To the Stockholders:

The financial statements of the Company for the fiscal year, 53 weeks ended November 1, 1941, submitted herewith, show an increase over last year in dollar sales and net earnings, as indicated in the following comparative summary:

<table>
<thead>
<tr>
<th></th>
<th>1941</th>
<th>1940</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$371,934,184</td>
<td>$280,379,364</td>
</tr>
<tr>
<td>Operating income</td>
<td>11,187,412</td>
<td>5,777,331</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>3,085,762</td>
<td>1,244,561</td>
</tr>
<tr>
<td>Net earnings</td>
<td>7,047,306</td>
<td>3,624,645</td>
</tr>
<tr>
<td>Earnings percentage of sales</td>
<td>1.89%</td>
<td>1.29%</td>
</tr>
<tr>
<td>Earnings per share on preferred stock</td>
<td>$21.70</td>
<td>$11.16</td>
</tr>
<tr>
<td>Earnings per share on common stock</td>
<td>2.55</td>
<td>.84</td>
</tr>
</tbody>
</table>

Dollar sales for the year show an increase of approximately 33%. This includes a substantial increase in tonnage sold.

The largest portion (over 55%) of the sales dollars during the year went for the purchase of live stock. The producers of live stock received from us well over $200,000,000. Over 21% of the sales dollars went for the purchase of poultry, eggs, cream, vegetable oils, and other raw materials and products. Wages and operating salaries took about 7½% of the sales dollars, selling and administrative salaries 3½%, and supplies 4%, leaving 9% with which to pay for all other operating and selling expenses, interest, taxes, and dividends.

Dividends of $10.50 per share were paid during the year on the $6.00 cumulative preferred stock. Dividends in arrears on the preferred stock at the close of the year were $3.00 a share compared to $7.50 a share at the close of the 1940 year. The year’s earnings not paid out in dividends were retained in the business because of the need throughout the year for additional capital in the operation of the business. There is an increase of approximately $30,000,000 in inventories and accounts receivables at the end of this year as compared with last year.

When the Federal Wage and Hour Act was passed by Congress, it seemed clear that the Act provided that all employees who worked in a packing plant were not subject to the overtime provision of the law during fourteen tolerance weeks (weeks in which only regular wage rates apply for overtime hours worked because of the seasonable nature of the business) each year. The Company, in common with the industry generally, only paid regular wage rates for overtime hours worked during the tolerance weeks.

At about the end of our fiscal year, the Federal Court in Chicago, in a suit against another meat packing company, held that the fourteen tolerance weeks applied only to the employees who did the
original processing and did not apply to the balance of the employees at the plant.

This decision was not appealed. Shortly after the decision was announced several competitors, who have plants in the same localities as the Company, announced their intention to pay overtime compensation and an additional equal amount as liquidated damages to each employee covered by the maximum hours provision, including all other employees entitled to tolerance weeks under the Chicago decision, for each hour worked in excess of the maximum hours provided in the Act.

For many years the Company has followed a policy of maintaining similar wage, hour, and other conditions of employment as prevails generally in the meat packing industry. For the purpose of carrying out this policy, the Company also paid overtime compensation and an additional equal amount to each employee covered by the maximum hours provided in the Act from October 24, 1938, to date. These payments are included in the year’s figures.

The Company has settled, with the Bureau of Internal Revenue, all matters arising out of the processing and floor stock taxes paid in years 1933 to 1935 under the Agricultural Adjustment Act and the Company's liability for unjust enrichment taxes under the 1936 Revenue Act.

The product inventories at the close of prior years have been valued on the basis of market, less allowance for selling and distribution expenses, or at cost or market, whichever was lower. This method of inventory valuation had the effect of including unrealized profits or unrealized losses in the annual results. If market values were above cost, there was an unrealized inventory profit; and conversely, if market values were below cost, there was an unrealized inventory loss. The Revenue Act of 1939 provided an elective inventory (last-in first-out) method of inventory valuation, which permits inventories to be valued at their original cost and included in each subsequent year’s inventory at the same value regardless of market values.

We consider that this elective method gives relief to an unsatisfactory condition of valuation of inventories and have adopted the last-in first-out method. The inventory of November 1, 1941 is on this basis in respect to those products of which a substantial inventory is normally carried, such as pork products, dairy products, oils, hides, etc. The inventory value is approximately $2,450,000 less than it would be if no change were made in the method of valuing inventories.

Research in the development, improvement and processing of our meat and other products has continued in a most vigorous manner. The most recent development is the Gela Seald process. This important improvement in the handling of fresh beef, lamb, and veal is
a process discovered and perfected by the Company. The process is to coat the meat with pure gelatine, which protects and retains the freshness and natural flavor of the meat to the housewives' kitchens.

The total live weight of all hogs processed under federal inspection was practically the same as in the preceding fiscal year, but increases occurred for all other classes of meat animals, both because of increased numbers and increased average live weight.

Because of the larger demand for meat products, live stock prices were substantially higher during the year despite the increase in supply. The increased income to live stock producers stimulated production and, according to present indications, meat production will be increased again this year.

Prospects for greater employment and anticipated purchases of meat for shipment overseas indicate a strong demand for meats during the year ahead. However, the uncertainty created by the war makes it impossible to interpret prospective supply and demand conditions in terms of probable price trends or profits for the meat industry. Important factors that cannot be foreseen at this time include price control measures, taxes, labor costs, and the availability of materials and supplies for maintaining and operating our plants and branches. We are, nevertheless, assured of an increased volume, and an important part of our war effort is to make available to the armed forces and the civilian population of our own and allied nations increased quantities of meat products.

We are ever mindful of the essential nature of our industry during this emergency, and the Company is cooperating fully with the various branches of our government, particularly the Army and the Navy and the United States Department of Agriculture, in solving the unusual problems of meat processing and distribution. We shall continue to extend this cooperation and shall be constantly on the alert to do our full share in winning the war and preparing for peace.

The present relations between the employees of the Company and the management are mutually agreeable. The cooperation of our employees with the management and their sincere application to their responsibilities have been of material assistance in the operation of the business throughout the year.

Edward W. Wilson
President

Chicago, Illinois
January 19, 1942
WILSON & CO., INC. (DELAWARE)  
AND ITS DOMESTIC AND FOREIGN SUBSIDIARIES  

Consolidated Statement of Income and  
Earned Surplus  
Fiscal Year Ended November 1, 1941

(The results of foreign operations included herein are shown on accompanying statement)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross sales to trade and operating revenue, less discounts, returns and allowances</td>
<td>$371,934,184.36</td>
</tr>
<tr>
<td>Cost of sales and operating expenses including inbound freight but excluding expenses deducted below</td>
<td>$324,189,173.74</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>$31,934,010.63</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$1,758,415.41</td>
</tr>
<tr>
<td>Taxes other than United States and foreign income taxes</td>
<td>$1,753,415.41</td>
</tr>
<tr>
<td>Operating income</td>
<td>$11,187,412.04</td>
</tr>
</tbody>
</table>

**OTHER INCOME:**
- Dividends and interest on miscellaneous securities and miscellaneous other income: $151,380.78
- Net gain arising from fluctuations in foreign exchange (including unrealized exchange loss of $17,839.80): 41,242.62

**INCOME DEDUCTIONS:**
- Interest on funded debt: $897,718.53
- Other interest: 215,076.98
- Miscellaneous income deductions: 49,434.92

Provision for United States and foreign income taxes: 3,085,761.59
Minority interest in net income of subsidiaries: 7,182,043.42

Net earnings: $7,047,306.27
Earned surplus at October 26, 1940: 12,906,476.87

**DEDUCT:**
- Excess of cost over face value of bonds and debentures purchased for sinking fund: $11,249.98
- Dividends—$10.50 per share on $6.00 Cumulative Preferred Stock: 3,393,219.00

Earned surplus at November 1, 1941: $16,549,314.16
## CONSOLIDATED BALANCE

(Particulars of the Foreign Net Assets Included Herein)

### CURRENT ASSETS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$3,490,282.91</td>
</tr>
<tr>
<td>Accounts and notes receivable—Trade</td>
<td>$21,645,278.56</td>
</tr>
<tr>
<td>Less—Reserve for doubtful accounts</td>
<td>472,052.54</td>
</tr>
<tr>
<td>Other accounts and notes receivable</td>
<td>$21,173,226.02</td>
</tr>
<tr>
<td>Inventories—</td>
<td></td>
</tr>
<tr>
<td>Packing house products valued on the basis of market less allowance for selling and distribution expenses, other products and supplies at the lower of cost or market (except for certain packing house and other products aggregating $5,664,678.74 which have been valued at cost on basis of “last-in, first-out”)—</td>
<td></td>
</tr>
<tr>
<td>Packing house and other products</td>
<td>$38,248,264.94</td>
</tr>
<tr>
<td>Supplies</td>
<td>5,754,588.45</td>
</tr>
<tr>
<td>Advance to affiliated company not consolidated (covered by net current assets)</td>
<td>110,000.00</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>$67,381,742.22</td>
</tr>
</tbody>
</table>

### MISCELLANEOUS INVESTMENTS (at cost less reserve)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Assets (less reserve)</td>
<td>$473,523.38</td>
</tr>
</tbody>
</table>

### FIXED ASSETS:

Property, plant and equipment, etc., at acquisition values from predecessor company as of February 27, 1936, plus additions since at cost, less adjustments made in 1933 as of October 31, 1932—

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$10,125,551.50</td>
</tr>
<tr>
<td>Buildings</td>
<td>$24,583,821.56</td>
</tr>
<tr>
<td>Machinery</td>
<td>21,706,044.12</td>
</tr>
<tr>
<td>Cars, delivery equipment, etc.</td>
<td>5,579,017.48</td>
</tr>
<tr>
<td>Total</td>
<td>$51,868,883.16</td>
</tr>
<tr>
<td>Less—Reserve for depreciation</td>
<td>31,008,784.12</td>
</tr>
<tr>
<td>Leaseholds, less reserve for amortization</td>
<td>542,161.08</td>
</tr>
<tr>
<td>Properties held for sale</td>
<td>604,200.93</td>
</tr>
<tr>
<td>Deferred Charges:</td>
<td>477,577.91</td>
</tr>
</tbody>
</table>

**Dividends of $3.00 per share were in arrears at date of balance sheet.**

**Includes stock issuable in respect of securities not yet exchanged under plan of reclassification of capital stock.**
INCOME SHEET—November 1, 1941

Herein are Shown on Accompanying Statement)

CURRENT LIABILITIES:
- Notes payable to banks: $15,413,470.96
- Accounts payable, including payrolls, interest, etc.: 7,825,080.81
- Accrued general and social security taxes: 795,886.09
- Reserve for United States and foreign income taxes: 3,437,471.34
- Other obligations maturing within one year:
  - Sinking fund requirements in respect of—
    - First Mortgage Twenty-year Bonds: $600,000.00
    - Convertible Debentures: 815,000.00
  - Total Current Liabilities: 1,415,000.00

FUNDED DEBT:
- First Mortgage Twenty-year Bonds—
  - Series A, 4% due July 15, 1955—outstanding: $16,982,000.00
  - Less—Sinking fund payment due July 15, 1942 shown above: 600,000.00
  - Convertible 3½% Debentures due April 1, 1947—outstanding: 4,910,000.00
  - Less—Sinking fund payment due April 1, 1942 shown above: 815,000.00
  - Total Funded Debt: 20,477,000.00

OTHER OBLIGATIONS DUE AFTER ONE YEAR: 89,050.00

RESERVE FOR CONTINGENCIES (No change during year): 3,150,000.00

MINORITY STOCKHOLDERS' EQUITY IN SUBSIDIARIES CONSOLIDATED: 946,320.49

CAPITAL STOCK AND SURPLUS:
- Capital Stock—
  - $6.00 Cumulative Preferred Stock* (without par value)—(Callable at $100.00 per share)—
    - Authorized: 500,000 shares
    - Outstanding**: 324,783 shares $22,724,800.00
  - Common Stock (without par value)—
    - Authorized***: 2,500,000 shares
    - Outstanding**: 2,001,168 shares 18,400,855.00
  - Earned Surplus: 16,549,514.16
  - Deduct—Treasury stock at cost—
    - 1,551 shares of $6.00 Cumulative Preferred Stock: $129,043.67
    - 7,827 shares of Common Stock: 89,616.56
    - Total: 57,458,308.93

**Includes 677,692 shares available for conversion of debentures at date of balance sheet.
WILSON & CO., INC. (DELAWARE)

Statement of Foreign Net Assets
Included in Consolidated Balance Sheet
as at November 1, 1941

CURRENT ASSETS:
Cash ........................................... $1,268,366.96
Receivables (less reserves) .......... 1,332,519.29
Inventories ................................. 4,400,248.71 $ 7,001,134.96

CURRENT LIABILITIES:
Notes payable ................................ $280,470.06
Accounts payable, including payrolls, interest,
taxes, etc. ................................. 1,689,028.38 1,928,499.34

NET CURRENT ASSETS .......................... $ 5,072,635.62

INVESTMENTS .................................. 49,503.89
OTHER ASSETS ................................. 6,693,187.16
FIXED ASSETS—less reserves for depreciation .... 5,093,187.16
DEFERRED CHARGES ........................... 31,277.08

TOTAL NET ASSETS ......................... $10,860,523.13

The geographical distribution of the net assets used in the foreign business
at November 1, 1941 was as follows:

<table>
<thead>
<tr>
<th>Region</th>
<th>Net Current Assets</th>
<th>Fixed Assets</th>
<th>Miscellaneous Items</th>
<th>Together</th>
</tr>
</thead>
<tbody>
<tr>
<td>South America</td>
<td>$4,337,514.89</td>
<td>$5,308,605.65</td>
<td>$62,210.38</td>
<td>$9,698,330.92</td>
</tr>
<tr>
<td>Great Britain</td>
<td>476,573.13</td>
<td>575,602.19</td>
<td>39,189.83</td>
<td>873,315.09</td>
</tr>
<tr>
<td>Europe</td>
<td>17,254.01</td>
<td>631.38</td>
<td>94.78</td>
<td>17,924.17</td>
</tr>
<tr>
<td>Australasia</td>
<td>941,993.59</td>
<td>31,404.00</td>
<td>3,055.85</td>
<td>275,952.94</td>
</tr>
</tbody>
</table>

The total net assets used in the foreign business at November 1, 1941 was $10,860,523.13.

Results of Foreign Operations

For the Fiscal Year Ended November 1, 1941

Earnings before interest charges and provision for income taxes $2,183,141.36
Interest charges ................................ 28,661.88
Net earnings .................................. $2,154,479.48
Unrealized exchange loss on revaluation of net current assets used in the foreign business 17,839.80
Balance $2,136,639.68
Provision for income taxes 955,292.00
Net profit from foreign operations $1,183,407.68

No portion of the interest on funded debt has been charged against the foreign operations.
The foreign fixed assets are stated at the approximate cost of the properties in U. S. dollars, less reserves for depreciation. All other foreign net assets, which are subject to varying degrees of restriction, as well as the results from foreign operations, have been translated at free or other rates of exchange applicable to the governing conditions in the various foreign countries. Foreign earnings not readily realizable under present conditions in U. S. currency amount to approximately $100,000.00.
ACCOUNTANTS’ REPORT

To the Board of Directors of
Wilson & Co., Inc. (Delaware):

We have examined the consolidated balance sheet of Wilson & Co., Inc. (Delaware) and its subsidiaries as of November 1, 1941, and the consolidated statement of income and earned surplus for the fiscal year ended on that date. In connection therewith, we have reviewed the system of internal control and accounting procedures of the company and of its principal subsidiaries and, without making a detailed audit of the transactions, have examined or tested accounting records and other supporting evidence by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances, and included all procedures which we considered necessary.

In connection with the subsidiaries consolidated whose records were not examined or tested by us, we were furnished with balance sheets and statements of profit and loss, supported by particulars of inventories, certificates covering bank balances, detailed lists of receivables and other supporting data. The books and records of these subsidiaries have been regularly audited by internal auditors employed by the parent company, and the financial statements thereof have been subjected to our review. Based on such review, supplemented by inquiries we have made, we are of the opinion that the accounting procedures followed by these subsidiaries are in accordance with accepted principles of accounting consistently maintained by the companies and subsidiaries, whose records were examined by us. The combined current assets of the subsidiaries consolidated, whose records were not examined or tested by us, represent a relatively small part of the total current assets shown on the consolidated balance sheet.

During the fiscal year under review the domestic companies changed their method of valuing certain inventories so as to apply the principle of “last-in, first-out” in the valuation of such inventories. Heretofore such inventories were valued, generally, on the basis of market less allowance for selling and distribution expenses, or at cost or market whichever was lower. As a result of this change in accounting policy, which we approve, the inventories at November 1, 1941, were approximately $2,450,000.00 less than they would have been if valued on the bases formerly used: the effect on net profits (being profits after Federal taxes) for the fiscal year ended November 1, 1941, was a reduction of approximately $700,000.00 in such profits. The application of the change in method of valuing inventories is subject to review and acceptance by the U. S. Treasury Department.

In our opinion, the accompanying consolidated balance sheet and related statement of income and earned surplus, supplemented by the accompanying statement of foreign net assets and results of operations in foreign countries, fairly present, the consolidated position as of November 1, 1941 of Wilson & Co., Inc. (Delaware) and its subsidiaries and the results of their operations for the fiscal year ended on that date, in conformity with generally accepted accounting principles which, with the exception of the change referred to in the preceding paragraph, have been applied on a basis consistent with that of the preceding year.

Chicago, January 14, 1942

Price, Waterhouse & Co.
DIRECTORS

ROBERT F. CARR . . . . . . President, Dearborn Chemical Co.

MELVIN L. EMERICH . . . . . Chicago
Haligarten & Co.

JOHN P. HARDING . . . . . Chicago
President, Harding Hotel Company

JAMES M. HOPKINS . . . . . Chicago
Chairman of the Board, Camel Sales Co.

GEORGE A. MARTIN . . . . . Cleveland
Chairman of the Board, The Sherwin-Williams Co.

E. H. RAWLS . . . . . . New York
Vice-President, Guaranty Trust Company of New York

A. A. SPRAGUE . . . . . Chicago
Sprague, Warner & Co. Trustee, Chicago Rapid Transit Company

BERNARD E. SUNNY . . . . . Chicago
Director, Illinois Bell Telephone Co., General Electric Co., The First National
Bank of Chicago, Etc.

E. R. TINKER . . . . . Syosset, N. Y.

EDWARD FOSS WILSON . . . Chicago
President, Wilson & Co., Inc.

THOS. E. WILSON . . . . . Chicago
Chairman of the Board, Wilson & Co., Inc.

OFFICERS

THOS. E. WILSON . . . . . Chairman of the Board
EDWARD FOSS WILSON . . . President
JAMES D. COONEY . . . . . Vice-President
F. K. FOSS . . . . . Vice-President
J. A. HAMILTON . . . . . Vice-President
C. R. HOOD . . . . . Vice-President
W. S. NICHOLSON . . . . Vice-President
HARRY J. WILLIAMS . . . Vice-President
W. D. HOFFMAN . . . . . Comptroller
T. W. BRYANT . . . . . Assistant Comptroller
P. W. SEYL . . . . . Treasurer
GEO. D. HOPKINS . . . . Secretary and Assistant Treasurer
B. KAUFMANN . . . . . Assistant Treasurer
C. R. HARRIMAN . . . . . Assistant Secretary
Our Quality Products

Recognition that Wilson Products represent the highest quality obtainable in foods should bring justifiable pride to every Wilson stockholder. The part that the Company has played in the advancement of the entire industry through such innovations as Tender Made Ham, Certified All-Purpose Shortening and Gela Seald products should be sincerely gratifying. The continued support of the stockholders of the Company in promoting the sale of Wilson Quality Products is appreciated.

Gela Seald Beef, Lamb, and Veal
Certified Tender Made Ham
Certified All-Purpose Shortening
Certified Ham, Bacon, and Lard
Certified and Clear Brook Poultry, Butter, Eggs, and Cheese
Certified Sausage
Certified Canned Meats
Certified Salad Oil and Margarine
Advance and Bakerite Shortening
Wilson's Pure Food Gelatine

* * *

Ideal Dog Food
Red "W" Animal and Poultry Feed
Red "W" Fertilizer
Soaps
Insulation
Wilson Sports Equipment
The Wilson label protects your table.