United States
Pipe and Foundry Company

Forty-Sixth Annual Report
Year Ended
December 31, 1944
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

Victor C. Armstrong  Colgate Hoyt
W. T. C. Carpenter  H. Vinton Overholt
*George W. Cobb  P. W. Parker
John S. Coleman  N. F. S. Russell
S. Bayard Colgate  Ralph M. Shaw
F. S. Gordon  D. B. Stokes
R. K. Haughton  Frank M. Tait
H. Newton Walker

EXECUTIVE COMMITTEE

W. T. C. Carpenter
F. S. Gordon
N. F. S. Russell
Frank M. Tait

OFFICERS

N. F. S. Russell, President
W. T. C. Carpenter, First Vice-President
F. S. Gordon, Executive Vice-President
D. B. Stokes, Vice-President
R. K. Haughton, Vice-President
Donald Ross, Secretary and Treasurer
C. R. Wynne, Comptroller

*Died February 27, 1945.
Excerpts from Minutes of a
Special Meeting of the Board of Directors
held March 7, 1945

At the opening of the meeting the Directors were
advised of the unexpected death of their fellow member
of the Board, George Watson Cobb, at Sebring, Florida,
on February 27, 1945.

Mr. Cobb was elected a Director in 1931 and in the
years of his service he was exemplary in attendance,
having missed but one meeting. Mr. Cobb brought to
the deliberation of the Board a breadth of judgment and a
deep knowledge of humanity, gained over many years of
active interest in business, educational and community
service. A leader of high moral character, he was ever
tolerant and charitable in his opinions and expressions but
never deviated in the honesty and integrity of his decision.
He was sincerely interested in the personnel of the various
departments of the Company and met them with con-
sideration and genuine courtesy. In his relations with the
other members of the Board he was a companion whose
genial presence was ever welcome. His spontaneous wit
and kindly humor simplified perplexing situations and
endeared him to his fellow members on the Board; therefore,

BE IT RESOLVED: In the death of George Watson
Cobb this Company has lost an able, conscientious and
loyal Director, whose common-sense, forthrightness and
integrity will be sadly missed in the solution of the
Company’s problems; and

BE IT FURTHER RESOLVED: That this tribute
be spread upon the minutes of this meeting of the Board
of Directors and a copy thereof be sent to the family
of Mr. Cobb.
control of your organization, but the plant is now about ready to start on pilot line production.

The production of war materiel, while it has absorbed a large part of the energies and time of your administrative and operating personnel, has not contributed in proportion to its volume to the profits of the Company compared with a similar volume of peacetime products. Your organization has operated efficiently on products generally foreign to its experience, and greatly increased the number of units of production over that which was produced in 1943 in accordance with the desires of the military authorities. The North Birmingham plant was awarded an additional star to its Army-Navy "E" pennant; your Director of Research received a citation from the Ordnance Department for distinguished services, and the Operating and Engineering Departments have been called on to assist others in laying out and planning their facilities.

As stated, the tonnage cast of the normal product of the Company was slightly less than in the year 1943 and was approximately 55% less than the combined average of such cast for the years 1941 and 1942.

Under the conditions of operations above noted, the year ended December 31, 1944, shows a balance added to earned surplus of $1,552,609, as compared with $1,608,671 in the fiscal year ended December 31, 1943. By reference to the Comparative Statement of Income it will be observed that there are certain adjustments entering into the results of both years.

No provision for renegotiation has been made for the year 1944, as the rate of profit on sales under war contracts for 1944 was less than the rate of profits on sales for 1943, and for the year 1943 the Company has been advised by
the War Contracts Price Adjustment Board that no adjustment is necessary.

The outlook for your normal products in 1945 is uncertain in view of the possible demand for war materiel, and it is not anticipated at this time that such production will be any greater than in the years 1943 and 1944 and possibly may not equal the same, as it would appear that the time and energies of your organization are going to be even more engaged in the production of materiel for the successful prosecution of the war. The production of normal products has only been possible where the users of such products were able to secure the approval of the War Production Board in the assignment of reasonably high priorities, and it is not expected that the demand for pipe and fittings will be greatly increased until the restrictions on manpower and materials are lessened or removed.

During the year the Company disposed of real estate in Chattanooga, Tenn., formerly occupied by what was called the Whiteside Street Plant; also, sold certain lands in Scottdale, Pa., purchased originally for a slag dump. Immediately after the end of the year the Company disposed of its interest in the Duraloy Company at Scottdale and received payment in full for the Company’s investment, mortgage and loans to the Duraloy Company.

In the report for the year 1942 it was noted that the Company had made arrangements with three banks for loans to finance the purchase of common stock of the Sloss-Sheffield Steel & Iron Company. These loans originally totaled $5,000,000 and were payable over five years at the rate of $500,000 per year in 1943, 1944, 1945 and 1946, with $3,000,000 payable in 1947. The payment of $3,000,000, due in 1947, has been extended and the balance of the original
United States Pipe and Foundry Company

Loan is now payable $500,000 per year 1945, 1946, 1947, 1948, 1949 and $1,500,000 payable in 1950. For the information of Stockholders, the report of President Morrow to the Stockholders of the Sloss-Sheffield Steel & Iron Company, for the fiscal year ended December 31, 1944 is enclosed.

The capital surplus of $2,000,882, arising primarily through the conversion of debentures into common stock and representing the difference between the consideration received and the par value of the common stock issued for the conversion of such debentures, was applied in reduction of the property account.

During the year, licenses to manufacture pipe under your centrifugal process patents have been granted to Altos Hornos de Mexico, S. A., and to the Glamorgan Pipe & Foundry Company of Lynchburg, Va.

Working Capital as of December 31, 1944, shows the following:

<table>
<thead>
<tr>
<th>CURRENT ASSETS:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand, United States Securities, accounts and notes receivable less reserves, inventories, and investments in the Duraloy Company, liquidated January 1945.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CURRENT LIABILITIES:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable, Notes payable to Banks within one year, provision for Federal Income Tax and miscellaneous accruals</td>
</tr>
<tr>
<td>Net Working Capital</td>
</tr>
</tbody>
</table>

Additions to plant assets during the year amounted to $100,097, exclusive of any facilities furnished or constructed on behalf of the United States Government. Retirements
United States Pipe and Foundry Company

during the year amounted to $163,772, exclusive of the credit to the Property Account of $2,000,882 resulting from the elimination of Capital Surplus.

During 1944 Mr. Charles C. Harrison, Jr., presented his resignation as a Director, which was reluctantly accepted by the Board. Mr. Harrison had been a Director of your Company since 1922. Also, during 1944 Mr. Victor C. Armstrong, Mr. S. Bayard Colgate and Mr. H. Newton Walker were elected Directors. On February 28, 1945, your Company learned with deep regret of the death of Mr. George W. Cobb, who had been a Director of your Company since 1931. The news of Mr. Cobb’s death was received by the Directors with great personal sorrow, and your Company will be deprived of an adviser whose judgment has been of inestimable value during the period of his directorship. Appropriate action has been taken by the Board of Directors to provide for the election of the present number of Directors which, since the death of Mr. Cobb, has been fixed at fourteen. Accordingly, all present Directors will be nominees for reelection at the Annual Stockholders Meeting to be called for Thursday, April 26, 1945.

Your Board of Directors, at a meeting on January 18, 1945, declared a dividend for the year of $1.60 per share, payable quarterly on March 20, June 20, September 20 and December 20 to Stockholders of record at the close of business on February 28, May 31, August 31 and November 30.

Maintenance of plant, property and facilities has suffered progressively during the war due to the restrictions on material and the decrease in manpower, and to a large extent has been limited to keeping necessary operations functioning. Your Company, therefore, faces a considerable expenditure, as soon as the conditions make it feasible to undertake the
work, for deferred maintenance, as well as installations of facilities for improved operations that have been planned but which have been held up for reasons above stated. Much of the machinery that has been in use has, by reason of continuous operation, received the wear of service hours beyond any calendar year's normal use. As opportunity offered this condition has received the study of your organization, and an overall program for repairs, replacements and improvements has been approved by your Board of Directors and as conditions warrant will be carried out.

Without the loyal cooperation and efficient services of the various members of your organization the operations of the Company under the trying conditions of the past year could not have been conducted. Constant readjustments in plans and operating schedules have been the order of the day, and your Officers and Directors wish to here record their appreciation of the conduct and services of your organization.

By order of the Executive Committee.

Burlington, N. J.,
March 7, 1945.

N. F. S. RUSSELL,
President.

The notice of the Annual Meeting of the Stockholders of the Company, to be held on April 26, 1945, together with a proxy statement and proxy form (for execution by Stockholders who are unable to attend the Annual Meeting), will be mailed to Stockholders on or about March 19, 1945.
To the Stockholders,
United States Pipe and Foundry Company:

We have examined the balance sheet of the UNITED STATES PIPE and FOUNDRY COMPANY as of December 31, 1944, 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. It was not practicable to confirm accounts receivable from United States Government Departments and Agencies, as to which we have satisfied ourselves by other auditing procedures. 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 balance sheet and related statements of income and surplus present fairly the position of the company at December 31, 1944, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

United States Pipe

Comparative Balance Sheet,

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>1944</th>
<th>1943</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in banks and on hand</td>
<td>$ 2,369,416</td>
<td>$ 2,961,318</td>
</tr>
<tr>
<td>United States Government obligations, at cost</td>
<td>2,500,000</td>
<td>2,550,865</td>
</tr>
<tr>
<td>Investment in subsidiary unconsolidated, at cost</td>
<td>228,500</td>
<td>157,500</td>
</tr>
<tr>
<td>Accounts and notes receivable, less reserve, 1944, $145,393; 1943, $139,393 (Note 1)</td>
<td>3,306,373</td>
<td>2,483,168</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>1,028,241</td>
<td>1,181,032</td>
</tr>
<tr>
<td>Manufactured products</td>
<td>1,291,763</td>
<td>1,339,294</td>
</tr>
<tr>
<td>Stores, fuel, moulds, etc.</td>
<td>1,556,170</td>
<td>1,309,891</td>
</tr>
<tr>
<td>Total current assets</td>
<td>12,280,463</td>
<td>11,983,068</td>
</tr>
<tr>
<td>Investment in 272,500 common shares of Sloss-Sheffield Steel and Iron Company, representing 54.87 pct of the outstanding common shares and 42.6 pct of the total voting power, at cost (Note 5)</td>
<td>5,431,300</td>
<td>5,431,300</td>
</tr>
<tr>
<td>Post-war refund of excess profits tax</td>
<td>67,188</td>
<td>158,000</td>
</tr>
<tr>
<td>Estimated adjustment of prior years' federal taxes under carry-back provision of Internal Revenue Code</td>
<td>946,986</td>
<td>500,765</td>
</tr>
<tr>
<td>Investment in subsidiary unconsolidated, at cost</td>
<td>31,183</td>
<td>31,183</td>
</tr>
<tr>
<td>Miscellaneous investments, at cost (Note 2)</td>
<td>169,271</td>
<td>177,885</td>
</tr>
<tr>
<td>Land, buildings, equipment and intangibles, at cost in cash or capital stock (less reserves for depreciation and amortization, 1944, $8,652,978; 1943, $8,165,754) (Note 3)</td>
<td>15,371,381</td>
<td>17,923,163</td>
</tr>
<tr>
<td>Prepaid expenses and deferred charges</td>
<td>117,860</td>
<td>116,138</td>
</tr>
<tr>
<td></td>
<td>$34,415,632</td>
<td>$36,321,502</td>
</tr>
</tbody>
</table>

Notes:
1. Includes accounts receivable due from U. S. Government departments or agencies: 1944, $820,964; 1943, $354,127.
2. Includes securities for which market quotations were available: December 31, 1944 cost $69,142, market $77,228; December 31, 1943 cost $74,342, market $67,433.
and Foundry Company
December 31, 1944 and 1943

LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>1944</th>
<th>1943</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable to banks, due within one year</td>
<td>$500,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>732,102</td>
<td>724,754</td>
</tr>
<tr>
<td>Accrued salaries, wages and expenses</td>
<td>471,272</td>
<td>406,627</td>
</tr>
<tr>
<td>Federal income and excess profits taxes</td>
<td>$774,285</td>
<td>$690,302</td>
</tr>
<tr>
<td>Less, Treasury Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes at cost and accrued interest</td>
<td>5,216</td>
<td></td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>2,472,443</td>
<td>2,316,563</td>
</tr>
</tbody>
</table>

Notes payable to banks, due $500,000 annually in December, balance in December, 1950

<table>
<thead>
<tr>
<th></th>
<th>1944</th>
<th>1943</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve for contingencies</td>
<td>3,500,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td></td>
<td>687,000</td>
<td>687,000</td>
</tr>
<tr>
<td></td>
<td>6,659,443</td>
<td>7,003,563</td>
</tr>
</tbody>
</table>

CAPITAL

Common stock:
<table>
<thead>
<tr>
<th></th>
<th>1944</th>
<th>1943</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized, 800,000 shares, issued 695,923 shares, par value $20 per share</td>
<td>13,918,460</td>
<td>13,918,460</td>
</tr>
<tr>
<td>Capital surplus arising primarily through the conversion of convertible debentures</td>
<td>13,837,729</td>
<td>13,398,597</td>
</tr>
<tr>
<td>Earned surplus</td>
<td>34,415,632</td>
<td>36,321,502</td>
</tr>
</tbody>
</table>

Notes (Continued):
3. After deducting at December 31, 1944 $2,000,882 representing the balance of capital surplus applied against intangibles pursuant to resolution of the Board of Directors.
4. Renegotiation proceedings have been concluded for the year 1943 under which no excessive profits were determined. No provision for renegotiation has been made for the year 1944. The rate of profit on sales under war contracts for 1944 was less than the rate of profit on such sales for 1943.
5. Certified financial statements of Sloss-Sheffield Steel and Iron Company for the year 1944 are to be submitted as part of the president's annual report to the stockholders of United States Pipe and Foundry Company.
United States Pipe and Foundry Company

COMPARATIVE STATEMENT of INCOME
for the years ended December 31, 1944 and 1943

<table>
<thead>
<tr>
<th></th>
<th>1944</th>
<th>1943</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales, less returns and allowances</td>
<td>$20,226,751</td>
<td>$15,595,292</td>
</tr>
<tr>
<td>Deduct:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing costs, selling and administrative expenses, etc.</td>
<td>$18,096,694</td>
<td>$13,423,860</td>
</tr>
<tr>
<td>Provision for depreciation and amortization</td>
<td>$564,404</td>
<td>$634,676</td>
</tr>
<tr>
<td></td>
<td>$18,661,098</td>
<td>$14,058,536</td>
</tr>
<tr>
<td>Operating profit</td>
<td>$1,565,653</td>
<td>$1,536,756</td>
</tr>
<tr>
<td>Other income (dividends, royalties, interest, etc., less other deductions (interest on bank loans, etc., $91,794 in 1944, and $117,581 in 1943))</td>
<td>$319,755</td>
<td>$505,972</td>
</tr>
<tr>
<td>Income before provision for federal taxes on income</td>
<td>$1,885,408</td>
<td>$2,042,728</td>
</tr>
<tr>
<td>Provision for federal taxes on income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal and surtaxes</td>
<td>$698,700</td>
<td>$722,036</td>
</tr>
<tr>
<td>Excess profits taxes (subsidiary only in 1943)</td>
<td>$7,226</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$698,700</td>
<td>$729,262</td>
</tr>
<tr>
<td>Net income before provision for special charge and credits as below</td>
<td>$1,186,708</td>
<td>$1,313,466</td>
</tr>
<tr>
<td>Deduct, Property loss, Superior, Wisconsin, less applicable federal income tax of $137,040</td>
<td>$205,560</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,186,708</td>
<td>1,107,906</td>
</tr>
<tr>
<td>Add, Estimated adjustment of prior years' federal tax under carry-back provision of the Internal Revenue Code (in 1944, after deducting applicable post war credit of $80,320)</td>
<td>365,901</td>
<td>500,765</td>
</tr>
<tr>
<td></td>
<td>1,552,609</td>
<td>1,608,671</td>
</tr>
</tbody>
</table>
United States Pipe and Foundry Company

STATEMENTS of SURPLUS
for the year ended December 31, 1944

Earned surplus:
Balance, January 1, 1944 $13,398,597
Add, Balance of net income, year 1944 1,552,609
14,951,206
Deduct, Cash dividends paid, $1.60 per share 1,113,477
Balance, December 31, 1944 $13,837,729

Capital surplus:
Balance, January 1, 1944 $ 2,000,882
Less, Applied against intangibles pursuant to resolution of the Board of Directors on November 30, 1944 $ 2,000,882
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