



Sun Ship Log

Volume 11, No. 1

Sun Shipbuilding & Dry Dock Company

May, 1977

Your Credit Union Officers



Seated from left to right are: Debra Whilden, President (Director); Sally Savage, Secretary (Director); and Ann Moor, Second Assistant Treasurer (Director). Missing from this group were John April, Treasurer and John Shallet, Vice-President (Director). Standing from left to right are: Margaret McKinney, Director; Victor Landhouse, Chairman - Credit Committee; Walter Nowak, First Assistant Treasurer (Director); Joseph Flinn, Credit Committee member; and Robert Galloway, Sun Ship Executive Vice-President.

Credit Union Expanding Services

A new plan, starting May 1, has been introduced for credit union members both as part of an expansion program to gain new members and thus increase services, and also to give the union a broader operating base for making loans and providing interest on accounts.

Now it will be permissible for members of your immediate family (residing in same household) to become members through your payroll deduction. This can be accomplished by increasing your payroll deduction. The Credit Union will then apply the specified amount to the new member's account. The new member will receive his/her own quarterly statement.

An added benefit and incentive to such an arrangement is that life insurance will be provided on those accounts, according to the schedule posted in your Credit Union office. Not only is membership in the Credit Union a great way to save, but it is also an economical way to borrow when the need arises. Consider membership today and talk it over with your family members.

EDUCATION AND TRAINING PROGRAM

The Company maintains an apprentice program of three years duration in 12 different craft fields. To be eligible for apprentice training, all applicants must be 18 years of age or older and must be a high school graduate. All programs are veteran approved and are registered with the U.S. Department of Labor and the State of Pennsylvania.

For additional information contact John Gianfield, ext. 531.

Maintenance electronics	Sheet metal
Marine electronics	Hull crafts
Pipeliner	Lifting
Installation machinist	Welding
Ship machinist	Stagebuilding
Boilermaker	Metal Preparation

SPECIAL NOTICE

"In this issue you will find the Summary Annual Reports for Sun Shipbuilding and Dry Dock Co. pension and welfare plans for the years 1974 and 1975. Refer to pages 2 and 3."



Photographed in Sun Ship's new #4 dry dock is the 40,967 gross tonnage carrier "Helga Oldendorf" of Singapore registry. The vessel is owned by Hagen Oldendorf of Lubeck, Germany. The photograph shows the progress of improvements accomplished in the yard to date.



ONE HUNDRED THIRTY-FIVE YEARS OF SUN SHIPBUILDING KNOW-HOW IS REPRESENTED by shipyard employees (left to right) Emil Traum, Andrew Adam and Rupert Shoemaker. On hand to congratulate them is Robert Galloway, Executive Vice-President, Shipbuilding Manufacturing Division. These three men, each of whom completed 45 years with the company, were honored at a luncheon held at the shipyard January 12. Also honored at the luncheon were 38 shipyard employees with 40 years of service at Sun. A clock was presented to each person celebrating 40 years with the company.

Long Term Service Employees Honored Once Again

Thirty Sun Ship employees who recently completed 40 years of service with the company and three others who marked their 45th year of shipyard service were honored at a luncheon held in the cafeteria of the Engineering/Management building early this year.

After the luncheon, 45-year service pins were presented to Andrew Adam, Jr. (35-50), Rupert Shoemaker (35-51) and Emil Traum (8-104). A service pin and an engraved mantlepiece clock with Westminster chimes were gifts to each employee with 40 years of service.

This was the 10th luncheon given by Sun Ship management honoring those employees completing 40 and 45 years of service. Those honored comprised the largest number of employees completing 40 years of service with Sun Ship. Other records were also set.

For instance, several interesting and rather unusual relationships were noted, with meaningful implications on the popularity of the shipyard as a work place. In the group, for example, were two cousins, Albert Brown (59-1123) and Berchel Brown (67-292). Germaine Bruggeman (71-451) became the first woman to receive a 40-year service pin. Also for the first time two superintendents, Edward LaCrosse and Arthur Milay, were among those completing 40 years of service with the shipyard.

The 38 employees represent a total of 1,335 years of employment. Those honored have participated in a lot of the shipyard's history. In the year that saw

the 45-year employees joining Sun Ship, Hulls 131 through 140 were delivered. They also witnessed the first all-welded ship, the S. S. WHITE FLASH, slide down the ways.

When in 1936, the year in which the 40-year people joined the Company, Hulls 151 through 156 were delivered. This year too included a first - the PRINCESS ANNE, the first all-welded ferryboat with the added distinction of being the first vessel with an all-welded superstructure.

With the exception of four recent retirees, those honored at the luncheon are still actively employed at Sun Ship. The retirees are Germaine ("Jerry") Bruggeman (71-451), Harvey Fellenbaum (33-1591), Fred Thompson (35-58), and Frank Troyan, Jr. (74-140).

Included in the 40-year group were Charles Adams (47-404), Domenic Amoroso (76-105), Benjamin Butakis (55-1), John Bogacki (76-113), Frank Bray, Jr. (94-9), Albert Brown (59-1123), Berchel Brown (67-292), Davis Brownback (59-933), Francis Delaney (59-153), Wilbur Fischer (48-16), J. Blair Gibbs (79-21), William Gerula (58-101), William Gordon (35-62), Frank Griffith (93-61), George Howarth (59-17), Walter Karinski (59-767), Edward LaCrosse (79-10), Arthur Milay (79-27), Earl Moody (62-11), John Pechel (78-49), Dominic Sarrta (59-254), John Singley (45-50), Charles Swocker (23-34), Joseph Trakin (59-696), Henry Verable (84-67), and Frank Wilson (91-142).



Group photograph of all the 40 and 45 year employees attending the luncheon given in their honor.

W. G. HOWARTH

SUN SHIPBUILDING & DRY DOCK CO.

SUMMARY ANNUAL REPORTS

Introduction

The Employee Retirement Income Security Act of 1974 (ERISA) administered by the Department of Labor requires an employer to summarize information concerning company pension and welfare plans and to communicate this information to participants in those plans.

These reports, known as Summary Annual Reports (SAR's), are to be forwarded to participants each year. The information published here in the Sun Log is the first such report to be prepared and distributed by Sun Shipbuilding.

All statements and schedules are on a plan year basis for the years 1974 and 1975.

Types of Plans

Welfare Plans include:

Sickness and Accident Plan: yard hourly, draftsmen and supervisors in one reporting group.

Life Insurance: The entire company is one reporting group.

Hospitalization: Local 802, Local 804 and Salaried Employees and Guards are three individual reporting groups.

Pension Plans include:

Local 802 and Local 804 is one reporting group.

Salaried and Hourly Supervision is one reporting group.

Administration

All welfare and pension plans are administered by:

Sun Shipbuilding & Dry Dock Co.
Chester, PA 19013
Phone: (215) TR-6-9121

For any additional information contact the Industrial Relations Department. Copies of the annual report for each plan are available for your review in the Industrial Relations Office at Sun Shipbuilding during normal working hours, should you desire to see these legal documents.

Conclusion

Your benefits in pension and welfare plan at Sun Shipbuilding remain the same. No action is required on your part. The information furnished here simply fulfills the requirements of the law and is furnished for your information.

All our plans are financially sound and properly funded. The intent of ERISA (Employee Retirement Income Security Act) is to insure that the above documentation is provided for the information of all participants in our pension and welfare plans.

Financial Information - Welfare Plans

	Sickness & Accident Entire Company		Life Insurance Entire Company	
	1974	1975	1974	1975
Premiums	\$781,392.	\$784,858.	\$793,357.	\$866,821.
Claims	531,677.	623,671.	820,640.	757,550.
Reserves			42,945.	51,881.
Retentions	43,082.	59,172.	32,379.	32,513.
Retro-rate refund	206,633.	102,015.	—	25,484.

Blue Cross & Blue Shield

	Local 802		Local 804		Salaried Employees and Guards Plan	
	1974	1975	1974	1975		
Blue Cross Premiums	\$1,282,520.	\$1,504,770.	\$52,062.	\$61,859.	\$411,810.	\$447,674.
Blue Cross Claims	1,364,626.	1,579,366.	63,407.	54,672.	406,037.	433,092.
Retentions	94,114.	110,059.	3,887.	4,578.	29,523.	31,674.
Retro-rate refund						
Blue Shield Prem.	359,963.	488,402.	21,072.	24,998.	150,994.	194,021.
Blue Shield Claims	337,960.	376,920.	21,159.	24,732.	128,819.	142,543.

FINANCIAL INFORMATION PENSION PLANS

Salaried & Hourly Supervision Plan

	1974	1975
Assets of Pension Fund		
Cash	\$ 2,280.	\$ 53,688.
Certificates	992,806.	1,235,000.
Gov't Securities	66,187.	634,817.
Preferred Stocks	33,600.	33,500.
Common Stocks	2,326,578.	2,821,649.
Other Investments	700,670.	907,349.
Other Assets	25,869.	34,198.
Total Net Assets	\$4,147,390.	\$5,720,201.
Current Value of Assets	\$5,650,656.	6,337,500.

Income to Pension Fund

Cash Contributions by Employer	\$1,064,316.	\$1,073,252.
Earnings - Interest	161,894.	181,762.
Dividends	97,216.	110,874.
Gain or (loss) on sale of assets	(1,334,939.)	(200,471.)
Total Income	(\$ 11,513.)	\$1,165,517.

Expenses

Pension Payments	(\$ 434,132.)	(\$ 478,673.)
Net Income of Fund	(\$ 445,645.)	\$ 686,844.

Local 802 & 804 Plan

	1974	1975
Assets of Pension Fund		
Cash	\$ 6,671.	\$ 192.
Certificates	1,189,825.	1,553,000.
Gov't Securities	86,969.	90,875.
Preferred Stocks	69,800.	74,850.
Common Stocks	1,999,581.	2,592,890.
Other Investments	1,049,344.	1,917,232.
Other Assets	22,459.	56,875.
Total Net Assets	\$4,424,649.	\$6,298,914.
Current Value of Assets	\$5,243,638.	\$6,408,676.

Income to Pension Fund

Cash Contributions by Employer	\$ 886,692.	\$ 799,743.
Earnings - Interest	170,271.	199,304.
Dividends	115,729.	168,218.
Gain or (loss) on sale of assets	(823,848.)	382,733.
Total Income	\$ 348,844.	\$1,549,998.

Expenses

Pension Payments	(\$ 328,277.)	(\$ 384,960.)
Net Income of Fund	\$ 20,667.	\$1,165,038.

NOTES TO FINANCIAL STATEMENTS - SALARIED AND HOURLY SUPERVISION PLAN

1. General Description of the Sun Shipbuilding and Dry Dock Company Salaried and Hourly Supervision Pension Plan:

The Plan is a noncontributory, defined benefit plan which provides for membership of all salaried and hourly supervisory employees and guards of Sun Shipbuilding and Dry Dock Company (the "Company"). The Company contributes to the Plan such amounts as are necessary on an actuarial basis to provide the Plan with assets sufficient to meet the benefits to be paid to Plan members. The Plan has a June 30 year-end.

While the Company has not expressed any intent to discontinue its contribution, it is free to do so at any time, subject to penalties set forth in the Employee Retirement

Income Security Act of 1974 ("ERISA"). In the event such discontinuance results in the termination of the Retirement Plan, the net assets of the Fund would be allocated among the Retirement Plan participants and beneficiaries in the order prescribed by ERISA. Any unfunded vested benefits would be payable by the Pension Benefit Guaranty Corporation up to specified limitations also prescribed by ERISA.

All expenses in connection with the administration of the Retirement Plan (except brokerage commissions) are paid by the Company. Brokerage commissions are paid for out of fund assets.

2. Summary of Significant Accounting Policies:

Investments:

Investments in bonds, U.S. government securities, and common and preferred stocks are valued at the closing market prices on the last business day of the year.

In accordance with the policy of stating investments at fair value (see above), net unrealized appreciation or depreciation for the year is reflected in the statement of changes in net assets available for plan benefits.

Purchases and sales of investments are reflected on a trade-date basis. Gain or loss on sales of investments is based on average cost.

Dividend income is reported on the ex-dividend date. Income from other investments is reported as earned on an accrual basis.

Contributions:

The contributions of the Company are designed to fund the Plan's current service costs on a current basis and to fund over 30 years the unfunded actuarial liability. The yield (interest, dividends, and net realized and unrealized gain and losses) on investments of the Plan serves to reduce future contributions that would otherwise be required to provide for the defined level of benefits under the Plan.

3. Significant Actuarial Information:

The more significant methods and assumptions underlying the actuarial valuation of the consulting actuaries, Towers, Perrin, Foster & Crosby (TPF&C), as of December 31, 1975 are as follows:

Cost methods	— Entry Age Normal Method and the Accrued Benefit Method were used for various aspects of the valuation.
Assumed rate of return on investments	— 6% (except 7% used in the calculation of present value of vested benefits)
Mortality basis	— 1971 TPF&C Forecast Mortality Table
Employee turnover	— A scale consistent with experience
Salary increases	— A 6% annual increase
Retirement	— Retirement at 65 or age on valuation date if older

The present value of vested benefits (benefits to which participants are entitled, regardless of future service with the participating companies) under the Plan and the actuarially determined prior service costs (cost assigned to periods prior to December 31, 1975) were calculated by TPF&C, as of June 30, 1975.

4. Investments:

Investments held at December 31, 1975 are summarized as follows:

	Cost	Fair Value
U.S. Government obligations	\$ 860,419	\$ 889,967
Common stocks	2,398,183	1,986,525
Preferred stocks	210,651	180,250
Corporate bonds	1,755,544	1,668,586
Commercial paper	1,243,865	1,243,865
	\$6,468,662	\$5,969,193

5. Tax Status:

The District Director of the Internal Revenue Service at Philadelphia, Pa. issued a favorable determination letter on August 6, 1973 stating that the Plan was a qualified Plan under Section 401(a) of the Internal Revenue Code, and the Trust in connection with such Plan was an exempt trust under Section 501(c)(3) of the Code. The Company believes that amendments to the Plan, generally made in order to comply with ERISA, made subsequent to August 6, 1973 will not adversely affect such qualifications.

6. Change in Method of Accounting:

In prior periods the Fund's financial statements carried the investments at cost. On January 1, 1975, the Fund retroactively adopted the policy of carrying its investments at fair market value. It is the view of Fund management that that valuation method is now widely used in pension fund reporting and provides more informative disclosure of investment valuation and performance. Accordingly, assets available for plan benefits previously reported as of December 31, 1974 have been decreased by \$1,832,256, which represents unrealized depreciation of investments as of that date. The effect of this change on net additions for the year ended December 31, 1975 is to increase net additions by \$1,832,287.

NOTES TO FINANCIAL STATEMENTS — Local 802 & Local 804 Pension Plans

1. General Description of the Sun Shipbuilding and Dry Dock Company Fund of the Local 802 & Local 804 Pension Plans:

The Plans are noncontributory, defined benefit plans which apply to all employees who are covered by the collective bargaining agreement with either the Local 802 or Local 804 of the International Brotherhood of Boatbuilders, Iron Ship Builders, Blacksmiths, Forgers and Helpers who have one year of service with Sun Shipbuilding and Dry Dock Company (the "Company"). The Company contributes to the Fund of the Plans such amounts as are necessary on an actuarial basis to provide the Plans with assets sufficient to meet the benefits to be paid to plan members. The fiscal year for Plans ends on June 30, 1976.

While the Company has not expressed any intent to discontinue its contributions, it is free to do so at any time, subject to penalties set forth in the Employee Retirement Income Security Act of 1974 ("ERISA"). In the event such discontinuance results in the termination of the Retirement Plan, the net assets of the Fund would be allocated among the Retirement Plan participants and beneficiaries in the order prescribed by ERISA. Any unfunded vested benefits would be payable by the Pension Benefit Guaranty Corporation up to specified limitations also prescribed by ERISA.

All expenses in connection with the administration of the Retirement Plan (except brokerage commissions) are paid by the Company. Brokerage commissions are paid for out of fund assets.

2. Summary of Significant Accounting Policies:

Investments:

Investments in bonds and common and preferred stocks are valued at the closing market prices on the last business day of the year.

In accordance with the policy of stating investments at fair value (see above), net unrealized appreciation or depreciation for the year is reflected in the statement of changes in net assets available for plan benefits.

Purchases and sales of investments are reflected on a trade-date basis. Gain or loss on sales of investments is based on average cost.

Dividend income is reported on the ex-dividend date. Income from other investments is reported as earned on an accrual basis.

Contributions:

The contributions of the Company are designed to fund the Plans' current service costs on a current basis and to fund over 30 years the unfunded actuarial liability. The yield (interest, dividends, and net realized and unrealized gain and losses) on investments of the Fund serves to reduce future contributions that would otherwise be required to provide for the defined level of benefits under the Plans.

3. Significant Actuarial Information:

The more significant methods and assumptions underlying the actuarial valuation of consulting actuaries Towers, Perrin, Foster & Crosby (TPF&C) as of December 31, 1975 are as follows:

Cost methods	— Entry Age Normal Method and the Accrued Benefit Method were used for various aspects of the valuation
Assumed rate of return on investments	— 5% (except 7% used in the calculation of present value of vested benefits)
Mortality basis	— 1971 TPF&C Forecast Mortality Table
Employee turnover	— A scale consistent with experience
Salary increases	— None
Retirement	— Retirement at 65 or age on valuation date, if older

The present value of vested benefits (benefits to which participants are entitled, regardless of future service with the company under the Plan and the actuarially determined prior service costs (cost assigned to periods prior to December 31, 1975) were calculated by TPF&C, as of June 30, 1975.

4. Investments:

Investments held at December 31, 1975 are summarized as follows:

	Cost	Fair Value
Commercial paper	\$1,294,000	\$1,294,000
Common stocks	3,175,763	3,028,427
Preferred stocks	103,732	74,400
Corporate bonds and other fixed income obligations	2,044,312	1,976,540
	\$6,617,807	\$6,373,367

5. Tax Status:

The District Director of the Internal Revenue Service at Philadelphia, Pa. issued a favorable determination letter on August 6, 1973 stating that the Sun Shipbuilding and Dry Dock Company Local 802 Pension Plan and Local 804 Pension Plan were qualified plans under Section 401(a) of the Internal Revenue Code, and the Trust in connection with such Plan was an exempt trust under Section 501(c)(3) of the Code. The Company believes that amendments to the Plans, generally made in order to comply with ERISA, made subsequent to August 6, 1973 will not adversely affect such qualifications.

6. Change in Method of Accounting:

In prior periods, the Fund's financial statements carried the investments at cost. On January 1, 1975, the Fund retroactively adopted the policy of carrying its investments at fair market value. It is the view of Fund management that that valuation method is now widely used in pension fund reporting and provides more informative disclosure of investment valuation and performance. Accordingly, assets available for plan benefits previously reported as of December 31, 1974 have been decreased by \$1,254,202, which represents unrealized depreciation of investments as of that date. The effect of this change on net additions for the year ended December 31, 1975 is to increase net additions by \$1,009,762.

Fire Co. Valor Award To Company Draftsman

Geoffrey Abbott, a St. James High graduate who joined Sun Ship's drafting force three years ago in June, received both a valor award and the top mark for answering the largest number of fire alarms at the fire company's 108th anniversary banquet in February. The valor award came from his rescue of a woman from a house fire in Chester on June 8, 1976. Also, Geoffrey is credited for answering 391 fire alarms in 1976 in excess of one-a-day. Most of the alarms occur during night and early morning hours. In all, 684 fire alarms were answered by members of the Hanley Company.

For Hanley, Geoffrey is an administrative officer and line duty official as well as fire company secretary. His company operates a volunteer service in support of professional firefighters in the Chester Fire Department. In December 1975, Hanley went out of service as a firefighting unit and returned three months later as an all-volunteer unit functioning from an emergency van. Members like Geoffrey specialize in removing persons from burning buildings while firefighters battle flames. Their vehicle is known as "The White Angel," they take turns manning shifts sleeping in the firehouse to keep manpower in constant readiness, and they purchase their own fire coats and other such equipment.

Dedication to fire rescue missions carries over to his job here at Sun Ship. When he came to the shipyard three years ago, it was as a Trainee. Today, Geoffrey Abbott is a Draftsman in 38 department. Congratulations!

A lovely letter of appreciation for the life-saving talents of two members of our workforce was received in Industrial Relations. The letter is reprinted here as

received.

Henry Butter, a member of our Guard Force, was stricken with a heart attack and

was it not for the quick action of the men cited in the letter, a life would have been lost.

April 5, 1977

Dear Mr. Boardman

A letter of this kind is very hard to write. How do you thank someone for saving a life, which is what I'm trying to do. I like your thinking and respect knowledge of what a duty is of your employees' health. Beardsley and McKean/Salish saved my husband's life. The men in your security department have been keeping us safe with their hard work. I have offered my services if I might need

The doctors are pleased with his progress and he is feeling much better. I know that you talked to him by phone while he was in the hospital and he was quite pleased by your call. I just wanted to let everyone know how truly we appreciate their visits and calls and for what you will do to help my men get all of them.

Sincerely,
Henry Butter



Shows at his drafting board is Geoffrey Abbott, Hanley Fire Company Valor Award Winner, flanked by two of his drawing room friends, Joyce Chippelli (38-61) and Larry Truss (38-84).

REMINISCING ON RETIREMENT



Francis Reilly (right, 33-146, Lead Supervisor, 33 Department Marine Installation, points out the S.S. IBERVILLE to Andy Cranny, Assistant Foreman, Department 33 (left). When Mr. Reilly came to Sun Ship in 1952, his first job assignment was on the S.S. IBERVILLE, then Hull 987 KEYSTONE MARINER. By coincidence, the IBERVILLE returned to Sun Ship on January 23, 1977, 25-years later, to bid him farewell. Mr. Reilly retired from Sun Ship on January 21, 1977 with 25 years of service. As Pete Chabers noted when he arranged the farewell photo, Mr. Reilly will be remembered for his "love" to "pull cabs" throughout the vessel. Everyone wishes him a healthy and happy future.

G HOWARTH 59- 17
366 SOUTH
NEW MIDDLETOWN RD
MEDA PA 19063

**BUY U.S. SAVINGS BONDS-
THEY MAKE GOOD \$ AND ¢**

Important Notice

PRE-RETIREMENT SPOUSE'S BENEFIT

The pension plans at Sun Shipbuilding for yard hourly employees, draftsmen and salaried employees include an option for a pre-retirement spouse's benefit.

A pre-retirement spouse's benefit provides an income for a surviving spouse if the Sun Ship pension plan participant dies while an active employee of the Company. In order to be eligible for this benefit, an individual must be 55 years of age and have enough service to qualify for early retirement.

Within the past year we have contacted all those employees who were eligible for

this selection. Many elected the option but many did not. Those who did not elect the pre-retirement spouse's benefit option, when notified by the Company, may do so at any time they decide that this option is desirable for them. In all cases there would be a two year waiting period from the selection of the option until it becomes effective.

If you qualify by age and service and have not previously selected a pre-retirement spouse's benefit, you may do so. Please contact Industrial Relations, Richard W. Corthill, who will provide you with the necessary information.