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Todd Shipyards Corporation 1962  
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TODD

Year Ended March 31,  
*annual report* **1962**

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

ANGEL R. GARATE . . . . .	<i>General Manager — BROOKLYN</i>
RALPH F. ANSELM . . . . .	<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* Manufacturers Hanover Trust Company, 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.*



**Report for year ended March 31, 1962**

**TODD**

**SHIPYARDS CORPORATION**

One Broadway, New York 4, New York



# TODD

SHIPYARDS CORPORATION

## Significant Facts

	<i>Fiscal Year Ended March 31</i>	
	<b>1962</b>	<b>1961</b>
Sales . . . . .	\$125,232,339	\$107,951,896
Net Income (loss) . . . . .	\$ (491,612)	\$ 1,316,363
Refund of Prior Years Taxes on Income	—	\$ 1,588,867
Net Income (loss) and Tax Refund . .	\$ (491,612)	\$ 2,905,230
Dividends Paid . . . . .	\$ 1,026,835	\$ 1,027,467
Net Working Capital . . . . .	\$ 23,043,965	\$ 24,623,440
Current Ratio . . . . .	2.11	2.34
Fixed Assets — Net . . . . .	\$ 18,557,947	\$ 18,325,377
Stockholders' Equity . . . . .	\$ 43,410,582	\$ 44,935,919
Number of Shares Outstanding . . . .	733,369	733,628
Number of Stockholders . . . . .	2,665	2,582

## Data on a Per Share Basis

Net Income (loss) . . . . .	\$ (.67)	\$ 1.79
Refund of Prior Years Taxes on Income	—	\$ 2.17
Net Income (loss) and Tax Refund . .	\$ (.67)	\$ 3.96
Dividends Paid . . . . .	\$ 1.40	\$ 1.40
2 Stockholders' Equity . . . . .	\$ 59.19	\$ 61.25



May 25, 1962

### To the Stockholders:

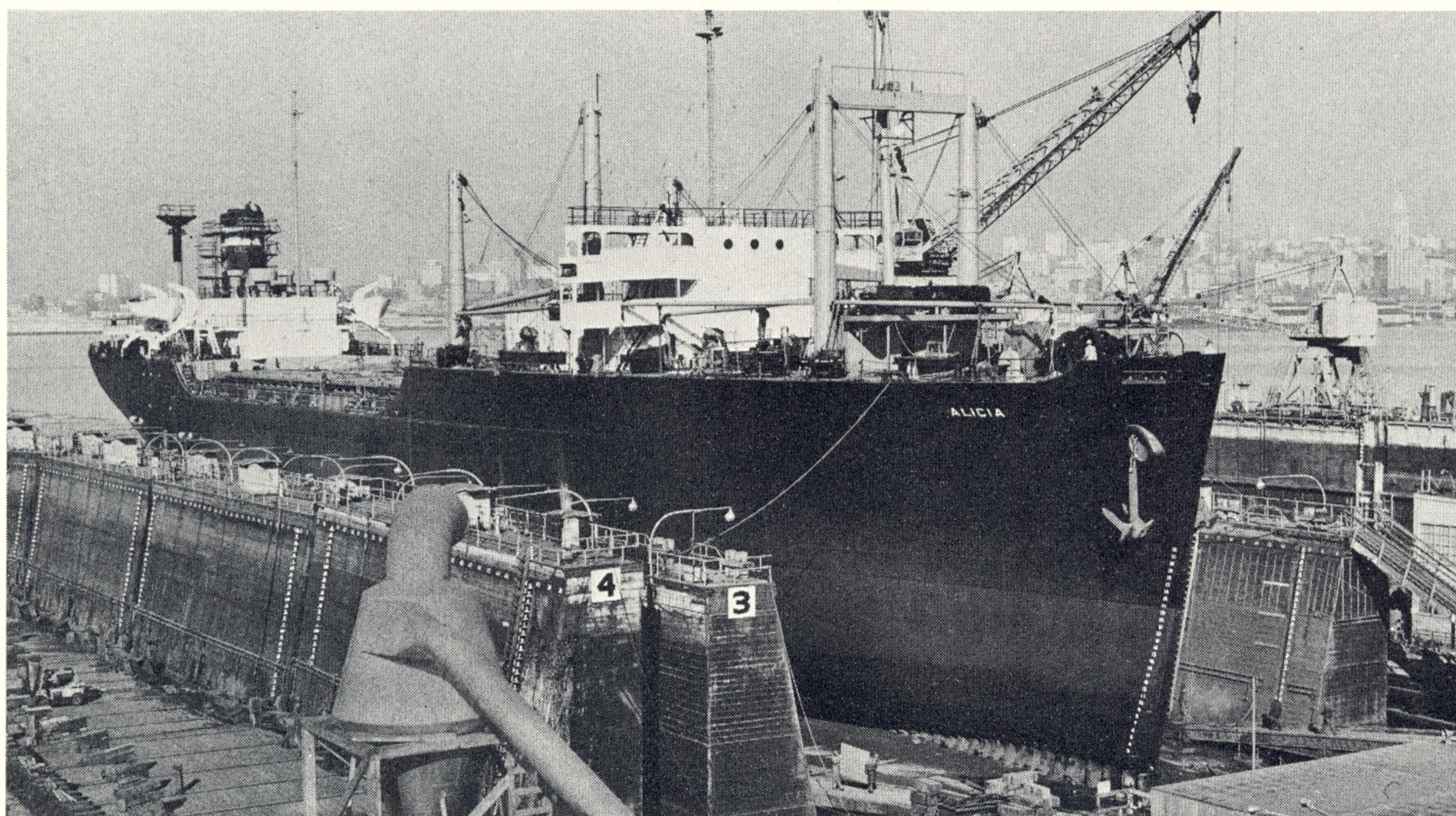
For the fiscal year ended March 31, 1962, sales totaled \$125,232,339 on which the Company sustained a loss of \$491,612 after giving consideration to Federal Income Tax credits of \$625,000.

A number of factors contributed to make the fiscal year unsatisfactory, the principal ones occurring in connection with our shipbuilding program.

Our re-entry into this phase of marine work was fostered by the government agencies concerned — the Maritime Administration for merchant ships and the Department of the Navy for combatant and auxiliary naval craft. The program of the Maritime Administration at that time contemplated the building of twenty-five to thirty ships a year, and the Navy's program was particularly important and attractive to us because of its method of allocating the construction of ships to various sections of the country in order to spread the work geographically for the purpose of maintaining the defense potential.

Inasmuch as the divisions in which our shipbuilding program was launched were combination yards, that is, engaged in both shipbuilding and repair work, it was felt that the increased volume engendered by the construction of

One of two former troop carriers undergoing extensive conversion to combination bulk cargo and containerships at the Seattle Division for Sea Land Services, Inc.





Oil drilling barge "Western Offshore II" enroute from Los Angeles Division to drilling operations in Alaskan waters. Conversion utilized Todd-owned midbody removed from tanker which had been jumboized. Project designed and developed by Todd.



vessels would absorb a considerable portion of the overhead costs of these divisions, with a consequent opportunity for increased returns on shiprepairs normally done at these plants. These plants were improved with modern shipbuilding equipment, tools and facilities. The program as thus conceived contemplated a continuity of shipbuilding work at reasonable prices, which is absolutely necessary for production efficiency. No shipbuilding program can be successful on an intermittent basis.

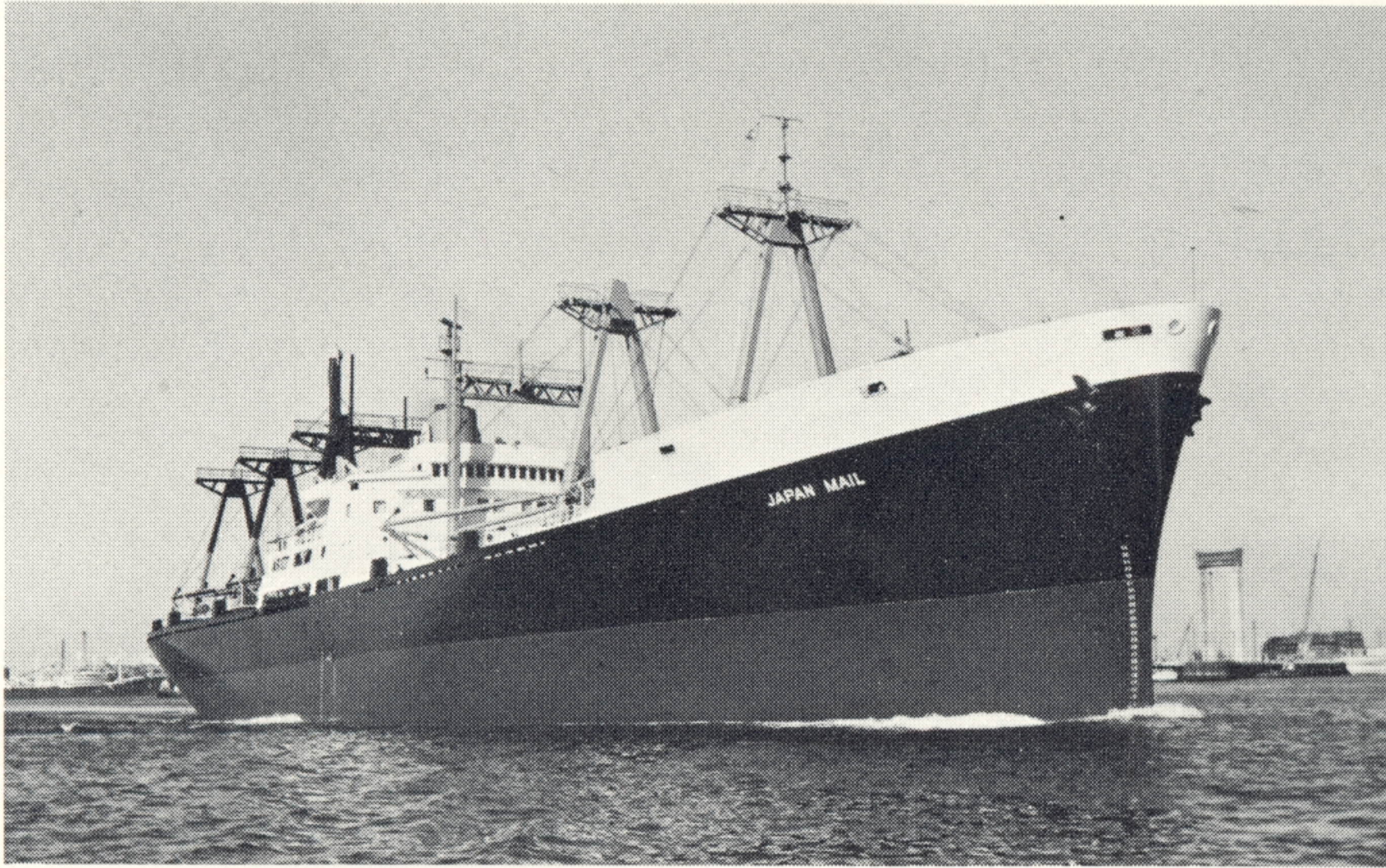
Since our construction program was established in 1957, in no year has the Maritime Administration contracted for the contemplated number of ships and, instead of the twenty-five to thirty proposed, the yearly average has been sixteen. While the Navy has not completely abandoned its policy of allocating vessel construction to the various coasts, it has so curtailed this program in the last few years that it is no longer a factor on which the industry may rely. In addition, both the Navy and Maritime Administration, by encouraging companies which have heretofore not engaged in peacetime shipbuilding to participate in their programs, have broadened the competition for such work as is available in this field. Market prices for all types of vessels—merchant, combatant and auxiliary—have therefore seriously deteriorated. The lack of shipbuilding work available has interrupted the continuity of our program, and this has lost to us the benefit of continuous work and its concomitant of ever-increasing efficiency on the part of both management and the employees engaged in actual production.

Adding to our difficulties this year, irresponsible local labor leadership in one of our building yards has caused illegal work stoppages and by other means interfered with the orderly processes of production. This state of affairs has improved to some extent and it is the opinion of your management that with our present program this problem, which further aggravated a serious situation, is well on the road to solution.

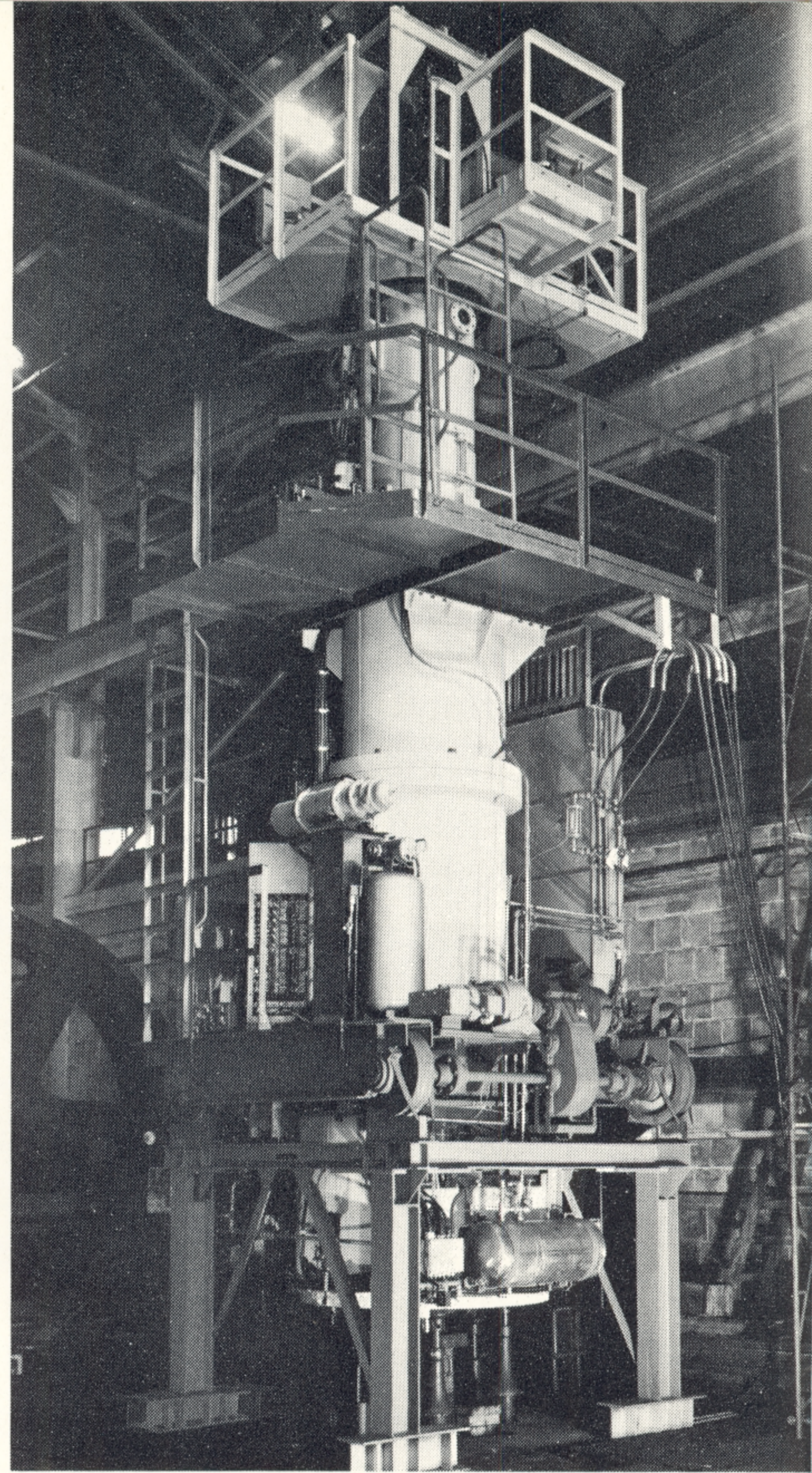
There remains the problem of more work for the yards in order to capitalize on the skills and know-how acquired over these last few eventful years. It is obvious that in view of the importance of the merchant marine and the Navy to our national security and economic strength, the government must recognize the situation and lend its active support to the resolution of the industry's difficulties. Apparently this fact is acknowledged for, on April 5, 1962, the President in his "Message on Transportation" to the Congress mentioned the importance of our merchant fleet, and studies are even now under way looking to a solution from the points of view of the government, the ship operator and the shipbuilder. Both segments of the industry are hopeful that the results of the studies will stimulate action to stem the block obsolescence of our merchant fleet and restore it to a position of preeminence among the fleets of the world.



Atomic Reactor Refueling Machine for stationary power plant in Tennessee. Completely fabricated, assembled, tested and shipped by Brooklyn Division.



Cargo passenger liner JAPAN MAIL delivered April 19, 1962, by Los Angeles Division. Second of three for American Mail Line, Ltd., Seattle, Washington.



The shiprepair industry continues in the depressed condition which has existed for the last few years. American flag shipping tonnages continue to drop, fewer ships are needed, available work is less, competition becomes greater and prices decline. Despite these facts, your Company continues to obtain an increasing percentage of the work which is available. Jumboizing of vessels by the insertion of new foreign-built mid-bodies between old bow and stern sections, which are nonrecurring types of conversions, has been performed on a number of ships by your Company in several of its divisions, and this type of job served to increase working forces and supply much-needed volume in the repair yards. Other jobs of magnitude awarded to your Company include the construction of two Coast Guard Patrol Craft, the conversion of two C-4 type vessels to combination bulk cargo and container-ships, the conversion of a former Navy LST (Landing Ship-Tank) to a cement carrier, the construction of an offshore drill rig and the construction of a rocket launching pad for Cape Canaveral.

We have commented in previous communications to stockholders on the competition of Naval Shipyards with private industry, particularly for repair and conversion work on naval vessels. The industry as a whole, through its trade associations and by individual company action, has aggressively pursued an educational campaign with the Defense Department, national legislators and the general public, to point out the inequity involved in permitting direct government competition with a vital defense industry. The industry's position is that the government should not perform any work



or render any service that private industry is capable of furnishing. This campaign has begun to be an effective instrument, and there are indications that more Navy work is to be offered for competitive bidding to private shiprepair yards in the government's next fiscal year.

During the year, your Company purchased all of the government-owned facilities and equipment located in the Naval Industrial Reserve Shipyard (Plant "A") at Seattle, Washington. These facilities had been constructed on land owned by your Company and consisted of a large quantity of machinery and equipment and many fine buildings. Such equipment as was not needed for our other operations was sold at public auction in April, 1962, and a subsidiary corporation, Todd Properties Corporation, is presently operating the facilities for office, warehouse and storage space. Other uses for the property are also being studied and assessed.

During the fiscal year we negotiated new leases for use of the Navy-owned facilities operated by your Company at six of the divisions. Such leases provided that the rentals accrued might be used with the permission of the Department of the Navy to make repairs to the facilities, provided that under normal accounting practices such repairs would be chargeable to capital account. In August of 1961, we were informed by the Department of the Navy that these facilities, with the exception of steel dry docks, had been declared excess to the needs of the government and that they would be turned over to the General Services Administration for disposal, subject however, to the option in favor of your Company to buy such facilities at the



"Silent Knight", lightweight hand portable insecticidal fogging machine designed for commercial and home use. Recently added to our Products Division's "TIFA" line.

Next page: Guided Missile Destroyer USS BUCHANAN (DDG-14) on sea trials in Puget Sound, Washington. Commissioned February 7, 1962, vessel is second of four to be delivered to the Navy by Seattle Division.

Note: Two Guided Missile Frigates (DLG) are under construction at Los Angeles Division.







fair market value as fixed by the Secretary of the Navy. Negotiations are presently in progress in connection with the acquisition of such facilities by the Company.

It is felt that complete ownership of all facilities operated by the Company, if acquirable at a reasonable price, would be advantageous in many ways. For the future flexibility in the use of the facilities in connection with diversification, complete ownership is a necessity. Such ownership would likewise permit shifting special equipment between plants and taking advantage of business opportunities as they develop. Other advantages are present, of course, when the government has no ownership interest in the physical property. All phases of this important development are being given special attention and study, having in mind the preservation of whatever legal rights the Company may have in connection therewith.

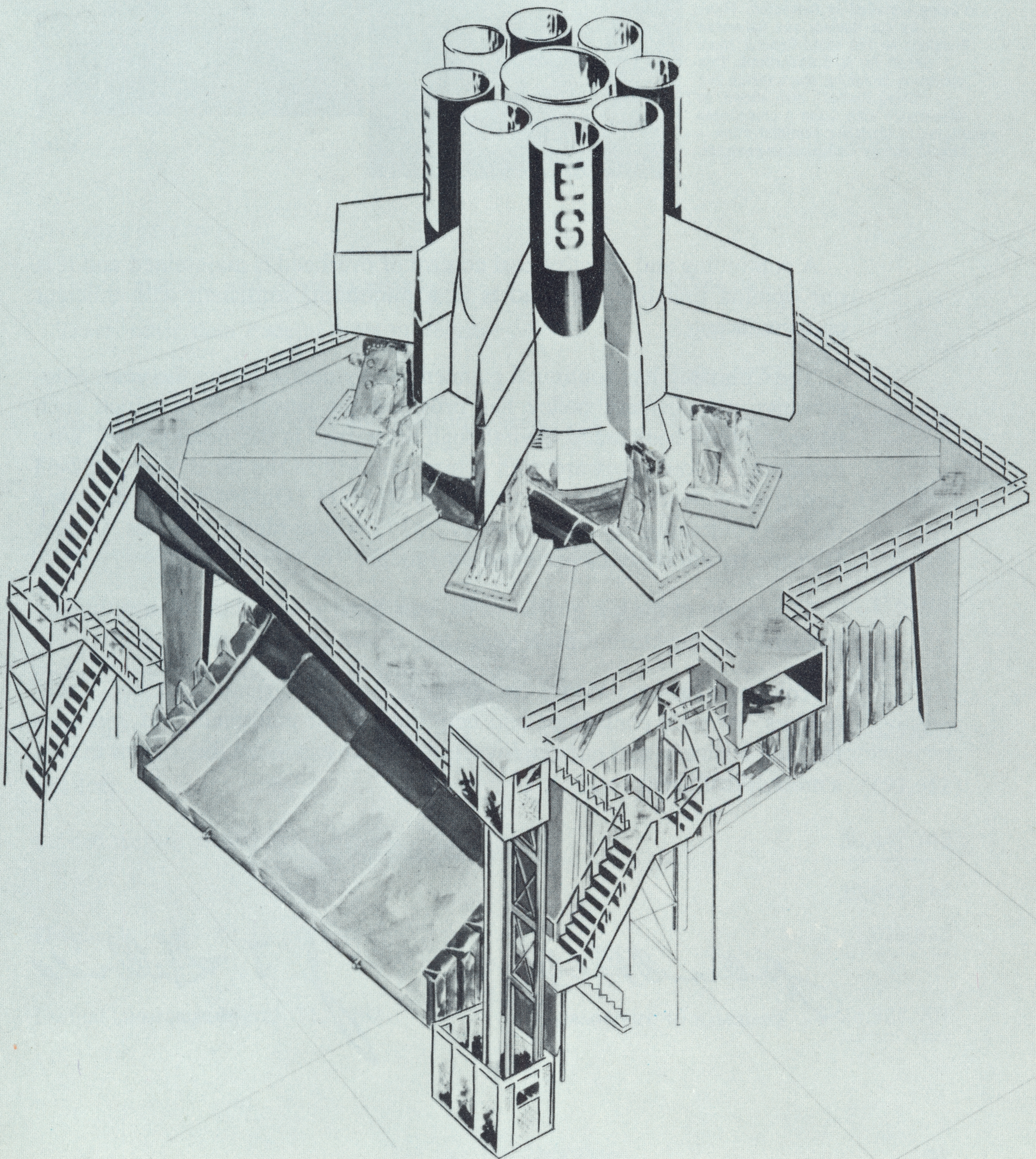
The reorganization of the Products Division announced last year is progressing—new offices manned by experienced personnel have been set up in key cities, new and aggressive distributors and dealers have been added to our list, and new products have been acquired for our line. From the Carrier Corporation we have acquired by purchase a space heater of proven worth, and from the Seeburg Corporation, also by purchase, the rights to manufacture and sell the See-Fog line of insecticidal fogging machines. This latter purchase will make our line of fogging machines complete. The Todd Insecticidal Fog Applicator (TIFA) is a heavy duty, large capacity machine capable of servicing large areas, while the new additions are smaller and cheaper, to be used when smaller area coverage is all that is required.

Our Nuclear Division has made progress during the year and it is expected that the workload of this Division will increase. Nuclear servicing and refueling facilities will be completed within the current fiscal year at our Galveston Division and will be available for servicing the N/S SAVANNAH and any future nuclear-powered vessels.

Your Company's efforts have continued to increase our participation in the industrial field where Company-owned facilities are available for this type of work. While this market is a highly competitive one, we have nevertheless made progress during the year. Because of the likelihood of your Company acquiring the government-owned facilities at its divisions, and because of the depressed state of the industry, it would appear that a greater percentage of the Company's productive capacity will be available for work other than shiprepair and shipbuilding. We have a diversification study under way which will assess our capabilities and facilities for adaptability to other facets of industry, and also the advisability of diversification in other fields.

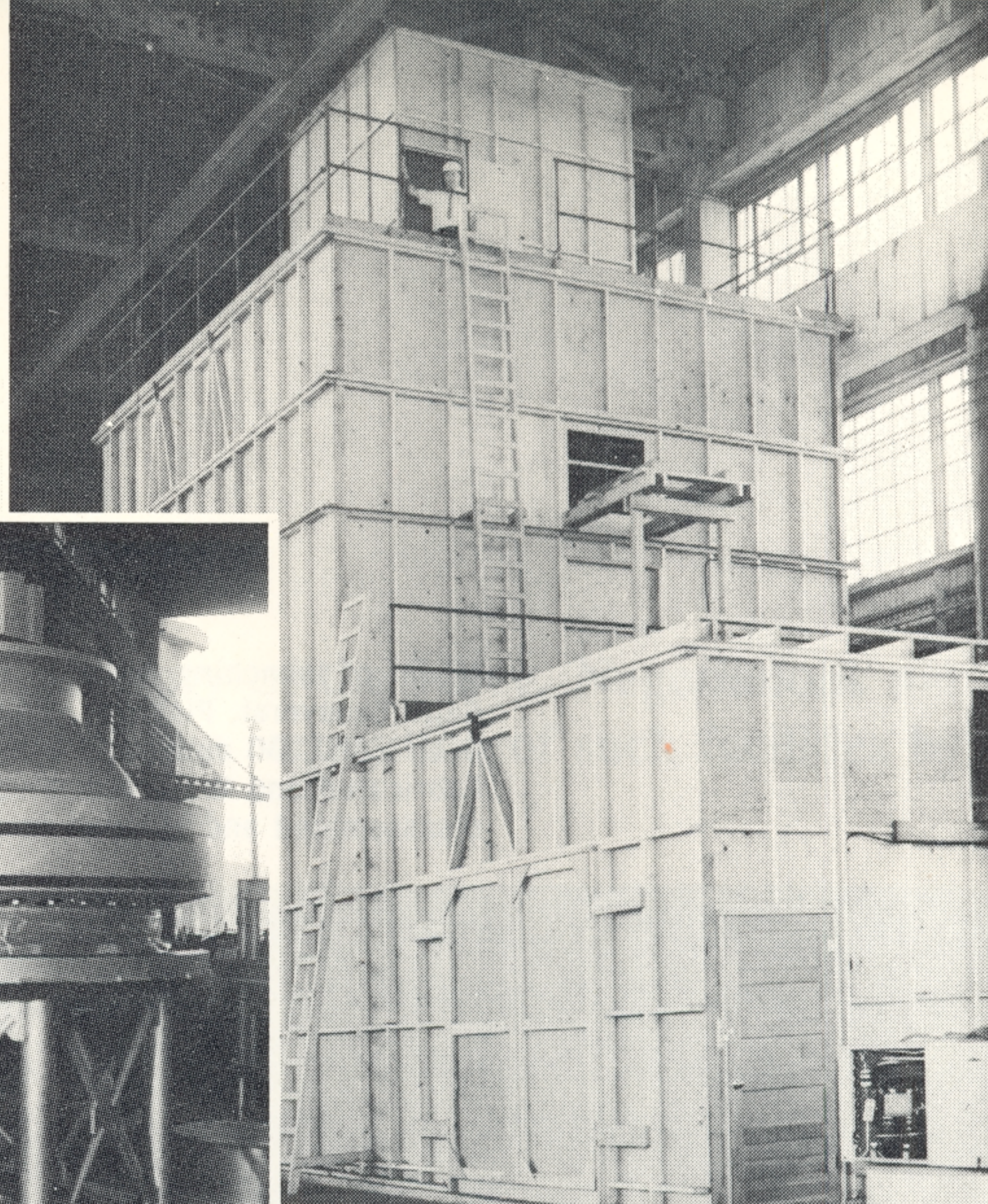
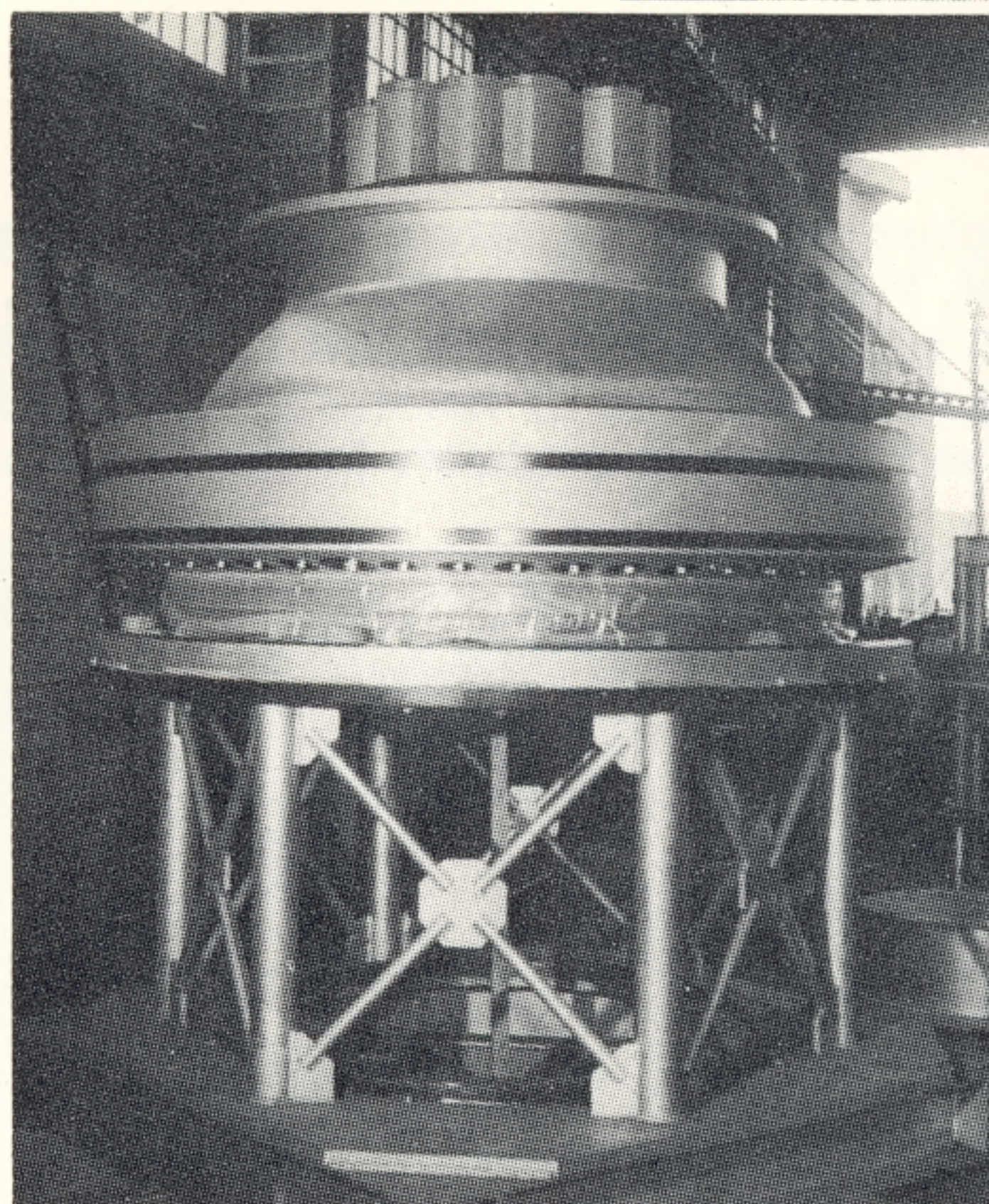


Model of launching pedestal for Saturn Launch Complex 37, Cape Canaveral. Platform, 35 feet high, 47 feet square, contains over 1,000,000 pounds of steel, some of it up to 8 $\frac{1}{4}$  inches thick. Fabricated and test assembled by Houston Division, pedestal was disassembled and shipped in quadrants by rail to launching site.





A new control rod drive system is being installed in Galveston, Texas by our Nuclear and Galveston Divisions on the spare Reactor Head (inset) for N/S SAVANNAH. This operation is taking place inside the "Clean House", also shown, in accordance with Class A cleanliness conditions of Maritime Administration — Atomic Energy Commission contract.



A continuing and effective cost control of overhead is maintained and it is our opinion that our overhead is at a minimum, consistent with efficient performance.

The Company has continued payment of dividends during the year. Conservative management policy has provided the surplus from which such payments have been made, even though not earned in this fiscal period. Your management looks forward with some optimism to the fiscal year 1962-63 during which work will be started on the DLG-33 (Guided Missile Frigate) under a contract in the amount of \$22,627,000 awarded to the Los Angeles Division by the Navy Department on January 16, 1962.

The results of the last quarter of the past fiscal year and the figures that are available for the current fiscal year have shown improvement.

Your management would be remiss if it did not thank you, the stockholders, for your confidence and helpfulness, our customers, old and new, for their business, and our employees, who have expended themselves in this, a most difficult year.

Respectfully submitted,

*John B. Heilger*  
CHAIRMAN OF THE BOARD

*J. T. Gilbride*  
PRESIDENT



# TODD

SHIPYARDS CORPORATION

## Statement of Income and Earned Surplus

Year ended March 31, 1962

Sales . . . . .		\$125,232,339
Operating expenses:		
Labor, material and other expenses . . . . .	\$119,586,099	
Taxes, other than Federal taxes on income . . . . .	3,900,554	
Depreciation . . . . .	1,505,776	
Contributions to retirement and pension plans . . . . .	1,125,899	126,118,328
		<hr/>
Loss from operations . . . . .		(885,989)
Other deductions, principally interest . . . . .		(230,623)
		<hr/>
		(1,116,612)
Federal taxes on income — carryback credit and \$265,000 of prior years' provisions no longer required . . . . .		625,000
		<hr/>
Net loss . . . . .		(491,612)
Earned surplus at March 31, 1961 . . . . .		30,447,348
		<hr/>
		29,955,736
Dividends paid — \$1.40 per share . . . . .		1,026,835
		<hr/>
Earned surplus at March 31, 1962 . . . . .		<u>\$ 28,928,901</u>

See note to balance sheet.



**Balance Sheet** *March 31, 1962*

**ASSETS**

**CURRENT ASSETS:**

Cash . . . . .		\$ 1,728,049
Accounts and notes receivable, including amounts unbilled of \$9,605,440 (Note):		
U. S. Government Departments . . . . .	\$ 8,895,683	
Other . . . . .	<u>15,799,761</u>	24,695,444
Work in progress, less progress billings (Note) . .		12,019,503
Materials and supplies, at lower of cost or replacement market . . . . .		3,219,824
Prepaid insurance and other expenses . . . . .		<u>2,165,396</u>
Total current assets . . . . .		<u>43,828,216</u>

NON-CURRENT NOTES AND ACCOUNTS RECEIVABLE, partly secured . . . . .		626,547
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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) . . . .		1,583,874
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**FIXED ASSETS, at cost:**

Plant, dry docks and equipment (including \$8,109,317 emergency facilities fully depreciated) . . . .	39,946,245	
Less accumulated depreciation . . . . .	<u>26,659,025</u>	
		13,287,220
Land . . . . .	3,802,174	
Leasehold improvements, less amortization . . . .	<u>1,468,553</u>	18,557,947
		<u>\$65,094,833</u>

Note: Contracts completed at March 31, 1962 are included in accounts receivable at estimated cash realization value. Contracts not completed at March 31, 1962 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 . . . . .	\$ 6,850,000
Accounts payable . . . . .	10,524,256
Accrued payrolls and vacations . . . . .	2,234,930
Accrued taxes, other than Federal taxes on income .	1,031,565
Accrued Federal taxes on income . . . . .	<u>143,500</u>
Total current liabilities . . . . .	<u>20,784,251</u>

DEFERRED FEDERAL TAXES ON INCOME . . . . .	900,000
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**CAPITAL STOCK AND SURPLUS**

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

Authorized, 1,000,000 shares	
Issued, 746,709 shares . . . . .	\$14,934,180
Earned surplus . . . . .	<u>28,928,901</u>
	<u>43,863,081</u>

Less 13,340 shares of common stock held in treasury, at cost . . . . .	<u>452,499</u>	43,410,582
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\$65,094,833



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, 1962 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, 1962 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 8, 1962





# TODD

SHIPYARDS CORPORATION

## 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  
*New York, New York*

## SUBSIDIARY

TODD PROPERTIES CORPORATION  
formerly Todd Atlantic Shipyards Corporation  
*Seattle, Washington*

## AFFILIATES

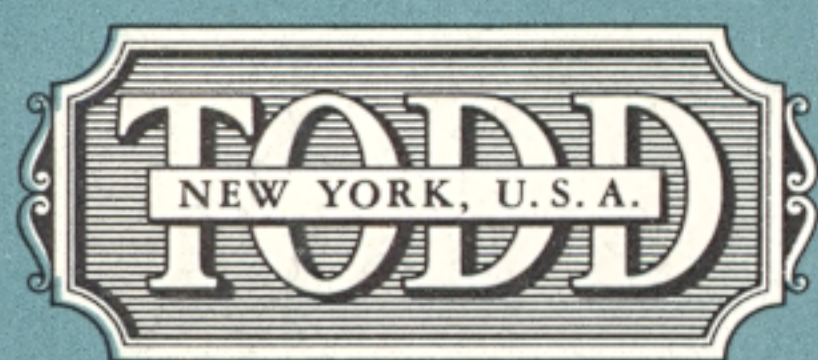
TODD OIL BURNERS LIMITED  
*London, England*

LISTER-TODD ENGINEERING CORPORATION LIMITED  
*London, England*



DEC 05 1997

DEC 05 1997 Ret'd Business



Year Ended March 31,

*annual report* **1962**