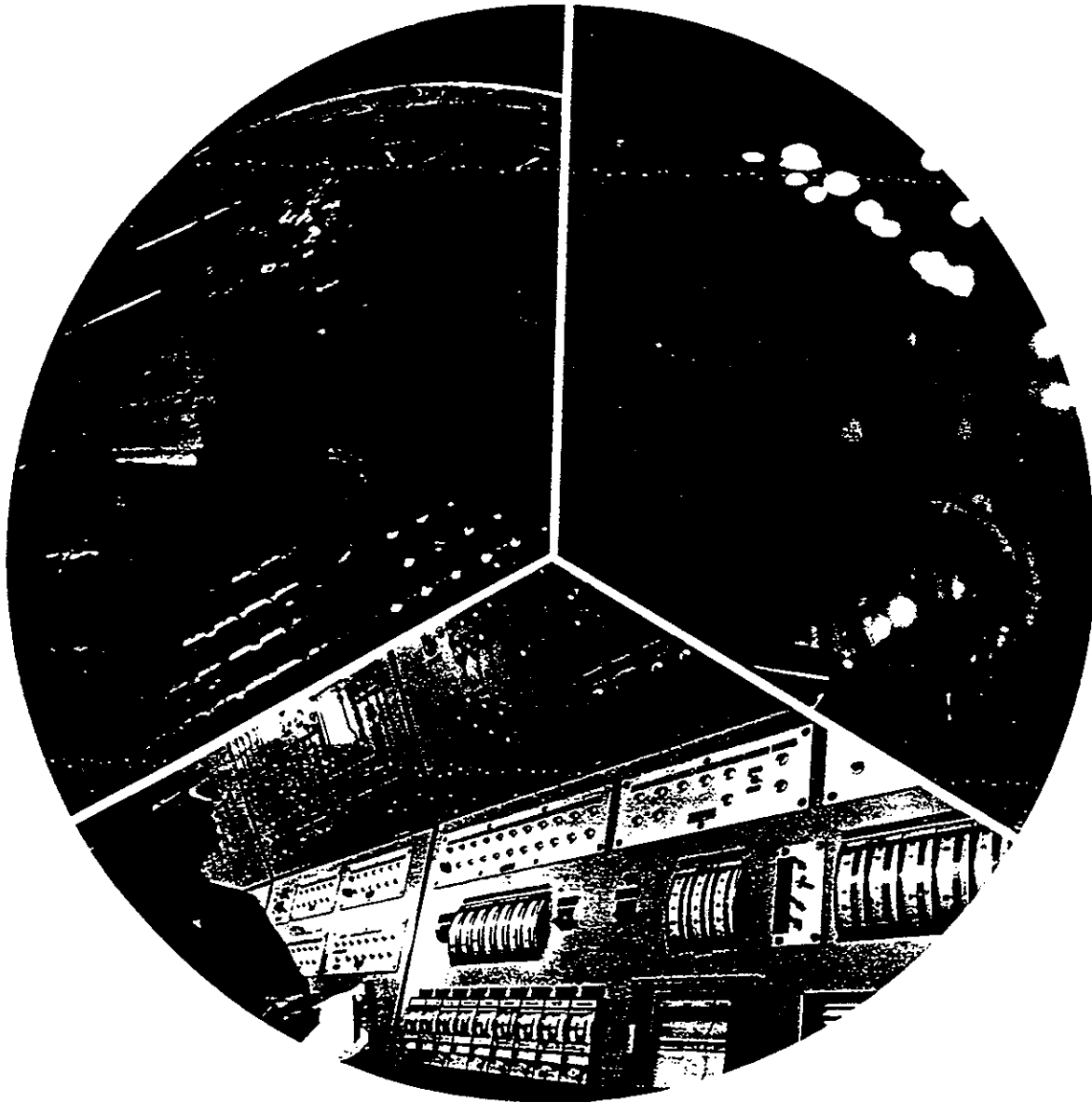


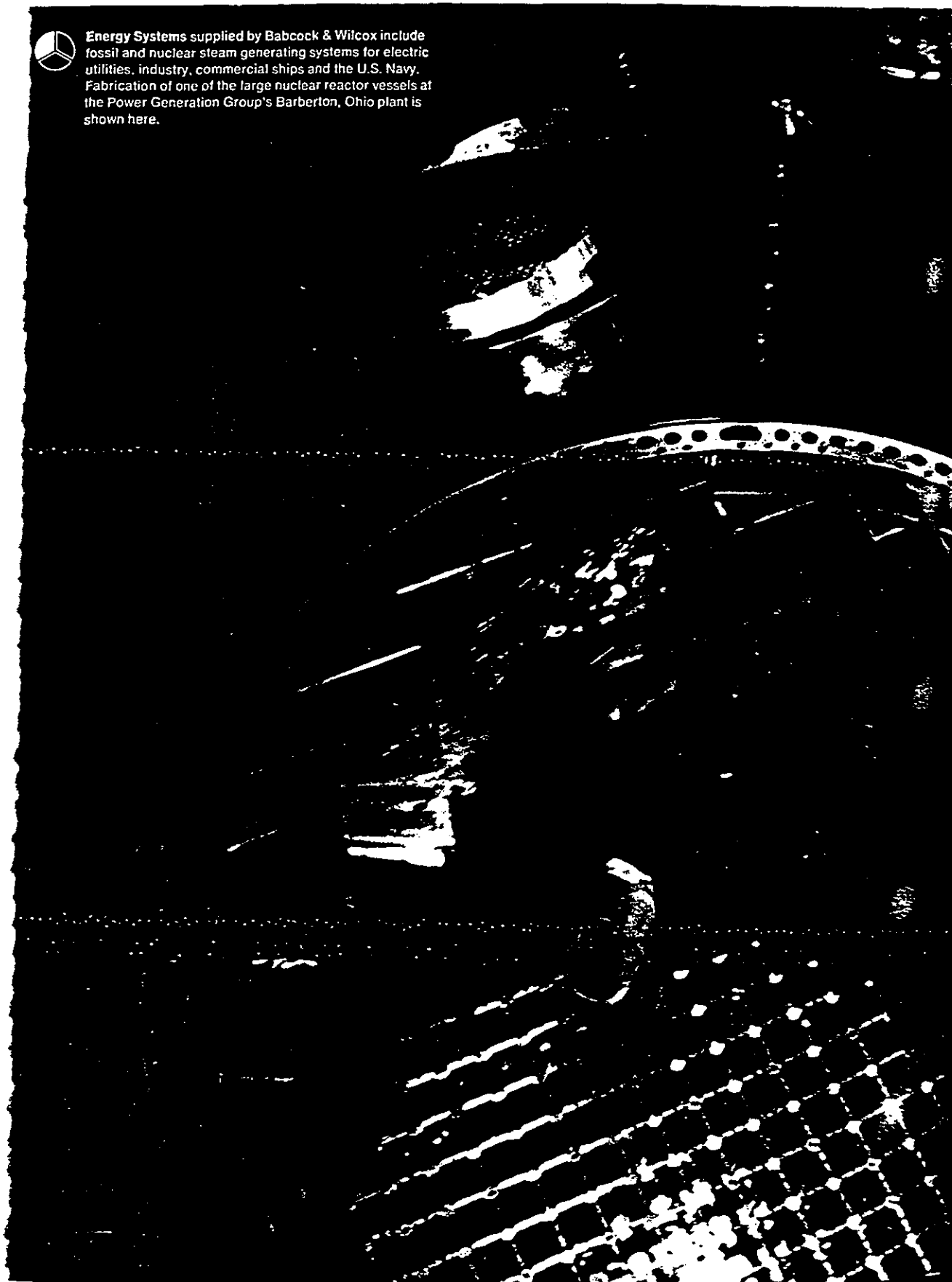
Babcock & Wilcox Annual Report 1973



Energy Systems / Engineered Materials / Industrial Automation



Energy Systems supplied by Babcock & Wilcox include fossil and nuclear steam generating systems for electric utilities, industry, commercial ships and the U.S. Navy. Fabrication of one of the large nuclear reactor vessels at the Power Generation Group's Barberton, Ohio plant is shown here.



Financial Highlights

TOTALS	1973	1972
Sales (on percentage of completion method for long-term contracts)	\$1,063,741,000	\$ 955,885,000
Net income for the year	22,083,000	24,436,000
Cash dividends declared	9,684,000	6,833,000
Orders received	1,884,344,000	1,475,326,000
Unfilled orders	3,288,551,000	2,467,948,000
Expenditures for property, plant and equipment	36,836,000	41,897,000
Depreciation of plant and equipment	21,640,000	19,403,000
Working capital	134,496,000	151,250,000
Stockholders' equity	317,136,000	316,909,000
Number of employees at year end	37,748	34,473
Number of common stockholders at year end	27,481	27,289
Number of common shares issued at year end	12,604,906	12,604,906
PER AVERAGE NUMBER OF SHARES OUTSTANDING*		
Net income for the year	\$ 1.82	\$ 1.97
Cash dividends declared	.80	.55
Stockholders' equity	26.11	25.54

*1973—12,146,573; 1972—12,406,339

COVER: Babcock & Wilcox is a manufacturer of specially-engineered industrial products and materials with three main fields of interest: energy systems, engineered materials and industrial automation. The company's long-range growth plan is to expand in each of these areas by aggressive marketing, internal development of new and improved technology, and acquisitions of companies or product lines that fit into one of these categories.



Chairman and President George G. Zipf inspects products made from ceramic fiber at the Refractories division plant in Augusta, Georgia.

To the Stockholders:

Shipments exceeded \$1 billion in 1973 for the first time in the company's history. Earnings were \$22.1 million or \$1.82 per share compared with \$24.4 million or \$1.97 per share in 1972.

Net income, which had been up by 7% at the end of the first six months in 1973, compared with the same period in 1972, dropped in the third quarter. This was due principally to a nine-week strike in the Power Generation Group. Another factor during most of the year was the cost-price squeeze on tubular products, resulting largely from the Cost of Living Council's regulation preventing us from passing through the higher cost of steel scrap. Despite price restrictions on tubular products, which were only partially relaxed late in December, consolidated earnings for the company did recover in the fourth quarter.

Following is a summary of earnings per share by quarter:

	1973	1972
1st quarter	\$.41	\$.46
2nd quarter	.75	.61
3rd quarter	(.10)	.32
4th quarter	.76	.58
	<u>\$1.82</u>	<u>\$1.97</u>

Last year I reported to you for the first time that our total nuclear business for 1972 was profitable. The strike in our Power Generation Group during the third quarter of 1973 contributed to a loss in nuclear activities for the year. While our commercial nuclear business continues to show a loss, our overall nuclear activities should be profitable again in 1974.

In addition to shipments for 1973 setting a record, orders and backlog of orders also set new highs. A summary of the key financial figures is as follows:

- Shipments in 1973 were \$1,063,741,000 compared with \$955,885,000 last year. The approximate distribution of shipments for 1973 and 1972 by markets is as follows:

	1973	1972
Electric Utilities	47%	49%
Government	15	16
Warehouse and Distributors	8	7
Machinery	8	6
Transportation	5	4
Pulp and Paper	4	4
Fabricated Metal Products	3	4
Primary Metals	3	3
Chemical and Petroleum	2	2
Miscellaneous	5	5
	<u>100%</u>	<u>100%</u>

- New orders totaled \$1,884,344,000. This included increased volume for fossil and nuclear steam generating systems, tubular products, refractories and the Industrial Products Group.
- The backlog reached \$3,288,551,000, at the end of 1973. The total nuclear backlog now amounts to approximately \$1,863,697,000. It is expected that about 29% of the current backlog will be recorded as shipments in 1974, approximately 51% in 1975 through 1977 and 20% thereafter.
- The cash dividend was increased by the Board of Directors in February 1973 to the annual rate of 80 cents per share from 55 cents per share.
- Capital expenditures in 1973 amounted to \$36,836,000.
- R&D expenditures were \$21,028,000. A major share was devoted to further development of nuclear systems and fuel, and

advances in fossil fuel steam generation, ceramic fibers, metallurgy and control systems.

To date, \$16,500,000 have been expended for environmental protection installations. Major projects completed include dust collection systems for our steel mills and refractory calcining kilns, waste treatment facilities at various plants, and improvement of combustion systems.

The year 1973 stands out as one in which certain significant developments occurred affecting the long-range success and progress of Babcock & Wilcox. These were:

1. The first two B&W nuclear steam systems with once-through steam generators successfully started up at Duke Power's Oconee station.
2. The company continued to maintain a strong position in the fossil fuel utility market. Both domestic and export orders were up substantially in 1973.
3. The largest single capital expenditure program in the company's history was launched in 1973 to increase tubemaking capacity 40% by 1976.
4. B&W expanded its leadership position in the growing world market for ceramic fibers.

The company acquired additional shares of the common stock of Babcock & Wilcox Limited, our British affiliate, for \$10,458,000. This increased our percentage ownership from 15% to 23%.

The company also purchased 500,000 shares of its own common stock at a cost of \$12,172,000. These shares will be used for the company's stock option plan and other corporate purposes.

B&W is essentially a manufacturer of specially-engineered industrial products and materials with three main fields of interest: energy systems, engineered materials and industrial automation. Following is a summary of 1973 activities:

Energy Systems, nuclear power. The company achieved its objectives in terms of new orders for nuclear steam systems.

Orders totaling more than \$350 million were received for six nuclear steam supply systems and associated fuel from three domestic utilities. This represented about 16% of the aggregate nuclear capacity ordered by the industry, or more than 6,700 megawatts.

Several divisions and subsidiaries will participate in furnishing the majority of components for these systems, including tubing, controls and instrumentation, metallic insulation and control-rod drives.

At the end of 1973, Babcock & Wilcox had built, or had orders to supply, 28 nuclear steam systems with a cumulative capacity of more than 26,000 megawatts.

In July 1973, the first nuclear steam system to use the B&W once-through steam generator began commercial operation at the Duke Power Company's Oconee station in Seneca, South Carolina. By November it was at 100% of licensed power, generating a gross output in excess of 900 megawatts. The second unit at Duke was placed in commercial operation on December 26, 1973. Hot functional testing commenced in December at Metropolitan Edison's nuclear unit at Three Mile Island near Harrisburg, Pennsylvania, and it is scheduled to go on line in 1974.

Construction of three other B&W nuclear steam systems was essentially completed during 1973 and these are also scheduled to become operational in 1974. The units will be Oconee 3 for Duke Power Company, Arkansas Nuclear 1 for Arkansas Power & Light, and the Rancho Seco unit for the Sacramento Municipal



Engineered Materials are custom designed for special applications and include specialty steel tubing, refractories, ceramic fibers, and advanced composites. Specialty steel tubing, shown here in process, is the largest volume product in this group.



Utility District. By the end of 1974, more than 5,000 megawatts of on-line electrical capacity are expected to be supplied by B&W nuclear systems.

In another nuclear operation, our subsidiary, Nuclear Materials and Equipment Corporation, is supplying plutonium fuel pins to be used in the AEC liquid metal breeder test reactor at Hanford, Washington.

The company continues to be an important supplier of nuclear fuels and components for the U.S. Navy. New orders for this business amounted to more than \$200 million in 1973.

Both the commercial and Navy nuclear equipment operations established an excellent record for performance and on-time delivery.

Energy Systems, fossil fuels. B&W orders for large utility fossil-fuel steam boilers were up substantially in 1973 compared with 1972. B&W was awarded about 36% of the capacity ordered. This included contracts from 18 domestic and foreign utilities having a capacity of approximately 13,000 megawatts and worth more than \$330 million.

The largest single order during the year was from Alabama Power for four 660 megawatt units. These coal-fired units will be installed at the utility's West Jefferson Steam Plant near Birmingham. Commercial operation of the first unit is scheduled for 1978.

Other large contracts were received from Houston Lighting and Power, Cincinnati Gas & Electric, Detroit Edison, Texas Utilities, Louisville Gas & Electric, Rochester Gas & Electric, Philadelphia Electric and Taiwan Power.

Reflecting the current fuel crisis, about 98% of the present inquiries for utility fossil steam systems specify coal burning capability. Some previous orders for oil-fired units have been switched to coal within the past few months. B&W benefits by this move to coal because of the additional equipment and larger-size boilers needed to handle the fuel.

During 1973, the company added several new auxiliary products in this area including a regenerative air heater, an electrostatic precipitator, and a highly efficient type of axial-flow fan. Orders have exceeded our projections. In addition, our high-capacity coal pulverizer, which has demonstrated excellent performance on large units, continues to sell very well.

Our company's engineering leadership in fossil-powered steam systems was demonstrated during 1973 as the world's three largest coal-fired power units, each with a 1300 megawatt B&W boiler, operated at peak levels. Two of these units were built for TVA and one for the American Electric Power Company. We are also fabricating and constructing three more units of the same size for AEP. More than 100 B&W Universal Pressure boilers with our once-through design concept are operating in utility installations throughout the world.

In addition to the utility business, sales of fossil-fired equipment for industrial and marine steam generating systems were at an all-time high. The company obtained orders worth about \$100 million and has a large share of this very competitive market. B&W field-erected boilers and related equipment are widely used in oil refineries, steel plants and in the burning of waste products to provide heat. A system to burn municipal refuse to generate steam for power, using two B&W boilers, will soon begin operation in Nashville, Tennessee. B&W also leads as a supplier of shop-assembled package boilers for the petrochemical, pulp and paper, food and process industries and institutions such as schools and hospitals.

The level of export orders for both our U.S. and Canadian facilities rose substantially. Bookings of export fossil boilers exceeded \$100 million for a new record.

In development work on coal gasification, we are supplying

equipment for a 100-ton per day demonstration model of a coal gasification system being funded jointly by the U.S. Office of Coal Research and the American Gas Association. The unit, which will use the Bi-Gas process, is scheduled for operation at Homer City, Pennsylvania in early 1975 and could be a basis for the design of a large commercial plant.

The B&W Construction Company, a part of our energy systems activity, continues to grow and is now more than a \$125 million business. The company experienced its biggest year ever in construction and completed erection of one of the world's largest boilers at American Electric Power's John E. Amos plant in West Virginia. Other activities include turbine installations and general mechanical work and erecting recovery boilers for the pulp and paper industry. The Construction Company discontinued marketing of wet cooling towers due to lack of sales.

Engineered Materials. 1973 was a record year for shipments of the company's specialty steel and tubular products. As a result, our production facilities operated at full capacity during most of the year. A \$12 million modernization and expansion program was completed at our Milwaukee, Alliance and Beaver Falls plants. This additional capacity and equipment made a significant contribution to the shipment performance. At the end of the year a new large diameter \$4 million welding mill was also started up at the Alliance facility.

To meet expected market requirements, a three-year \$50 million expansion program was begun by the Tube division at its Ambridge and Beaver Falls, Pennsylvania plants. When this program is completed, tubing production capacity will increase more than 40%. These major steps reflect our belief that this particular area of the steel business has excellent short and long term prospects, especially to meet pent-up demands for additional tubing to expand petroleum production and refining and electric power generation.

While, with higher volume, the Tubular Products division did increase its earnings over 1972 results, several factors adversely affected its performance in 1973. Prices for steel scrap, the division's basic raw material, doubled and costs increased for other materials and labor. Combined with government price controls on our products, this caused a serious profit squeeze during the year. In late December, the Cost of Living Council issued a special temporary rule permitting us to pass along a part of the cost increase of steel scrap pending a final decision on our request for relief of higher costs for both labor and other materials.

Refractories division sales increased by about 30% in 1973, rising sharply for the second consecutive year, and continuing a long term trend. There was heavy demand for all refractory products, with particular emphasis on insulating firebrick and Kaowool ceramic fibers. Our Kaowool fiber lining, used to insulate pipes and stacks and to line furnaces, is a product of considerable importance to industry in the conservation of energy. During the year we expanded our leadership in the markets for ceramic fiber both here and overseas.

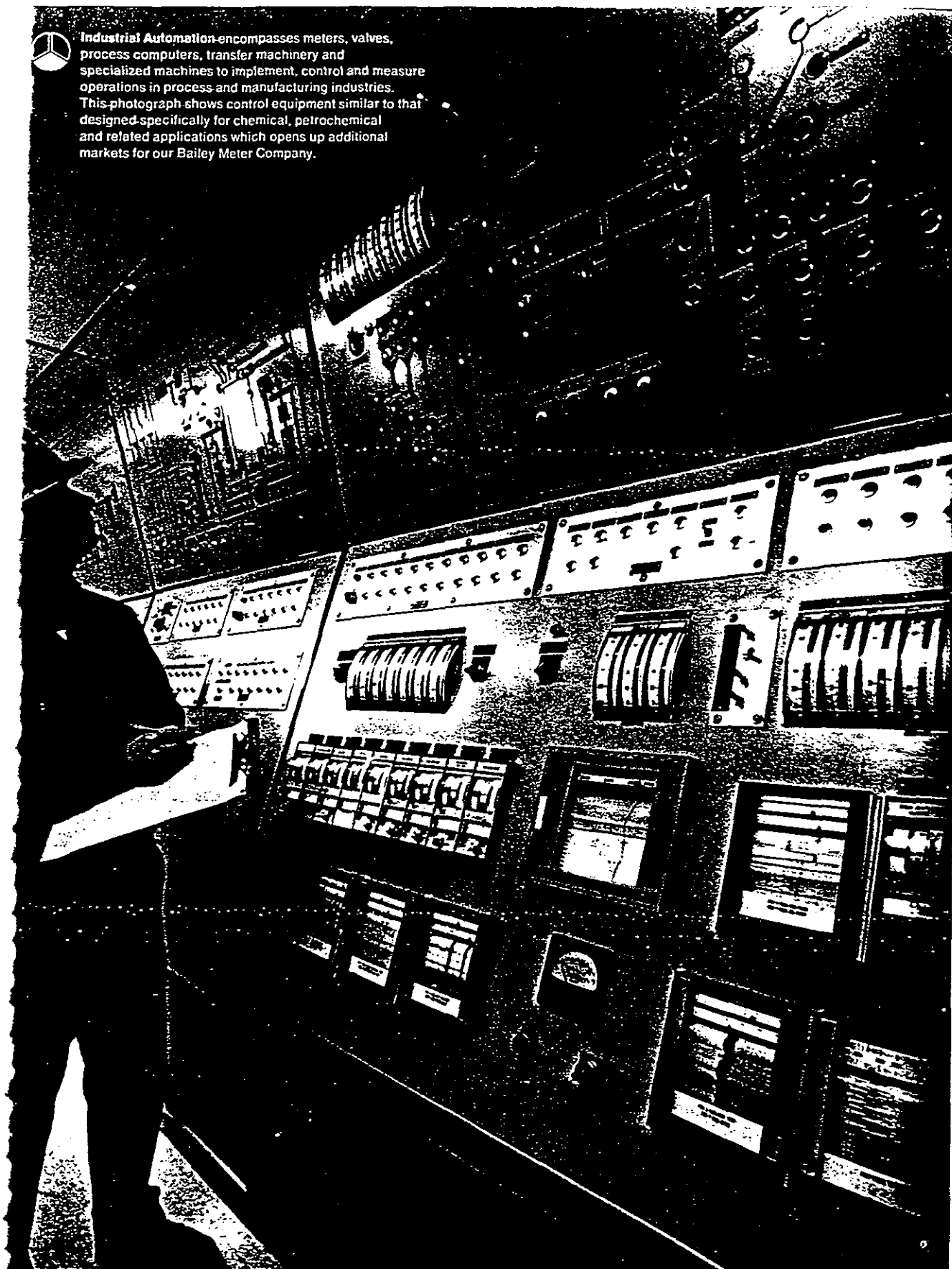
To meet rising demand, the division has undertaken an expansion of production facilities and modernization of existing ceramic fiber plants in Augusta, Georgia and Ponce, Puerto Rico. In addition, joint-venture ceramic fiber plants in Japan, England and Belgium are undergoing expansion.

The Refractories division also produces a variety of other products, such as insulating firebrick and castables, needed by the petroleum industry to build new refineries and by other heat processing industries.

Our advanced composites operation, which started as a new venture in 1971, received its first contract for a large volume of graphite fiber golf club shafts. Other sales included parts for office



Industrial Automation encompasses meters, valves, process computers, transfer machinery and specialized machines to implement, control and measure operations in process and manufacturing industries. This photograph shows control equipment similar to that designed specifically for chemical, petrochemical and related applications which opens up additional markets for our Bailey Meter Company.



copying machines and x-ray equipment. Orders in 1973 were about \$1 million and we are expecting good growth over the next few years for this promising technology.

Industrial Automation. The past year saw rising volume of business in our industrial automation area, and the outlook for the coming year promises to continue that encouraging trend.

Bailey Meter Company sales were up in the basic utility and marine instrumentation markets. The new Bailey 7000 line contributed additional business in the process industries.

During 1973, the second Bailey direct digital control system (DDC) for a utility plant was placed in operation. These systems provide the most complete power plant automation yet achieved and are expected to be the foundation for future generations of controls for electric power plants. Bailey has orders for four of the six DDC systems the utility industry has purchased to date.

As part of its excellent year in the marine control business, Bailey has supplied the complete combustion control system for the largest American-built commercial ship, the *TT Brooklyn*. It is the first of a line of U.S. produced supertankers.

Diamond Power Specialty Corporation shipments increased 6% over 1972. The largest volumes were in boiler cleaning equipment and metallic reflective insulation. The subsidiary sold its closed-circuit television operation in order to concentrate more fully on its basic markets. Diamond will continue to act as sales agent for this product in the utility industry, the original market. Overseas, a joint venture with a Deutsche-Babcock & Wilcox A.G. subsidiary was formed in West Germany to supply Mirror reflective insulation to the European nuclear industry. In addition, a license agreement was completed with ACC-Vickers-Babcock Ltd. of Bombay, India for the Indian market.

Demand continued strong for the unique line of valves supplied by our subsidiary, Control Components, Inc., and we anticipate another significant increase in business in the coming year. The basic characteristics of this valve—vibration control and low maintenance—have created a solid market in the oil, petrochemical and power generation industries. Noise reducing qualities inherent in the valve's design also make it particularly well suited to meet the requirements created by the Occupational Safety and Health Act. Internationally, Control Components formed a joint venture in Japan and established a sales organization in Europe.

The continued resurgence of the machine tool industry enabled the Automated Machine division to reach a record level of shipments in 1973. Currently the upsurge in orders reflects the automobile industry's concentration on the production of smaller cars.

Another new venture—the Industrial Systems department—established an important position in the newly-developing market for safety equipment used on metalworking machines. More than 80 working installations of this system give promise of a good future for this product line.

Management. Major changes in our management structure during the past year were made on the operating group level. Walter M. Vannoy was appointed group vice president and head of the Power Generation Group, succeeding A. P. Taber, who retired. Dr. John Ewing was named vice president of the Naval Nuclear Fuel division succeeding Mr. Vannoy.

Within the Power Generation Group the nuclear manufacturing, engineering and marketing functions were consolidated under Louis M. Favret, who was elected corporate vice president and appointed head of Nuclear divisions, a new position. At the same time, Wilford B. Beisel was named general manager of the Nuclear Equipment division and John H. MacMillan general manager of the Nuclear Power Generation division.

Edwin M. Griffin, division vice president was selected to succeed

Gerald A. Profita as head of the B&W Construction Company. Mr. Profita retired after 44 years of service to the company.

Donald E. Heyburn, division vice president was appointed to head the Fossil Power Generation division, succeeding Mr. Griffin. Thomas Campbell was named general manager of the Industrial and Marine division succeeding A. W. Jackson who became vice president of International Sales for the Power Generation Group. George W. Kessler, a corporate vice president, retired after more than 42 years of service.

Also in 1973, the Board of Directors elected Raymond J. Cantwell, our chief financial officer, as senior vice president and named me to the additional position of Chairman of the Board. M. Nielsen, who had served as Chairman since 1965, continued as a director of the company.

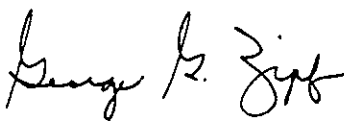
Outlook. The energy problem is affecting the company both internally and externally. Internally, an energy conservation program was undertaken during the year in all plants and offices. We have not had any curtailment of production due to fuel shortages, nor do we expect to have any if the government adheres to its stated allocation policies. The major internal effect of the fuel crisis has been increased operating costs caused by higher fuel prices. This will also affect the cost of raw materials and components which we purchase from other companies. While some critical materials are becoming increasingly scarce, this has been caused by the general high level of demand and we are not yet aware of any shortages directly caused by lack of fuel.

Externally, we have observed an increase in inquiries for coal burning boilers, primarily from utility companies, and a pick-up in demand for products related to oil exploration and refining such as tubular products, refractories and controls. On the other hand, uncertainty of fuel supply could cause some companies to curtail expansion plans. To date, we have seen no evidence of this in our business.

We enter 1974 with a backlog of \$3.3 billion, mostly in long lead-time orders. The company's specially-engineered products are essential for energy extraction as well as for energy conversion and conservation. As a result, we should be in a good position to build on these strengths. However, a decline in the economy could have some impact on new orders for steel tubing, refractories, small boilers and machine tools.

As for our labor situation, all plants in the Power Generation Group are now operating with labor contracts that should provide continuity of operations until mid-1976. In the Tubular Products division, our labor agreement with the steelworkers union expires in August 1974. Failure to reach a settlement on schedule could have an adverse effect on performance.

We cannot predict with any certainty the impact the energy crisis or material shortages may have on us, our suppliers and our customers. Nevertheless, there is a strong demand for our products and nuclear activities should return to a profitable level. Furthermore, late in January 1974 the Cost of Living Council approved the company's request for a price increase for its tubular products. This should partially alleviate the cost-price squeeze suffered by the Tubular Products division. If the problems mentioned are not too severe, 1974 should be a good year.



George G. Zopf
Chairman and President

February 28, 1974

Financial Statements

Consolidated Statement of Income and Retained Earnings

For the Calendar Year

	1973	1972
Sales (on percentage of completion method for long-term contracts).....	\$1,063,741,075	\$955,885,195
Costs and expenses:		
Costs and operating expenses	919,517,356	818,570,350
Research and development expenses	21,028,084	20,603,198
Selling, general and administrative expenses	58,478,220	51,721,529
Depreciation of plant and equipment	21,640,224	19,402,891
	<u>1,020,663,884</u>	<u>910,297,968</u>
Income from operations	43,077,191	45,587,227
Income from investments, including equity in net earnings of affiliated companies (Note 4)	3,783,483	3,157,310
Interest expense	(10,203,577)	(6,446,756)
Income before taxes and minority interests	<u>36,657,097</u>	<u>42,297,781</u>
U.S. and foreign taxes on income:		
Current	1,070,000	1,426,000
Deferred	13,380,000	16,354,000
	<u>14,450,000</u>	<u>17,780,000</u>
	<u>22,207,097</u>	<u>24,517,781</u>
Income applicable to minority interests	(124,367)	(82,221)
Net income for the year (per share: 1973—\$1.82; 1972—\$1.97)	<u>22,082,730</u>	<u>24,435,560</u>
Cash dividends declared (per share: 1973—\$.80; 1972—\$.55)	<u>9,683,925</u>	<u>6,832,836</u>
Remainder, to retained earnings	<u>12,398,805</u>	<u>17,602,724</u>
Retained earnings at beginning of year	<u>228,194,096</u>	<u>210,591,372</u>
Retained earnings at end of year	<u>\$ 240,592,901</u>	<u>\$228,194,096</u>

Consolidated Statement of Changes in Financial Position

For the Calendar Year

	1973	1972
WORKING CAPITAL AT BEGINNING OF YEAR	<u>\$151,249,738</u>	<u>\$144,452,402</u>
FINANCIAL RESOURCES WERE PROVIDED BY:		
Net income	22,082,730	24,435,560
Add or (deduct) items not affecting working capital:		
Depreciation	21,640,224	19,402,891
Deferred income taxes, noncurrent	1,170,000	1,110,000
Income applicable to minority interests	124,367	82,221
Equity in net earnings of affiliated companies	(2,709,744)	(624,992)
Working capital provided by operations for the period	<u>42,307,577</u>	<u>44,405,680</u>
Fair market value of common stock issued for purchase of minority interests in subsidiary		6,383,521
Additional noncurrent borrowings	<u>14,553,505</u>	<u>14,585,687</u>
	<u>56,861,082</u>	<u>65,374,888</u>
FINANCIAL RESOURCES WERE USED FOR:		
Additions to property, plant and equipment	36,835,981	41,896,636
Cash dividends declared	9,683,925	6,832,836
Reductions of noncurrent indebtedness	6,548,504	3,691,182
Purchase of additional interest in Babcock & Wilcox Ltd. (Note 4)	10,456,459	
Purchases of and other changes in minority interests	(329,308)	3,804,868
Purchase of treasury stock (Note 8)	12,171,701	
Other, net	(1,754,249)	2,352,030
	<u>73,615,013</u>	<u>58,577,552</u>
NET (DECREASE) INCREASE IN WORKING CAPITAL (Note 9)	<u>(16,753,931)</u>	<u>6,797,336</u>
WORKING CAPITAL AT END OF YEAR	<u>\$134,495,807</u>	<u>\$151,249,738</u>

Consolidated Balance Sheet

At December 31

1973

1972

ASSETS

CURRENT ASSETS

Cash	\$ 30,013,787	\$ 21,259,147
Marketable securities, at cost (approximate market)	598,000	18,290,628
Accounts receivable (net of allowance for doubtful accounts: 1973—\$3,958,935; 1972—\$3,729,492)	177,022,445	141,041,136
Unbilled sales	123,336,909	103,445,302
Inventories, including long-term contract costs (less progress payments on contracts) (Note 1)	221,586,687	170,242,514
TOTAL CURRENT ASSETS	552,557,828	454,278,727

NONCURRENT RECEIVABLES

	498,618	276,007
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INVESTMENTS, in affiliated companies at equity (Note 4)

	24,168,867	11,719,852
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PROPERTY, PLANT AND EQUIPMENT,

at cost less accumulated depreciation (Note 3)	253,117,493	238,278,543
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PREPAID EXPENSES AND OTHER ASSETS

	11,125,110	12,025,975
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TOTAL ASSETS

	\$841,467,916	\$716,579,104
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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Notes payable (Note 6)	\$ 72,939,235	\$ 11,670,591
Accounts payable and accrued liabilities	217,964,523	192,987,900
Provision for warranty expense	42,421,229	33,803,567
Cash dividends payable	2,420,981	1,733,227
U.S. and foreign income taxes (including deferred taxes: 1973—\$79,405,000; 1972—\$67,195,000)	82,316,053	62,833,704
TOTAL CURRENT LIABILITIES	418,062,021	303,028,989

NONCURRENT INDEBTEDNESS (Note 6)

	86,385,448	78,380,447
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DEFERRED INCOME TAXES

	18,630,000	17,460,000
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MINORITY INTERESTS IN SUBSIDIARY COMPANIES

	1,254,299	800,624
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TOTAL LIABILITIES

	524,331,768	399,670,060
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STOCKHOLDERS' EQUITY

Capital Stock:

Preferred, cumulative, no par; authorized and unissued 2,000,000 shares

Common, par value \$4.50; authorized 18,000,000

shares, issued: (1973 and 1972—12,604,906 shares)

Capital surplus

Retained earnings

Less: Treasury stock, at cost—500,000 shares (Note 8)

TOTAL STOCKHOLDERS' EQUITY

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$841,467,916

\$716,579,104

Summary of Significant Accounting Policies

Principles of consolidation:

Consolidated financial statements include The Babcock & Wilcox Company and all subsidiary companies. Significant subsidiaries are principally located in the United States. Investments in which the company owns 20% or more but less than a majority of voting stock, are accounted for under the equity method. The accounts of foreign subsidiaries have been translated into U.S. dollars at year-end exchange rates, except for property, plant and equipment which has been translated at appropriate historical rates. Translation gains or losses are included in income currently and have not been significant in amount.

Long-term contracts:

A significant part of the company's business is done under contracts requiring long periods to perform, in many cases several years. For financial accounting purposes, the company records sales and cost of sales by the percentage of completion method applied principally to shipments or, in the case of nuclear contracts, incurred direct labor. Sales so recorded are carried in unbilled amounts until invoiced to customers under terms of the contracts. The costs recorded on uncompleted individual long-term contracts within each fiscal period are based upon estimates to complete. Cost estimates are reviewed periodically as the work progresses and adjustments proportionate to the percentage of completion are reflected in the period when such estimates are revised.

Under the foregoing accounting for long-term contracts, inventories are stated at accumulated production costs less estimated cost of sales. The amount at which such inventories are carried does not exceed realizable value. Progress payments applicable to these inventories are deducted for balance sheet presentation.

Inventories:

Inventories are stated generally at the lower of cost or market. Cost is determined on the average basis for raw materials and supplies and accumulated production costs for work in process and finished products.

Warranty expense:

As the company provides, as sales are recorded, for estimated future expenditures which may be required to satisfy warranties.

Depreciation:

For financial accounting purposes, depreciation is computed on a straight-line method, using estimated useful lives of 10 to 40 years for buildings and 5 to 20 years for machinery and equipment.

Income taxes:

The company provides in its income tax provision for the timing differences between financial and tax reporting. These relate principally to the use for tax purposes of the completed contract method for long-term contracts, accelerated depreciation and to warranty expenses which are not deductible for income tax purposes until incurred.

The job development investment credit is recognized fully as deductions of tax provisions in the year in which qualified assets are placed in service.

Research and development:

The cost of research and development which is not performed on specific contracts is charged against operations as incurred.

Pension plans:

The company has several pension plans, principally non-contributory, covering substantially all employees. Benefits under the plans are being funded and charged to operations in amounts actuarially determined to be necessary to provide benefits currently earned during the year, and to amortize prior service costs over a period not to exceed 40 years.

Earnings per share:

Earnings per share are computed on a weighted average of shares outstanding during the year which do not include shares held in treasury. Shares under options outstanding are not used in determining earnings per share since they have had no material dilutive effect.

Notes to Consolidated Financial Statements

Note 1—The consolidated inventories at December 31 are summarized below:

	1973	1972
Raw materials and supplies.....	\$ 78,891,000	\$ 65,509,000
Work in process	161,504,000	144,593,000
Finished products.....	13,497,000	13,612,000
	<u>253,892,000</u>	<u>223,714,000</u>
Less: Progress payments.....	32,305,000	53,471,000
	<u>\$221,587,000</u>	<u>\$170,243,000</u>

Note 2—The company has provided when determinable for actions required to alleviate delays and the effects of delays in carrying out some long-term nuclear contracts. Costs and expenses not provided for, including claims, may result from delays but management does not expect that amounts, if any, will be material.

Note 3—Consolidated property, plant and equipment at December 31 are summarized below:

	1973	1972
Land	\$ 6,509,000	\$ 6,034,000
Buildings	134,691,000	126,995,000
Machinery and equipment	328,568,000	306,739,000
Construction in progress	24,331,000	20,771,000
	<u>494,099,000</u>	<u>460,539,000</u>
Less: Accumulated depreciation	240,982,000	222,260,000
	<u>\$253,117,000</u>	<u>\$238,279,000</u>

Rental expense and lease commitments are not material.

Note 4—During August and September 1973, the company acquired for \$10,456,000 an additional 3,600,000 shares of its British affiliate, Babcock & Wilcox Ltd., whose shares are publicly traded, increasing its percentage ownership to 23.1%. The company's proportionate share of publicly reported earnings of Babcock & Wilcox Ltd. is included in consolidated earnings for 1973. Prior years' income has not been restated, as the cumulative adjustment in applying the equity method was not material.

Note 5—As a result of the tax timing differences, referred to under accounting policies, the company for federal income tax reporting is entitled currently to report a net operating loss which, together with unused investment credits, is applicable against taxable income or tax payable over the next five and seven years, respectively.

Deferred tax provisions for the years relate principally to the use of the completed contract method for tax purposes—\$11,404,000 (1972—\$15,060,000) and other net timing differences of \$1,976,000 (1972—\$1,294,000) for accelerated depreciation, warranty provisions and other accrued expenses.

The 1973 income tax provision is net of \$1,750,000 (\$1,490,000 in 1972) job development investment credits on qualifying property additions.

The effective rates of the total provision for income taxes, as shown in the consolidated statement of income, are less than the United States federal statutory rates by 8.6% in 1973 (6.0% in 1972). This difference arises principally from the job development investment credits—4.8% (3.5% in 1972) and foreign tax credits—3.8% (1.8% in 1972).

Note 6—Consolidated obligations at December 31 consisted of the following:

	1973	1972
Current:		
Bank lines of credit, at prime rate.....	\$ 60,000,000	\$
Other, including current portion of long-term debt.....	12,939,000	11,671,000
	<u>72,939,000</u>	<u>11,671,000</u>
Noncurrent:		
9% Promissory Notes, payable in annual installments of \$3,300,000 beginning October 1, 1977	50,000,000	50,000,000
Revolving credit agreement up to \$20,000,000—Eurodollar or other Euro-currencies through August 1980, average interest rate, 1973—10.4%, 1972—6.7%	20,000,000	9,500,000
Industrial Revenue Mortgage for Pollution Control Equipment—4½% with interest adjustments related to the prime rate—payable in equal installments through 1983	10,857,000	11,424,000
3½% and 3¾% Notes, due 1974.....		3,400,000
Other.....	5,528,000	4,056,000
	<u>86,385,000</u>	<u>78,380,000</u>
	<u>\$159,324,000</u>	<u>\$90,051,000</u>

The average short-term bank borrowings, against the bank lines of credit, during the year were \$23,408,000 at an average interest rate of 8.9%, computed on a weighted average of obligations outstanding during the period.

The company has the option until December 31, 1974 to borrow up to \$120,000,000 on open bank lines of credit at the prime rate in effect at the time of borrowing. Additionally, the company has stand-by bank credit lines of \$30,000,000 available until December 31, 1974 which are related to the issuance by the company of commercial paper.

Certain of the agreements contain, among other things, requirements as to consolidated working capital as defined, and dividend declarations. At December 31, 1973 and 1972, all such requirements have been met.

Note 7—Total pension expense charged to income was \$22,761,000 in 1973 and \$20,054,000 in 1972. Based upon the latest actuarial valuation, unfunded prior service costs at December 31, 1973 were approximately \$119,400,000 (1972—\$111,300,000). The actuarially computed value of vested benefits for all plans as of December 31, 1973, exceeded the total of the pension fund and balance sheet accruals by approximately \$65,500,000.

Note 8—The stockholders on April 26, 1972 approved a new stock option plan for key employees of the company and its subsidiaries, who have not attained the age of 60 at the time of grant. A total of 500,000 shares of either authorized but unissued or previously issued and reacquired shares of common stock may be used for options granted under this plan. The plan covers both options qualified under Section 422 of the Internal Revenue Code and nonqualified options. Options are granted at an option price equal to at least 100% of the fair market value on the date of the grant. Qualified and non-qualified options shall expire not more than five and ten years, respectively, after the date of grant. Options are exercisable one year after the date of grant in installments determined by the Board of Directors. Shares not purchased on the installment date may be purchased any time prior to final expiration of the option.

During February 1973, the company acquired 500,000 shares of its common stock at a total cost of \$12,172,000 for grants under the 1972 Stock Option Plan and other corporate purposes.

Transactions in 1973 under the stock option plans approved by the stockholders in 1972 and 1963 are summarized as follows:

	SHARES	
	1972 Plan	1963 Plan
Options outstanding on January 1, 1973	51,700	137,500
Options granted	46,800	
Options lapsed	(2,200)	(137,500)
Options outstanding on December 31, 1973	<u>96,300</u>	<u></u>
Options which became exercisable during 1973	<u>12,659</u>	<u></u>

No further options may be granted under the 1963 plan.

Note 9—The changes in the components of working capital are summarized as follows:

	1973	1972
Increase (decrease) in current assets:		
Cash	\$ 8,755,000	\$ (3,569,000)
Marketable securities	(17,693,000)	17,341,000
Accounts receivable	35,981,000	2,863,000
Unbilled sales	19,892,000	2,438,000
Inventories	51,344,000	13,045,000
	<u>98,279,000</u>	<u>32,118,000</u>
Increase (decrease) in current liabilities:		
Notes payable	61,269,000	24,000
Accounts payable and accrued liabilities	24,976,000	10,031,000
Provision for warranty expense.....	8,618,000	1,273,000
Cash dividends payable.....	688,000	189,000
U.S. and foreign income taxes.....	19,482,000	13,803,000
	<u>115,033,000</u>	<u>25,320,000</u>
Net (decrease) increase in working capital	\$ (16,754,000)	\$ 6,798,000

Note 10—The company performs significant amounts of work for the government under both prime contracts and subcontracts and thus is subject to continuing reviews by governmental agencies.

Report of Independent Accountants

To the Stockholders and Directors of
The Babcock & Wilcox Company:

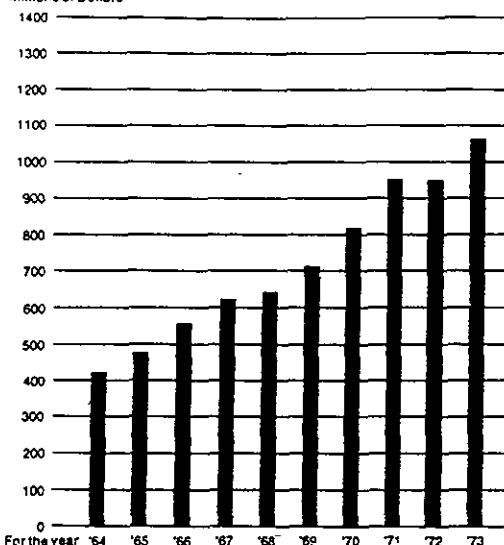
In our opinion, the accompanying consolidated balance sheets and the related statements of consolidated income and retained earnings and of changes in financial position present fairly the financial position of The Babcock & Wilcox Company and its subsidiaries at December 31, 1973 and 1972, the results of their operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

New York, N. Y., February 7, 1974

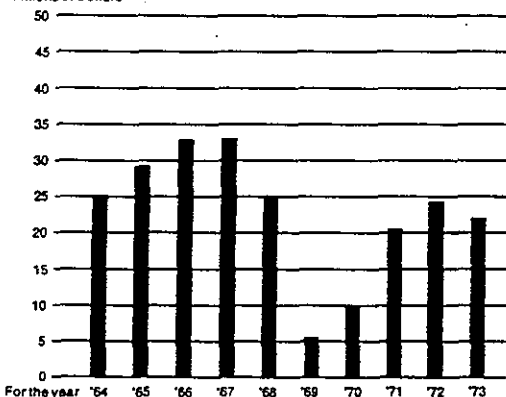
Sales (shipments)

Millions of Dollars



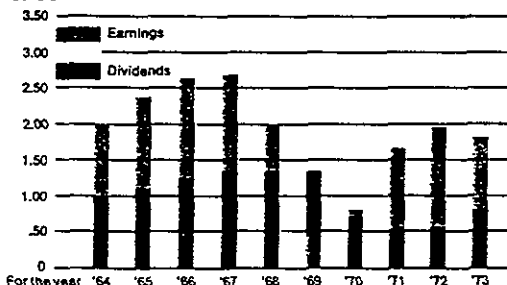
Net Income

Millions of Dollars



Earnings per Share and Cash Dividends Declared per Share (adjusted for stock splits)

Dollars



Income and Retained Earnings

Ten-Year Comparison (in thousands of dollars)

For the Calendar Year

1973

Sales (on percentage of completion method for long-term contracts)	\$1,063,741
Costs and expenses except depreciation	999,024
Depreciation	21,640
	<u>1,020,664</u>
Income from operations	43,071
Income from investments	3,780
Interest expense	(10,203)
Income before taxes and minority interests	36,650
U.S. and foreign taxes on income	14,450
	<u>22,200</u>
Income applicable to minority interests	(124)
Net income for the year	<u>22,083</u>
Equity in earnings of subsidiary prior to obtaining majority control	22,083
Cash dividends declared	9,684
Remainder, to retained earnings	12,399
Retained earnings at beginning of year	228,194
Retained earnings at end of year	<u>\$ 240,593</u>

Changes in Financial Position

Ten-Year Comparison (in thousands of dollars)

For the Calendar Year

1973

WORKING CAPITAL AT BEGINNING OF YEAR	\$ 151,250
FINANCIAL RESOURCES WERE PROVIDED BY:	
Net income	22,083
Add or (deduct) items not affecting working capital:	
Depreciation	21,640
Deferred income taxes, noncurrent	1,170
Income applicable to minority interests	124
Equity in net earnings of affiliated companies	(2,710)
Working capital provided by operations for the period	<u>42,307</u>
Fair market value of common stock issued for purchase of minority interests in subsidiary	14,554
Additional noncurrent borrowings	<u>56,861</u>
FINANCIAL RESOURCES WERE USED FOR:	
Additions to property, plant and equipment	36,836
Cash dividends declared	9,684
Reductions of noncurrent indebtedness	6,548
Purchase of interest in B&W Ltd.	10,458
Purchases of and other changes in minority interests	(329)
Purchase of treasury stock	12,172
Change in noncurrent receivables	223
Other, net	(1,977)
	<u>73,615</u>
NET (DECREASE) INCREASE IN WORKING CAPITAL	<u>(16,754)</u>
WORKING CAPITAL AT END OF YEAR	<u>\$ 134,496</u>

Statistics

1973

Income from operations—% of sales	4.1%
Net income for year—% stockholders' equity first of year	7.0%
Orders received—thousands of dollars	\$1,534,344
Unfilled orders—thousands of dollars	\$3,238,551
Common shares issued end of year	12,634,906
Per average number of shares outstanding:	
1973—12,146,573; 1972—12,406,339; 1964-71—12,366,626:	\$ 1.82
Income for year	.60
Cash dividends declared	26.11
Stockholders' equity	

1972	1971	1970	1969	1968	1967	1966	1965	1964
\$955,885	\$959,092	\$826,424	\$718,566	\$647,613	\$624,723	\$561,627	\$481,600	\$430,957
890,895	895,697	782,779	690,111	584,522	545,935	485,628	412,487	370,335
19,403	18,396	16,417	13,439	10,934	16,436	14,778	13,519	12,825
910,298	914,093	799,196	703,550	595,456	562,371	500,406	426,006	383,160
45,587	44,999	27,228	15,016	52,157	62,352	61,221	55,594	47,797
3,157	1,931	1,459	505	928	305	2,095	1,461	2,224
(6,446)	(8,344)	(11,449)	(9,022)	(3,391)	(1,412)	(838)	(715)	(750)
42,298	38,586	17,238	6,499	49,694	61,245	62,478	56,340	49,271
17,780	17,170	6,390	190	23,710	27,260	28,710	26,060	23,480
24,518	21,416	10,848	6,309	25,984	33,985	33,768	30,280	25,791
(82)	(752)	(827)	(584)	(742)	(770)	(766)	(830)	(595)
24,436	20,664	10,021	5,725	25,242	33,215	33,002	29,450	25,196
								1,030
24,436	20,664	10,021	5,725	25,242	33,215	33,002	29,450	26,226
6,833	6,168	8,810	16,752	16,726	16,681	15,313	13,458	12,211
17,603	14,496	1,211	(11,027)	8,516	16,534	17,689	15,992	14,015
210,591	196,095	194,884	205,911	197,395	180,861	163,172	147,180	133,165
\$228,194	\$210,591	\$196,095	\$194,884	\$205,911	\$197,395	\$180,861	\$163,172	\$147,180

1972	1971	1970	1969	1968	1967	1966	1965	1964
\$144,452	\$128,355	\$141,205	\$214,728	\$180,735	\$156,721	\$163,400	\$137,710	\$119,851
24,436	20,664	10,021	5,725	25,242	33,215	33,002	29,450	25,196
19,403	18,396	16,417	13,439	10,934	16,436	14,778	13,519	12,825
1,110	3,510	3,900	5,015	3,925				
82	752	827	584	742	770	766	830	595
(625)								
44,406	43,322	31,165	24,763	40,843	50,421	48,546	43,799	38,616
6,383								
14,586	72,386	13,500	22,000	59,000	28,000			
65,375	115,708	44,665	46,763	99,843	78,421	48,546	43,799	38,616
41,897	24,283	25,340	50,523	37,388	33,509	34,807	19,610	12,265
6,833	6,168	8,810	16,752	16,726	16,681	15,313	13,458	12,211
3,691	62,200	12,200	53,200	14,200	2,200	2,200		2,200
		9,499						
3,805	4,771	237	204	320	320	278	(40)	(2,529)
(1,133)	21	(157)	(669)	(1,612)	1,547	1,695	(13,535)	(1,877)
3,484	1,97	1,586	276	(1,172)	150	932	(1,384)	(1,513)
58,577	99,611	57,515	120,286	65,850	54,407	55,225	18,109	20,757
6,798	16,097	(12,850)	(73,523)	33,993	24,014	(6,679)	25,690	17,859
\$151,250	\$144,452	\$128,355	\$141,205	\$214,728	\$180,735	\$156,721	\$163,400	\$137,710

1972	1971	1970	1969	1968	1967	1966	1965	1964
4.8%	4.7%	3.3%	2.1%	8.1%	10.0%	10.9%	11.5%	11.1%
8.3%	7.4%	3.6%	2.0%	9.0%	12.6%	13.4%	12.8%	11.7%
\$1,475,326	\$ 867,938	\$1,118,298	\$ 812,758	\$ 911,082	\$1,099,295	\$840,064	\$651,195	\$525,814
\$2,467,948	\$1,948,507	\$2,039,661	\$1,747,787	\$1,653,595	\$1,390,127	\$915,555	\$637,118	\$467,523
12,604,906	12,366,626	12,366,626	12,366,626	12,366,626	12,366,626	12,366,626	12,366,626	12,366,626
\$ 1.97	\$ 1.67	\$.81	\$.46	\$ 2.04	\$ 2.69	\$ 2.67	\$ 2.38	\$ 2.04
.55	.50	.72	1.36	1.36	1.36	1.25	1.10	1.00
25.54	23.69	22.51	22.42	23.31	22.62	21.28	19.85	18.56

1972	1971	1970	1969	1968	1967	1966	1965	1964
\$ 21,259	\$ 24,829	\$ 26,521	\$ 13,549	\$ 16,199	\$ 12,839	\$ 15,830	\$ 14,641	\$ 10,591
18,291	949	496	1,912	1,266	5,297	16,580	79,117	24,549
141,041	138,178	131,452	113,878	98,985	85,525	75,671	40,301	69,197
103,445	101,007	95,779	84,578	67,071	47,841	35,136	16,683	26,777
170,243	157,198	162,001	170,152	160,300	138,625	119,396	98,936	85,430
454,279	422,161	416,249	384,069	343,821	290,127	262,613	249,678	216,544
276	1,409	1,191	1,348	2,017	3,629	2,082	387	13,922
11,719	11,246	9,851	340	340	341	447	961	1,278
238,279	216,472	211,291	202,648	165,638	139,415	122,392	102,476	96,365
12,026	7,702	6,421	4,567	4,217	5,157	4,851	3,292	4,379
<u>\$716,579</u>	<u>\$658,990</u>	<u>\$645,003</u>	<u>\$592,972</u>	<u>\$516,033</u>	<u>\$438,669</u>	<u>\$392,385</u>	<u>\$356,794</u>	<u>\$332,488</u>

\$ 11,671	\$ 11,647	\$ 81,930	\$ 86,340	\$ 6,761	\$ 3,658	\$ 5,776	\$	\$
192,988	182,957	153,409	126,762	90,237	75,850	72,101	59,512	52,492
33,803	32,530	23,029	12,605	7,992	4,431	4,955	4,354	4,375
1,733	1,544	1,540	4,188	4,184	4,176	3,824	3,368	3,056
62,834	49,030	27,986	12,969	19,919	21,277	19,236	19,044	18,911
303,029	277,708	287,894	242,864	129,093	109,392	105,892	86,278	78,834
78,380	67,486	57,300	56,000	87,200	42,400	16,600	18,800	18,800
17,460	16,350	12,840	8,940	3,925				
801	4,523	8,542	7,952	7,572	7,150	6,700	6,212	5,342
<u>399,670</u>	<u>366,067</u>	<u>366,576</u>	<u>315,756</u>	<u>227,790</u>	<u>158,942</u>	<u>129,192</u>	<u>111,290</u>	<u>102,976</u>

88,715	82,332	82,332	82,332	82,332	82,332	82,332	82,332	82,332
228,194	210,591	196,095	194,884	205,911	197,395	180,861	163,172	147,180
316,909	292,923	278,427	277,216	288,243	279,727	263,193	245,504	229,512
<u>316,909</u>	<u>292,923</u>	<u>278,427</u>	<u>277,216</u>	<u>288,243</u>	<u>279,727</u>	<u>263,193</u>	<u>245,504</u>	<u>229,512</u>
<u>\$716,579</u>	<u>\$658,990</u>	<u>\$645,003</u>	<u>\$592,972</u>	<u>\$516,033</u>	<u>\$438,669</u>	<u>\$392,385</u>	<u>\$356,794</u>	<u>\$332,488</u>

1972	1971	1970	1969	1968	1967	1966	1965	1964
\$426,381	\$406,685	\$383,355	\$334,556	\$298,317	\$266,404	\$232,858	\$214,948	\$198,827
41,897	24,283	25,340	50,523	37,388	33,509	34,807	19,610	12,265
		131			444		119	5,177
(7,739)	(4,587)	(2,141)	(1,724)	(1,149)	(2,040)	(1,261)	(1,819)	(1,321)
<u>460,539</u>	<u>426,381</u>	<u>406,685</u>	<u>383,355</u>	<u>334,556</u>	<u>298,317</u>	<u>266,404</u>	<u>232,858</u>	<u>214,948</u>
209,909	195,394	180,707	168,918	158,902	144,012	130,382	118,583	103,354
19,403	18,396	16,417	13,439	10,934	16,436	14,778	13,519	12,825
		119			247		29	3,613
(7,052)	(3,881)	(1,849)	(1,650)	(918)	(1,793)	(1,148)	(1,749)	(1,209)
222,260	209,909	195,394	180,707	168,918	158,902	144,012	130,382	118,583
<u>\$238,279</u>	<u>\$216,472</u>	<u>\$211,291</u>	<u>\$202,648</u>	<u>\$165,638</u>	<u>\$139,415</u>	<u>\$122,392</u>	<u>\$102,476</u>	<u>\$ 96,365</u>

Directors and Officers

Directors

- GEORGE G. ZIPP, Chairman and President, The Babcock & Wilcox Company
M. NIELSEN, former Chairman, The Babcock & Wilcox Company
* W. O. BAKER, President, Bell Telephone Laboratories, Inc.
* JOHN L. BURNS, President, John L. Burns & Company, Private Investments
R. J. CANTWELL, Senior Vice President, The Babcock & Wilcox Company
* DONALD N. FREY, Chairman and Chief Executive Officer, Bell & Howell Company
* GEORGE C. KERN, JR., Partner of the law firm of Sullivan & Cromwell
* JAMES C. PARLEE, Vice Chairman, International Nickel Company of Canada, Ltd.
* WILLIAM L. WEARLY, Chairman and Chief Executive Officer, Ingersoll-Rand Company
* S. H. WOOLLEY, Chairman and Chief Executive Officer, The Bank of New York
* Member of Audit Committee

Corporate Officers

Chairman and President
GEORGE G. ZIPP

Senior Vice President
R. J. CANTWELL

Group Vice Presidents
H. D. KURT
W. M. VANNOY

Vice Presidents
CARL CLAUS
L. M. FAVRET
W. H. JACKSON
G. W. KROSS, JR.
H. H. POOR
A. C. TENDLER
L. B. WOHLGEMUTH

Vice President and Secretary
MARTIN VICTOR

Controller
H. D. KENNEY

Treasurer
W. P. CATTERSON

Organization

Operating Groups

Power Generation Group

W. M. VANNOY, Group Vice President

Babcock-Brown Boveri Reaktor, GmbH
D. K. DAVIES, Director

Babcock & Wilcox Canada Ltd.
J. M. DOUGLAS, President

B&W Construction Company
E. M. GRIFFIN, Division Vice President

Fossil Power Generation Division
D. E. HEYBURN, Division Vice President

Industrial and Marine Division
T. M. CAMPBELL, General Manager

Nuclear Divisions

L. M. FAVRET, Vice President

Nuclear Equipment Division
W. B. BEISEL, General Manager

Nuclear Power Generation Division
J. H. MacMILLAN, General Manager

Nuclear Materials and Equipment Corporation
W. A. CAMERON, President

Industrial Products Group

H. D. KURT, Group Vice President

Automated Machine Division
S. W. BARANYK, Division Vice President

Bailey Meter Company
C. E. JONES, President

Control Components, Inc.
R. E. SELF, President

Diamond Power Specialty Corporation
J. L. MENSON, President

Other Operating Divisions and Subsidiaries

Naval Nuclear Fuel Division
J. F. EWING, Division Vice President

Refractories Division
R. P. STUNTZ, Division Vice President

Tubular Products Division
G. W. KROSS, JR., Vice President

Service Divisions

Finance & Accounting Division
R. J. CANTWELL, Senior Vice President

Research and Development Division
H. H. POOR, Vice President

Staff Division
CARL CLAUS, Vice President

Washington Office
J. TAYLOR, JR., General Manager

General Offices
161 E. 42nd Street
New York, N.Y. 10017

Washington, D. C. Office
1725 K Street, N.W.
Washington, D.C. 20006

Stock Transfer Agent
Bankers Trust Company
16 Wall Street, New York, N.Y. 10015

Registrar
The Bank of New York
48 Wall Street, New York, N.Y. 10015

General Counsel
Sullivan & Cromwell
48 Wall Street, New York, N.Y. 10005

Independent Accountants
Price Waterhouse & Co.
60 Broad Street, New York, N.Y. 10004

Stock Listed
New York Stock Exchange and
Pacific Stock Exchange

Notice to Stockholders
The Annual Meeting of Stockholders will be held at 10 A.M., Wednesday, April 24, 1974, in the Biltmore Hotel, New York City. A formal notice of the meeting with a proxy statement and form of proxy will be mailed to each stockholder March 15.

Facilities

Power Generation Group

BABCOCK-BROWN BOVERI REAKTOR, GmbH—Mannheim, West Germany
BABCOCK & WILCOX CANADA LTD.—Cambridge, Ont., Canada
BAW CONSTRUCTION COMPANY—Canton, Ohio; Copley, Ohio
FOSSIL POWER GENERATION DIVISION—Barberton, Ohio; Brunswick, Ga.; Canton, Ohio;
Paris, Texas; West Point, Miss.
INDUSTRIAL AND MARINE DIVISION—Barberton, Ohio; Canton, Ohio; Wilmington, N.C.
NUCLEAR EQUIPMENT DIVISION—Barberton, Ohio; Mount Vernon, Ind.
NUCLEAR MATERIALS AND EQUIPMENT CORPORATION—Apollo, Pa.; Parks Township, Pa.
NUCLEAR POWER GENERATION DIVISION—Lynchburg, Va.

Industrial Products Group

AUTOMATED MACHINE DIVISION

W. F. & JOHN BARNES—Rockford, Ill.
B&W AUTOMATION—Troy, Mich.
CENTURY-DETROIT—Rochester, Mich.
DETROIT BROACH & MACHINE—Greer, S.C.; Ponce, Puerto Rico; Rochester, Mich.

BAILEY METER COMPANY—Cleveland, Ohio; Wickliffe, Ohio; West Lynn, Mass.; Williamsport, Pa.

SELFAB—Daytona Beach, Fla.

BAILEY JAPAN COMPANY, LIMITED—Tokyo, Japan

BAILEY METER AUSTRALIA PTY. LTD.—Regents Park, N.S.W., Australia

BAILEY METER COMPANY LIMITED—Pointe-Claire, Que., Canada

FIBRAS CERAMICAS INC.—Ponce, Puerto Rico

BAILEY METER GmbH—Mannheim, West Germany

CONTROL COMPONENTS, INC.—Irvine, Calif.

CONTROL COMPONENTS-JAPAN—Tokyo, Japan

DIAMOND POWER SPECIALTY CORPORATION—Lancaster, Ohio

MIRROR INSULATION—Lancaster, Ohio

DIAMOND CANAPOWER LTD.—Burlington, Ont., Canada

DIAMOND POWER SPECIALTY LTD.—Dumbarton, Scotland

DIAMOND SUPERIOR A.B.—Stockholm, Sweden

DIAMOND POWER GmbH—Oberhausen, West Germany

Other Operating Divisions and Subsidiaries

NAVAL NUCLEAR FUEL DIVISION—Lynchburg, Va.

REFRACTORIES DIVISION—Augusta, Ga.; Hephzibah, Ga.

BABCOCK & WILCOX REFRACTORIES LIMITED—Burlington, Ont., Canada

PRODUCTOS DE CAOLIN, INC.—Ponce, Puerto Rico

TUBULAR PRODUCTS DIVISION—Alliance, Ohio; Ambridge, Pa.; Beaver Falls, Pa.;
Elkhart, Ind.; Milwaukee, Wis.

BABCOCK & WILCOX TUBULAR PRODUCTS LIMITED—Toronto, Ont., Canada

Service Divisions

FINANCE & ACCOUNTING DIVISION—New York, N.Y.

RESEARCH AND DEVELOPMENT DIVISION—Alliance, Ohio; Lynchburg, Va.

STAFF DIVISION—New York, N.Y.

Washington, D.C.

Operating Departments

ADVANCED COMPOSITES DEPARTMENT—Alliance, Ohio

INDUSTRIAL SYSTEMS DEPARTMENT—Mentor, Ohio

Products

Energy Systems

POWER GENERATION EQUIPMENT

Complete nuclear and fossil-fuel fired steam
generating systems • Nuclear fuel • Industrial steam
generating equipment • Marine boilers • Regenerative
and tubular air heaters • Gas cleanup systems •
Cleaning systems for heat transfer surfaces •
Control and performance computers •
Automatic controls and instruments •
Nuclear reactor control-rod drives • Water-level gauges •
Pulverizers • Axial fans • Precision welded bellows •
Hollow forgings for steam piping and other uses •
Reflective metallic thermal insulation •
Heavy pressure vessels and heat exchangers •
Alloy castings • Tubular hoods for basic oxygen and
electric furnaces • Centrifugal pumps • Recovery
processes for the pulp industry • Stud tensioners •
Feeding devices for loading and unloading
metal forming machines

NUCLEAR ENERGY SERVICES

Fuel management services • Advanced fuels
development • Irradiation and hot cell services •
Nuclear operations management training •
Simulator training

ENVIRONMENTAL CONTROL SYSTEMS

Combustion control systems • Filter systems •
Electrostatic precipitators • Smoke and dust density
recorders • Wet scrubber systems • Dry scrubber
systems • Limestone scrubber systems •
Magnesium oxide scrubber systems • Waste disposal
systems for marine, industrial and municipal use

CONSTRUCTION SERVICES

Nuclear and conventional steam system construction •
Mechanical construction • Maintenance services •
Nuclear vessel base line in-service inspection

Engineered Materials

TUBULAR PRODUCTS

Stainless, alloy or carbon steel seamless and
welded tubes and pipe for all types of pressure and
mechanical applications • Extrusions—tubular and
solid shapes • Welding fittings and flanges •
Seamless rolled rings

REFRACTORIES PRODUCTS

Kaolin clays • Ceramic fibers • Insulating firebrick •
Specially firebrick • Plastics, mortars, castables,
ramming mixes and calcines • Special oxide refractories •
Silicon carbide • Vacuum formed fiber element supports
and platinized substrates

ADVANCED COMPOSITES

Industrial Automation

AUTOMATION EQUIPMENT AND CONTROL SYSTEMS

Instruments and controls for industrial processes •
Fluidic control systems and components •
Process control computers • Special valves • Sensing and
guarding devices for machine operator protection

MACHINE TOOLS AND RELATED EQUIPMENT

Precision boring machines • Broaching machines and
tools • Hydrostatic ID and OD grinders •
Production tracer lathes • Numerical control machines •
Special machines • Transfer and multiple-station machines •
Automatic assembly machines

