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
TO THE STOCKHOLDERS:

During the year the exigencies of the pig iron situation, your principal raw material, rendered it advisable for your Company to partly insure the supply of raw materials for your Burlington, New Jersey, works and a lease, effective July 1, 1941, of the blast furnace, beehive coke ovens, coal mines and miscellaneous property situated at Riddlesburg, Pennsylvania, was made with the Reconstruction Finance Corporation, upon a royalty basis with an option extending to July 1, 1943 to purchase the property. A wholly owned subsidiary was formed to operate this acquisition, incorporated in Pennsylvania as The Riddlesburg Coal and Iron Company, and the operations of this wholly owned subsidiary are incorporated in the Balance Sheet, Income and Surplus Account, and the report of Messrs. Lybrand, Ross Bros. & Montgomery, Certified Public Accountants, in this the forty-third Annual Report of your Company, covering the year ended December 31, 1941.

Last year at the Stockholders’ Meeting the request was made that this year’s published report should show the Balance Sheet and Profit and Loss Statement in comparative form with the previous year. Therefore, they are so shown in the appended statement. In comparison with 1941, the inclusion of The Riddlesburg Coal and Iron Company figures does not make any material change except in the matter of inventories. The raw material inventory as shown on the Balance Sheet represents in about 50% of its total the iron ore and other materials purchased for the ac-
count of the furnace. The inclusion of other figures is not significant in relation to the total figures of the Balance Sheet.

The operations for the year ended December 31, 1941 resulted in a net income of $2,614,586, or the equivalent of $3.76 per share on the stock of the Company outstanding, as compared with $2,403,805, or $3.45 per share in the fiscal year ended December 31, 1940.

In the year 1941 the Company's total taxes, either paid or reserved to be paid to various political divisions of the Government, amounted to $3,260,325, or about $4.68 per share of capital stock outstanding, as compared with $1,339,036, or about $1.92 per share in the year 1940.

As against its liability for Federal taxes on income the Company purchased United States Treasury Tax Notes in amount of $2,501,200, and on the liability side of the Balance Sheet this purchase has been deducted from "Provision for Federal Taxes on Income".

The management of your Company wishes to earnestly remind the Stockholders that increasing percentages of the profits of the Company must be taken by the Federal Government in the prosecution of the war, but that every effort should be made to see that such taxes are equitable and not of such a nature as to be punitive nor levied to such an extent as to weaken incentive. There are certain taxes now levied by the Federal Government, such as the Federal Capital Stock Tax, which we believe to be unjust in that it forces management to guess at the Company's future operations and possible profits over a period of three years, which would be difficult under any conditions, but it is particularly so under war conditions.

From the appended statement of income it will be noted that gross sales, less discounts, showed an increase of $7,176,000 over 1940, and the cost of sales, including selling and administrative expenses and depreciation and amortization, increased $5,309,000. However, net income increased only $211,000.
United States Pipe and Foundry Company

As noted in the previous year's report, there was a marked improvement in the tonnage sold in the latter part of 1940, and this improvement ran well through the first half of 1941, by which time your Company had largely exhausted its reserve stocks of raw material and had depleted its inventory of finished goods. Since August the Federal Government has allocated pig iron to the various industries in accordance with the needs of National Defense. This did restrict your production in the last five months of the year but unfilled orders on the books of the Company, as of December 31, 1941, were greater in tonnage than has obtained for many years. All of this tonnage has been entered subject to Government regulations and our ability to obtain allocation of pig iron and other materials with which to produce the tonnage, and 74% of it carries priority ratings indicating that the tonnage represented by the orders is desirable for National Defense.

Your product is normally used in the transportation of water, gas, sewage and other essential services, and particularly vital is the transportation of water, in which the largest proportion of your product is used.

Your producing facilities have been employed to the extent that materials were available, and certain facilities of the Company are in the process of remodeling to serve more completely the requirements of our Government, and this may continue with additional properties of the Company if your Government can use the facilities and the organization of the Company to advantage.

During the year there has been no important stoppage of work by strikes, and relations with our employees have been harmonious. In line with the general trend marked increases have been made in wage and salary rates.

While the Company is not committed to any definite plan for the regular payment of additional compensation, inasmuch as so-called bonus distributions are directly related to business conditions, due consideration is given to the
advisability of such distributions in years when the earnings exceed $1.50 per share of outstanding capital stock. Such additional compensation was duly authorized out of 1941 earnings and included wage earners as well as salaried employees, as was done the year before, and this distribution was greatly appreciated by the participants.

In addition, during the year an employees’ trust was created, to which part of the added compensation of certain key employees was paid for their future benefit, as it was felt that the best interest of the Company would be served by this action.

For many years the question of a retirement plan for salaried employees has been considered by your management. Entirely apart from the altruistic or beneficial aspects of such a plan to the employees concerned, the main reasons for providing suitable retirement annuities lie in its desirability from the standpoint of the Company. A successful business administration becomes penalized by the moral obligation of retaining individuals in the organization who have lost their effectiveness and usefulness because of age but who nevertheless must be maintained because of their long and faithful service. When the average age of salaried employees becomes too high, the growth and progress of a corporation is retarded by the lack of the proper infiltration of younger and more active additions to its personnel.

After careful study the Company has adopted a plan, subject to the approval of the Stockholders at the coming Annual Meeting, which it is felt will accomplish the desired ends without too great a financial burden on the Company. This proposed plan is referred to in greater detail in the proxy statement which will be sent with the notice of the Annual Meeting, and your management urges each Stockholder who cannot attend the meeting in person to execute and mail in his proxy, signifying his wishes on this important matter.

Working Capital as of December 31, 1941 shows the following:
United States Pipe and Foundry Company

CURRENT ASSETS:
Cash on hand, in banks, United States Securities, accounts and notes receivable less reserves, and inventories ............... $11,659,833

CURRENT LIABILITIES:
Accounts payable, accrued wages and royalties, provision for Federal Taxes, less United States Treasury Tax Notes .............. 1,846,331

Net Working Capital .................. $ 9,813,502

Net additions to plant assets during the year amounted to $559,206. A new wash and locker building has been constructed at your Burlington, New Jersey, works; substantial repairs and improvements have been made to the wharf facilities at this same plant, and certain other expenditures have been incurred in the remodeling of your facilities as before mentioned.

Three thousand dollars principal amount of the 10-year 3.5% Convertible Debentures, called for payment as of May 20, 1939, have not as yet been presented for redemption, but the funds for their redemption are on deposit with the Trustee and the Company has discharged its liability under the bond indenture. It is hoped that the bonds will be presented for payment during the current year.

During the year an extra dividend of 50¢ per share was paid to the Stockholders in addition to the dividend total of $2.00 declared at the January and April meetings of the Board of Directors.

Your Board of Directors, at a meeting on January 22, 1942, declared a dividend for the year of $2.00 per share, payable quarterly on March 20, June 20, September 19 and December 19, 1942, to Stockholders of record at the close of business on February 28, May 29, August 31 and November 30, 1942.
United States Pipe and Foundry Company

In submitting this report acknowledgment must be made of the loyal cooperation of the officers, their staffs and employees, and the efficient service rendered by them during a year which demanded most radical readjustments in business procedure and methods.

By order of the Executive Committee.

N. F. S. RUSSELL,
President.

Burlington, N. J.,
February 11, 1942.
To the Stockholders,

United States Pipe and Foundry Company:

We have examined the consolidated balance sheet of the UNITED STATES PIPE and FOUNDRY COMPANY and its wholly owned subsidiary, The Riddlesburg Coal and Iron Company, as of December 31, 1941, and the consolidated statements of income and surplus for the fiscal year then ended, have reviewed the systems of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies 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 our opinion, the accompanying consolidated balance sheet and related statements of income and surplus present fairly the position of the company and its wholly owned subsidiary at December 31, 1941, and the results of their 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 20, 1942.
### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>1941*</th>
<th>1940</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in banks and on hand</td>
<td>$ 5,352,152</td>
<td>$ 4,870,432</td>
</tr>
<tr>
<td>United States Government Treasury Bonds, due 1967-1972, at cost</td>
<td></td>
<td>250,000</td>
</tr>
<tr>
<td>Accounts and notes Receivable (less reserve, 1941, $127,965; 1940, $123,281)</td>
<td>$ 3,578,270</td>
<td>$ 4,179,147</td>
</tr>
<tr>
<td>Inventories, at amounts not in excess of the lower of cost or market:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw materials</td>
<td>$ 954,496</td>
<td>$ 821,012</td>
</tr>
<tr>
<td>Manufactured products</td>
<td>$ 797,609</td>
<td>$ 1,150,308</td>
</tr>
<tr>
<td>Stores, fuel, moulds, etc.</td>
<td>$ 634,736</td>
<td>$ 525,252</td>
</tr>
<tr>
<td>Advance payments on iron ore contracts</td>
<td>$ 92,570</td>
<td></td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$11,659,833</td>
<td>$11,546,151</td>
</tr>
<tr>
<td>Investments in subsidiaries unconsolidated, at cost</td>
<td>$ 198,683</td>
<td>$ 203,683</td>
</tr>
<tr>
<td>Miscellaneous investments, at cost (includes securities at cost of $120,426 at December 31, 1941 and $123,586 at December 31, 1940 for which available market quotations aggregated $78,974 and $84,799, respectively)</td>
<td>$277,934</td>
<td>$131,266</td>
</tr>
<tr>
<td>Land, buildings, equipment and intangibles, at cost in cash or capital stock (less reserves for depreciation and amortization, 1941, $7,414,518; 1940, $7,071,418)</td>
<td>$18,514,047</td>
<td>$18,297,941</td>
</tr>
<tr>
<td>Prepaid expenses and deferred charges</td>
<td>$207,129</td>
<td>$25,229</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$30,857,626</td>
<td>$30,204,270</td>
</tr>
</tbody>
</table>

*1941*
Company and Subsidiary

Balance Sheet, December 31, 1941 and 1940

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>1941*</th>
<th>1940</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$713,175</td>
<td>$475,174</td>
</tr>
<tr>
<td>Accrued wages, taxes, royalties, etc.</td>
<td>720,510</td>
<td>550,040</td>
</tr>
<tr>
<td>Provision for federal taxes on income</td>
<td>$2,914,848</td>
<td>1,042,540</td>
</tr>
<tr>
<td>Less, U. S. Treasury Tax Notes, usable for payment of federal taxes on income, at cost</td>
<td>2,502,202</td>
<td>412,646</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>1,846,331</td>
<td>2,067,754</td>
</tr>
</tbody>
</table>

| CAPITAL | | |
| Common stock: | | |
| Authorized, 800,000 shares, issued 695,923 shares, par value $20 per share | 13,918,460 | 13,918,460 |
| Capital surplus arising primarily through the conversion of convertible debentures | 2,000,882 | 2,000,882 |
| Earned surplus | 13,091,953 | 12,217,174 |

|$30,857,626 | $30,204,270 |

*Note: The December 31, 1941 balance sheet includes the net assets of a wholly owned subsidiary organized during 1941, which are not significant in relation to the total assets of United States Pipe and Foundry Company before consolidation with such subsidiary.
United States Pipe and Foundry Company

COMPARATIVE STATEMENT of INCOME
for the years ended December 31, 1941 and 1940

<table>
<thead>
<tr>
<th></th>
<th>1941*</th>
<th>1940</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales, less returns and allowances</td>
<td>$23,363,396</td>
<td>$16,187,282</td>
</tr>
</tbody>
</table>

Deduct:

<table>
<thead>
<tr>
<th>Description</th>
<th>1941*</th>
<th>1940</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing costs, selling and administrative expenses, etc.</td>
<td>$17,895,279</td>
<td>$12,597,901</td>
</tr>
<tr>
<td>Provision for depreciation and amortization</td>
<td>432,239</td>
<td>420,637</td>
</tr>
</tbody>
</table>

Net operating profit | $5,035,878 | $3,168,744 |

Other income, net (royalties, interest, etc.) | 373,708 | 190,508 |

Net income before provision for federal taxes on income | 5,409,586 | 3,359,252 |

Provision for federal taxes on income (including in 1941, $1,614,000 and in 1940, $149,227 for excess profits taxes) | 2,795,000 | 955,447 |

Net income for year | $2,614,586 | $2,403,805 |

*Note: The net income for the year 1941 includes net income of a wholly owned subsidiary from the date of its organization in 1941, which is not significant in relation to the sales or operating results of United States Pipe and Foundry Company before consolidation with such subsidiary.

STATEMENT OF EARNED SURPLUS
for the year ended December 31, 1941

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$12,217,174</td>
</tr>
<tr>
<td>Add, Net income for year</td>
<td>2,614,586</td>
</tr>
<tr>
<td></td>
<td>14,831,760</td>
</tr>
<tr>
<td>Deduct, Cash dividends paid at $2.50 per share</td>
<td>1,739,807</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$13,091,953</td>
</tr>
</tbody>
</table>
United States Pipe and Foundry Company

List of Principal Products

PIT CAST IRON PIPE AND FITTINGS
SUPER-deLAVAUD CENTRIFUGALLY CAST PIPE
ALLOY CAST IRON PIPE AND FITTINGS
THREADED PIPE IN IRON PIPE SIZES
U. S. CULVERTS
FLANGED PIPE AND FITTINGS
U. S. JOINT PIPE AND FITTINGS
FLEXIBLE JOINT PIPE
CAST IRON PIPE AND FITTINGS FOR GAS
USICAST CAST IRON ROOF
USICAST CHEMICAL CASTINGS
MISCELLANEOUS ALLOY CASTINGS
WEBRE INDUSTRIAL AND SUGAR APPARATUS
LARGE CASTINGS TO ORDER