

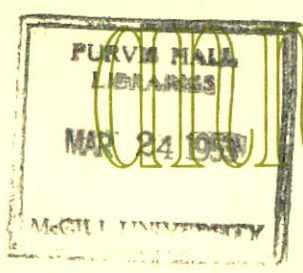
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PACKARD

annual report 1952



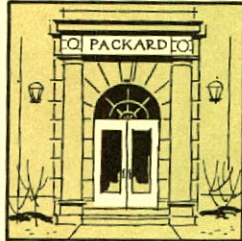


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Annual Shareholders' Meeting

In conformity with Company by-laws, the Annual Shareholders' Meeting will be held at 10 a.m. on Monday, April 20, 1953 at the main offices of the Packard Motor Car Company in Detroit, Michigan. Shareholders unable to attend in person are urged to exercise their right to vote by proxy. Proxy forms will be mailed subsequent to sending this Report to shareholders. Date set for the proxy mailing is on or about March 27, 1953.

PACKARD MOTOR CAR COMPANY

1580 East Grand Boulevard
Detroit 32, Michigan

BOARD OF DIRECTORS

JAMES J. NANCE

J. G. VINCENT

HUGH J. FERRY

JAMES McMILLAN

EARLE C. ANTHONY

W. TOM ZURSCHMIEDE

EDWIN FOSTER BLAIR

HOMER VILAS

OFFICERS

JAMES J. NANCE

President

HUGH J. FERRY

Chairman of the Board

WALTER R. GRANT

Vice President and Treasurer

FRED J. WALTERS

Vice President of Marketing

GEORGE C. REIFEL

Vice President of Manufacturing

WILLIAM H. GRAVES

Vice President of Engineering

GEORGE H. BRODIE

Vice President of Defense

A. H. BEHNKE

Vice President of Materials

C. WAYNE BROWNELL

Vice President of Industrial Relations

W. B. HOGE

Comptroller and Asst. Secy.

ROBERT BLYTHIN

Secretary and General Counsel

R. S. MARX

Asst. Secy. and Asst. Treas.

TRANSFER OFFICERS

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

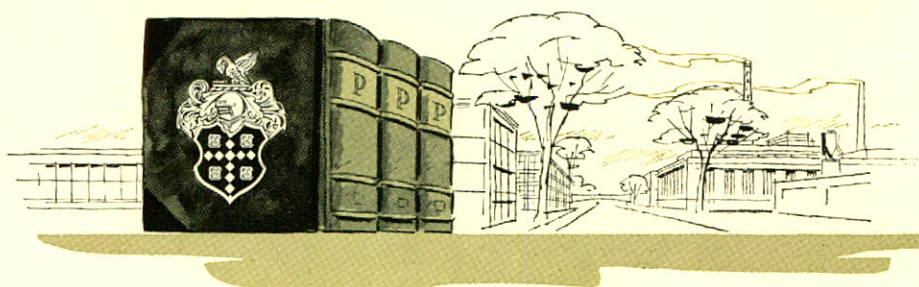
REGISTRARS OF STOCK

Detroit Trust Company, Detroit, Michigan
City Bank Farmers Trust Company, New York City

AUDITORS

Ernst & Ernst

THREE-YEAR REVIEW OF OPERATIONS



		1952	1951	1950
OPERATIONS	Net Sales—Automobiles (Units) . .	67,603	70,548	76,832
	—In Dollars (Incl. Defense)	\$233,737,020	\$178,168,319	\$173,410,107
	Profit Before Federal Income Taxes.	12,632,263	11,094,060	7,612,348
	Federal Income Taxes	7,014,000	5,500,000	2,450,000
	Net Earnings	5,618,263	5,594,060	5,162,348
	Net Earnings per Share39	.38	.35
	Dividends Paid—Total	2,233,701	4,467,402	—
	—Per Share15	.30	—
FINANCIAL POSITION	Net Working Capital	\$ 40,228,040	\$ 45,730,275	\$ 46,809,716
	Properties (Gross)	58,889,985	49,604,390	45,034,238
	Accumulated Depreciation.	19,527,009	17,275,337	15,016,085
	Properties (Net)	39,362,976	32,329,053	30,018,153
	Shareholders' Investment	77,897,818	76,457,730	75,331,072
	Book Value per Share	5.38	5.13	5.06
PEOPLE	At December 31:			
	Number of Employees	16,818	9,675	10,385
	Number of Shareholders	102,244	105,927	110,048

MESSAGE

from the
PRESIDENT



TO PACKARD SHAREHOLDERS:

I welcome this opportunity as your new President to summarize for you the operations of your company for 1952 and to outline some of the plans and objectives for the future.

The year 1952 witnessed many transitions and factors affecting your company. After assuming office near mid-year, I subsequently wrote you of several changes in management which had been made in the following months. From the index of officers and directors, you will note that other changes have been made during the year.

The steel strike disrupted car production at a time when dealer inventories of finished cars had reached the lowest point of the year. In addition, your company's operations were affected by government control over such basic business matters as prices, wages, salaries and critical materials. Meanwhile extensive planning and rearrangement of facilities were in preparation for volume output of jet engines for the Air Force and diesel marine engines for the Navy.

SALES AND EARNINGS

Net earnings for 1952 totaled \$5,618,263 on net total sales of \$233,737,020. This compares with 1951 net earnings of \$5,594,060

and net sales of \$178,168,319. As you know, the steel strike caused a suspension of car production for five weeks in the third quarter of the year, and earnings for the first nine months aggregated only \$3,094,515 on sales of \$137,841,208. However, production of both cars and defense materiel was rapidly accelerated in the fourth quarter, and sales during this final period amounted to \$95,895,812 with net earnings in excess of \$2,500,000.

At the end of the year, your company was producing automobiles at a rate more than double that prevailing during the first three quarters.

Supplementing this stepped-up output of car production, shipments of jet and diesel engines on a substantial scale were commenced during the fourth quarter.

TAXES AND DIVIDENDS

Last year your company paid taxes approximating \$11,168,446 to various taxing authorities. No excess profits tax was levied upon Packard earnings. However, the company's tax burden included an estimated income tax of \$7,014,000, roughly \$2,000,000 in sales and property taxes, and over \$2,000,000 in other miscellaneous taxes. In addition, Packard collected and transmitted \$14,653,463 in Federal Excise taxes on motor cars and parts.

The company's total tax bill of \$11,168,446 was nearly twice the profit earned for the year and more than four times the dividend total.

The dividend payment of fifteen cents (15c) paid in March 1952 to shareholders of record on February 29 amounted to \$2,233,701. Operating results in subsequent months did not justify further dividend action.

In line with the improvement shown in recent operations, your directors have just voted a dividend of twenty cents (20c) per share, payable March 30, 1953 to shareholders of record February 27, 1953.

FINANCIAL POSITION

The company closed the year in strong finan-

cial condition with sufficient funds and resources to handle its rising volume of automobile production and defense work.

Cash and marketable securities aggregated \$27,100,178—an increase of \$1,498,322 over the balance at the end of last year. In spite of the increased production rate, automotive inventories were approximately \$3,000,000 lower, due to increased turnover of new car stocks. Working capital totaled \$40,228,040 compared with \$45,730,275 at December 31, 1951, the reduction chiefly representing investments in the new Utica and Mt. Elliott plants. The new Utica plants, housing part of the jet engine production and a new service parts warehouse, were completed and occupied during the year. The conversion of the newly acquired Mt. Elliott plant for drop-forgings for the jet engine program was also completed during the year and is now in full-scale production.

The company's outlays for these added facilities approximated \$17,000,000. A substantial part of this expenditure was made in 1952 and to a large degree accounted for the increase of \$9,285,595 in cost of property, before depreciation, over the balance at the end of 1951.

Shareholders' equity, consisting of capital and surplus, amounted to \$77,897,818. This was equivalent to \$5.38 a share at December 31, 1952 on 14,491,340 shares of common stock owned by 102,244 shareholders.

CAR BUSINESS

The company produced 62,988 automobiles in 1952 compared with 76,075 units in the previous year. This reduction of approximately 17% was slightly less than the 18% decrease experienced by the industry as a whole. Sales of Packard cars, however, aggregated 67,603 units compared with 70,548 in 1951, a decrease of 4%. The liquidation of the substantial inventory of cars carried over

at the beginning of 1952 accounted for the much smaller decline in sales than the production figures would indicate.

Our new 1953 models were introduced last November. The announcement of these new models was made in conjunction with the introduction of a new marketing plan. Details of this new marketing philosophy were outlined to you last fall, but their importance merits a quick review. The sales policy for the 1953 models encompasses the introduction of two lines of cars—the "Packard" line in the upper-price field and the "Packard Clipper" in the medium-price field. This program was launched at dealer meetings held across the country in November and is being supported with separate promotional campaigns for each line.

The response from both our dealers and the public has exceeded our expectations. Dealers have enthusiastically received the dual franchise idea which they feel gives them a broader competitive advantage in the various price fields. Our field organization and dealers tell us that the public was quick to welcome the return of Packard to the prestige field and the sharper definition of the volume car. Engineering advances in these new models are proving equally popular. To mention but three—Packard's power steering, power brakes and exclusive Ultramatic have materially aided in increasing the public acceptance of the Packard program.

Custom cars such as a formal sedan, limousine and an 8-passenger sedan for individual and corporation use, have been added to our prestige line. A smart sports car (the *Caribbean*) which embodies many features of advanced styling, was recently announced for limited production.

MERCHANDISING PROGRAM

Expanded merchandising activities are being undertaken in support of this new sales policy

and program. Budgets for advertising and sales promotion have been stepped up sharply. Sales training programs are being launched and new steps being taken for closer field supervision.

In preparation for a vigorous program of dealer expansion, a careful survey was made to determine the number of dealers, and their location, that would be required to sell the company's projected volumes, render nationwide service to Packard owners, and enable our dealers to operate on a sound financial basis. Thus far we have broadened our distribution by the signing of more than 250 new dealers. This program of expanded dealer coverage will continue in 1953 until our field organization and selling strength are matched with your company's sales potential.

PERSONNEL

Our increased volume has, of course, broadened Packard employment. From 9,675 employees at the close of 1951, our total plant rolls increased to 16,818 by December 31, 1952. The building of Packard employment has continued during the first two months of this year, and as this report is written our employment now exceeds 20,000 people.

In today's critical labor market, it is not possible to obtain all of the requisite skills for the many varied operations in your company's plants. As a result, training programs were put into effect to fill many such skilled positions. In order to better acquaint supervision with the company's plans and goals, meetings were held during 1952 with various supervisory groups at which time plans were frankly discussed and their part in the program fully reviewed.

In accordance with the plan previously approved by the shareholders, 383 employees were retired on pension during the year. Included among these were several executives with long and loyal records of Packard service.

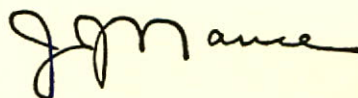
AS WE ENTER 1953:

The present demand for Packard's two lines of cars has justified a sharply increased production rate. However, in spite of this increased production, more than twice the rate prevailing last year, our stocks of cars in dealers' hands at this time are considerably below the industry averages. Notwithstanding metal shortages and critical bottlenecks in suppliers' production, it is hoped to further increase production in order to make available to our dealers and their customers a broader choice in these two new lines of cars now manufactured by your company. The automobile industry currently is running at a record rate and we are putting forth every effort to obtain our share of the industry's goal.

Our defense production has reached the monthly output required by the Armed Forces and we are currently leveling off at these rates during the first quarter.

However, while the outlook for 1953 is quite promising, I do not want to leave with our shareholders the impression that the program for Packard's future is in any wise completed. Most economists today acknowledge that competitive conditions will soon apply in the industry and we fully realize that a hard-hitting organization and efficient operating and production costs are a necessity in competitive times. To this end and to the further enhancement of your company's products in the automotive industry, we shall devote ourselves in 1953.

Respectfully submitted
for the Board of Directors,



President

March 2, 1953

FINANCIAL

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

CONSOLIDATED BALANCE SHEET

December 31, 1952

ASSETS

CURRENT ASSETS

Cash		\$ 20,593,205
United States Government (\$1,277,980) and short-term marketable securities at cost and accrued interest, not over market		6,506,973
Accounts receivable from United States Government		9,393,649
Other accounts receivable, less allowance of \$104,000		5,808,926
Unbilled costs under contracts with United States Government (including \$6,313,244 under facilities contracts)		23,479,295
Inventories at lower of cost (first-in, first-out method) or market:		
Raw materials, work in process, service parts, and supplies	\$ 24,030,577	
Automobiles	2,805,735	26,836,312
Prepaid insurance and other expenses		612,797
TOTAL CURRENT ASSETS		\$ 93,231,157

MORTGAGES RECEIVABLE		806,802
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PROPERTIES—at cost, including \$12,134,935 subject to five-year amortization

Buildings	\$ 27,647,274	
Machinery and equipment	25,949,008	
	\$ 53,596,282	
Less accumulated depreciation and amortization	19,527,009	
	\$ 34,069,273	
Land	5,293,703	39,362,976
		<u>\$133,400,935</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 44,216,685
Provision for product warranty	503,337
Taxes on income	8,283,095
TOTAL CURRENT LIABILITIES	\$ 53,003,117

RESERVE FOR CONTINGENCIES	2,500,000
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SHAREHOLDERS' EQUITY

Common stock, no par value:		
Authorized 25,000,000 shares	\$ 30,000,000	
Issued 15,000,000 shares	12,016,721	
Capital in excess of stated value of common stock (no change in 1952)	38,328,549	
Net income retained since May 1, 1935, for use in the business	\$ 80,345,270	
Less common stock held in treasury—508,660 shares at cost (280,000 shares reserved for options—Note B)	2,447,452	77,897,818
		<u>\$133,400,935</u>

STATEMENTS

C O M P A N Y • a Michigan Corporation

CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1952

Sales of automobiles, defense items, service parts, and other products		\$233,737,020
Rentals, interest, and miscellaneous income		801,323
		<u>\$234,538,343</u>
Costs and expenses, including \$4,274,093 for depreciation of which \$1,574,382 represents five-year amortization:		
Cost of products sold	\$205,774,245	
Selling, administrative, and general expenses	16,131,835	221,906,080
		<u>\$ 12,632,263</u>
INCOME BEFORE TAXES ON INCOME		7,014,000
Taxes on income		<u>\$ 5,618,263</u>
NET INCOME		<u><u>\$ 5,618,263</u></u>

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

Year ended December 31, 1952

Balance at January 1, 1952	\$ 34,943,987
Net income for the year	5,618,263
	<u>\$ 40,562,250</u>
Cash dividends paid—\$0.15 a share	2,233,701
Balance at December 31, 1952	<u><u>\$ 38,328,549</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE A—Pension plans are in effect for substantially all employees. For the year 1952, the Company has provided for the maximum contributions under the plans which could be deducted for federal income tax purposes. All of such contributions have been charged against operations for the year and the balance of \$367,471 of contributions for the year 1951, which was deferred in that year, has also been written off.

The unfunded cost of past service under the plans, as estimated by independent actuaries, amounted to approximately \$15,100,000 at December 31, 1952, which amount may be funded over periods extending up to thirty years from the inception of the plans.

NOTE B—A total of 280,000 shares of common stock in treasury were reserved for options granted during the year 1952 to officers and executives permitting purchase of such shares at prices averaging \$4.94 per share, which prices exceeded 95% of the quoted market price at the dates the options were granted. Options as to 170,000 shares are now exercisable.

NOTE C—Sales of approximately \$68,700,000 to the United States Government are subject to price redetermination and renegotiation, but the Company believes that any adjustments resulting therefrom will have no important effect on these financial statements.

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

ERNST & ERNST

Board of Directors,
Packard Motor Car Company,
Detroit, Michigan.

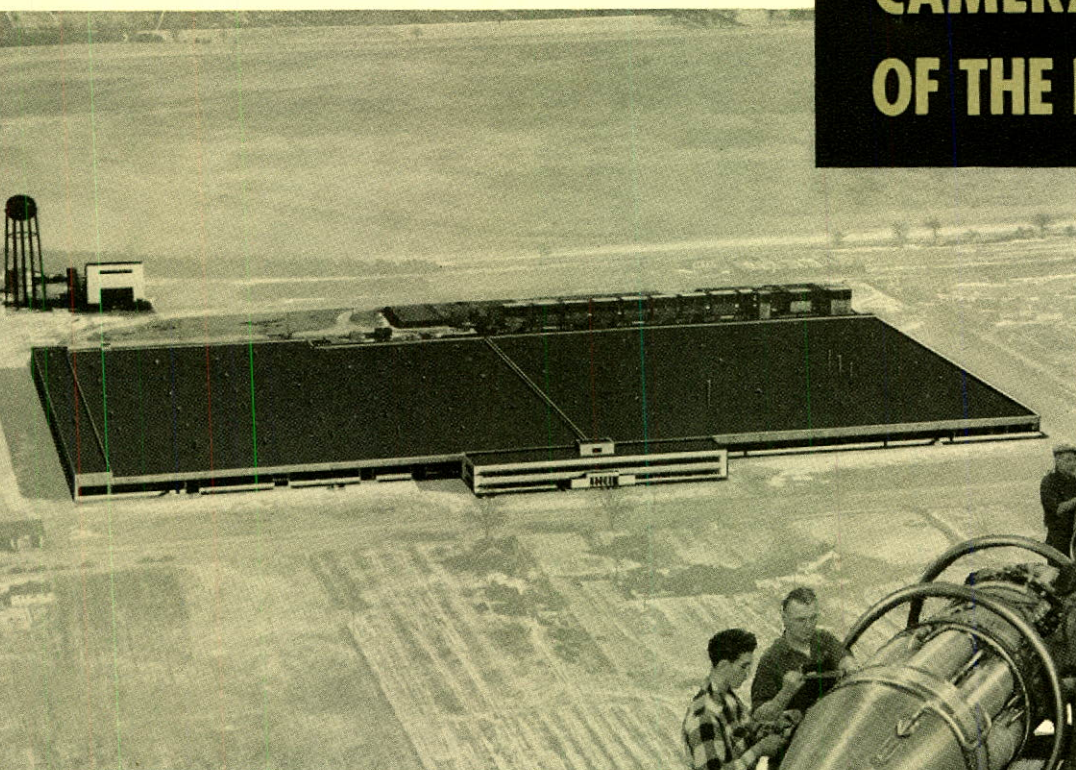
We have examined the consolidated balance sheet of Packard Motor Car Company and its subsidiary as of December 31, 1952, and the related statements of income and income retained for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. It was not practicable to confirm receivables from the United States Government by direct correspondence, as to which receivables we satisfied ourselves by means of other auditing procedures.

In our opinion, the accompanying statements present fairly the consolidated financial position of Packard Motor Car Company and its subsidiary at December 31, 1952, and the consolidated 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.


Certified Public Accountants

Detroit, Michigan
March 2, 1953

CAMERA HIGHLIGHTS OF THE PACKARD YEAR

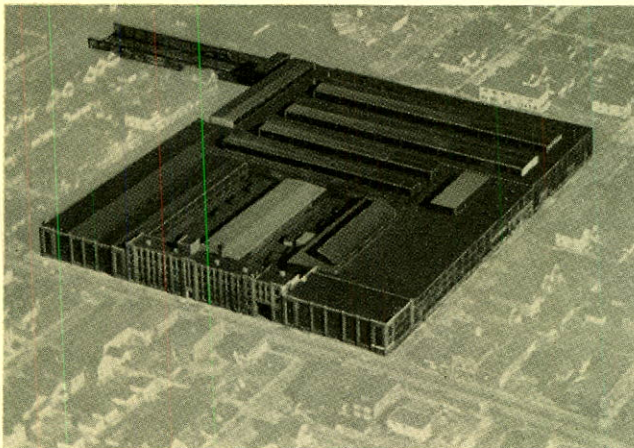


NEW PLANT: adjoining the Proving Grounds at Utica, Mich., this modern new building with over 780,000 square feet of the finest facilities was completed, tooled up and launched on jet engine production for the U.S. Air Force.

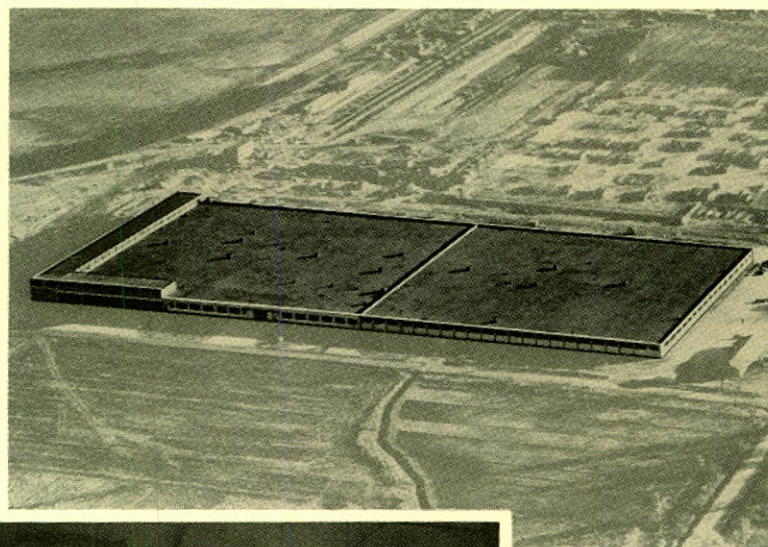


JET PRODUCTION: volume output of jet engines for such U.S. Air Force planes as the mighty B-47 is proceeding in the new Utica Plant as part of Packard's defense assignments.

MODERN SERVICING: single floor functioning over 400,000 square feet in this fresh addition to the Utica Plant yields the industry's best service parts warehouse operation for better dealer and customer satisfaction.

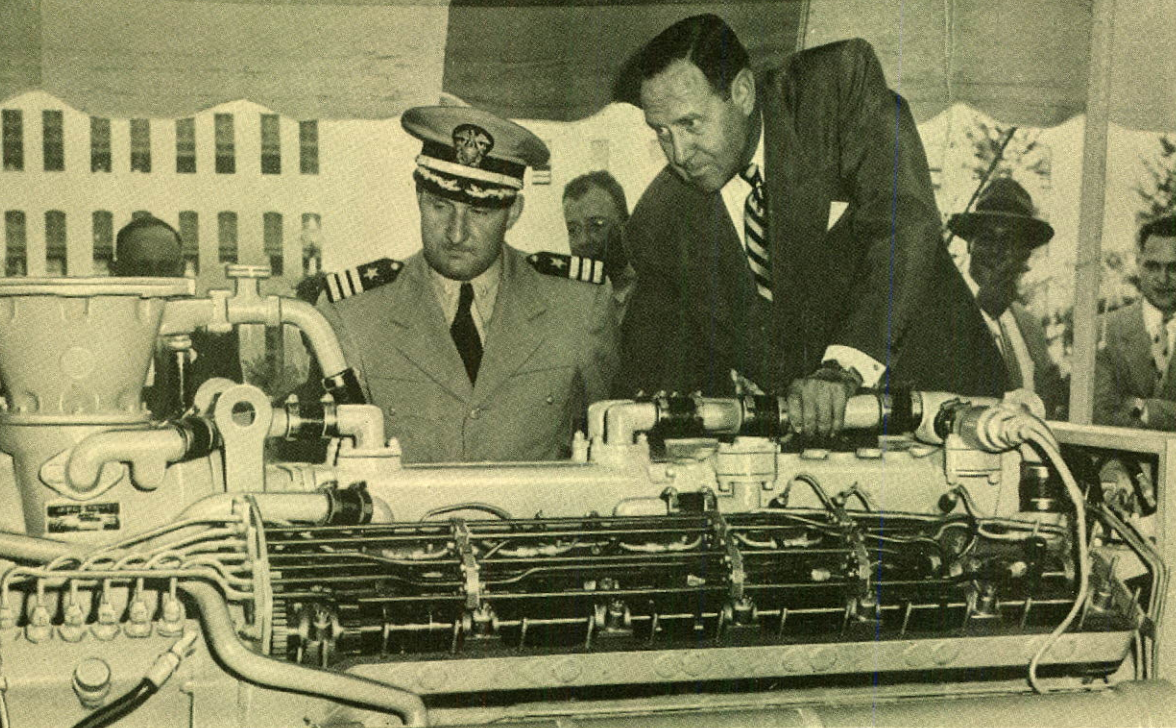


LATEST PROPERTY: just blocks from the main Factory, this new Packard property adds over 325,000 square feet of manufacturing area and currently quadruples forge operations for the jet engine program.



FAST FACILITIES: special equipment and storage arrangements in this new and modern Service Parts Warehouse speed shipments for quick handling of orders from Packard dealers and their customers.

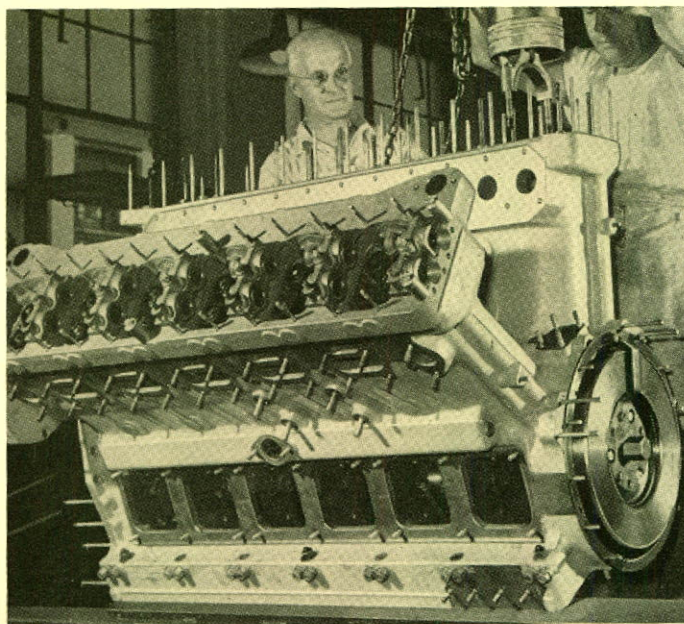




NAVY RECOGNITION: official ceremonies marked Packard's return to the marine engine field with this revolutionary light-weight diesel here delivered by president Nance to Commander A. V. Jones, Navy Bureau of Ships.

DIESEL PROGRESS: Packard designed and developed diesel engines are up to schedule in a program which gives the U.S. Navy power plants about one-third the weight of conventional diesels.

VENDOR PARTNERS: new advance in vendor relations was a "Partners in Progress" car preview and dinner for Packard's 500 largest vendors to learn the new Packard program.



STAFF EDUCATION: fresh step in acquainting supervision with all aspects of the business was a new-model and marketing plan preview given to plant supervisors at a Saturday-long field day.



DOUBLE LINES: two car-assembly lines went into operation after the announcement of 1953 models in view of increased public demand for cars.

SAFETY RECORD: foreman Kirby Stebelton shows machinist Vincent Kara a newly developed plastic guard, one device that gave Packard its lowest accident rate in years—60 percent below average for metal-working industries.



GOOD CITIZENS: company and union team in a blood bank operation that sends 10 volunteers each week to the Red Cross who cite the Packard plan as a model for industry to follow in meeting the great need for blood donations.



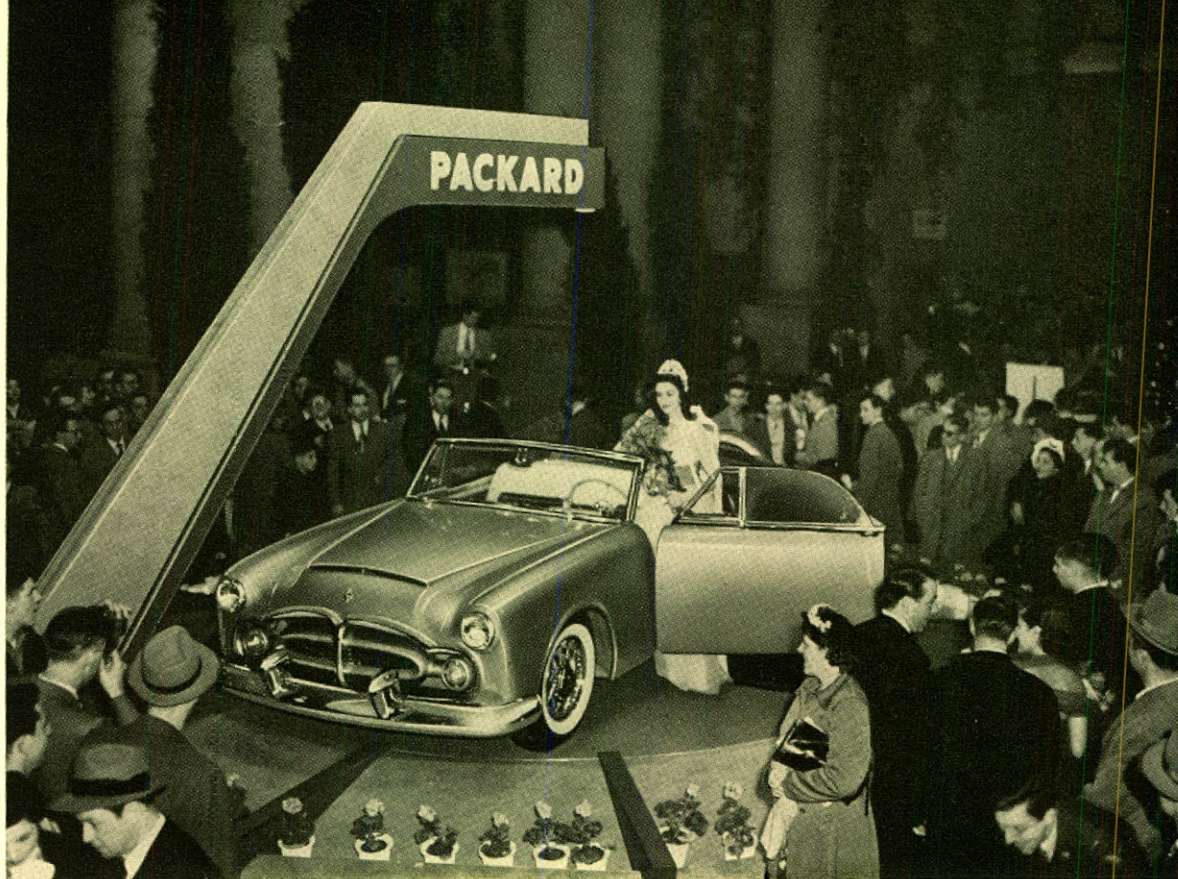
MORE EMPLOYMENT: increased activity in line with plans for an expanded future stepped up employment 82.3 percent during the year contrasted with an industry rise of 24.9 percent.



TRAINING YOUTH: directors of our Junior Achievement clan meet with Packard heads (center standing) who guide a neighboring school group on practical application of the free enterprise system in all its phases.



PRIZE MODEL: the Pan-American, modern exponent of advanced Packard contour styling now being widely copied, captured public fancy, and first prize at New York's International Motor Sports Show.



FIELD MEETINGS: over 12,000 sales and service personnel crammed five meetings held nationwide by top management to introduce the new Packards with a slogan for dealer activity.

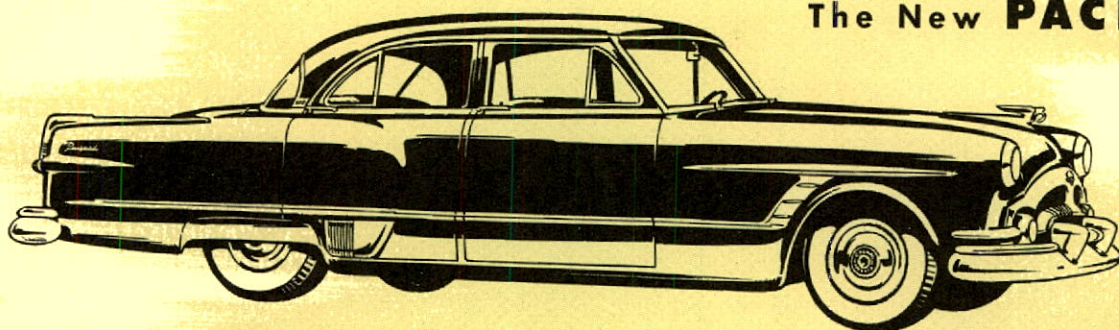
SALES ENTHUSIASM: dealer previews of the new Packards at advance field showings scored new highs of pleased comment on 1953 product from those who sell and service our cars.

DEALER EXPANSION: more than 250 new dealers have been signed in a continuing program of distribution growth typified by the addition of this handsome outlet in Indianapolis.



PACKARD

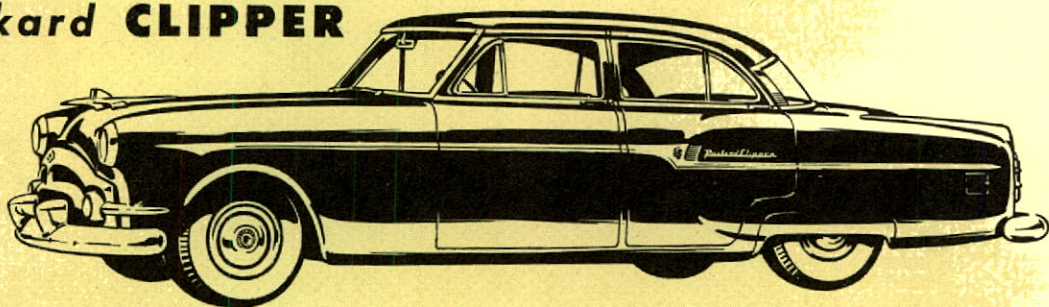
Introduces Two New Lines Of Cars



The New **PACKARD**

From America's oldest maker of quality automobiles comes today's new choice in fine cars—the advanced contour-styled **PACKARD**.

The New *Packard* **CLIPPER**



Now Packard presents the *Packard* **CLIPPER**—
a brand-new line of precision-built automobiles offering
BIG-car value at medium-car cost.

A S K T H E M A N W H O O W N S O N E



AS AN OWNER OF PACKARD...BE A PACKARD OWNER