

MAY 25 1944

# Mack

*Annual Report*  
*and*  
*Consolidated Balance Sheet*  
*of*  
**MACK TRUCKS, INC.**  
*and Subsidiary Companies*  
*December 31, 1943*



## BOARD OF DIRECTORS

Louis G. Bissell, Chairman

E. D. Bransome  
George E. Clark  
John N. Marshall  
William S. Newell

Clarkson Potter  
Walter E. Reid  
C. T. Ruhf  
F. F. Staniford

## TRANSFER AGENT OF STOCK

Guaranty Trust Company of New York, New York City

## REGISTRAR OF STOCK

Bankers Trust Company, New York City

## OFFICERS

C. T. Ruhf, . . . . .	<i>President</i>
F. F. Staniford, . . . . .	<i>Vice President-Sales Manager</i>
J. E. Savacool, . . . . .	<i>Vice President-Comptroller</i>
L. C. Josephs, Jr., . . . . .	<i>Vice President-Chief Engineer</i>
C. W. Haseltine, . . . . .	<i>Vice President-Secretary-Treasurer</i>
T. V. Homan, . . . . .	<i>Asst. Secretary-Asst. Treasurer</i>
F. W. Sommer, . . . . .	<i>Asst. Secretary-Asst. Treasurer</i>
F. R. Harrison, . . . . .	<i>Assistant Secretary</i>
H. S. Conklin, . . . . .	<i>Auditor</i>
A. W. Rice, . . . . .	<i>Branch Auditor</i>

The Annual Meeting of Stockholders will be held on April 26, 1944. The management will solicit proxies for this meeting and proxy material will be mailed to stockholders about March 18, 1944.

TO THE STOCKHOLDERS OF  
MACK TRUCKS, INC.

Enclosed herewith is Consolidated Balance Sheet at December 31st, 1943 and Statement of Consolidated Operations for the year ended December 31st, 1943 of your Corporation and its subsidiary companies, certified by Arthur Young & Company.

These statements show net sales for 1943 in the sum of \$124,681,113. after provision for renegotiation in the sum of \$1,000,000. as compared with net sales for the year 1942 in the amount of \$9 1,874,750. after renegotiation.

The renegotiation proceedings with the United States Government for the year 1942 referred to in the Annual Report of the Company for that year were later concluded by a settlement. The effect of such settlement on the accounts for 1942 was a reduction in net sales of \$5,300,000., a reduction in the provision for Federal Income Taxes of \$3,887,000. (after allowing for a **reduction** in postwar credit of \$406,000.), and accordingly a reduction of \$1,413,000. in net profit. This amount of \$1,413,000., equivalent to \$2.37 per share, was charged to earned surplus. The provision of \$1,000,000. made in the accounts in respect of possible renegotiation for 1943 is **puted** on the general basis used in the renegotiation settlement for 1942, after giving effect to the **repricing** in 1943, of various government contracts pursuant to such settlement. Renegotiation **proceedings** for 1943 are expected in the near future.

The enclosed statements show net income for 1943 in the sum of \$3,073,088. after the **provision** of \$1,000,000. for renegotiation as explained above, and a reserve of \$500,000. for postwar **adjustment**, as compared with net income of \$1,575,432. for 1942, after reserves of \$1,000,000. for postwar adjustment and \$500,000. for frozen inventory, and after adjustment for renegotiation.

The net income, as reported for 1943, amounts to \$5.14 per share of stock outstanding, as compared with \$5.00 per share for 1942 before renegotiation and \$2.63 per share for 1942 after renegotiation. Dividends aggregating \$3.00 per share were paid during 1943, equalling in amount the dividends paid in 1942.

Negotiations were completed in 1943 for a Regulation V-Loan providing the Corporation with a revolving credit of \$50,000,000. of which \$25,000,000. has been borrowed.

Your Corporation has continued its participation in the war effort to an increasing degree and most of the business for 1943 was for military purposes. The backlog of orders for such purposes remains at a high level. There is a prospect of the resumption, to some degree, of commercial production during 1944. An Army-Navy "E" Star Award was received by the three principal plants of the Corporation for continuance of the meritorious services which were accorded an Army-Navy "E" award in 1942.

At the end of 1943 there were 11,847 employees on the payrolls of the Corporation. Work was generally steady during most of the year. Wages rose during the year. Nearly 2,900 employees have entered the armed forces of the nation. Employees during 1943 purchased War Bonds and Stamps through the Corporation in the aggregate sum of nearly \$1,650,000.

During the year, for administrative efficiency, the General Offices of the Corporation were moved from Long Island City to the Empire State Building, in New York City.

We record with regret the resignation of Mr. H. W. Croft from the Board of Directors, after continuous service for more than twenty years. His wise counsel and great ability contributed vitally to the progress of the Corporation.

To all our officers, managers and employees we express again our appreciation of the work they have done and of the contributions they have made to the activities of the Corporation.

By order of the Board of Directors.

LOUIS G. BISSELL  
Chairman of the Board

C. T. RUHF  
President

# MACK TRUCKS, INC.

## CONSOLIDATED BALANCE SHEET

### A S S E T S

#### CURRENT ASSETS :

Cash in Banks and on Hand.. . . . .	\$27,528,691.74
Accounts Receivable--	
U. S. Government Departments .....	\$ 9,335,897.31
Other (less Reserve \$134,705.47) .....	<u>2,349,880.79</u> 11,685,778.10
Installments Receivable (less Reserve \$200,000.00) (Note A) .....	1,116,080.55
Inventories (less Reserve \$500,000.00) (Note B).....	<u>29,457,718.12</u>
Total Current Assets (Note C) .....	\$69,788,268.51

EMERGENCY PLANT FACILITIES-Reimbursable by U. S. Government.... 162,868.31

SU NDRY INVESTMENTS (less Reserve \$21,500.00)—at Cost or Nominal Value 757,534.99

POST-WAR REFUND OF EXCESS PROFITS TAX ..... 2,006,148.35

#### FIXED ASSETS—At Cost :

Real Estate .....	\$1,721,647.09
Buildings and Building Equipment.. ..	\$13,300,587.80
Machinery and All Other Equipment .....	<u>16,251,443.97</u>
	\$29,552,031.77
Less : Reserve for Depreciation .....	<u>21,238,036.05</u> 8,313,995.72
Emergency Facilities-Company Owned.....	\$1,341,642.29
Less : Reserve for Amortization.. ..	<u>424,723.67</u> <u>916,918.62</u> 10,952,561.43

DEFERRED CHARGES (prepaid taxes, insurance premiums, etc.) ..... 618,662.39

\$84,286,043.98

See Notes to

# AND SUBSIDIARIES

STATEMENT AT DECEMBER 31, 1943

## LIABILITIES AND CAPITAL

### CURRENT LIABILITIES :

Notes Payable to Banks--Regulation "V" Loan (VT Type) (Note D).....	\$25,000,000.00
Accounts Payable _____	7,144,824.69
Accrued Accounts (taxes, except Federal income taxes, wages, commissions, insurance premiums, etc.).....	5,220,426.46
Provision for Federal Income and Excess Profits Taxes and for Renegotiation Refund (Notes E, F and G).....	\$13,602,330.93
<i>Less</i> : United States of America Treasury Notes Tax Series C, at cost .....	<u>10,000,000.00</u> <u>3,602,330.93</u>
Total Current Liabilities.....	\$40,967,582.08
RESERVE FOR POST-WAR ADJUSTMENTS .....	2,500,000.00
MINORITY INTERESTS .....	2,300.00

### CAPITAL STOCK :

	<i>Shares</i>	
Common, No Par Value--		
Authorized	<u>517,973</u>	
Outstanding	<u>597,335</u>	Stated at \$5 per share.....
		2,986,675.00

### SURPLUS :

Capital Surplus Paid-In (unchanged during the year) .....	\$25,874,547.26
Earned Surplus (per accompanying statement) (Notes D and F).....	<u>11,954,939.64</u> <u>37,829,486.90</u>

\$84,286,043.98

## MACK TRUCKS, INC., AND SUBSIDIARIES

### STATEMENT OF CONSOLIDATED OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1943

SALES — NET (after provision for renegotiation refund — Note F) .....	\$124,681,113.25
COST OF GOODS SOLD, SELLING AND GENERAL ADMINISTRATIVE EXPENSES (*) (Note H) .....	<u>110,330,544.48</u>
NET OPERATING PROFIT FOR YEAR .....	\$ 14,350,568.77

**Add :**

Interest on Installments Receivable-- .....	\$ 269,746.21
Rental Income .....	120,588.75
Miscellaneous Other Income-- .....	<u>122,044.46</u>
	\$ 512,379.42

Less : Interest paid .....	364,860.03	<u>147,519.39</u>
----------------------------	------------	-------------------

NET PROFIT FOR YEAR BEFORE FEDERAL INCOME AND EXCESS PROFITS TAXES .....	\$ 14,498,088.16
--	------------------

**Deduct :**

Estimated Federal Income Taxes—			
Normal tax and surtax .....	\$1,250,000.00		
Excess profits tax .....	\$10,750,000.00		
Less : Post-war credit .....	1,075,000.00	9,675,000.00	<u>10,925,000.00</u>

NET PROFIT FOR YEAR .....	\$ 3,573,088.16
---------------------------	-----------------

Less : Provision for Post-War Adjustments .....	<u>500,000.00</u>
---	-------------------

BALANCE OF INCOME FOR YEAR, TRANSFERRED TO EARNED SURPLUS (Note F) .....	<u>\$ 3,073,088.16</u>
--	------------------------

(\*) Includes provision for reserves for depreciation and amortization of \$1,060,455.00.

### STATEMENT OF CONSOLIDATED EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1943

EARNED SURPLUS AT DECEMBER 31, 1942 .....	\$12,779,573.55
---	-----------------

Add : Balance of income for year, per accompanying statement of consolidated operations .....	<u>3,073,088.16</u>
	<u>\$15,852,661.71</u>

**Deduct:**

Adjustment resulting from settlement of Federal income taxes through 1941 and adjustment of provision for 1942 taxes to basis of such settlement — net .....	\$ 692,717.52
--	---------------

Reduction in net profit for the year 1942 resulting from renegotiation of war contracts to December 31, 1942 (after adjustment of provision for Federal income and excess profits taxes applicable thereto) (Note E) .....	1,413,000.00
--	--------------

Cash dividends on common stock .....	<u>1,792,004.55</u>
--------------------------------------	---------------------

\$ 3,897,722.07

EARNED SURPLUS AT DECEMBER 31, 1943 (Notes D and F) .....	<u>\$11,954,939.64</u>
---	------------------------

See Notes to Financial Statements.

## MACK TRUCKS, INC., AND SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS AT DECEMBER 31, 1943

#### Note A:

Installments receivable, of which \$603,792.00 are due at dates subsequent to December 31, 1944, are secured by chattel mortgages, conditional sales agreements or leases.

#### Note B:

Inventories are stated at average cost with proper provision for obsolete items. All such inventory values are less than the selling market after allowing for selling expenses. No inter-company profits are included in inventory.

#### Note C:

Current assets include \$416,517.48 of cash and \$128,769.74 of other current assets in respect of the Company's Canadian subsidiary, converted at current rate of exchange. Such assets are realizable in United States currency only under permit from the Canadian Foreign Exchange Control Board. There is included in the statement of consolidated operations the net profit of such subsidiary which is not material in amount.

#### Note D:

Notes payable to banks — Regulation "V" Loan (VT Type) are outstanding pursuant to an agreement providing for a revolving credit in the aggregate amount of \$50,000,000.00 and in which the Company agrees that it will not declare a dividend nor make any other distribution to stockholders which would reduce the consolidated earned surplus below \$8,000,000.00 and further, that dividends or other distributions to stockholders (other than stock dividends, if any) shall not exceed consolidated net earnings after December 31, 1942. At December 31, 1943 the portion of the consolidated earned surplus not available for dividends or other distributions in cash was \$10,673,856.03.

#### Note E:

In 1943 the Company refunded to the United States Government, under a renegotiation agreement with the Price Adjustment Board, War Department, the sum of \$5,300,000.00 in respect of sales to December 31, 1942, subject to renegotiation. The effect of this settlement (after deduction of applicable federal income taxes) is a reduction in the balance of income for the year 1942 from \$2,988,432.11 to \$1,575,432.11 or a net reduction of \$1,413,000.00 which is charged to earned surplus.

#### Note F:

Renegotiation proceedings for the year 1943 are expected in the near future. A provision of \$1,000,000.00 has been made in the accounts in respect of possible renegotiation for 1943 on the general basis used in the renegotiation settlement for 1942, taking into consideration that during the year 1943 various contracts with the Government were repriced.

#### Note G:

The federal income tax returns filed for all years up to and including 1941 have been reviewed by the Bureau of Internal Revenue and final settlement made. The return filed for 1942 and the provision for income and excess profits taxes for 1943 are subject to review and final determination by the Bureau of Internal Revenue.

#### Note H:

Beginning January 1, 1943 the Company changed its accounting treatment of tools, jigs, dies and patterns acquired for the manufacture of products for civilian use. Such tools are now being capitalized and amortized over a period of years, the previous practice being to write off such items upon acquisition. The effect of this change on the operations for the year is not material.

#### Note I:

No provision has been made in the accounts for such future payments as may be made under annuity plan adopted by the Company in 1940 and extended in 1942. The Company has the right to modify, suspend or discontinue the plan in whole or in part at any time, and the future cost of same will be charged to operations as paid. The estimated cost of purchasing, at the present time, the balance of retirement benefits in respect of past services would approximate \$985,000.00.



NEW YORK  
CHICAGO  
DALLAS  
KANSAS CITY  
LOS ANGELES  
MILWAUKEE  
PITTSBURGH  
TULSA  
LONDON, ENGLAND

**ARTHUR YOUNG & COMPANY**  
ACCOUNTANTS AND AUDITORS  
1 CEDAR STREET  
**NEW YORK 5, N. Y.**

CERTIFICATE OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS

**Mack Trucks, Inc.**

New York, N. Y.

We have examined the consolidated balance sheet of MACK TRUCKS, INC., AND SUBSIDIARIES at December 31, 1943 and the statements of consolidated operations and earned surplus for the year then ended, have reviewed the system 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. It was not practicable to confirm receivables from the United States Government, as to the substantial accuracy of which we satisfied ourselves by other means. 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 statements of consolidated operations and earned surplus, present fairly the position of **Mack Trucks, Inc.**, and Subsidiaries at December 31, 1943, 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, except for the change in the treatment of tools, jigs, dies and patterns (as explained in Note H to the financial statements) which change we approve.

ARTHUR YOUNG & COMPANY

New York, N. Y.

March 7, 1944.

## B R A N C H E S

AKRON, O.....	695 Johnston Street
ALBANY, N. Y.....	1062 Broadway
ALLENTOWN, PA.....	727 Union Boulevard
ATLANTA, GA.....	730 Peachtree Street N. E.
BALTIMORE, MD.....	1210 East 20th Street
BIRMINGHAM, ALA.....	2 12 1 Second Avenue South
BOSTON, MASS.....	75 No. Beacon Street ( <b>Allston</b> )
BRIDGEPORT, CONN.....	3240 Fairfield Avenue
BRONX, N. Y.....	<b>Leggett</b> Avenue and Barry Street
BROOKLYN, N. Y.....	415 Third Avenue
BUFFALO, N. Y.....	267 Michigan Avenue
CHARLOTTE, N. C.....	1400 South Mint Street
CHICAGO, ILL.....	33rd Street and Wentworth Avenue
CINCINNATI, O.....	1223 West Eighth Street
CLEVELAND, O.....	7001 Carnegie Avenue
DALLAS, TEX.....	1900 South Ervay Street
DES MOINES, IOWA.....	106 East Grand Avenue
DETROIT, MICH.....	5 133 Grand River Avenue
ERIE, PA.....	2519 West 12th Street
HARRISBURG, PA.....	2020 <b>Paxton</b> Street
HARTFORD, CONN.....	709 Windsor Street
HOUSTON, TEX.....	3005 Harrisburg Boulevard
INDIANAPOLIS, IND.....	421 Kentucky Avenue
JACKSONVILLE, FLA.....	2203 West Beaver Street
JERSEY CITY, N. J.....	1079 West Side Avenue
KANSAS CITY, MO.....	2605 Warwick Boulevard
LONG ISLAND CITY, N. Y.....	48th Avenue and 34th Street
LOS ANGELES, CAL.....	1501 South Central Avenue
LOUISVILLE, KY.....	23 11 South Brook Street
MANCHESTER, N. H.....	549 Second Street
MILWAUKEE, WIS.....	1730 West North Avenue
MINEOLA, N. Y.....	393 Jericho Turnpike
MINNEAPOLIS, MINN.....	2505 University Avenue (Midway)
MONTREAL, CANADA.....	1501 St. James Street West
NEWARK, N. J.....	1239 Broad Street
NEW BRUNSWICK, N. J.....	438 Raritan Avenue (Highland Park)
NEWBURGH, N. Y.....	138 Mill Street
NEW HAVEN, CONN.....	72 Orange Avenue (West Haven )
NEW ORLEANS, LA.....	740 Carondelet Street
NEW YORK, N. Y.....	625 West 42nd Street
NORFOLK, VA.....	118 West 24th Street
OKLAHOMA CITY, OKLA.....	3 East Tenth Street
PATERSON, N. J.....	<b>State</b> Highway No. 6 (East Paterson)
PHILADELPHIA, PA.....	2647 East York Street
PITTSBURGH, PA.....	Liberty Avenue and Gross Street
PITTSTON, PA.....	702 Exeter Avenue (West Pittston)
PORTLAND, ME.....	18 Bedford Street
PORTLAND, ORE.....	7 N. E. Oregon Street
POUGHKEEPSIE, N. Y.....	205 Delafield Street
PROVIDENCE, R. I.....	630 Broadway
READING, PA.....	12 12 Moss Street
RICHMOND, VA.....	1 200 North Boulevard
ROCHESTER, N. Y.....	1357 University Avenue
SACRAMENTO, CAL.....	3 124 Folsom Boulevard
ST. LOUIS, MO.....	Chouteau Avenue at Jefferson
ST. PAUL, MINN.....	2505 University Avenue (Midway )
SALT LAKE CITY, UTAH.....	507 South Main Street
SAN FRANCISCO, CAL.....	1745 Folsom Street
SEATTLE, WASH.....	701 Ninth Avenue North
SPRINGFIELD, MASS.....	18 Osborne Terrace
SYRACUSE, N. Y.....	923 West <b>Genesee</b> Street
TAMPA, FLA.....	17 12 <b>Platt</b> Street
TORONTO, CANADA.....	88 1 Bay Street
UTICA, N. Y.....	103 Seneca Street
WASHINGTON, D.C.....	2 12 1 West Virginia Avenue N. E.
WATERBURY, CONN.....	114 4 South Main Street
WHITE PLAINS, N.Y.....	158 Westchester Avenue
WORCESTER, MASS.....	306 Belmont Street