

The new Utica Plant, now nearing completion on a site adjoining Packard Proving Grounds. In this mammoth building Packard will assemble and test General Electric J-47 turbo-jet engines for the U.S. Air Force.

1951

PACKARD MOTOR CAR COMPANY

# ANNUAL REPORT

YEAR ENDING DECEMBER 31, 1951



• • • Proxies for the Annual Meeting to be held April 21, 1952 will be requested subsequent to the mailing of this Report to shareholders.

Proxy statements are expected to be sent on or about March 29, 1952.



*Though military security precludes the publishing of certain facts, the contents of this Report have been submitted to proper authorities and approved for release.*

## PRICE WATERHOUSE & CO.

RESIDENT PARTNERS:  
A. J. BLOODSWORTH, C.P.A.  
A. W. BARR, C.P.A.

PENOBSCOT BUILDING  
DETROIT 26

February 29, 1952

To the Board of Directors and the Shareholders of Packard Motor Car Company

In our opinion, the financial statements shown on pages 6 and 7 fairly present the position of Packard Motor Car Company and its subsidiary company at December 31, 1951 and the results of their operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. The examination of such statements was 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.*

### Independent Auditor's Report

#### NOTICE:

This report and the financial statements contained herein are submitted for the general information of the shareholders and are not intended to promote or influence the sale or purchase of stock in the Company.



# Financial Summary

## WE RECEIVED

from the sales of passenger cars and chassis, service parts, and from interest income, rentals, etc. . . . .

\$179,550,724

## WE PAID OUT FOR

Materials . . . . . \$124,604,533

Wages . . . . . 40,264,846

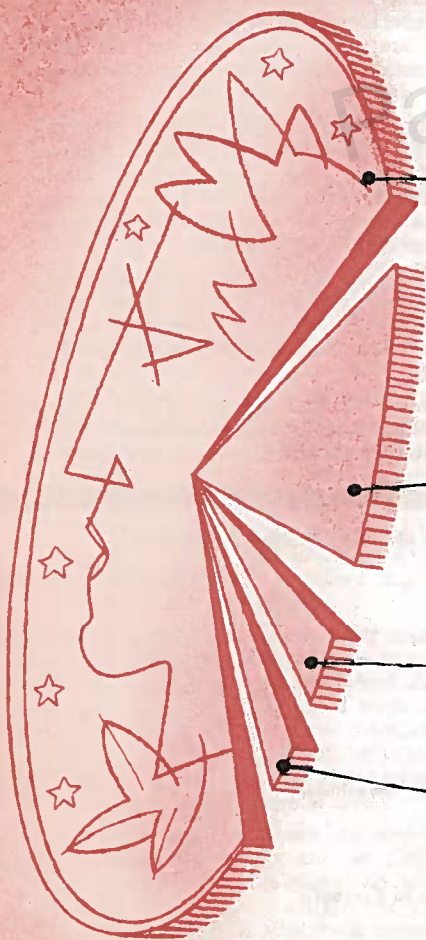
Taxes (not including Federal Excise Taxes of \$11,441,298) . . . . . 9,087,285

173,956,664

## LEAVING NET INCOME OF

\$ 5,594,060

## How Packard income dollars were divided in 1951



### PAID OUT FOR MATERIALS PRODUCED BY WORKERS IN OTHER PLANTS AND FOR SERVICES, Etc.

\$124,604,533

69.40% OF TOTAL

\$8.37 PER SHARE

### PAID TO PACKARD EMPLOYEES IN WAGES AND SALARIES

\$40,264,846

22.43% OF TOTAL

\$2.70 PER SHARE

### TAXES

\$9,087,285

5.06% OF TOTAL

\$.61 PER SHARE

### NET BALANCE

\$5,594,060

3.11% OF TOTAL

\$.38 PER SHARE



# The President's Message

TO BE  
SUBMITTED TO  
SHAREHOLDERS  
AT THE ANNUAL  
MEETING IN  
DETROIT,  
APRIL 21, 1952.

## **T**O PACKARD SHAREHOLDERS:

Nineteen fifty-one was a year of major decision for your Company. Automotive operations were, of necessity, complicated by the increasing defense production demands of the Government as well as chronic material shortages. Despite these factors we feel that significant progress has been achieved and the major investment made through the year will prove advantageous to Packard for years to come.

Here are the highlights:

**EARNINGS** — Gross earnings for 1951 totaled \$11,094,060. Net income remaining after income taxes of \$5,500,000 amounted to \$5,594,060.

For the year 1950 income before taxes was \$7,612,348. Net income after deduction of \$2,450,000 for income taxes was \$5,162,348.

**DIVIDENDS** — A total of 30 cents a share was paid to shareholders in 1951 equivalent to \$4,500,000 on the 15,000,000 shares of no par value common stock outstanding.

**SALES** — Consolidated net sales for 1951 amounted to \$178,168,319. This volume of business represented our sales of Packard cars, service parts and other products.

Sales for 1950 were \$173,410,107.

**CAR PRODUCTION** — Packard produced 76,075 cars during 1951. In the first three quarters of the year, we were producing 1951 model 24th Series Packard cars. We started production of our new 1952 model 25th Series cars in the fourth quarter.

Packard's output of cars in 1950 was 72,138.

**DEFENSE PRODUCTION** — Work on our two major military projects went forward in accordance with schedules agreed upon. At the close of 1951 Packard had started initial production operations on both projects. The tempo of our defense work is currently increasing. However, peak production rates are not scheduled until 1953.

These projects were for the most part in the stages of negotiation during 1950, and the early months of 1951. Some of the contract details are not fully settled at the present writing.

To date, however, we feel we have been reasonably successful in our negotiations with the various Defense Production Agencies.

### **EARNINGS SOURCES**

Your Company's earnings for 1951 were due almost entirely to operations in the automobile manufacturing and sales field, together with the merchandising of service parts, accessories, and related products.

Packard's planning for its dual role of commercial and defense producer has been based on the importance of carrying on both operations independently, without either interfering with the other. We recognize that Packard is essentially a motor car maker and we have improved our competitive position in the automotive industry.

Defense activities of your Company include prime contracts for production of Packard-designed Diesel engines for

the U.S. Navy, General Electric J-47 turbo-jet aircraft engines for the U.S. Air Force and spare parts for both projects.

The initiation and development of these programs in 1951 required the time and energy of an increasing number of Packard technicians and administrative personnel, together with representatives of the Armed Forces of the Government. Sizable cash outlays had to be made, as already reported to Shareholders and further amplified in this Report.

While these developments had a marked effect on your Company's cash position, working capital, and property accounts, they did not contribute importantly to sales or earnings for 1951. Our defense operations may eventually approximate \$200,000,000 of business a year based upon present schedules and the more than \$400,000,000 of such orders on our books at this time.

### **CAR RESUMÉ**

In furtherance of your Company's position in the highly competitive business of building and selling automobiles, we have vigorously continued our intensive development work in the designing, engineering, manufacturing and merchandising phases of the business. Our current car is, we believe, the best in Packard history and the finest in the industry.

In all of these departments Packard made important progress during the year. Despite material shortages and Government restrictions on car volume which hamper production efficiency, we made certain improvements in our manufacturing operations. Notwithstanding an industry-wide cut of nearly 20 per cent less vehicles in 1951 than 1950, our position was recognized by the Government as justifying an increase in Packard car production of more than five per cent over the year before.

Your management's policy is one of complete cooperation with the programs of the Government in regard to necessary controls affecting civilian production. Throughout, the interests of shareholders are being carefully watched, and applications for relief from regulatory orders on material usage, pricing, etc., are made when we feel that such restrictions would unfairly jeopardize your Company's best interests.

The Packard Dealer Franchise again proved a profitable contract during 1951. Most Packard dealers reported earnings from 1951 operations. The Packard Dealer Advisory Council continues to meet with the principal Company officers and executives to chart mutual aims of current and future merchandising programs.

Our recent affiliation with Maxon, Inc. of Detroit, who now have our advertising account, is one of the active merchandising moves of your Company which we believe will add new stimulus and a fresh approach to our advertising and selling programs.

In the aggregate our retail Packard dealers are a strong, aggressive selling and servicing organization of which Packard is rightfully proud. While higher prices caused by

### **TWO-YEAR FINANCIAL COMPARISON**

	1951	1950
Sales and Other Income . . . . .	\$179,550,724	\$174,415,663
Gross Earnings . . . . .	11,094,060	7,612,348
Income Taxes . . . . .	5,500,000	2,450,000
Net Earnings . . . . .	\$ 5,594,060	\$ 5,162,348
Per Share . . . . .	38¢	35¢
Per Dollar of Sales . . . . .	3¢	3¢
Percent—Shareholders' Investment . . . . .	7.32%	6.85%
Dividends Paid . . . . .	\$ 4,467,402	—
Per Share . . . . .	30¢	—
Net Working Capital . . . . .	\$ 45,730,275	\$ 46,809,716
Ratio of Current Assets to Current Liabilities . . . . .	3.10 to 1	3.12 to 1
Shareholders' Investment . . . . .	\$ 76,457,730	\$ 75,331,072
Per Share . . . . .	5.13	5.06



increased labor and material costs, credit restrictions and the recently imposed higher Federal Excise Tax have combined to restrict car buying, we believe that a sound market for passenger cars will continue during the foreseeable future.

#### EMPLOYEE RELATIONS

In 1951 the first year of operation under the five-year contract between the Company and Local 190 UAW-CIO was completed. Since the inception of the contract, our employees have received total contract increases, covering annual improvement factors and cost-of-living allowances, equaling 26 cents an hour in direct wages and salaries. These increases, plus fringe benefits including pension costs, represented an approximate \$9,000,000 of additional expense to your Company in 1951.

During 1951 there was only one work stoppage in our plant involving 141 people. Fortunately, it was brief and did not affect production.

Our employee pension program went into effect January 1, 1951. So far, 137 employees have taken these retirement benefits. We expect that the number will be considerably higher in 1952.

Total factory employees on roll at the close of 1951 was 8,647—approximately the same as at the beginning of the year. Thus, our employment has kept fairly steady, with a considerable shift in man power from car production to defense work. We anticipate that employment will increase to higher levels during 1952, as production of our Diesel and jet engines is accelerated.

#### MATERIALS

As a measure of insurance, Packard completed an agreement with the Pittsburgh Steel Company to loan at call over a five-year period \$2,000,000 for expansion purposes. The contract guarantees the delivery of 200,000 tons of steel products to Packard between 1951 and 1955. We believe we will receive our share of other critical materials during this period.

During the last half of 1951, Packard itself collected some 2,500,000 pounds of scrap metal in connection with Government and industry sponsored scrap metal drives. A Packard executive still chairmans the industry-wide drive.

#### FINANCIAL REVIEW

With the stake in the business every shareholder has, his major interest can be in knowing how his Company did compared with the previous year as measured by such operating yardsticks as dollar volume, dividends, working capital, investment of the common shareholder and the like.

For quick convenience, these facts are summarized in the table on the opposite page. Just a glance shows the comparisons, which may be further developed by the following.

Earnings for 1951 were adversely affected by non-recurring expense incidental to the moving of our service parts and accessory inventory from Detroit to Utica, Mich. Reasons for the move are made clear in later paragraphs.

Cash and marketable securities declined some \$13,500,000 during 1951. Inventories increased approximately \$10,000,000. Working capital remained high, being only about \$1,100,000 less than last year.

Increase in inventories was due to the somewhat higher field stock of new Packard cars—at currently higher prices—in the hands of Company-owned Zone Offices throughout the country, as compared with stocks at the end of 1950. These higher inventories reflected dealer reluctance to stock cars, due to a general fall-off in car buying at year-end. Since then, a merchandising pick-up has reduced inventories substantially to more normal levels.

Sizable cash outlays were required in building the new Service Parts Warehouse and Jet Engine Assembly, Test, Boiler House and Administration structures to comprise our Utica, Mich. plant. All but the Test Cell building are Packard financed. An additional property bought by your Company is our Mt. Elliott plant, in which we shall produce drop-forgings for our jet engine program.

The cover of this Report details these latest acquisitions, their locations and significance to the Company, about which shareholders have been previously informed.

Cash outlays in connection with the Packard financed buildings totaled some \$8,844,000 during 1951. Total expenditures for them are expected to exceed \$17,000,000.

In making these decisions, your Directors have been influenced by definite factors. Our technicians agreed that certain phases of the jet engine production, as well as the complete U. S. Naval Diesel engine program could best be handled in our main plant. This meant two things: additional space in Detroit to handle the above program phases, and a suitable location for other technical operations in jet engine work.

The latter was met by the new structures being erected at Utica, Mich., adjacent to our Proving Grounds. The former was facilitated by freeing up main plant space formerly occupied by our service parts warehousing activity and establishing it, too, in the new Utica plant. Consequently it was necessary to move our service parts and accessory inventory to the new Utica building completed in 1951, designed especially for that purpose. This will entail savings in handling these items in the future. It is significant to note that the Government representatives with whom we have been working are in full accord with the wisdom and necessity of these various moves. As a result our entire building program is being carried forward under Certificates of Necessity granted by the Government.

As this building expansion draws to a close and defense production builds up, some further temporary reduction in working capital may be expected. Your Company has adequate lines of credit available to supplement its present working capital for the programs currently under way.

Finally, it should be noted that it does not appear our 1951 operations will be subject to renegotiation by the Government. Furthermore, our 1951 earnings were not subject to the Excess Profits Tax.

#### FUTURE OUTLOOK

Prospects for total industry car production are that fewer cars will be produced in 1952. We anticipate our output of Packard cars will also be somewhat less, but that Packard's share of the total production may be greater than it was in 1951. We are determined to maintain and improve our position in the automobile business. Plans are progressing for future cars even more outstanding in design and mechanical excellence than the fine 1952 models now proving so satisfactory to the buying public.

In addition, our volume of business will be much larger with our defense assignments well under way by the latter part of the year. Your entire organization realizes the responsibility delegated to us in the production of Navy Diesel and Air Force jet engines, and we feel it our obligation to produce them at the lowest possible cost to our Government.

Earnings on this business are indeterminate now since allowable cost, prices and other factors having to do with profit possibilities are still in the development and negotiation stages and will, in the last analysis, be dependent upon final production results. We hope the results will equal our expectations.

In conclusion, dividends have the constant attention of your Directors. Dividends totaling 30 cents per share paid during 1951 were commensurate with our earnings. A dividend of 15 cents per share was declared February 19, 1952, payable March 31, 1952 to shareholders of record February 29, 1952.

*Respectfully submitted,*

*Hugh F. Ferry*  
President

*By order of the Board*

*February 29, 1952*



# Financial

## P A C K A R D M O T O R C A R

### CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 1951

#### CURRENT ASSETS:

Cash . . . . .		\$ 14,532,995
United States Government (\$4,829,736) and other marketable securities at cost and accrued interest, not over market . . . . .		11,068,861
Accounts and installment notes receivable, less \$99,900 allowance for uncollectible accounts . . . . .		3,853,207
Unbilled costs under U. S. Government facilities contracts . . . . .		1,748,328
Costs incurred under U. S. Government supply contracts, less \$5,306,060 advance payments . . . . .		5,133,316
Inventories, at lower of cost or market—		
Raw materials, work in process and service parts . . . . .	\$ 19,079,979	
Automobiles . . . . .	11,141,463	30,221,442
Prepaid insurance and other expenses . . . . .		962,393
		<u>\$ 67,520,542</u>

#### LESS—CURRENT LIABILITIES:

Accounts payable and accruals . . . . .	\$ 15,506,354	
Provision for product warranty, etc. . . . .	660,364	
Estimated income taxes . . . . .	5,623,549	21,790,267

**WORKING CAPITAL** . . . . . \$ 45,730,275

**MORTGAGES RECEIVABLE, MISCELLANEOUS INVESTMENTS, ETC.** . . . . 898,402

**PROPERTIES**, at cost less \$17,275,337 depreciation . . . . . 32,329,053  
\$ 78,957,730

**LESS RESERVE FOR CONTINGENCIES** . . . . . 2,500,000

**SHAREHOLDERS' EQUITY** . . . . . \$ 76,457,730

#### SHAREHOLDERS' EQUITY REPRESENTED BY:

Common stock of no par value, 25,000,000 shares authorized, 15,000,000 shares issued . . . . .	\$ 30,000,000
Capital in excess of stated value of common stock (No change in 1951) . . . . .	12,016,721
Net income retained since May 1, 1935 for use in the business . . . . .	34,943,987
	<u>\$ 76,960,708</u>
Less common stock held in treasury, 108,660 shares at cost . . . . .	502,978
	<u>\$ 76,457,730</u>

# Statements

C O M P A N Y • a Michigan Corporation

## CONSOLIDATED STATEMENT OF INCOME

Year Ended December 31, 1951

Sales of automobiles, service parts and other products. . . . .		\$178,168,319
Rentals, interest and miscellaneous income including \$400,224 from settlement of World War II contract costs . . . . .		<u>1,382,405</u>
		\$179,550,724
Costs and expenses, including \$2,992,351 depreciation:		
Cost of products sold. . . . .	\$155,742,278	
Selling, general and administrative expenses . . . . .	<u>12,714,386</u>	168,456,664
		\$ 11,094,060
Estimated income taxes . . . . .	\$ 5,122,000	
Tax applicable to deferred pension contribution (See note) . . . . .	<u>378,000</u>	5,500,000
Net income for the year . . . . .		<u>\$ 5,594,060</u>

## CONSOLIDATED STATEMENT OF NET INCOME RETAINED SINCE MAY 1, 1935 FOR USE IN THE BUSINESS

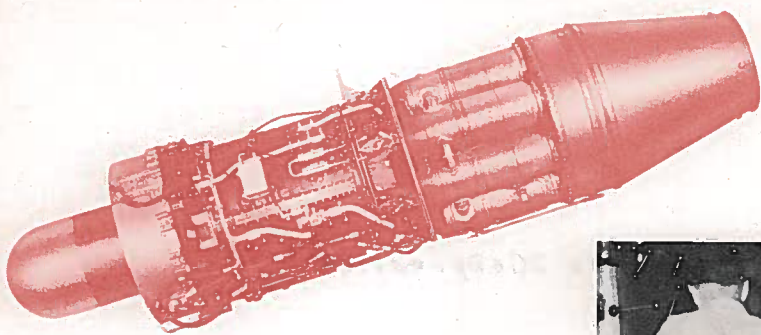
At December 31, 1950. . . . .	\$ 33,817,329
Net income for the year ended December 31, 1951. . . . .	<u>5,594,060</u>
	\$ 39,411,389
Dividends Paid—30 cents a share . . . . .	<u>4,467,402</u>
At December 31, 1951 . . . . .	<u>\$ 34,943,987</u>

NOTE—Under terms of the non-contributory pension plans, which cover practically all employees of the Company, past service cost is to be funded over a period not to exceed 25 years. The Company may, at its option, make additional payments over the required minimum annual amounts. Such an additional amount of \$745,471 was accrued at December 31, 1951, and paid in 1952. This amount less the estimated 1951 Federal income tax benefit of \$378,000 resulting therefrom pursuant to provisions of the Internal Revenue Code, is included in prepaid expenses to be charged to expense in the year or years in which contributions of less than the minimum amount are made.

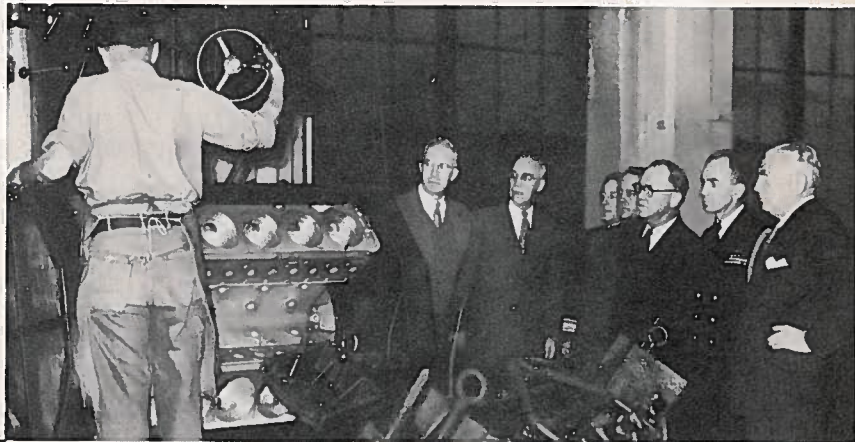
The contributory retirement plan which also became effective in 1951 provides for the amortization of past service costs over a 30-year period. Past service cost of persons reaching retirement age within that period are to be funded, by retirement age. To provide for employees now near retirement age greater payments are required within the first 5 years of the plan than in later years, and the payment made for 1951 covers a ratable portion of the amounts required within the 5-year period. Such payment is included in expenses for the year.

The amount included in expenses for the year 1951 in respect of the pension plans mentioned above is \$1,951,255, of which \$1,069,417 represented past service costs.





Plan view of the General Electric J-47 turbo-jet engine. This is the power plant which Packard is building for the Air Force's fastest fighters and bombers.



Progress of the Navy program on Packard-designed and built diesel engines is surveyed first-hand by Ass't Sec'y of the Navy H. R. Askins (center, wearing glasses), flanked by Naval and Packard personnel including vice-president in charge of coordinating operations G. H. Brodie (second from left) and executive vice-president LeRoy Spencer (extreme right).

## Defense Work



Packard Directors are "briefed" by vice-president of manufacturing, George C. Reifel, on new plant layout necessitated by government defense assignments. Directors (left to right) are: W. Tom Zur-Schmiede; Henry C. Bogle; Edwin F. Blair; J. G. Vincent; president Hugh J. Ferry; Homer A. Vilas and James McMillan.



# Who Owns Packard

Ownership of the Packard Motor Car Company is a lesson in the way American industry is owned by "people."

In the case of Packard, the company's 15,000,000 shares of common stock are divided among 105,927 purchasers—an average of 141 shares per investor.

These people, based on a recent shareholder analysis represent a cross-section of the nation's business-minded citizenry.

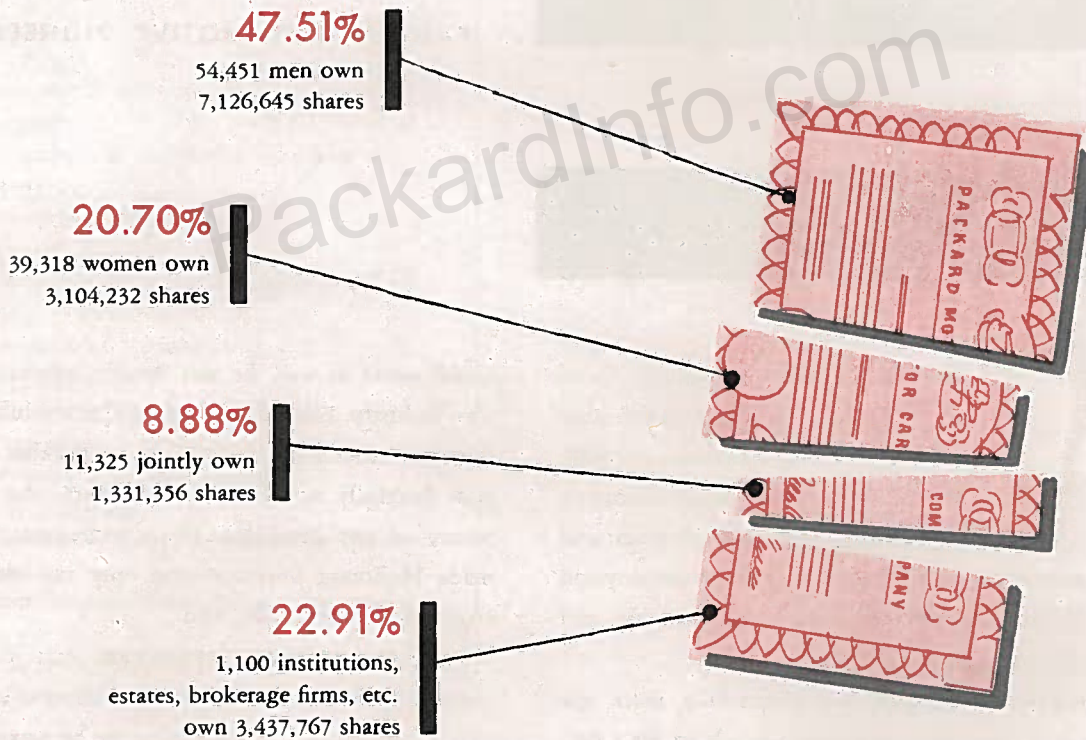
It is interesting to note that out of every hundred Packard shareholders:

- 59 own fewer than 100 shares;
- 26 own between 100 and 199 shares;
- 7 own between 200 and 299 shares;
- 8 own 300 or more shares apiece.

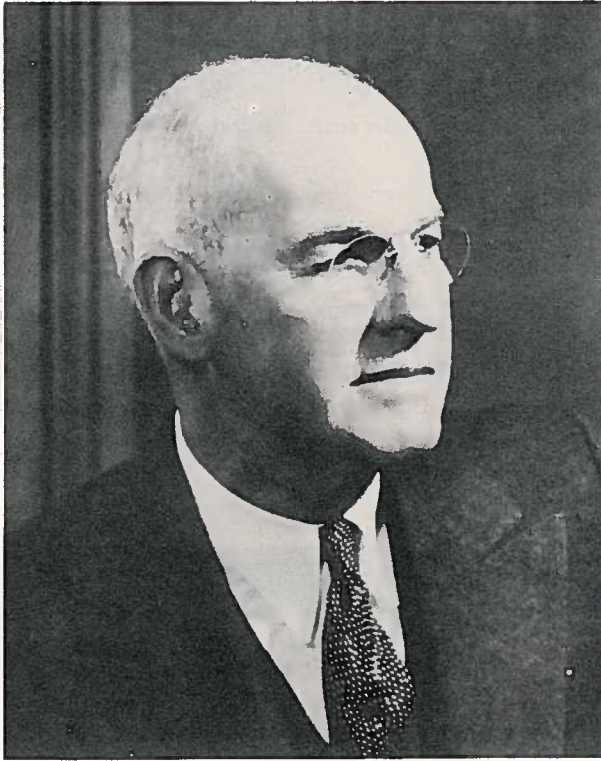
Of the total shares outstanding, no single holding exceeds 2%.

Geographically, Packard "people" live in some 8,000 communities throughout the 48 States. Investors in United States Possessions, Canada and foreign countries own 1.9%.

## Democracy of Industrial Ownership







# Alvan Macauley

FAMOUS AUTOMOTIVE PIONEER . . .

1872 + 1952

**W**HEREAS the death on January 16 of ALVAN MACAULEY takes one who, prior to his retirement in 1948, led the Packard Motor Car Company in various capacities for 33 years; and

**WHEREAS** the Packard Motor Car Company and its officers and directors keenly miss an old and good friend,

**NOW, THEREFORE,** we sorrowfully mark the passing of him who contributed much to his Company and his Industry.

Last of the great automotive pioneers, his career with Packard was one of distinction. A vigorous administrator who always maintained a sharp awareness of every phase of the business, the Company benefited from his progressive ideas in every field of operation. Honored for these advances by the educa-

tional world as well, he was doubly honored by his own Industry. Elected head of the Automobile Manufacturers Association in 1926, he served that difficult post faithfully and fairly for 18 years—the longest tenure of any President. Upon retirement, he was made Honorary Director—the only one the Association has ever known; and

**BE IT THEREFORE RESOLVED,** that so distinguished a life leaves an appreciated impress upon our minds, and its loss is something we be privileged to share with his family to whom, by a copy of these resolutions, be extended our sincere expression of sympathy.

*For the Board of Directors*

*Hugh F. Ferry*

*President*

February 19, 1952



# Board of Directors

HUGH J. FERRY  
HENRY C. BOGLE  
EARLE C. ANTHONY  
EDWIN FOSTER BLAIR

J. G. VINCENT  
JAMES McMILLAN  
W. TOM ZURSCHMIEDE  
HOMER A. VILAS

## Officers

HUGH J. FERRY  
*President and Treasurer*  
J. G. VINCENT  
*Vice-President and Engineering Consultant*  
LEROY SPENCER  
*Executive Vice-President*  
E. C. HOELZLE  
*Vice-President, Comptroller and Secretary*  
G. C. REIFEL  
*Vice-President of Manufacturing*  
WILLIAM H. GRAVES  
*Vice-President of Engineering*  
MILTON TIBBETTS  
*Vice-President and Patent Counsel*  
GEORGE H. BRODIE  
*Vice-President in charge of Coordinating Operations*  
W. B. HOGE  
*Assistant Comptroller and Assistant Secretary*  
R. S. MARX  
*Assistant Secretary and Assistant Treasurer*

## Operating Committee

LEROY SPENCER, chairman  
*Executive Vice-President*  
HUGH J. FERRY, ex officio member  
*President and Treasurer*  
GEORGE H. BRODIE, secretary  
*Vice-President in charge of Coordinating Operations*  
CLARE E. BRIGGS  
*General Sales Manager*  
C. WAYNE BROWNELL  
*Manager, Industrial Relations*  
WILLIAM H. GRAVES  
*Vice-President of Engineering*  
HUGH W. HITCHCOCK  
*Director of Advertising and Public Relations*  
E. C. HOELZLE  
*Vice-President, Comptroller and Secretary*  
G. C. REIFEL  
*Vice-President of Manufacturing*  
MILTON TIBBETTS  
*Vice-President and Patent Counsel*

### TRANSFER OFFICES

### REGISTRARS OF STOCK

### AUDITORS

### GENERAL COUNSEL

Packard Motor Car Company, Detroit, Michigan  
Guaranty Trust Company of New York, New York

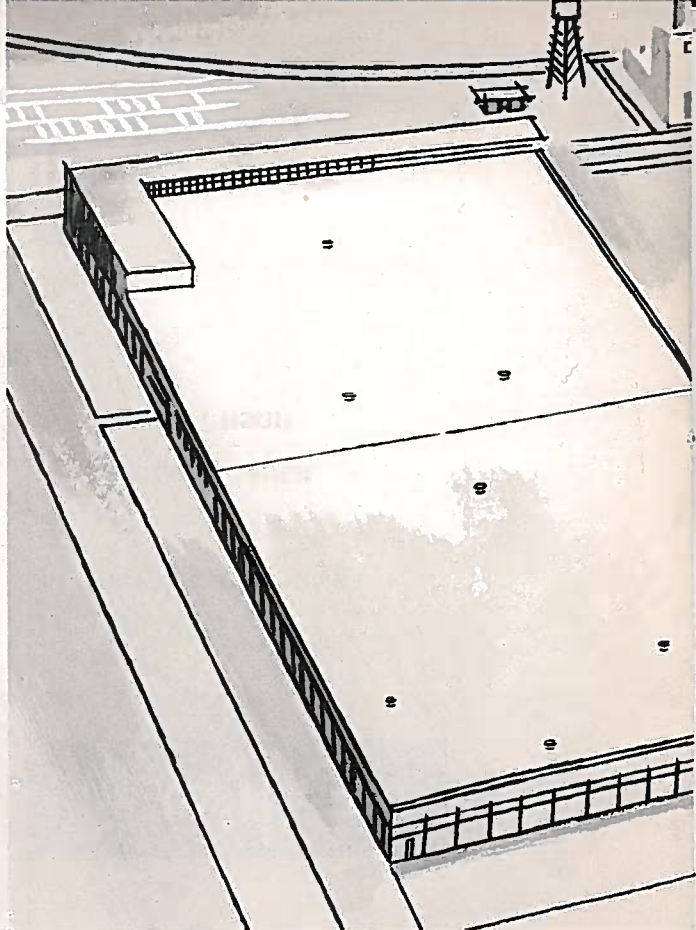
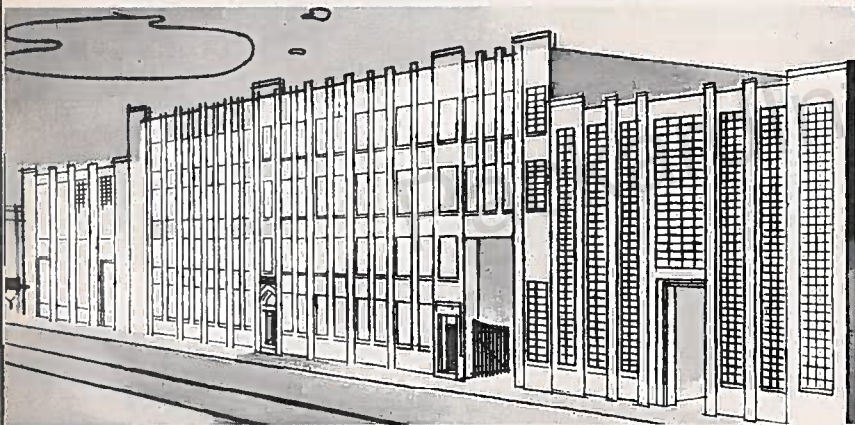
Detroit Trust Company, Detroit, Michigan  
City Bank Farmers Trust Company, New York City  
Price Waterhouse & Co.

Bodman, Longley, Bogle, Armstrong & Dahling



# Additional Packard Facilities

Below is the new Mt. Elliott Plant whose acquisition has quadrupled the size of Packard forge operations for the jet engine program.



The Service Parts Warehouse, a separate unit in the new Utica Plant, gives Packard the finest Service Parts Warehouse in the automotive industry.

## ANNUAL REPORT

**ADDED FLOOR SPACE EQUALS** 1,427,000 square feet by the acquisition and construction of the buildings pictured on both covers.

Ground was broken for the jet engine buildings last summer after your Company had acquired an additional 55½ acres adjacent to the 505 acre Proving Grounds site north of Utica, Mich. Construction is progressing according to schedule and partial occupancy is now in process, with a full move planned for early summer.

Completed last October, the new Service Parts Warehouse was designed to replace space at Packard's Detroit facilities and thus add to the area available for defense production.

Of key importance to Packard's defense assignments is the addition of the Mt. Elliott Plant, located one-half mile north of the main plant forge. New, latest-type forge equipment, totalling an \$11,000,000 investment, is being installed in this former steel plant.

ASK THE MAN WHO OWNS ONE -- PACKARD MOTOR CAR COMPANY • DETROIT 32, MICHIGAN