

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the quarterly period ended October 3, 2004

Transition Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the transition period from ____ to ____

Commission File Number 1-5109

TODD SHIPYARDS CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE 91-1506719
(State or other jurisdiction of (IRS Employer I.D. No.)
incorporation or organization)

1801- 16th AVENUE SW, SEATTLE, WASHINGTON 98134-1089
(Street address of principal executive offices - Zip Code)

Registrant's telephone number: (206) 623-1635

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act. Yes No

There were 5,423,156 shares of the corporation's \$.01 par value common stock outstanding at November 1, 2004.

PART I - FINANCIAL INFORMATION

"SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Statements contained in this Report which are not historical facts or information are "forward-looking statements." Words such as "believe," "expect," "intend," "will," "should," and other expressions that indicate future events and trends identify such forward-looking statements. These forward-looking statements involve risks and uncertainties which could cause the outcome to be materially different than stated. Such risks and uncertainties include both general economic risks and uncertainties and matters discussed in the Company's annual report on Form 10-K which relate directly to the Company's operations and properties. The Company cautions that any forward-looking statement reflects only the belief of the Company or its management at the time the statement was made. Although the Company believes such forward-looking statements are based upon reasonable assumptions, such assumptions may ultimately prove to be inaccurate or incomplete. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement was made.

ITEM 1.**FINANCIAL STATEMENTS****TODD SHIPYARDS CORPORATION****UNAUDITED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND RETAINED EARNINGS**

Periods Ended October 3, 2004 and September 28, 2003

(In thousands of dollars, except per share data)

	Quarter Ended		Six Months Ended	
	10/03/04	09/28/03	10/03/04	09/28/03
Revenues	\$36,620	\$44,433	\$68,715	\$65,571
Operating expenses:				
Cost of revenues	23,978	31,092	45,364	48,700
Administrative and manufacturing overhead	9,323	10,758	18,339	18,176
Environmental reserve provision	125	-	125	-
Other insurance settlements	(38)	(36)	(54)	(204)
Total operating expenses	33,388	41,814	63,774	66,672
Operating income (loss)	3,232	2,619	4,941	(1,101)
Investment and other income	220	234	406	549
Gain(loss) on available-for-sale securities	(8)	168	(8)	186
Income (loss) before income taxes	3,444	3,021	5,339	(366)
Income tax (expense) benefit	(1,014)	(1,041)	(1,687)	126
Net income (loss)	2,430	1,980	3,652	(240)
Net income (loss) per Common Share:				
Basic	\$ 0.45	\$ 0.37	\$ 0.67	\$ (0.05)
Diluted	\$ 0.43	\$ 0.35	\$ 0.65	\$ (0.05)
Dividends declared	\$ 0.10	\$ 0.10	\$ 0.20	\$ 0.30
Weighted Average Shares Outstanding				
Basic	5,423	5,304	5,416	5,286
Diluted	5,626	5,586	5,632	5,286
Retained earnings at beginning of period	\$80,597	\$75,289	\$79,918	\$78,573
Net income (loss) for the period	2,430	1,980	3,652	(240)
Dividends declared on common stock	(543)	(530)	(1,086)	(1,594)
Retained earnings at end of period	\$82,484	\$76,739	\$82,484	\$76,739

The accompanying notes are an integral part of this statement.

TODD SHIPYARDS CORPORATION
CONSOLIDATED BALANCE SHEETS

(In thousands of dollars except per share data)

	<u>10/03/04</u> (Unaudited)	<u>03/28/04</u> (Audited)
ASSETS		
Cash and cash equivalents	\$ 5,542	\$ 1,328
Securities available-for-sale	30,255	30,682
Accounts receivable, less allowance for doubtful accounts of \$63 and \$44		
U.S. Government	8,238	5,591
Other	2,942	2,039
Costs and estimated profits in excess of billings on incomplete contracts	7,741	14,367
Inventory, less obsolescence reserve of \$52 and \$139	1,011	1,223
Insurance receivable - current	14,433	13,500
Other current assets	1,501	1,233
Deferred taxes	889	867
Total current assets	72,552	70,830
Property, plant and equipment, net	27,255	28,244
Restricted cash	2,768	2,936
Deferred pension asset	28,642	28,725
Insurance receivable	14,215	15,748
Other long-term assets	1,003	1,419
Total assets	\$ 146,435	\$147,902
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Accounts payable and accruals	\$ 10,883	\$ 14,616
Accrued payroll and related liabilities	1,683	2,032
Billings in excess of costs and estimated profits on incomplete contracts	1,733	1,924
Environmental and other reserves - current	14,433	13,500
Taxes payable other than income taxes	1,831	2,298
Income taxes payable	672	98
Total current liabilities	31,235	34,468
Environmental and other reserves	17,046	18,511
Accrued post retirement health benefits	15,545	15,791
Deferred taxes	5,814	4,930
Other non-current liabilities	2,855	2,831
Total liabilities	72,495	76,531
Commitments and contingencies		
Stockholders' equity:		
Common stock \$.01 par value-authorized 19,500,000 shares, issued 11,956,033 shares at October 3, 2004 and March 28, 2004, and outstanding 5,423,156 at October 3, 2004 and 5,402,656 at March 28, 2004	120	120
Paid-in capital	38,179	38,114
Retained earnings	82,484	79,918
Accumulated other comprehensive income	184	393
Treasury stock (6,532,877 shares at October 3, 2004 and 6,553,377 shares March 28,2004)	(47,027)	(47,174)
Total stockholders' equity	73,940	71,371
Total liabilities and stockholders' equity	\$ 146,435	\$147,902

The accompanying notes are an integral part of this statement.

TODD SHIPYARDS CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

Periods Ended October 3, 2004 and September 28, 2003

(in thousands of dollars)

	Period 10/03/04	Ended 09/28/03
OPERATING ACTIVITIES:		
Net income (loss)	\$ 3,652	\$ (240)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,809	1,396
Deferred pension cost	83	515
Post retirement health benefits benefit	(246)	(400)
Deferred income tax expense	862	(1,154)
Stock based compensation	-	101
Decrease (increase) in operating assets:		
Costs and estimated profits in excess of billings on incomplete contracts	6,626	(4,656)
Inventory	212	(357)
Accounts receivable	(3,550)	(2,661)
Insurance receivable	600	1,383
Other (net)	986	86
Increase (decrease) in operating liabilities:		
Accounts payable and accruals	(3,733)	4,332
Accrued payroll and related liabilities	(325)	2,041
Billings in excess of costs and estimated profits on incomplete contracts	(191)	164
Environmental and other reserves	(532)	(1,177)
Income taxes payable	574	1,693
Other (net)	(467)	50
Net cash provided by operating activities	6,360	1,116
INVESTING ACTIVITIES:		
Purchases of marketable securities	(919)	(3,324)
Sales of marketable securities	939	1,021
Maturities of marketable securities	-	2,000
Capital expenditures	(1,394)	(5,945)
Net cash used in investing activities	(1,374)	(6,248)
FINANCING ACTIVITIES:		
Restricted cash	168	221
Purchase of treasury stock	-	(290)
Proceeds from exercise of stock options	146	156
Dividends paid on common stock	(1,086)	(1,064)
Net cash used in financing activities	(772)	(977)
Net increase (decrease) in cash and cash equivalents	4,214	(6,109)
Cash and cash equivalents at beginning of year	1,328	9,053
Cash and cash equivalents at end of the period	5,542	2,944
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Income taxes	\$ 189	\$ -

The accompanying notes are an integral part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Todd Shipyards Corporation (the "Company") filed its Consolidated Financial Statements for the fiscal year ended March 28, 2004 with the Securities and Exchange Commission on Form 10-K. The Consolidated Financial Statements, Notes to Consolidated Financial Statements and Management's Discussion and Analysis contained in that report should be read in connection with this Form 10-Q.

1. BASIS OF PRESENTATION

The accompanying Consolidated Financial Statements are unaudited but in the opinion of management reflect all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the Company's financial position and results of operations in accordance with accounting principles generally accepted in the United States applied on a consistent basis. The accompanying consolidated balance sheet as of March 28, 2004 is derived from audited financial statements included in the Company's Annual Report on Form 10-K for the year then ended.

The Company's fiscal year ends on the Sunday nearest March 31. Fiscal year 2005 will end on April 3, 2005, and include 53 weeks. Accordingly, the Company's quarter ending October 3, 2004 contains 14 weeks.

2. NEW ACCOUNTING PRONOUNCEMENTS

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Medicare Drug Act) was signed into law. The Medicare Drug Act introduced a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health benefit plans that provide prescription drug benefits that are deemed actuarially equivalent to the Medicare Part D. At that time the Company elected not to recognize the impact of the Federal subsidy on the accumulated post-retirement benefit obligation and net post-retirement benefit costs until specific authoritative guidance was finalized.

In the first quarter of fiscal year 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP No. 106-2), Accounting and Disclosure Requirements Related to the Medicare Prescription Drug Improvement and Modernization Act of 2003. FSP No. 106-2 requires the disclosure of the effect of the subsidy on the measurement of the accumulated post-retirement benefit obligation and net periodic post-retirement benefit cost for the current period. The Company has elected prospective recognition, which affects accounting periods beginning after June 15, 2004. The impact for the second quarter of fiscal year 2005 is \$35 thousand reduction in post-retirement benefits costs. This represents a reduction of interest cost of \$28 thousand and actuarial loss of \$7 thousand. The impact of the Federal subsidy for the remainder of fiscal year 2005 will be a reduction in the accumulated post-retirement benefit obligation of \$2.0 million and an additional reduction in net post-retirement benefit costs of \$70 thousand for the balance of the year. The represents a decrease in interest cost of \$56 thousand and actuarial loss of \$14 thousand.

3. STOCK-BASED COMPENSATION

Beginning in fiscal year 2003, the Company elected to apply the expense recognition provisions of FAS No. 123. The recognition provisions are applied to stock option grants awarded subsequent to March 31, 2002. The Company has adopted FAS No. 123 as it is designated as the preferred method of accounting for stock-based compensation.

Previously, the Company had applied the disclosure only provisions of FAS No. 123 and accounted for stock-based compensation using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25 (APB No. 25), "Accounting for Stock Issued to Employees" and related interpretations. Under APB No. 25, compensation cost for stock options is measured as the excess, if any, of the fair value of the Company's common stock at the date of grant over the stock option price.

If the Company had elected to apply the expense recognition provision of FAS No. 123 to options granted prior to March 31, 2002, then the net income (loss) would have been adjusted as follows (the estimated fair value of the options is amortized to expense over the options' vesting period):

in thousands,
(except per share data)

	Quarter Ended		Six Months Ended	
	10/03/04	09/28/03	10/03/04	09/28/03
Net income (loss)				
As reported	\$2,430	\$1,980	\$3,652	\$ (240)
Add: Stock compensation as recorded	33	62	66	101
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(33)	(118)	(66)	(213)
Proforma net income (loss)	\$2,430	\$1,924	\$3,652	\$ (352)
Net income (loss) per share				
Basic				
As reported	\$ 0.45	\$ 0.37	\$ 0.67	\$ (0.05)
Proforma	\$ 0.45	\$ 0.36	\$ 0.67	\$ (0.07)
Diluted				
As reported	\$ 0.43	\$ 0.35	\$ 0.65	\$ (0.05)
Proforma	\$ 0.43	\$ 0.34	\$ 0.65	\$ (0.07)

4. CONTRACTS

Fast Combat Support Ships ("AOE") Contract

In June 2001, the Company was awarded by the Navy, a six-year, cost-type contract, under which the Navy has options to have the Company perform maintenance work on the Fast Combat Support Ship ("AOE") class vessels. This contract represents the fourth consecutive, multi-year contract that the Company has been awarded by the Navy on the AOE class vessels. The three previous AOE contracts, which were each five years in duration, were all awarded on a competitive basis. This cost type contract provides for phased maintenance repairs to four Navy AOE class supply ships stationed in the Puget Sound area. The original contract included options for thirteen repair availabilities to be performed between 2001 and 2007 and was expected to have a notional value of approximately \$180 million if all of the options were exercised. Since the award, five repair availabilities have been accomplished.

During the first quarter of fiscal year 2003, the Navy announced its intention to transfer the USS Rainier (AOE 7) and the USS Bridge (AOE 10) to the Military Sealift Command ("MSC") which results in five availabilities that will not be exercised under this contract. AOE 7 was transferred to MSC in August 2003. AOE 10 was transferred in June 2004. The Company anticipates

that MSC will contract for future work on these two vessels on a competitive basis. The potential impact of these transfers on the Company's future revenues will depend on such factors as the expenditures for maintenance by MSC, the Company's capacity to bid on future AOE 7 and AOE 10 work, and the Company's bidding success if such bids are submitted.

During the first quarter of fiscal year 2005, MSC announced that it awarded the post turnover availability of the USS Bridge (AOE 10) to a competitor.

During the fourth quarter of fiscal year 2004, the Navy announced its intention to decommission the USS Sacramento (AOE 1) on or about October 1, 2004. AOE 1 was decommissioned in October 2004.

The AOE contract contains options for two remaining repair availabilities on the USS Camden (AOE 2) before the contract expires in 2007. There is no assurance that these two remaining options will be exercised by the Navy in whole or in part. The Company is currently scheduled to perform and is performing upkeep work on the USS Camden.

During the first quarter of fiscal year 2005, the Company submitted a proposal to the Navy to settle all outstanding issues related to its Emerald Sea dry dock, which includes the Navy's share of the un-recovered repair, maintenance and operating costs of the dry dock. These are costs that the Company believes it is owed under the AOE contract. There can be no assurance that the Navy will agree to settle these issues with the Company nor is there any assurance that the amounts sought by the Company will be agreed to by the Navy. As a result the Company has not recorded any recovery in the financial results for the current fiscal year.

Combatant Maintenance Team ("CMT") Contract

During the first quarter of fiscal year 2001, the Company was awarded, by the Department of the Navy on a sole source basis, a five year, cost-type contract for the repair and maintenance of all Puget Sound based frigates and destroyers, which at the time included six surface combatant class vessels. Although the Navy has not released a notional value of the maintenance work, the Company believes that the value may be approximately \$60 million to \$75 million if all options are exercised. Work on this contract is being performed primarily in the Company's Seattle shipyard, as well as at Naval Station Everett, depending on the type of work to be performed.

NIMITZ CLASS Aircraft Carriers ("CVN")

During the first quarter of fiscal year 2005, the Department of the Navy awarded the Company a five-year, cost-type contract for the long-term overhaul and maintenance to the NIMITZ CLASS aircraft carriers (CVN) home ported in Puget Sound. The contract consists of multiple contract options for planned incremental availabilities (PIA's), docking planned incremental availabilities (DPIA's) and continuous maintenance and upkeep for the USS LINCOLN (CVN-72), USS STENNIS (CVN-74), USS NIMITZ (CVN-68) and USS VINSON (CVN-70) when they are in Puget Sound. The work includes all types of non-nuclear ship repair, alteration and maintenance. All on-board work is accomplished by the Company's workforce at Puget Sound Naval Shipyard in Bremerton, Washington, or at Naval Station Everett.

The work is performed under a cost plus award fee with performance incentive fee contract and represents the second long term contract for aircraft carrier maintenance awarded to the Company. The first such contract, which recently expired, was awarded in 1999. The Company is supported in this effort by various regional suppliers and subcontractors. Significant support is provided by the Company's two teaming partners for this contract, Pacific Ship Repair and Fabrication ("PacShip") and AMSEC LLC ("AMSEC"). The notional value

for this five-year contract is approximately \$133 million if all options are exercised.

United States Coast Guard - Multi-ship, Multi-option (MSMO contract)

During the fourth quarter of fiscal year 2004, the United States Coast Guard awarded the Company a contract to provide maintenance of two Polar Class icebreakers. The contract consists of multiple contract options for planned maintenance availabilities (PMA's) and docking planned maintenance availabilities (DPMA's) for the POLAR STAR (WAGB-10) and POLAR SEA (WAGB-11). The availabilities, and their companion planning options, extend through the last DPMA ending August 2008, and the last PMA ending in September 2008. The work to be performed includes availability planning and generalized ship maintenance and repairs as needed, with emphasis on propulsion and deck machinery work. The Company is teaming with the Coast Guard to identify the appropriate best value work scope and technical solutions for support of the two icebreakers. The Company is supported in this effort by various regional suppliers and subcontractors.

The work is performed under a cost plus incentive fee contract. The Company has performed similar work for the Coast Guard over the past several years under individual, competitively bid, firm fixed priced contracts. This current award marks the first time the Coast Guard has used a long term phased-maintenance approach on any Coast Guard vessels. The notional value of all options, if exercised by the Coast Guard, is approximately \$50 million. Under this contract, the expected repair availability in the second quarter on the Polar Sea was delayed due to the lack of government funding for the major overhaul requirements on this vessel. There is no assurance that all options will be exercised, in whole or in part

Electric Boat

During the fourth quarter of fiscal year 2004, the Company entered into a contract with Electric Boat Corporation of Groton, Connecticut ("Electric Boat") to support Electric Boat's work on Trident submarines. During the period from May to September 2003, the Company completed planning and preparation work for Electric Boat. During fiscal year 2004, the Company also began work on a follow-on contract to fabricate components and to accomplish associated steel outfitting, project management and quality assurance functions. This contract is associated with the structural retrofit work being accomplished by Electric Boat on the USS OHIO (SSBN 726) at the Puget Sound Naval Shipyard ("PSNS").

The Company's work on the above mentioned contract is being performed under a cost plus incentive fee contract with Electric Boat for the fabrication work, and a firm fixed price contract for the associated project management and quality assurance work. The total value of this contract is approximately \$5.2 million. Work on this contract was completed in the second quarter of fiscal year 2005.

In addition to Electric Boat's contract for the Trident's structural retrofit at PSNS, the Company has entered into a contract to provide pipe fitting and welding services aboard the USS OHIO at PSNS. Some portions of this work will move from the Ohio to the USS Michigan in January of 2005.

5. REVENUES

The Company's second quarter revenue of \$36.6 million reflects a decrease of \$7.8 million (17.6%) from the same period last fiscal year. The quarter to quarter decrease is primarily attributable to lower Navy volumes related to the cancellation of the AOE work and the transfer of AOE's to MSC and lower

volumes of US Coast Guard work and commercial ship repair activity, partially offset by increases in other Navy work. Revenues for the first six months of fiscal year 2005 of \$68.7 million reflect an increase of \$3.1 million (4.8%) from fiscal year 2004 comparable periods. The increase in revenue in the first six months of fiscal year 2005 is primarily attributable to higher Navy work volumes. This increase is partially offset by lower volumes of US Coast Guard and commercial ship repair work.

6. ENVIRONMENTAL AND OTHER RESERVES

As discussed in the Company's Form 10-K for the fiscal year ended March 28, 2004, the Company faces significant potential liabilities in connection with the alleged presence of hazardous waste materials at its Seattle shipyard and at two additional sites used by the Company for disposal of alleged hazardous waste. The Company has also been named as a defendant in civil actions by parties alleging damages from past exposure to toxic substances at Company facilities.

The Company continues to analyze environmental matters and associated liabilities for which it may be responsible. No assurance can be given as to the existence or extent of any environmental liabilities until such analysis has been completed. The eventual outcome of all environmental matters cannot be determined at this time, however, the analyses of the known matters have progressed sufficiently to warrant establishment of reserve provisions in the accompanying consolidated financial statements.

Harbor Island Site

In fiscal year 2001, the Company entered into a 30-year agreement with an insurance company that provides broad-based insurance coverage for the remediation of the Company's operable units at the Harbor Island Superfund Site ("Site").

The agreement provides coverage for the known liabilities in an amount not to exceed the policy limits. As of October 3, 2004 these limits exceed the Company's current booked reserves of approximately \$22.6 million. Included in the reserves are sediment remediation costs for Harbor Island of \$14.4 million that are expected to occur in the next 12 months. These costs are reflected in the Company's balance sheet under current liabilities. Likewise, the insurance receivable of \$14.4 million relating to these reserves is reflected in the Company's balance sheet under current assets.

Additionally, the Company entered into a 15-year agreement for coverage of any new environmental conditions discovered at the Seattle shipyard property that would require environmental remediation.

During the fourth quarter of fiscal year 2003, the company and the EPA entered into a Consent Decree for the cleanup of the Shipyards Sediments Operable Unit (the "SSOU"), which, along with the associated Remedial Design Statement of Work for Remedial Action ("SOW"), was subsequently approved by the Department of Justice. The Consent Decree provides for the submittal of the Remedial Action Work Plan to the EPA subsequent to the approval by the EPA of the final design. The Remedial Action Work Plan will provide for construction and implementation of the remedy set forth in the Record of Decision ("ROD"), the two Explanation of Significant Differences (issued in fiscal years 2000 and 2003), the SOW, and the design plans and specifications developed in accordance with the Remedial Action Work Plan and approved by the EPA. During the fourth quarter of fiscal year 2004 the Company submitted its Final Design Report to the EPA for the SSOU. The Final Design Report provides for the following actions to take place at the SSOU:

Piers 2 and 4 South (located on the Duwamish Waterway) will be demolished and removed from the site to achieve more complete cleanup in those areas.

Dredging of all contaminated sediments and shipyard waste in the open areas of the SSOU (surrounding the shipyard) and in the areas beneath Piers 2 and 4 South. The total estimated volume of sediments to be removed is 195,200 cubic yards.

Disposal of all recovered sediment and shipyard waste at an appropriate upland disposal facility.

Backfilling of portions of the areas dredged to create intertidal habitat where feasible.

Capping of areas beneath the piers that are not scheduled for demolition to an average thickness of one foot.

Pursuant to the current schedule, remediation of the SSOU began in the second quarter of fiscal 2005. Current environmental regulations limit the period of time during the year that dredging may occur. Given these limits, dredging in the SSOU will require several years to complete. The current estimated cost of the SSOU cleanup is included in the environmental reserve.

Under the Federal Superfund law, potentially responsible parties may have liability for damages to natural resources in addition to liability for remediation. During fiscal year 2003, the Company began discussions with the natural resource trustees ("Trustees") for the Site. The Company anticipates that the Trustees will file a claim against the Company at some future date alleging damages to the natural resources at the Site caused by the release of hazardous substances. The best estimate of the Company's natural resource damage liability is included in the environmental remediation reserve. The payment of any eventual claim is covered by the aforementioned insurance policy, provided that aggregate policy limits have not been exceeded.

Other Environmental Sites

During the second quarter of fiscal year 2005, the Company was notified by the EPA that it is a potentially responsible party ("PRP") at the Malone Service Company Superfund Site ("Malone") in Galveston County, Texas. The EPA alleges that the Company's Galveston shipyard, which ceased operations in 1990, was the generator of waste materials that were delivered, through independent transport companies, to the Malone site. The EPA has further indicated that the Company will, based on volumes of material at the site believed to have been generated by the Company, be eligible to participate in a "de minimus" settlement for small contributors. The company has included its best estimate of the settlement amount in its environmental reserve.

Asbestos-Related Claims

As reported in the Company's Form 10-K for its fiscal year 2004, the Company has been named as a defendant in civil actions by parties alleging damages from past exposure to toxic substances, generally asbestos, at closed former Company facilities.

The cases generally include as defendants, in addition to the Company, other ship builders and repairers, ship owners, asbestos manufacturers, distributors and installers, and equipment manufacturers and arise from injuries or illnesses allegedly caused by exposure to asbestos or other toxic substances. The Company assesses claims as they are filed and as the cases develop, analyzing them in two different categories based on severity of illness. Based on current fact patterns, certain diseases including mesothelioma, lung cancer and fully developed asbestosis are categorized by the Company as

"malignant" claims. All others of a less medically serious nature are categorized as "non-malignant". The Company is currently defending approximately 27 "malignant" claims and approximately 561 "non-malignant" claims. The Company and its insurers are vigorously defending these actions.

During the first half of fiscal year 2005, the Company experienced relatively minor changes in its bodily injury liabilities and insurance receivables. As of October 3, 2004, the Company has recorded a bodily injury liability reserve of \$8.0 million and a bodily injury insurance receivable of \$5.8 million. This compares to a previously recorded bodily injury reserve and insurance receivable of \$8.1 million and \$5.8 million, respectively, at March 28, 2004. These bodily injury liabilities and receivables are classified within the Company's Consolidated Balance Sheets as environmental and other reserves, and insurance receivables, respectively.

Other Reserves

During the first quarter of fiscal year 2004, the Company recorded a reserve of \$2.5 million related to the unanticipated bankruptcy of one of its former workers compensation carriers. The reserve, which reflects the Company's best estimate of the known liabilities associated with unpaid workers compensation claims arising from the two-year coverage period that commenced October 1, 1998, is subject to change as additional facts are uncovered. These claims have reverted to the Company due the liquidation of the insurance carrier. Although the Company expects to recover at least a portion of these costs from the liquidation and other sources, the amount and the timing of any such recovery cannot be estimated currently and therefore no estimate of amounts recoverable is included in the current financial results.

Since establishing the reserve during the first quarter of fiscal year 2004, the Company has paid approximately \$0.3 million in claims, which have been charged against the reserve.

7. COMPREHENSIVE INCOME

The Company reported comprehensive income of \$2.5 million for the quarter ended October 3, 2004, which consisted of net income of \$2.4 million and a change in net unrealized gains on available-for-sale marketable securities of \$0.1 million, which is recorded in accumulated other comprehensive income. For the six month period then ended, the Company reported comprehensive income of \$3.5 million, which consisted of net income of \$3.7 million offset by the decrease in net unrealized gains on available-for-sale marketable securities of \$0.2 million.

During the same periods of fiscal year 2004, the Company reported comprehensive income of \$1.9 million and a comprehensive loss of \$0.1 million, respectively. Comprehensive income for these periods consisted of net income of \$2.0 million and of a net loss of \$0.2 million, respectively, offset by the change in net unrealized gains on available-for-sale marketable securities of \$0.1 million and a change of \$0.1 million, respectively.

8. TREASURY STOCK

In fiscal year 2003, the Board of Directors approved the purchase of up to 500,000 shares of the Company's common stock in open market or negotiated transactions. During the six-month period, the Company did not purchase any shares.

9. PROPERTY

In October 2003, the smaller of the two dry docks that the Company leased from the Navy sustained damage during a windstorm. The Company was reimbursed by

the insurance carrier for the majority of the costs incurred to recover the dry dock. The dock was declared a total constructive loss and was demolished in October 2004. The Company's repair and maintenance operations have not been materially affected by the inability to use this dock.

10. LINE OF CREDIT

Todd Pacific Shipyards Corporation ("Todd Pacific"), a wholly owned subsidiary of the Company, has a \$10.0 million revolving credit facility available for its working capital requirements. As of October 3, 2004, Todd Pacific had no outstanding borrowings on its credit line. Todd Pacific is in compliance with all debt covenants.

11. SUBSEQUENT EVENTS

On October 14, 2004 the U.S. Navy awarded Todd Pacific Shipyards, a \$9,737,934 contract for preservation work on the USS COLUMBUS, a Los Angeles Class nuclear submarine.

12. PENSIONS AND OTHER POSTRETIREMENT BENEFIT PLANS

Nonunion Pension Plans - The Company sponsors the Todd Shipyards Corporation Retirement System (the "Retirement System"), a non-contributory defined benefit plan under which all nonunion employees are covered. The benefits are based on years of service and the employee's compensation before retirement. The Company's funding policy is to fund such retirement costs as required to meet allowable deductibility limits under current Internal Revenue Service regulations. The Retirement System plan assets consist principally of common stocks and Government and corporate obligations.

Under a provision of the Omnibus Budget Reform Act of 1990 ("OBRA '90") the Company will transfer approximately \$1.6 million in excess pension assets from its Retirement System into a fund to pay fiscal year 2005 retiree medical benefit expenses. OBRA '90 was modified by the Work Incentives Improvement Act of 1999, extended by the Pension Funding Equity Act of 2004 to extend annual excess asset transfers through the fiscal year ending March 28, 2014.

Post Retirement Group Health Insurance Program - The Company sponsors a defined benefit retirement health care plan that provides post retirement medical benefits to former full-time exempt employees, and their spouses, who meet specified criteria. The Company terminated post retirement health benefits for any employees retiring subsequent to May 15, 1988. The retirement health care plan contains cost-sharing features such as deductibles and coinsurance. These benefits are funded monthly through the payment of group health insurance premiums.

Because such benefit obligations do not accrue to current employees of the Company, there is no current year service cost component of the accumulated post retirement health benefit obligation.

Pension Benefits

	Quarter Ended		Six Months Ended	
	10/03/04	09/28/03	10/03/04	09/28/03
Components of Net Periodic Benefit				
Cost (in thousands of dollars)				
Service Cost	\$ 162	\$ 156	\$ 324	\$ 313
Interest cost on projected benefit obligation	403	397	807	877
Expected return on plan assets	(919)	(889)	(1,838)	(1,779)

Amortization of prior service cost	4	59	8	119
Recognized actuarial gain	10	74	20	148
Net periodic benefit before OBRA '90	(340)	(203)	(679)	(322)
Transfer of assets for payment of retiree medical benefits (401(h)Plan)	381	418	762	837
Net periodic cost	\$ 41	\$ 215	\$ 83	\$ 515

Other Postretirement Benefits

	Quarter Ended		Six Months Ended	
	10/03/04	09/28/03	10/03/04	09/28/03
Components of Net Periodic Benefit Cost (in thousands of dollars)				
Interest cost on projected benefit obligation	\$ 269	\$ 243	\$ 537	\$ 487
Expected return on plan assets				
Recognized actuarial (gain)/loss	7	(25)	14	(50)
Effect of Medicare Subsidy	(35)	-	(35)	-
Net periodic cost before OBRA '90	241	218	516	437
Transfer of assets for payment of retiree medical benefits (401(h)Plan)	(381)	(418)	(762)	(837)
Net periodic benefit	\$ (140)	\$ (200)	\$ (246)	\$ (400)

Union Pension Plans - Operating Shipyard - The Company participates in several multi-employer plans, which provide defined benefits to the Company's collective bargaining employees. The expense for these plans totaled \$0.6 million and \$1.3 million for the quarter and six month period ending October 3, 2004, respectively.

During the same periods of fiscal year 2004, the expense for these plans totaled \$1.2 million and \$1.9 million, respectively.

Union Pension Plans - Previously Operated Shipyards - The Company no longer sponsors union pension plans attributable to the prior operation of other shipyards. The ongoing operation and management of these plans has either been terminated or transferred to other parties.

ITEM 2. MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Notes to Consolidated Financial Statements are an integral part of Management's Discussion and Analysis of Financial Condition and Results of Operations and should be read in conjunction herewith.

OVERVIEW

The Company derives a significant portion of its revenues from work performed under its contracts with the U.S. Navy and the U.S. Coast Guard. Work under such contracts is scheduled by and at the convenience of the U.S. Navy and the U.S. Coast Guard. Significant levels of work were done in the second quarter of fiscal year 2005 in the AOE program that was associated with the transfer of these vessels from active Navy service. The end of these ships' active Navy role will ultimately result in the discontinuation of the Company's work under the current AOE contract.

Under the new United States Coast Guard - Multi- Ship, Multi - Option contract (MSMO contract) awarded to the Company in fiscal year 2004, the expected repair availability on the Polar Sea was delayed due to the lack of government

funding for the major overhaul requirements on this vessel. This reduced the level of work the Company performed for the Coast Guard in the second quarter. There is no assurance that this option will be exercised, in whole or in part.

OPERATING RESULTS

All comparisons within the following discussion are with the corresponding periods in the previous year, unless otherwise stated.

Revenue - The Company's second quarter revenue of \$36.6 million reflects a decrease of \$7.8 million (17.6%) from the same period last fiscal year. The quarter to quarter decrease is primarily attributable to lower Navy volumes related to the cancellation of the AOE work with the transfer of the AOE's to MSC and lower volumes of US Coast Guard and commercial ship repair work, partially offset by increases in CMT and EB work. Revenues for the first six months of fiscal year 2005 of \$68.7 million reflect an increase of \$3.1 million (4.8%) from fiscal year 2004 comparable period. The increase in the first six months of the comparable fiscal year 2005 is primarily attributable to higher Navy work volumes. This increase is partially offset by lower volumes of US Coast Guard and commercial ship repair activity.

Cost of Revenue - Cost of revenue during the second quarter of fiscal year 2005 was \$24.0 million, or 65.5% of revenue. Cost of revenue during the second quarter of fiscal year 2004 was \$31.1 million, or 70% of revenue. The cost of revenue decrease in the second quarter of fiscal year 2005 is primarily attributable to decreased Coast Guard and commercial ship repair volumes partially offset by increased Navy work volumes. Cost of revenue as a percentage of revenue decreased by 4.5% during the second quarter of 2005 from the comparable period of fiscal year 2004 mostly as a result of the higher volume of cost-type work as a percentage of total work offset by the lower Coast Guard and commercial ship repair activity.

Cost of revenue during the first six months of fiscal year 2005 was \$45.4 million, or 66% of revenue. During the comparable period in fiscal year 2004, cost of revenue was \$48.7 million, or 74% of revenue. The decrease in cost of revenue as a percentage of revenue is primarily attributable to two factors. First, in fiscal year 2004, there was a \$2.5 million charge related to the unanticipated bankruptcy of one of the Company's former workers compensation carriers. The charge, which reflects the Company's best estimate of the known liabilities associated with unpaid worker compensation claims arising during the two-year period that commenced October 1, 1998, is subject to change as additional facts are uncovered. Cost of revenue as a percentage of revenue for the first half of fiscal year 2004 would have been 70% without this charge. Second, the year to year increase in Navy cost-type work has favorably impacted margins.

Administrative and manufacturing overhead expense - Overhead costs for administrative and manufacturing activities were \$9.3 million, or 25.5% of revenue for the second quarter of fiscal year 2005. During the same period of fiscal year 2004, administrative and manufacturing overhead costs were \$10.8 million, or 24.2% of revenue. The \$1.4 million decrease in administrative and manufacturing overhead is attributable to lower overhead costs and volume decreases during the second quarter of fiscal year 2005. The increase in administrative and manufacturing costs as a percentage of revenue is primarily attributable to lower volumes in the second quarter of the current year.

Administrative and manufacturing overhead costs for the first six months of fiscal year 2005 were \$18.3 million, or 26.7% of revenue. During the same period of fiscal year 2004, administrative and manufacturing overhead costs were \$18.2 million, or 27.7% of revenue. The \$0.1 million increase is due to fiscal year 2005's higher volumes. The decrease in administrative and

manufacturing costs as a percentage of revenue is primarily attributable to overhead cost reductions initiated in the first six months of fiscal year 2005.

Investment and other income - Investment and other income was \$0.2 million for the second quarter and \$0.4 million for the first six months of fiscal year 2005. During the same periods in fiscal year 2004, investment and other income was \$0.2 million and \$0.5, respectively.

Income Taxes - For the second quarter ended October 3, 2004, the Company reported income before income taxes of \$3.4 million and recorded \$1.0 million in federal income tax expense, resulting in net income reported for the period of \$2.4 million. In the prior year period ended September 28, 2003, the Company reported income before income taxes of \$3.0 million and recorded \$1.0 million federal income tax expense, resulting in net income for the period of \$2.0 million.

For the six months ended October 3, 2004, the Company reported income before income taxes of \$5.3 million and recorded \$1.7 million in federal income tax expense, resulting in net income reported for the period of \$3.7 million. During the same period in fiscal year 2004, the Company reported a loss before income taxes of \$0.4 million and recorded \$0.1 million federal income tax benefit, resulting in a net loss for the period of \$0.3 million.

LIQUIDITY AND CAPITAL RESOURCES

Based upon its current cash, marketable securities position, anticipated cash flow and access to credit facilities and capital markets, the Company believes it has sufficient liquidity to continue to fund operations. Accordingly, shipyard capital expenditures are expected to be financed out of working capital. A change in the composition or timing of projected work arising from factors unknown presently could cause capital expenditures and repair and maintenance expenditures to be impacted favorably or unfavorably.

Working Capital

Working capital at October 3, 2004 was \$41.3 million, an increase of \$4.9 million (13.5%) from the working capital reported at the end of fiscal year 2004. This increase is primarily attributable to a decrease in costs and estimated profits in excess of billings on incomplete projects of \$6.4 million and a decrease in accounts payable and other accruals of \$3.5 million.

Capital Expenditures

Capital expenditures for the first six-months of fiscal year 2005 were \$1.4 million and were primarily attributable to costs associated with planned improvements to the Seattle shipyard facility.

Credit Facility

Todd Pacific Shipyards Corporation ("Todd Pacific"), a wholly owned subsidiary of the Company, has a \$10.0 million revolving credit facility available for its working capital requirements. As of October 3, 2004, Todd Pacific had no outstanding borrowings on its credit line. Todd Pacific is in compliance with all debt covenants.

Stock Repurchase

In fiscal year 2003, the Board of Directors approved the purchase of up to 500,000 shares of the Company's common stock in open market or negotiated transactions. During the six-month period, the Company did not purchase any shares.

Dividends

On September 23, 2004, the Company paid a dividend of 10 cents (\$0.10) per share to all shareholders of record as of September 8, 2004. The approximate amount of the dividend paid was \$0.5 million.

Also, on September 17, 2004, the Company declared a dividend of ten cents (\$0.10) per share to be paid December 23, 2004 to all shareholders of record as of December 8, 2004. The estimated amount of this dividend is approximately \$0.5 million.

ENVIRONMENTAL MATTERS AND OTHER CONTINGENCIES

The Company has provided total aggregate reserves of \$31.5 million as October 3, 2004 for its contingent environmental and bodily injury liabilities. As of March 28, 2004, the Company had recorded aggregate reserves of \$32.0 million. Due to the complexities and extensive history of the Company's environmental and bodily injury matters, the amounts and timing of future expenditures are uncertain. As a result, there can be no assurance that the ultimate resolution of these environmental and bodily injury matters will not have a material adverse effect on the Company's financial position, cash flows or results of operations.

The Company has various insurance policies and agreements that provide coverage on the costs to remediate environmental sites and for the defense and settlement of bodily injury cases. These policies and agreements are primarily with two insurance companies. Based upon the current credit ratings of both of these companies, the Company anticipates that both parties will be able to perform under their respective policy or agreement.

As of October 3, 2004, the Company has recorded aggregate assets of \$31.2 million related to its reserves for environmental and bodily injury liabilities. As of March 28, 2004, the Company had recorded aggregate assets of \$31.8 million. These assets reflect receivables under contractual arrangements with the insurance companies to share costs for certain environmental and other matters, as well as amounts deposited to securitize certain remediation activities. Amounts recoverable from insurance companies are recorded within the Company's Consolidated Balance Sheets as insurance receivables and, in the case of reimbursements currently due, as a current asset. Amounts held in security deposits are recorded within the Company's Consolidated Balance Sheets as restricted cash.

Ongoing Operations

Recurring costs associated with the Company's environmental compliance program are not material and are expensed as incurred.

Past Activities

The Company faces significant potential liabilities in connection with the alleged presence of hazardous waste materials at its Seattle shipyard and at two additional sites used by the Company for disposal of alleged hazardous waste. The Company has also been named as a defendant in civil actions by parties alleging damages from past exposure to toxic substances at Company facilities.

During the fourth quarter of fiscal year 2003, the company and the EPA entered into a Consent Decree for the cleanup of the Shipyards Sediments Operable Unit (the "SSOU"), which, along with the associated Remedial Design Statement of Work for Remedial Action ("SOW"), was subsequently approved by the Department of Justice. The Consent Decree provides for the submittal of the Remedial Action Work Plan to the EPA subsequent to the approval by the EPA of the final design. The Remedial Action Work Plan will provide for construction and

implementation of the remedy set forth in the Record of Decision ("ROD"), the two Explanation of Significant Differences (issued in fiscal years 2000 and 2003), the SOW, and the design plans and specifications developed in accordance with the Remedial Action Work Plan and approved by the EPA. During the fourth quarter of fiscal year 2004 the Company submitted its Final Design Report to the EPA for the SSOU. The Final Design Report provides for the following actions to take place at the SSOU:

Piers 2 and 4 South (located on the Duwamish Waterway) will be demolished and removed from the site to achieve more complete cleanup in those areas.

Dredging of all contaminated sediments and shipyard waste in the open areas of the SSOU (surrounding the shipyard) and in the areas beneath Piers 2 and 4 South. The total estimated volume of sediments to be removed is 195,200 cubic yards.

Disposal of all recovered sediment and shipyard waste at an appropriate upland disposal facility.

Backfilling of portions of the areas dredged to create intertidal habitat where feasible.

Capping of areas beneath the piers that are not scheduled for demolition to an average thickness of one foot.

Pursuant to the current schedule, remediation of the SSOU began in the second quarter of fiscal 2005. Current environmental regulations limit the period of time during the year that dredging may occur. Given these limits, dredging in the SSOU will require several years to complete. The current estimated cost of the SSOU cleanup is included in the environmental reserve.

Under the Federal Superfund law, potentially responsible parties may have liability for damages to natural resources in addition to liability for remediation. During fiscal year 2003, the Company began discussions with the natural resource trustees ("Trustees") for the Site. The Company anticipates that the Trustees will file a claim against the Company at some future date alleging damages to the natural resources at the Site caused by the release of hazardous substances. The best estimate of the Company's natural resource damage liability is included in the environmental remediation reserve. The payment of any eventual claim is covered by the aforementioned insurance policy, provided that aggregate policy limits have not been exceeded.

During the second quarter of fiscal year 2005, the Company was notified by the EPA that it is a potentially responsible party ("PRP") at the Malone Service Company Superfund Site ("Malone") in Galveston County, Texas. The EPA alleges that the Company's Galveston shipyard, which ceased operations in 1990, was the generator of waste materials that were delivered, through independent transport companies, to the Malone site. The EPA has further indicated that the Company will, based on volumes of material at the site believed to have been generated by the Company, be eligible to participate in a "de minimus" settlement for small contributors. The company has included its best estimate of the settlement amount in its environmental reserve.

As reported in the Company's Form 10-K for its fiscal year 2004, the Company has been named as a defendant in civil actions by parties alleging damages from past exposure to toxic substances, generally asbestos, at closed former Company facilities.

The cases generally include as defendants, in addition to the Company, other ship builders and repairers, ship owners, asbestos manufacturers, distributors

and installers, and equipment manufacturers and arise from injuries or illnesses allegedly caused by exposure to asbestos or other toxic substances. The Company assesses claims as they are filed and as the cases develop, analyzing them in two different categories based on severity of illness. Based on current fact patterns, certain diseases including mesothelioma, lung cancer and fully developed asbestosis are categorized by the Company as "malignant" claims. All others of a less medically serious nature are categorized as "non-malignant." The Company is currently defending approximately 27 "malignant" claims and approximately 561 "non-malignant" claims. The Company and its insurers are vigorously defending these actions.

During the first six months of fiscal year 2005, the Company experienced relatively minor changes in its bodily injury liabilities and insurance receivables. As of October 3, 2004, the Company has recorded a bodily injury liability reserve of \$8.0 million and a bodily injury insurance receivable of \$5.8 million. This compares to a previously recorded bodily injury reserve and insurance receivable of \$8.1 million and \$5.8 million, respectively, at March 28, 2004. These bodily injury liabilities and receivables are classified within the Company's Consolidated Balance Sheets as environmental and other reserves, and insurance receivables, respectively.

Other Reserves

During the first quarter of fiscal year 2004, the Company recorded a reserve of \$2.5 million related to the unanticipated bankruptcy of one of its former workers compensation carriers. The reserve, which reflects the Company's best estimate of the known liabilities associated with unpaid workers compensation claims arising from the two-year coverage period that commenced October 1, 1998, is subject to change as additional facts are uncovered. These claims have reverted to the Company due the liquidation of the insurance carrier. Although the Company expects to recover at least a portion of these costs from the liquidation and other sources, the amount and the timing of any such recovery cannot be estimated currently and therefore no estimate of amounts recoverable is included in the current financial results.

Since establishing the reserve during the first quarter of fiscal year 2004, the Company has paid approximately \$0.3 million in claims, which have been charged against the reserve.

BACKLOG

At October 3, 2004, the Company's firm shipyard backlog consisted of approximately \$30 million of repair and overhaul work. The Company's backlog at March 28, 2004 was approximately \$ 19 million. The increase in the backlog work at the end of the first six months of fiscal year 2005 is primarily due to increased work for the Navy and Electric Boat.

LABOR RELATIONS

Todd Pacific Shipyards currently operates under the terms and conditions of a collective bargaining agreement with the Puget Sound Metal Trades Council (the bargaining umbrella for all unions at Todd Pacific Shipyards). The three-year agreement is in effect from August 1, 2002 to July 31, 2005. The Company believes its relationship with its labor unions is stable.

NEW ACCOUNTING PRONOUNCEMENTS

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Medicare Drug Act) was signed into law. The Medicare Drug Act introduced a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health benefit plans that provide prescription drug benefits that are deemed

actuarially equivalent to the Medicare Part D. Previously, the Company had elected not to recognize the impact of the Federal subsidy on the accumulated post-retirement benefit obligation and net post-retirement benefit costs until specific authoritative guidance was finalized.

In the first quarter of fiscal year 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP No. 106-2), Accounting and Disclosure Requirements Related to the Medicare Prescription Drug Improvement and Modernization Act of 2003. FSP No. 106-2 requires the disclosure of the effect of the subsidy on the measurement of the accumulated post-retirement benefit obligation and net periodic post-retirement benefit cost for the current period. The Company has elected prospective recognition, which affects accounting periods beginning after June 15, 2004. The impact for the second quarter of fiscal year 2005 is \$35 thousand. This represents a reduction of interest cost of \$28 thousand and actuarial loss of \$7 thousand. The impact of the Federal subsidy for the remainder of fiscal year 2005 will be a reduction in the accumulated post-retirement benefit obligation of \$2.0 million and an additional reduction in net post-retirement benefit costs of \$70 thousand for the balance of the year. The represents a decrease in interest cost of \$56 thousand and actuarial loss of \$14 thousand.

ITEM 4. CONTROLS AND PROCEDURES

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely making known to them material information relating to the Company and the Company's consolidated subsidiaries required to be disclosed in the Company's reports filed or submitted under the Exchange Act.

There has been no change in the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS

(a) Exhibits

- No. 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14a (filed herewith)
- No. 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14a (filed herewith)
- No. 32.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(b) and section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code. (furnished herewith)*
- No. 32.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(b) and section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code. (furnished herewith)*
- No. 99.1 Press Release dated November 4, 2004 announcing financial results

for the Company's quarterly period ended October 3, 2004.
(furnished herewith)*

Notwithstanding any incorporation of this Quarterly Report on Form 10-Q in any other filing by the Registrant, Exhibits furnished herewith and designated with an asterisk () shall not be deemed incorporated by reference to any other filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 unless specifically otherwise set forth therein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TODD SHIPYARDS CORPORATION
Registrant

By: /s/ Scott H. Wiscomb
Scott H. Wiscomb
Chief Financial Officer and Treasurer
November 4, 2004

Exhibit 31.1

CERTIFICATION

I, Stephen G. Welch, President and Chief Executive Officer of Todd Shipyards Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Todd Shipyards Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably

likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 4, 2004

/s/ Stephen G. Welch
Stephen G. Welch,
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Scott H. Wiscomb, Chief Financial Officer and Treasurer of Todd Shipyards Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Todd Shipyards Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably

likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 4, 2004

/s/ Scott H. Wiscomb
Scott H. Wiscomb,
Chief Financial Officer and Treasurer

Exhibit 32.1

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18
U.S.C. SECTION 1350**

In connection with the Quarterly Report of Todd Shipyards Corporation (the "Company") on Form 10-Q for the quarter ended October 3, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certifies, pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. section 1350), that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 4, 2004

/s/ Stephen G. Welch
Stephen G. Welch,
President and Chief Executive Officer

Exhibit 32.2

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18
U.S.C. SECTION 1350**

In connection with the Quarterly Report of Todd Shipyards Corporation (the "Company") on Form 10-Q for the quarter ended October 3, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certifies, pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. section 1350), that to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 4, 2004

/s/ Scott H. Wiscomb
Scott H. Wiscomb,
Chief Financial Officer and Treasurer

