under such contracts will not materially affect net income as reported or the Corporation's financial position.

NEW YORK
CHICAGO
ATLANTA
BOSTON
CLEVELAND
DALLAS
DETROIT
HOUSTON
KANSAS CITY
LOS ANGELES
MILWAUKEE

ARTHUR YOUNG & COMPANY

ACCOUNTANTS AND AUDITORS

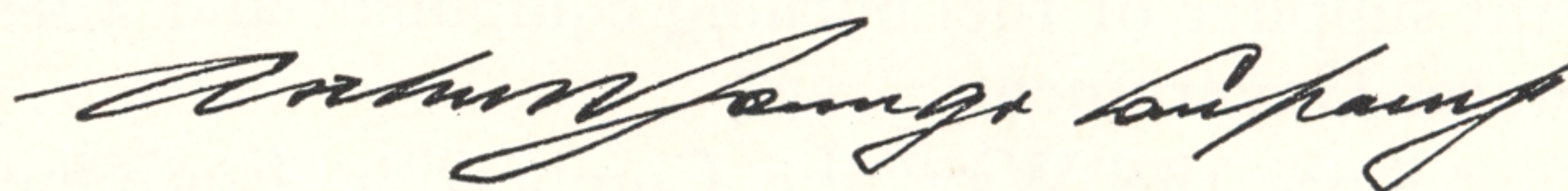
165 BROADWAY
NEW YORK 6, N.Y.

PHILADELPHIA
PITTSBURGH
SAN FRANCISCO
TOLEDO
TULSA
WICHITA
—
CANADA
ENGLAND
FRANCE
VENEZUELA

THE BOARD OF DIRECTORS AND STOCKHOLDERS,
TODD SHIPYARDS CORPORATION:

We have examined the balance sheet of Todd Shipyards Corporation at March 31, 1954 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. It was not practicable to confirm receivables from U. S. Government Departments, as to the substantial accuracy of which we satisfied ourselves by other auditing procedures.

In our opinion, the accompanying balance sheet and statement of income and earned surplus present fairly the financial position of Todd Shipyards Corporation at March 31, 1954 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.

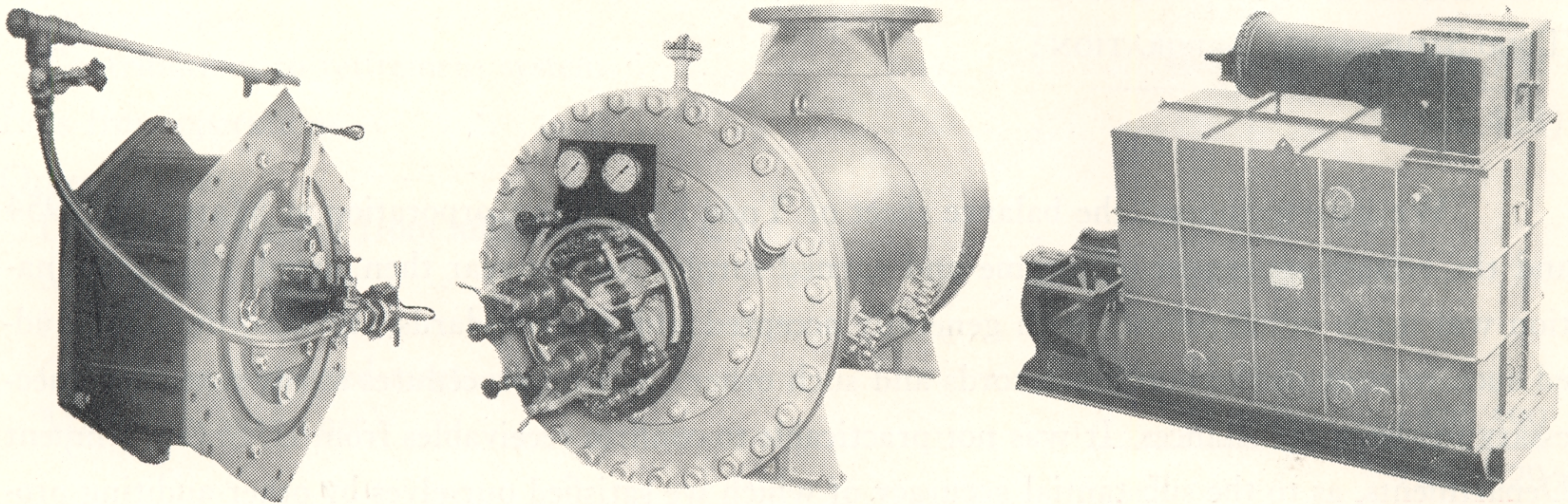


New York, N. Y.
May 11, 1954

DIVERSIFICATION

THE fluctuating nature of the ship repair business with its recurring peaks and valleys has always presented the problem of developing profit producing business in fields sufficiently allied to permit the use of the tools, equipment, and know-how of the ship repair industry.

As a means to this end, the Company has not only extended the operations of its Combustion Equipment Division but has established an Industrial Division equipped and staffed to produce a continuing, concentrated and coordinated effort to sell industrial work of any type within the scope of the Company's facilities and organization.



Oil burner for high pressure use.

Direct fired air heater unit

Foundry cupola hot blast heater.

COMBUSTION EQUIPMENT DIVISION

Prior to World War II the Combustion Equipment Division was actively engaged in the development, production and sale of fuel oil burning equipment both for marine and stationary service. The degree of this accomplishment became evident during World War II when this Division became probably the most important supplier of fuel burning equipment and allied military products to the United States Government.

Since the War, the Combustion Equipment Division has been greatly expanded with particular emphasis on the development and marketing of new products. To the greatly increased and rounded out line of TODD fuel oil burners, gas burners and oil burning equipment there has been added the TODD Insecticidal Fog Applicator used for the dispersion of insecticides, fungicides and hormones in connection with the destruction of pests affecting the health and economy of the country. This Division has also designed and manufactured special fuel atomizers for jet engine and guided missile use, and designed, developed, manufactured and marketed the TODD-Thermo direct and indirect fired air heaters and combustors. This last item has been developed and sold for service in foundries and cement plants; for use as test units in airplane engine manufacturing plants and in connection with atomic energy research; for heating asphalt and for use by railroads in

thawing frozen coal cars. Additional uses for this equipment are being sought and found with increasing frequency.

INDUSTRIAL DIVISION

The basic efforts of the Industrial Division are directed toward the procurement of work in addition to ship repair work which can be handled by facilities already available in our Plants. Other possibilities are being systematically and carefully investigated and evaluated.

Some of the significant items of industrial work performed by the Plants of the Company have been:

Manufacture of new design vertical axis propellers and parts for installation in U. S. Army shallow draft vessels.

Repairing and remachining damaged components of water turbines for the Ross Dam Hydroelectric Plant.

Repair of a forty-ton General Electric rotor for a Public Service Plant.

Manufacture of large supersonic wind tunnel components.

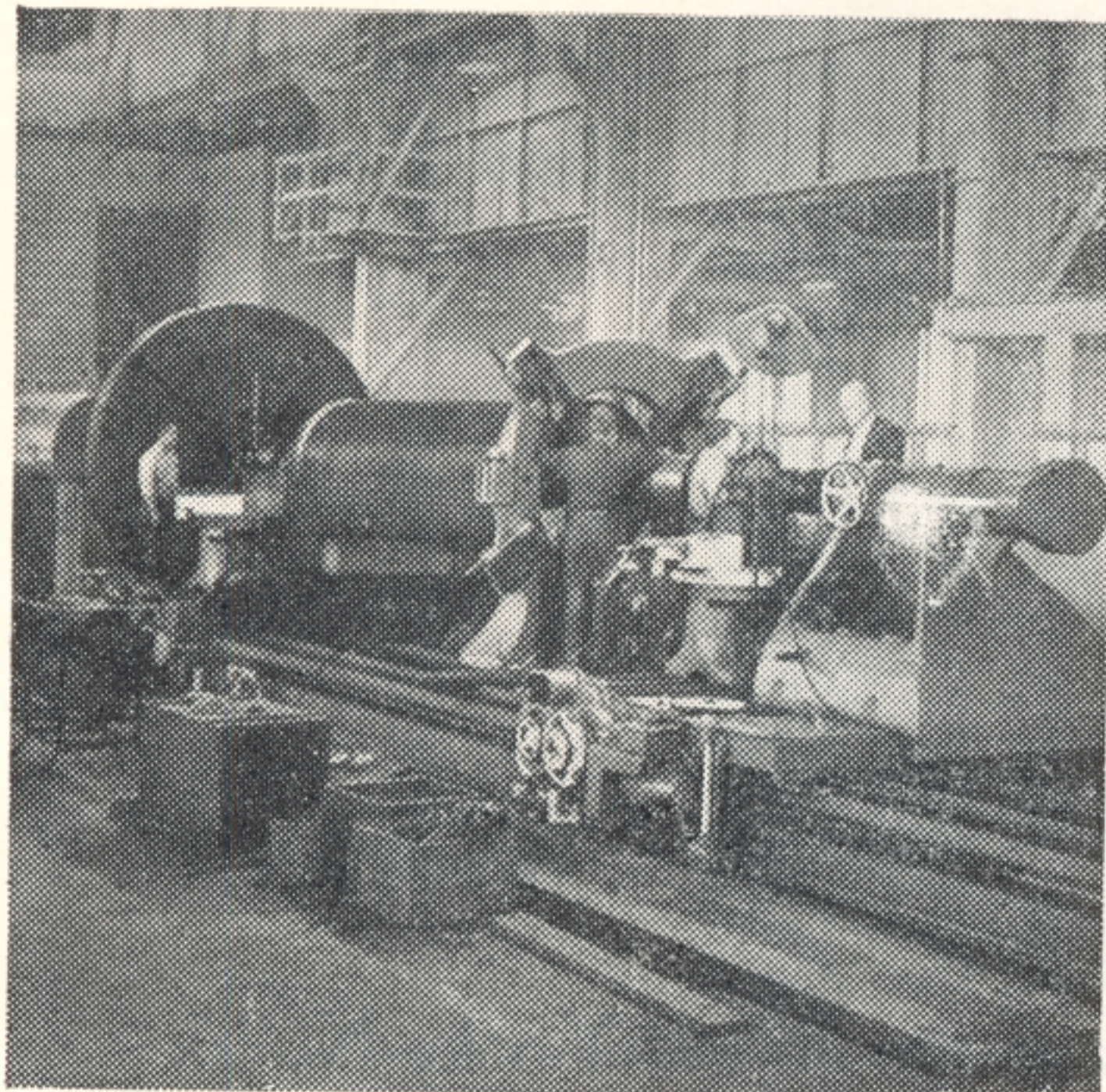
Complete fabrication of the regulating gate requirements with all accessories for the Falcon Dam and the St. Joseph Dam — Department of Reclamation.

Construction of numerous pressure vessels for the oil and chemical industries.

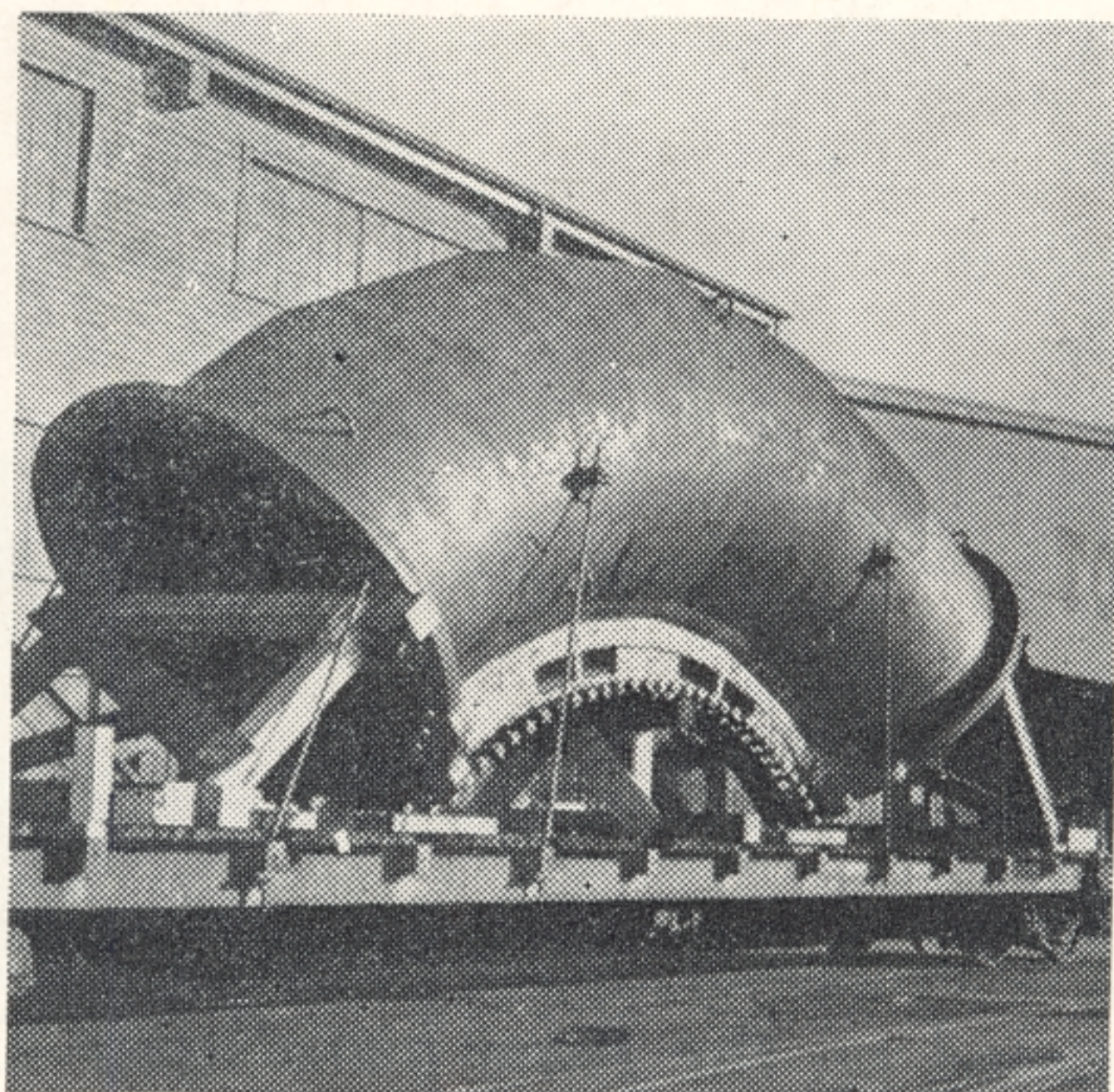
Additional dam gates with accessories have been and are being constructed in the Plants. Steam turbine repairs and overhauls for industrial and public utilities plants are being regularly performed. Machining and steel fabrication work for industry is standard practice at all Plants.

The Industrial Division is aggressively selling the Company's facilities, know-how and organization to industry in general and is obtaining work which can be efficiently and profitably performed in the Plants without incurring any major expense for the purchase of equipment.

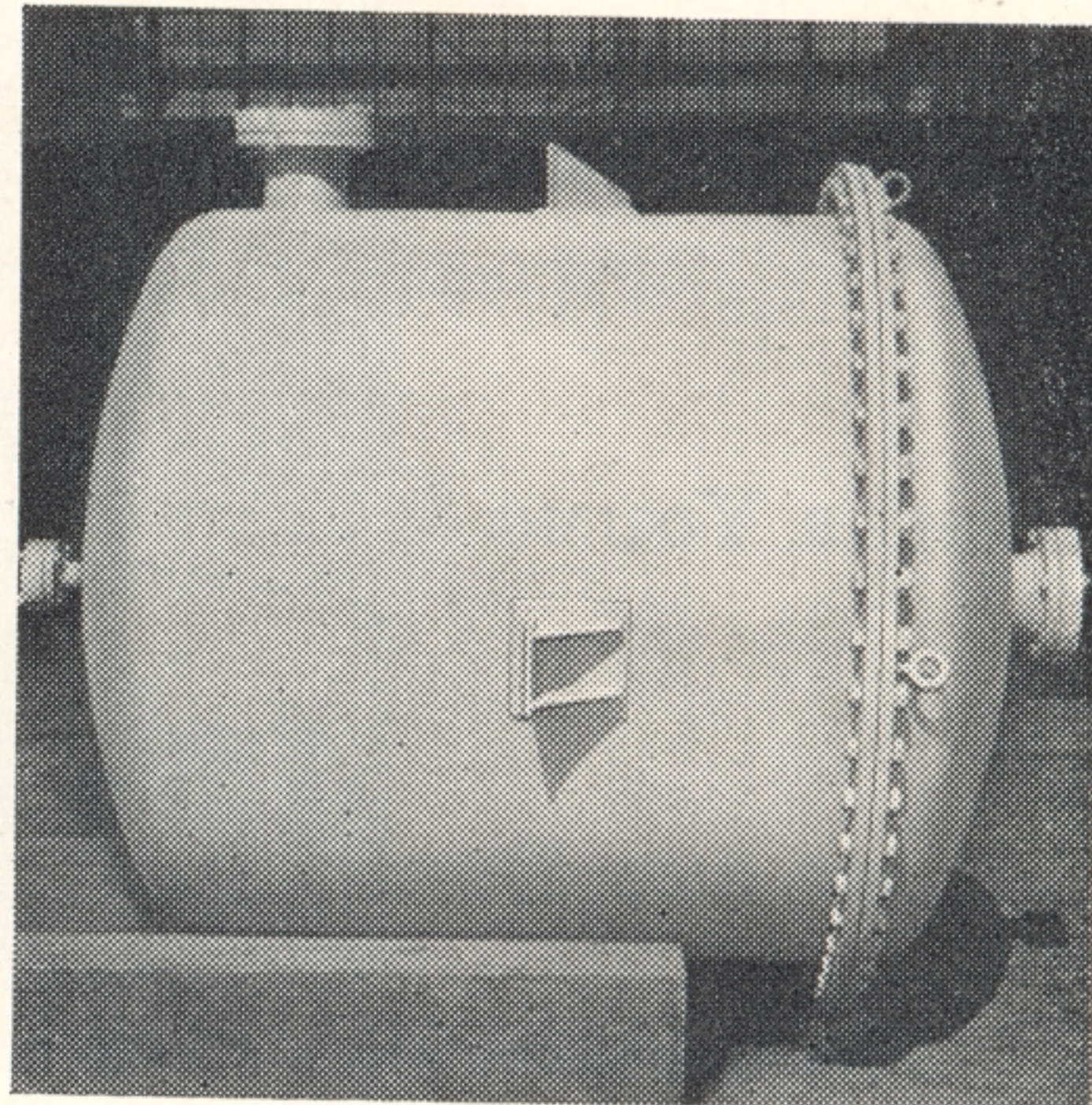
Rebuilding 40-ton powerhouse rotor.



Hydraulic scroll casing for Ross Dam



Typical pressure vessel used for distillation processes.



TODD SHIPYARDS CORPORATION

MANAGEMENT

BOARD OF DIRECTORS

RUSSELL W. BOWES (1951)	General Manager, Combustion Equipment Division of the Corporation
JOHN T. GILBRIDE (1951)	General Manager, Los Angeles Division of the Corporation
JOSEPH HAAG, JR. (1939)	President of the Corporation
HARRY G. HILL (1952)	Vice President of the Corporation, Member of the firm of Cullen & Dykman, General Counsel of the Corporation
JOHN D. REILLY (1920)	Chairman of the Board of the Corporation
JOHN D. REILLY, JR. (1951)	General Manager, San Francisco Division of the Corporation
FRANCIS J. SMYTH (1953)	Vice President of the Corporation
CHARLES F. STRENZ (1944)	Vice President in Charge of Finance and Comptroller of the Corporation

The dates in parentheses are the years each first became a Director of the Corporation.

OFFICERS

JOHN D. REILLY	Chairman of the Board
JOSEPH HAAG, JR.	President
CHARLES F. STRENZ	Vice President in Charge of Finance and Comptroller
HARRY G. HILL	Vice President
FRANCIS J. SMYTH	Vice President
ROBERT FREEBAIRN	Vice President in Charge of Sales
J. THOMAS EDGE	Treasurer
EDWIN K. LINEN	Secretary

TRANSFER AGENT

THE HANOVER BANK	New York, N. Y.
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REGISTRAR

CITY BANK FARMERS TRUST CO.	New York, N. Y.
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AUDITORS

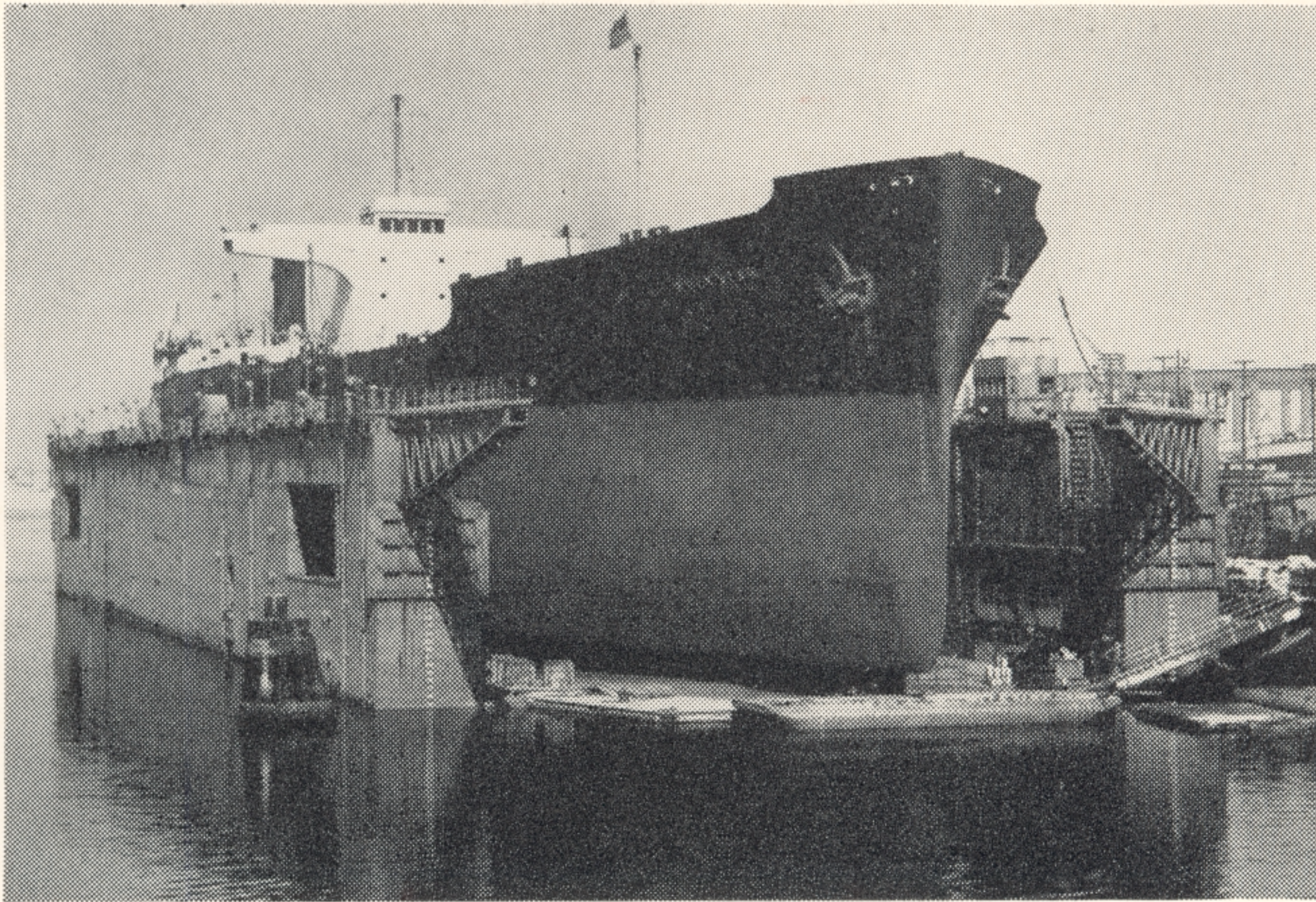
ARTHUR YOUNG & COMPANY	New York, N. Y.
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COUNSEL

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

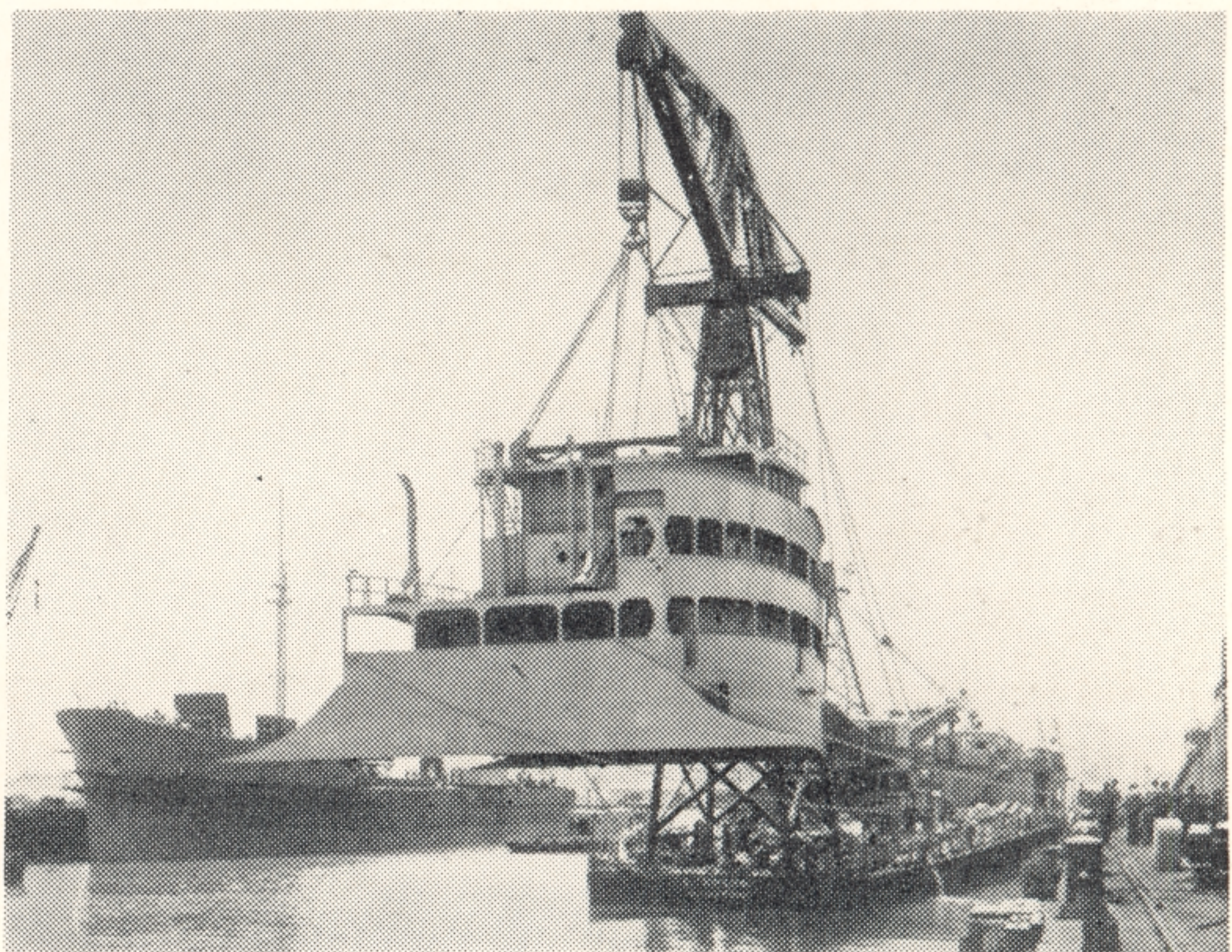
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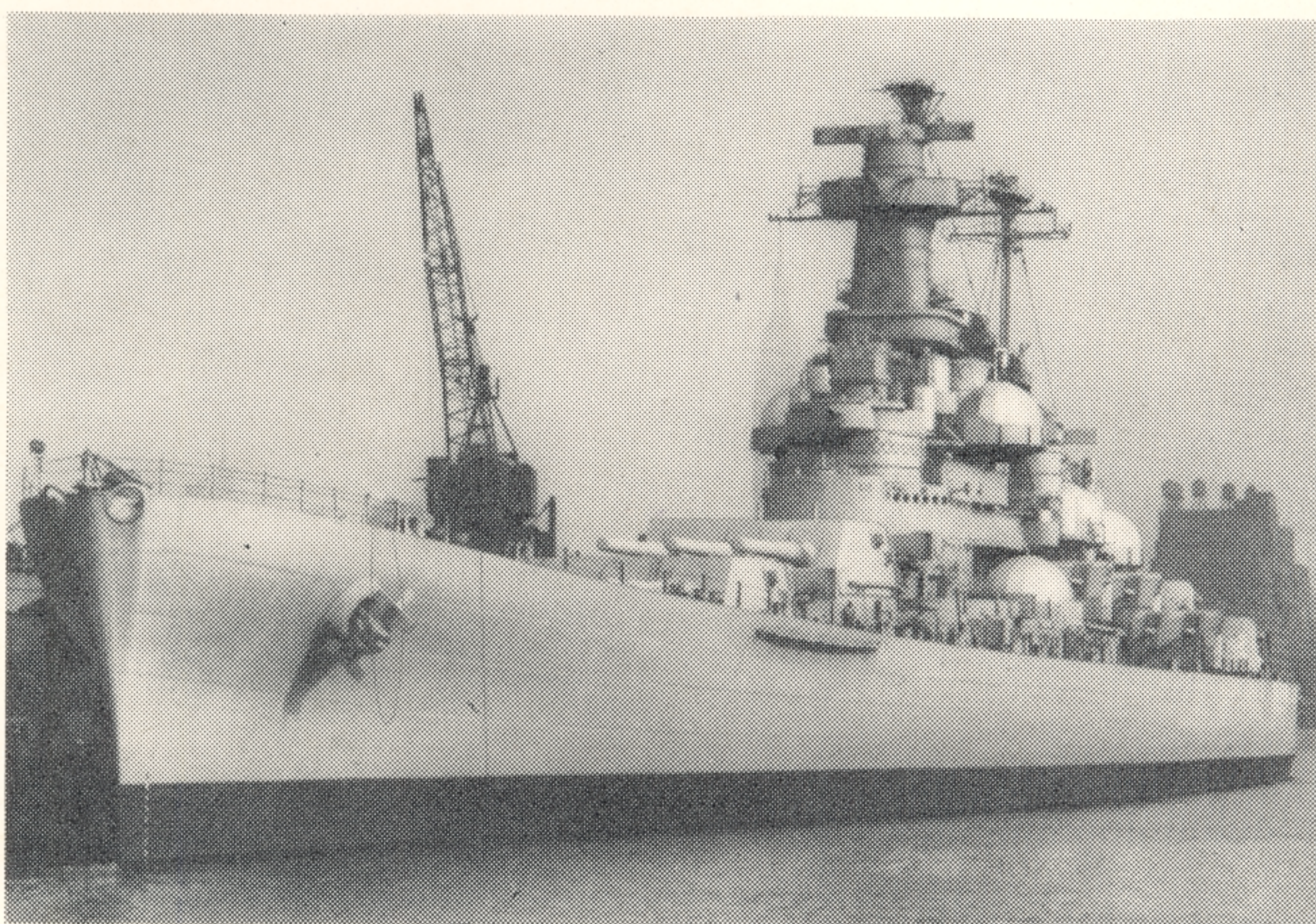
*Supertanker in Todd
drydock for repairs.*



*Collision damage
for repairs.*



*Completed midship superstructure being
installed on tanker in background.*



Battleship in for overhaul.

DEC 0 5 1997

DEC 0 5 1997 Ref'd Business

