United States
Pipe and Foundry Company
General Offices, Burlington, N. J.

SALES OFFICES

Philadelphia  Chicago  Birmingham
New York  Cleveland  Dallas
Pittsburgh  Kansas City  San Francisco
Buffalo  Minneapolis  Los Angeles
Boston

Registrar
Central Hanover Bank and Trust Company, New York

Transfer Agent
Bankers Trust Company, New York

Independent Auditors
Lybrand, Ross Bros. and Montgomery,
Certified Public Accountants, New York

General Counsel
Winston, Strawn and Shaw, Chicago
United States
Pipe and Foundry Company

Directors
J. C. Brady
W. T. C. Carpenter
George W. Cobb
Richard H. Deming
F. S. Gordon
Chas. C. Harrison, Jr.
D. P. Hopkins

Colgate Hoyt
H. Vinton Overholt
P. W. Parker
N. F. S. Russell
Ralph M. Shaw
D. B. Stokes
Frank M. Tait

Executive Committee
W. T. C. Carpenter
F. S. Gordon
Frank M. Tait
President Ex-Officio

Officers
N. F. S. Russell, President
W. T. C. Carpenter, First Vice-President
D. P. Hopkins, Vice-President
D. B. Stokes, Vice-President
D. H. Tyson, Secretary and Treasurer
In the death of Charles R. Rauth, on May 16, 1939, this Company has lost a loyal and honored officer and director. For forty years he served the Company with unfailing devotion and untiring industry. Entering the Company’s employ at about the time it was organized in 1899, he gradually won the confidence of the Company’s officers and directors and filled successively all the positions of responsibility to which he was assigned. On April 20, 1922 he was elected Secretary and on April 25, 1929 the office of Treasurer was added to his duties, while on July 15, 1930 he was elected a member of the Company’s Board of Directors, all of which offices he filled up to the date of his death. His career, therefore, paralleled the entire corporate history of the Company. He gave always a genuine personal service to the interests of the Company and inspired all of his associates with his inflexible integrity, his simplicity, his never failing kindliness of heart and his unostentation and gentle demeanor. In all the successive changes which occurred in the fiscal affairs of the Company, and which transpired while he occupied the office of Secretary and Treasurer, he gave the fullest measure of care and devotion in carrying them through to their conclusion. He carried his responsibilities, in whatever capacity he acted with dignity, skill and a high sense of unselfish and painstaking service. The same courtesy and gentleness with which he worked with his directors and fellow-officers, he showed to the Company’s employees who served with him and to the customers of the Company with whom he had to deal continually. His loss will be felt by all, for wherever he was known he inspired admiration and confidence, esteem and affection,—beloved by all who knew him; and

BE IT FURTHER RESOLVED: That the directors of this Company extend to the widow and children of Mr. Rauth their deepest sympathy in their loss and that a copy of this memorial, signed by the President and duly attested, be engrossed and sent to his family.
TO THE STOCKHOLDERS:

The following is respectfully submitted as the forty-first Annual Report of your Company covering the year ended December 31, 1939, including the Balance Sheet, Income and Surplus Accounts and the report of Messrs. Lybrand, Ross Bros. & Montgomery, Certified Public Accountants, who have served the Company as independent auditors since 1912.

The operations for the year ended December 31, 1939 resulted in a net income of $2,570,279.10, or the equivalent of $3.69 per share on the Stock of the Company outstanding.

As noted in the Annual Report for the year 1938, the tonnage booked during December 1938 and January 1939 was on a higher level than had been obtaining for some months previous and this improvement lasted through May. During the summer months there was a slight lull in buying. The outbreak of the war was apparently the cause for a concentrated buying movement, and the bookings for the month of September were much larger than for any single month for many years. While the year 1939, taken as a whole, showed a very satisfactory increase in the volume of business, the last quarter bookings were at a lower rate than in the other quarters of the year 1939. The tonnage of cast iron pipe used in projects financially aided by the Federal Government was considerably less than in 1938.

The attached Balance Sheet, Income and Surplus Accounts show the financial condition of the Company as of December 31, 1939, and the results of the year then ended.
United States Pipe and Foundry Company

Working Capital as of December 31, 1939 shows the following:

CURRENT ASSETS:
Cash on hand, in banks, investments at cost, notes, Accounts Receivable and Inventories. $10,298,186.27

CURRENT LIABILITIES:
Accounts Payable, Provision for Federal Income Tax and miscellaneous accruals 1,513,250.54
Net Working Capital. $ 8,784,935.73

The Company called for redemption as of May 20, 1939 the last of its outstanding Debenture Bonds, amounting to $958,000, and cash to redeem these Bonds was deposited with the Trustee, and as of the date of this report all Bonds have been redeemed with the exception of $7,500. Cash to pay for this small remainder is on deposit with the Trustee. Therefore, at the close of the year the Company had no bonded debt, no Preferred Stock and its capital structure was represented by 695,923 shares of Common Stock, or the same number of shares as was outstanding as of December 31, 1938.

Inventories are somewhat less than at the previous year end, the main items of inventory being pig iron and finished salable products. Both of these items are carried at values lower than the present market.

Plant assets were increased during the year by $123,649, consisting largely of miscellaneous changes in plant equipment.

You will note that the Company remains in strong financial position and it is prepared to handle a greater volume of business if it is fortunate in obtaining the same.

It will be noted that the Company’s investment in County, Municipal and Railroad Bonds shows a substantial decrease. Occasionally your Company has to take securities in payment of the amounts owing by its customers, which securities are disposed of as opportunity offers.
During the year the license agreement under which your Company operated as a licensee of the Centrifugal Pipe Corporation and also the license agreements with your Company’s sublicensees were revised. While certain patents owned by the Centrifugal Pipe Corporation in the United States are expiring, your Company has patents protecting its process which have many years still to run.

The year brought some labor disturbances and hearings before Government Labor Departments, but on the whole the relations of your Company with its employees remain satisfactory and harmonious.

During the year an extra dividend of 50c per share was paid to the Stockholders in addition to the dividend of $2.00 for the year declared in January 1939.

At the fall of the year work was started on an addition to the General Office building at Burlington, New Jersey, in order to house all of the General Office departments of your Company in connected buildings, rather than having them in separate buildings. It is expected that this addition will be completed in time to hold the Annual Meeting in the building in April.

Your Board of Directors, at a meeting on January 18, 1940, declared a dividend for the year of $2.00 per share, payable quarterly on March 20, June 20, September 20 and December 20, 1940, to Stockholders of record at the close of business on February 29, May 31, August 31 and November 30, 1940.

The results of the year could not have been accomplished without the whole-hearted and loyal cooperation of the officers, their staffs and employees of the Company, and the efficient service rendered by them is hereby gratefully acknowledged.

By order of the Executive Committee.

N. F. S. RUSSELL,
President.

Burlington, N. J.
February 15, 1940.
## United States Pipe and 
### Balance Sheet,

### ASSETS

**Current assets:**
- Cash in banks and on hand: $5,118,968.77
- County, municipal and railroad bonds, at cost (at market quotations, $59,933): 69,423.73
- Accounts and notes receivable: $2,476,803.06
  - Less, Reserve for doubtful accounts and notes: 128,196.23  
    - Total current assets: $10,298,186.27

**Investments in and advances to subsidiary companies, not consolidated, at cost:** 228,683.43

**Miscellaneous investments, at cost (includes securities at cost, $76,839.66, for which market quotations amounted to $36,565.63):** 85,505.09

**Land, buildings, equipment and intangibles, at cost in cash or capital stock:** 25,113,966.94
- Less, Reserve for depreciation and amortization: 6,770,225.73  
  - Total assets: $28,985,770.01
Foundry Company (New Jersey)
December 31, 1939

LIABILITIES

Current liabilities:
- Accounts payable: $438,322.47
- Accrued wages, royalties, taxes, etc.: $456,346.38
- Provision for federal income taxes: $618,581.69

Total current liabilities: $1,513,250.54

CAPITAL

Common stock:
- Authorized, 800,000 shares, issued 695,923 shares, par value $20 per share: $13,918,460.00
- Capital surplus arising primarily through the conversion of convertible debentures: $2,000,882.16
- Earned surplus: $11,553,177.31

Total capital: $28,985,770.01
United States Pipe and Foundry Company
(New Jersey)

INCOME ACCOUNT
for the year ended December 31, 1939

Sales, less returns and allowances.................. $14,460,755.59

Deduct:

Manufacturing costs, selling and
administrative expenses, etc... $10,982,580.74

Allowance for depreciation and
amortization........................... 415,094.46 11,397,675.20

Net operating profit.......................... 3,063,080.39

Other income, including dividends and interest on
securities, royalties, etc...................... 191,939.92

Other deductions:

Loss on sale of securities, interest and premium paid
on convertible debentures, etc.............. 151,741.21

Net income before provision for federal income tax 3,103,279.10

Provision for federal income tax............... 533,000.00

Net income for year........................... $ 2,570,279.10

EARNED SURPLUS ACCOUNT
for the year ended December 31, 1939

Balance, December 31, 1938......................... $10,722,705.71

Add, Net income from operations for the year ended
December 31, 1939............................ 2,570,279.10

13,292,984.81

Deduct, Dividends paid............................ 1,739,807.50

Balance, December 31, 1939......................... $11,553,177.31
To the Board of Directors,

United States Pipe and Foundry Company:

We have examined the balance sheet of the UNITED STATES PIPE and FOUNDRY COMPANY as of December 31, 1939, and the statements of income and surplus for the fiscal year then ended, have reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate.

In our opinion, the accompanying balance sheet and related statements of income and surplus present fairly the position of the United States Pipe and Foundry Company at December 31, 1939, and the results of its operations for the fiscal year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, January 16, 1940.