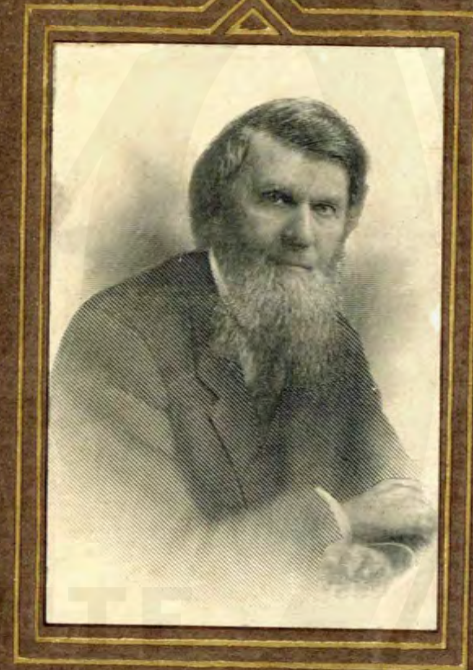


HISTORY OF THE
STUDEBAKER
CORPORATION



ALBERT RUSSEL ERSKINE

HISTORY OF THE STUDEBAKER CORPORATION



STUDEBAKER SHOP AND HOME

ASHLAND, OHIO
1835

HISTORY OF The Studebaker Corporation

BY
ALBERT RUSSEL ERSKINE®

Dedicated to the Memory of My Friend
JOHN MOHLER STUDEBAKER

INSTITUTE



THE STUDEBAKER CORPORATION

General Offices: South Bend, Ind.
Works: South Bend, Ind., Detroit, Mich., Chicago, Ill.,
and Walkerville, Ont.

DIRECTORS

FREDERICK S. FISH, Chairman

WADDILL CATCHINGS	HERBERT H. LEHMAN
FREDERICK P. DELAFIELD	PHILIP LEHMAN
A. R. ERSKINE	L. J. OLLIER
F. STUDEBAKER FISH	GEO. M. STUDEBAKER
HENRY GOLDMAN	J. M. STUDEBAKER, JR.
C. C. HANCH	A. B. THIELENS
A. BARTON HEPBURN	M. F. WOLLERING

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WADDILL CATCHINGS	HERBERT H. LEHMAN
FREDERICK P. DELAFIELD	GEO. M. STUDEBAKER
A. R. ERSKINE	J. M. STUDEBAKER, JR.
FREDERICK S. FISH	

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FREDERICK S. FISH	M. F. WOLLERING
C. C. HANCH	

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M. F. WOLLERING	Vice-President
L. J. OLLIER	Vice-President
C. C. HANCH	Treasurer
H. E. DALTON	General Auditor
A. G. RUMPF	Secretary
C. D. FLEMING	Assistant Treasurer
W. P. SHILLINGTON	Assistant Treasurer
GEO. A. FULMER	Assistant Treasurer
J. M. PETERSON	Assistant Treasurer

HAWKINS, DELAFIELD AND LONGFELLOW, New York	Counsel
TOUCHE, NIVEN & Co., New York and Chicago	Auditors
LAWYERS TITLE & TRUST Co., New York	Transfer Agent
COLUMBIA TRUST Co., New York	Registrar
FIRST TRUST & SAVINGS BANK, Chicago	Transfer Agent
HARRIS TRUST & SAVINGS BANK, Chicago	Registrar

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PREFACE

THIS BOOK is written for the information of the 3,000 stockholders of The Studebaker Corporation, the 12,000 dealers in its products living throughout the world, its 15,000 employees and numberless friends.

Studebaker products have been manufactured and sold for nearly seven decades, and its name is a household word wherever vehicles are used. There are few trade names in American industry older or more highly regarded than the name "Studebaker," which has always stood for quality and fair dealing, and this name today is the greatest asset the corporation owns. Buildings, machinery and operating organizations can be replaced for money, but an old and honored trade name can only be acquired by merit and through the lapse of time.

During the past seven years The Studebaker Corporation has spent \$6,000,000 for advertising, yet it fully recognizes that the quality of its products and the satisfaction they give customers are, in the last analysis, the only safe foundation for the upbuilding and perpetuation of its name. It is the ambition of the author, who is its President, to continue the policies toward the public which will add luster to the name "Studebaker."

*South Bend, Indiana,
February 25, 1918*

A. R. E.



JOHN STUDEBAKER
1799-1877

THE STUDEBAKER BROTHERS

THE ancestors of the Studebaker family first arrived in America at the port of Philadelphia on September 1, 1736, on the ship Harle, from Rotterdam, Holland, as shown by the original manuscripts now in the Pennsylvania State Library at Harrisburg, and included Peter Studebecker, age 38 years; Clement Studebecker, age 36 years; Henry Studebecker, age 28 years; Anna Margetha Studebecker, age 38 years; Anna Catherine Studebecker, age 28 years. The last part of the name, "becker," was afterwards changed to "baker." The tax list of what was then Huntingdon Township, York County, Pennsylvania, in 1798-9, showed among the taxables were Peter Studebaker, Sr., and Peter Studebaker, Jr., wagon-makers, which trade later became the foundation of the family fortune and the corporation which now bears the name.

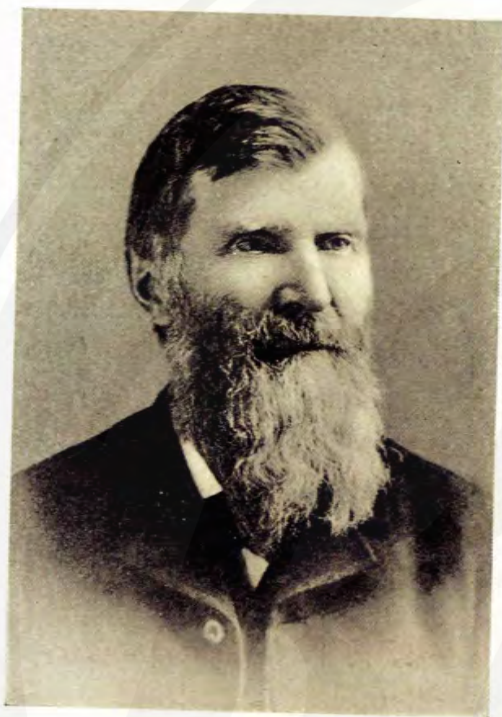
John Studebaker, father of the five brothers, born in Adams County, Penn-



REBECCA MOHLER STUDEBAKER
1802-1887

THE STUDEBAKER BROTHERS

sylvania, was the son of Peter Studebaker. In 1830 he bought property near Gettysburg, Pennsylvania, on which he built a brick house and shop in which he pursued the trade of blacksmith and wagon builder. Becoming imbued with the pioneer spirit, he resolved to go West and grow up with the country. So he disposed of his property in 1835 and moved with his family and worldly possessions to Ashland, Ohio, making the trip overland in three wagons, one of Conestoga pattern, drawn by four horses. Here he bought property and again established himself as a blacksmith and wagon builder, working industriously and practicing frugality. Striving for success, he encountered the hardships of those days, and for some years found life a hard struggle. With a small income and a large family, it was necessary for his wife to spin and weave the cloth and make the clothes of the family, which included ten children. Brighter days followed in later years,

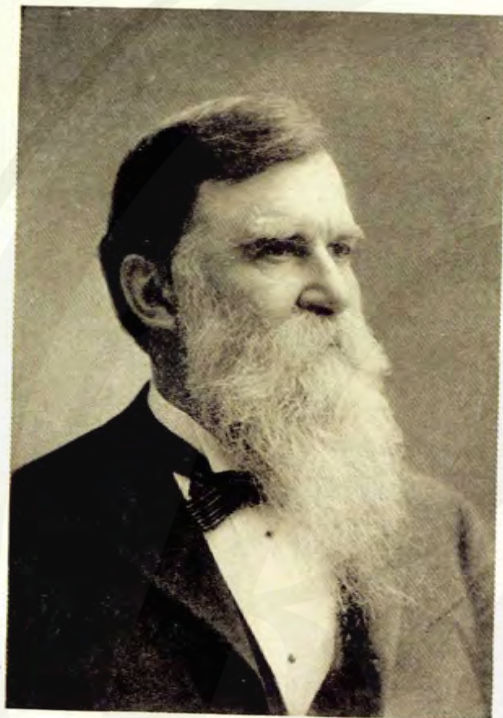


HENRY STUDEBAKER
1826-1895

THE STUDEBAKER BROTHERS

and ultimately he and his wife moved to South Bend and lived there until their death.

The boys were put to work early. On one occasion the three oldest boys drove fifty miles into an adjoining county and worked as harvest hands at small wages for some weeks. They returned home with sixty dollars, which they gave to their father. When the older boys became of age, their father urged upon them the importance of getting an independent start in life, so about 1850 Henry and Clem went overland to South Bend, Indiana, where Clem taught school for a time and also worked at blacksmithing for 50 cents per day. Here, in 1852, the two brothers, under the firm name of H. & C. STUDEBAKER, began blacksmithing and wagon-building, with a capital of sixty-eight dollars and two forges. The first year they built two wagons, one of which was in constant daily use for thirty-three years.

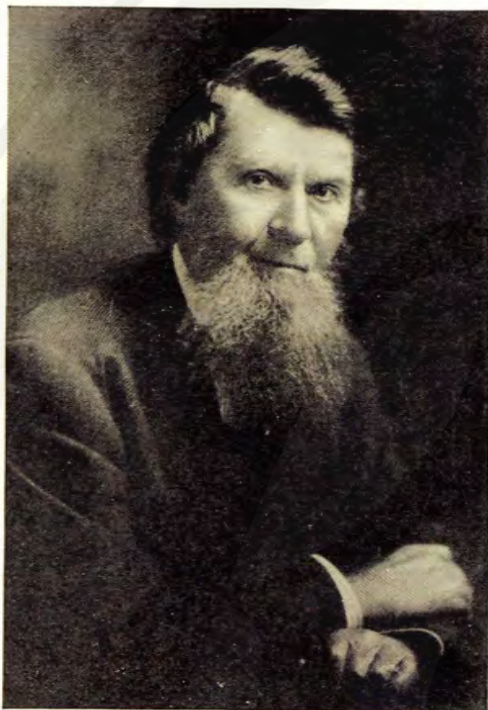


CLEMENT STUDEBAKER
1831-1901

THE STUDEBAKER BROTHERS

John M. came to South Bend to join his brothers, but, meantime, gold had been discovered in California and thousands of venturesome men, traveling in wagons, were rushing out there to Eldorado in quest of fortune. These were the rosy pioneer days, and men were daring, so it was natural for young John M., then nineteen, to become interested. He determined to go, and he and his brothers built a wagon which he traded to an expedition for his passage and board. This was one of the wagons of the caravan which arrived at old Hangtown, Cal. (now Placerville), five months later, in good condition. They arrived in 1853, and in 1912, when John M. returned to Hangtown and gave a reunion dinner to the old settlers and friends of his youth, he recounted his experience in graphic words. He said:

"We were more than five months on the road, and landed right here on this square in August, 1853, and I had but fifty



JOHN MOHLER STUDEBAKER
1833-1917

THE STUDEBAKER BROTHERS

cents in my pocket. Although that was my only earthly possession, my spirit was not daunted, for we were all led to believe that all we had to do was to go out on the morrow and dig all the gold that the heart could desire. Of course, a big crowd gathered around us, and while we were trying to get them to talk about the gold mines, they insisted on asking questions about what had happened in the States since they had heard from their friends. While the hubbub was going on, a man came up and asked if there was a wagon-maker in the crowd of new arrivals. They pointed me out, and he asked, 'Are you a wagon-maker?' 'Yes sir,' I answered, as big as life, with my fifty-cent piece in my pocket. He offered me a job in his shop, and I replied, 'I came to California to mine for gold.' After he had gone, a man stepped up very politely and said, 'Will you let me give you a little advice, young man?' and upon my replying in the affirmative, continued, 'Take that job and take it quick'. His manner impressed me. He said that there would be plenty of time to dig gold, it wasn't always a sure thing, and that the job just offered me was a mighty fine chance for a stranger. I was



PETER EVERST STUDEBAKER
1836-1897

THE STUDEBAKER BROTHERS

impressed, and decided to go to work for the wagon-maker. He wanted me to make wheelbarrows for the miners, and arranged to pay me ten dollars each for my work. The tools were poor, and material only pitch pine lumber. I stuck to the job, made many wheelbarrows, and put my money in the bank. I soon found that hundreds and thousands of the pioneers who tried the mines never made a cent, but those who stuck to steady jobs at good wages and saved their money were doing well. We worked many a night all night, frequently making miners' picks and repairing stage coaches, which came in late, and had to get out at six o'clock in the morning."

Meantime, back in South Bend, the little firm of H. & C. Studebaker was having a hard time financing its business, was confronted with judgments, and about to go under. They had few tools, bought their material as needed from a local hardware store, and usually traded their wagons to farmers for live stock or crops, or took notes in payment. Money was scarce and seldom

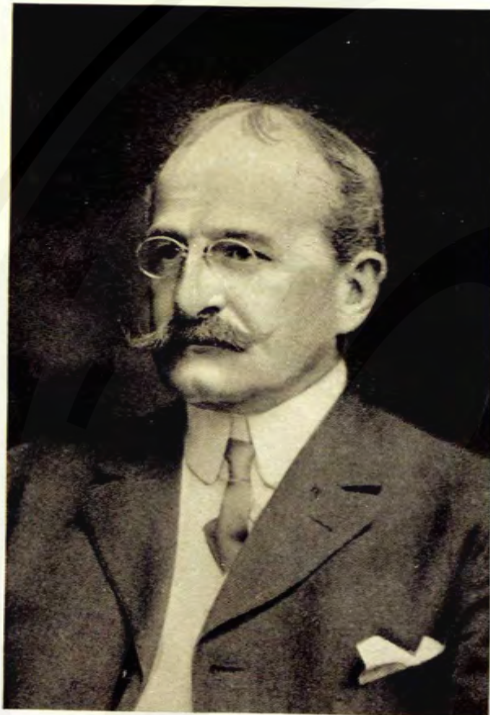


JACOB FRANKLIN STUDEBAKER
1844-1887

THE STUDEBAKER BROTHERS

obtained for sales. They appealed to John M. to come back to South Bend and join them in business. Accordingly, after five years of life in California, he yielded to their suggestions and took passage on a sailing ship for New York, via the Isthmus of Panama, with \$8,000 he had earned in gold nuggets sewed in a leather belt and strapped around his waist. Upon arrival at South Bend, he invested his money in the business and bought out the interest of his brother Henry, who being discouraged and preferring a rural life, decided to retire and become a farmer. This new money rehabilitated the firm of H. & C. Studebaker and assured its future prosperity. At that time, in 1858, the total assets of the firm were valued at \$10,000.

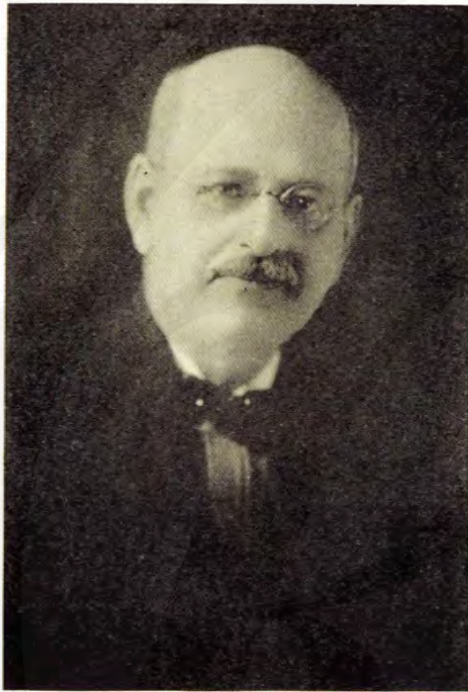
Peter E., the fourth brother, who had been a merchant in Goshen, Ind., shortly afterwards cast his lot with the firm and became an important factor in its management.



FREDERICK SAMUEL FISH
CHAIRMAN OF BOARD

THE STUDEBAKER BROTHERS

During the next ten years the business prospered, and in 1867 the factory buildings covered four acres of ground; 140 mechanics were employed; the pay roll amounted to over \$1,500 per week; and the inventory of material was sufficient for about six thousand vehicles.



HENRY GOLDMAN
DIRECTOR

STUDEBAKER BROTHERS MFG. CO.

ON January 1, 1868, the net tangible assets of H. & C. Studebaker amounted to \$223,269.06, and the sales to about \$350,000 annually. Thus had the business grown to such extent that it was determined to form a corporation, and, accordingly, Studebaker Brothers Manufacturing Company was organized March 26, 1868, under the statutes of Indiana, with a capital of \$75,000, paid in one-third each by Clem, John M. and Peter E. Studebaker, who were elected directors. Clem was elected President, John M., Treasurer, and Peter E., Secretary, at annual salaries of \$2,000 each.

The capital of the company in common stock was increased by stock dividends in 1875 to \$1,000,000, and in 1896 to \$3,600,000, and in 1906, \$1,500,000 six per cent preferred stock was issued for cash.



H. & C. STUDEBAKER
FACTORY
1856

STUDEBAKER BROTHERS MFG. CO.

In 1870 Jacob F. joined the company as a salesman, and about this time Peter E. was sent to St. Joseph, Mo., where he established a branch house to handle the trade of the pioneers, who were crossing the country in wagons in great numbers. Later, branches were established in Salt Lake City, San Francisco, Kansas City, Portland, Dallas, Minneapolis, Chicago, New York, Denver and other large cities.

Clem Studebaker, President of the company thirty-three years, was a public-spirited, high-minded man of democratic disposition, honored in his home town and by the Nation. In 1897, a reunion of former residents at Ashland, Ohio, was attended by 10,000 people, among whom were the three Studebaker brothers, it being their first visit since their removal nearly fifty years before. Clem was the spokesman for the family, and read a most interesting paper, reciting an unvarnished story of the early ups

The Great Failure
at
South Bend Indiana
of
Studebaker Bros

Have you to supply the people of Northern Indiana and Southern Michigan with their Superior Carriages

Buggies and
Farm Wagons

has induced them to take this method of informing the public that they have greatly increased their facilities for manufacturing by introducing said machinery of the latest invention, enlarging their factory and securing the services of the most skillful and experienced mechanics in the country. They are thus enabled to turn out the most perfect work and in such quantities as to be able to supply all desirous of purchasing. They especially call the attention of Farmers to their present style of Farm Wagons. Having secured the services of Mr. H. W. Ingersoll to superintend our woodwork department and Mr. P. F. Ingersoll as master blacksmith, who are well known to be two of the most accomplished mechanics in the West, we feel confident in claiming that our heavy work does and shall stand unrivalled in this country for strength, durability and

finish. Our timber is of the best quality and thoroughly seasoned under cover and we employ only the best mechanics in all departments of our business. Farmers! If you wish to buy double wagons, carriages or buggies, or any thing else in our line, do not fail to come to South Bend and examine our work and we pledge ourselves to satisfy you that we do not exaggerate and that our prices are such as will meet the exigencies of short crops or any other misfortune.

South Bend Indiana
May - 1867

Studebaker Bros.

FACSIMILE OF AN OLD ADVERTISEMENT IN
CLEM STUDEBAKER'S HANDWRITING; FOUND
IN AN OLD SCRAP BOOK

STUDEBAKER BROTHERS MFG. CO.

and downs of the family, its struggles and triumphs, and the poverty which had encompassed all. Seldom was told a more pathetic and realistic tale of the struggles of a pioneer family. His death, in 1901, at the age of seventy, was mourned by numberless friends throughout the land. A splendid memorial church, erected to his memory by his widow, adorns the city of South Bend, where he lived for fifty years.

John M. Studebaker was in charge of the manufacturing department for forty-five years, during which time he personally supervised the building of nearly all vehicles that left the factory. He built into these products his sturdy, honest character, and to this fact, perhaps more than any other, is due the world-wide confidence in Studebaker products. Upon the death of Clem, he succeeded to the presidency, but continued to devote himself to the manufacturing department with the intensity



STUDEBAKER FACTORIES, SOUTH BEND—1868

STUDEBAKER BROTHERS MFG. CO.

and determination of purpose that was his chief characteristic. After a life of incessant industry and hard application, this philosopher and friend of man, crowned with worldly success and held in high esteem, the last of the five brothers, died at South Bend March 16, 1917, aged eighty-three years.

Peter E. Studebaker, a man of strong personality, affable and popular, was known throughout the country. Like his brothers, he never forgot the early hardships of his life, and upon one occasion, in delivering an address to a body of workmen, said:

“Workmen, I know what it is to be poor, I know what it is to work for fifty cents a day and board myself; I know what it is to wish for the first white shirt; I know what it is to live week in and week out on mush and milk; I know what it is to sleep next to a clapboard roof and have the snow blow in and cover my head; I know what it is to stand on the outside of a circus tent and hear



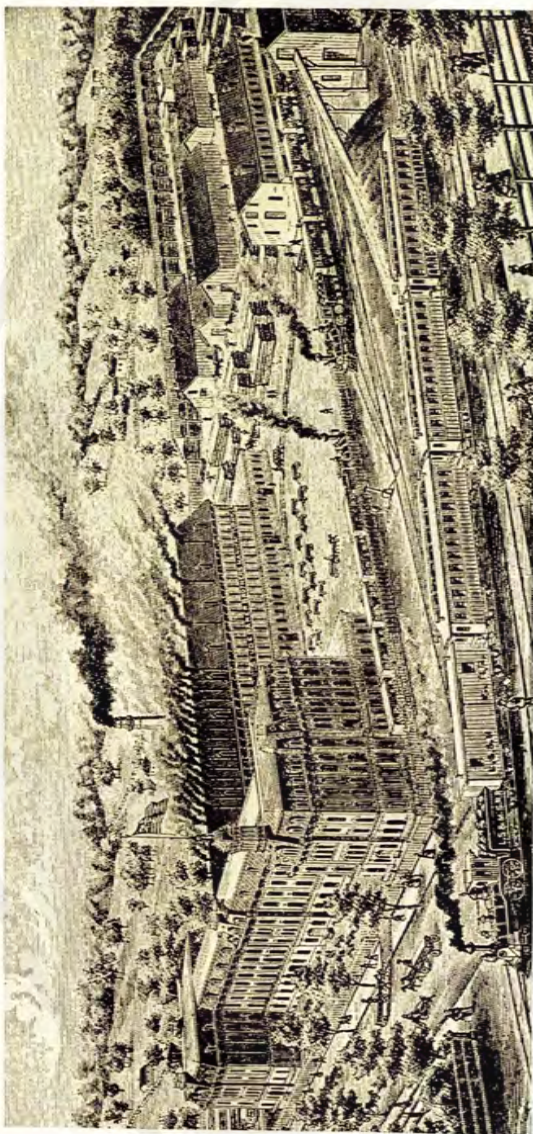
FIRST STUDEBAKER BRANCH
ST. JOSEPH, MISSOURI
1870

STUDEBAKER BROTHERS MFG. CO.

the music and the clown within, and wish I had a quarter to take me in; I know more—I know what it is to look wishfully in a show case, filled with ginger-bread, and wish I had a penny to buy some. Knowing these things from hard experience, I say it makes my blood boil to hear any man say one word that will tend to encourage a man in a waste of time and idleness.”

Peter E. Studebaker died in 1897, aged sixty-one years, the week following his return from the reunion at Ashland, and his death was a shock to the community in which he lived. He was Vice-President of the company, and its manager, at the time of his death.

The Studebaker brothers were all of philanthropic and generous disposition. Among their notable gifts is a \$250,000 Y. M. C. A. building in the city of South Bend, presented in October, 1908, when the following resolution was passed by the directors of the company:

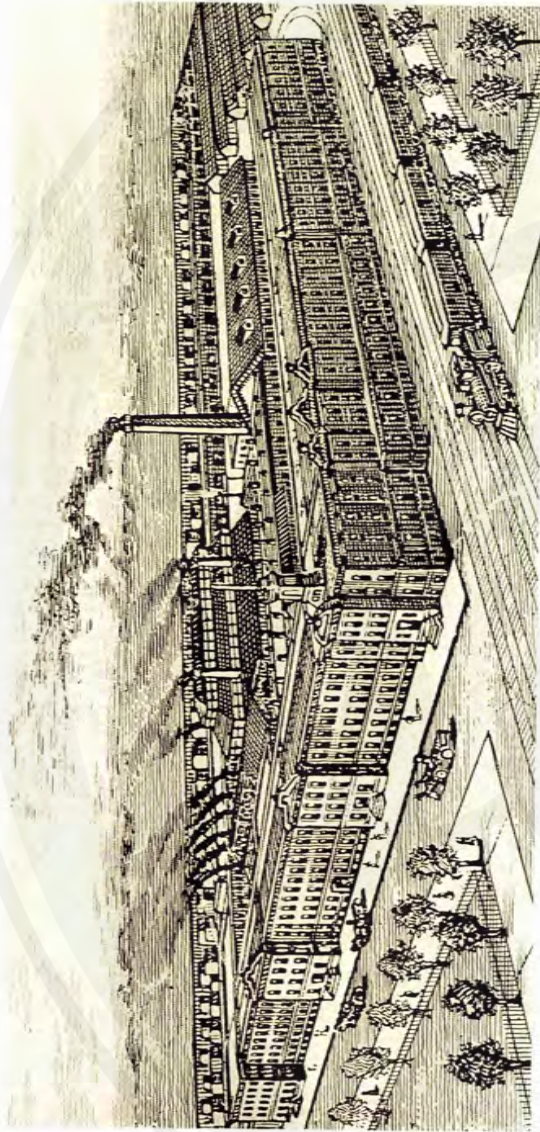


STUDEBAKER FACTORIES, SOUTH BEND—1872
(Destroyed by fire in 1874)

STUDEBAKER BROTHERS MFG. CO.

"Studebaker Brothers Manufacturing Company is prompted to this gift by a keen sense of the great worth resulting from the work of the Young Men's Christian Association in any community, by the desire to furnish a medium for the perpetuation of that work, and through this gift not only to conserve that purpose, but also to erect a perpetual monument to the memory of the five brothers—Henry, Clem, John M., Peter E. and Jacob F. Studebaker, whose business activity and industry, covering a period of more than half a century, contributed to the up-building of their community and the possibility for Studebaker Brothers Manufacturing Company to make this contribution for the development of the well being and usefulness of young men."

The Studebaker brothers were friends and associates of the early pioneers of Chicago, including such men as George M. Pullman, Nelson Morris, P. D. Armour, J. B. Forgan, Marshall Field and Cyrus H. McCormick, and were large investors in Chicago real estate, which in after years returned handsome profits to them and



STUDEBAKER FACTORIES, SOUTH BEND—1876

STUDEBAKER BROTHERS MFG. CO.

their children. They built the Studebaker Repository, on Michigan Avenue, in 1885, which was the handsomest business building on the boulevard at that time, and later, in 1898, converted it into the Fine Arts Building, that has since served as a congenial home for the artists of Chicago in music, painting and sculpture, and includes the Studebaker Theatre and the Fine Arts Theatre.

They also built large buildings for branch houses in Kansas City, Salt Lake City, Denver and Portland, and had others erected on long-term leases in New York City, San Francisco, Minneapolis and elsewhere.

In 1891 Frederick S. Fish, of Newark, N. J., who had married a daughter of J. M. Studebaker, associated himself with the three brothers in the conduct of the business, as a director and general counsel of the company. Mr. Fish was a practicing lawyer of New Jersey,

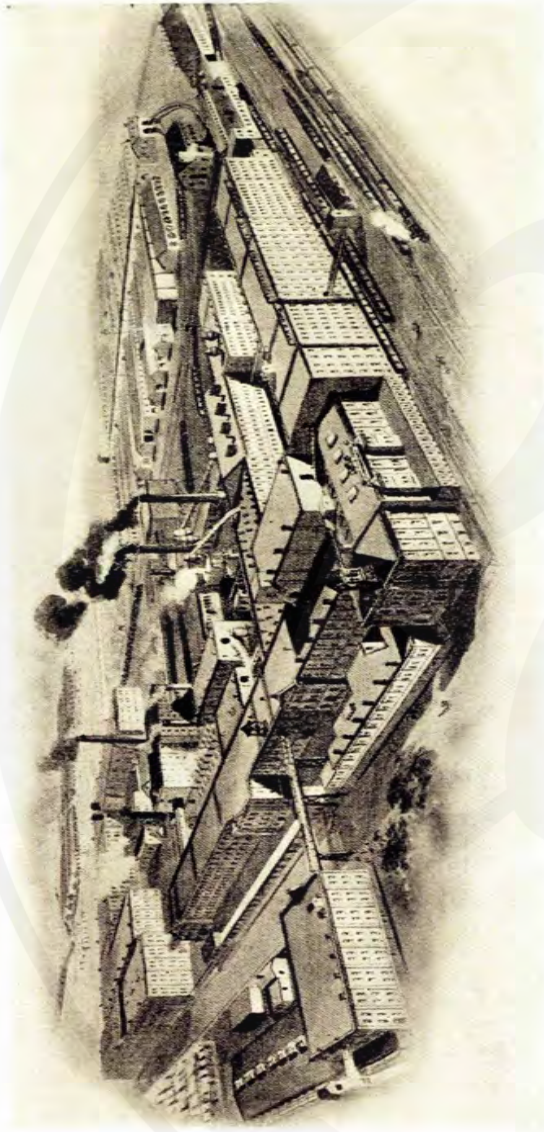


STUDEBAKER REPOSITORY
CHICAGO, ILLINOIS
1885

STUDEBAKER BROTHERS MFG. CO.

admitted to its bar in 1876, and was president of the senate of New Jersey in 1887. His business activities were largely in the direction of corporations, and particularly in the city of New York. In 1897, on the death of Peter Studebaker, he became chairman of the executive committee of the company, and thereafter was a dominating influence in the conduct of its affairs. Owing to his foresight, initiative and effort, the company became interested in the horseless vehicle, and thereafter expanded into the automobile business, and ultimately merged into The Studebaker Corporation.

Sons and sons-in-law of the Studebaker brothers were active in the management of affairs. Col. George M. Studebaker, Clement Studebaker, Jr., J. M. Studebaker, Jr., and Frederick Studebaker Fish served apprenticeships in different departments and rose to important official positions, with membership on the board.



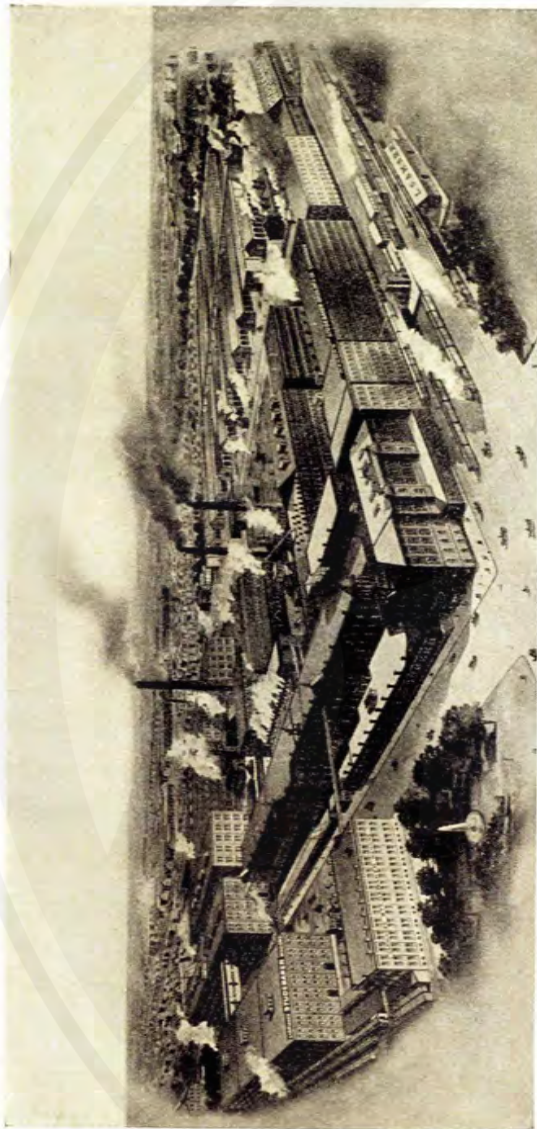
STUDEBAKER FACTORIES, SOUTH BEND—1890

STUDEBAKER BROTHERS MFG. CO.

Nelson J. Riley, from St. Joseph, Mo., Charles A. Carlisle, from Toledo, H. D. Johnson, from Monroe, Mich., and William R. Innis, from New York, sons-in-law, served many years in executive positions and upon the board. All of these men rendered valuable assistance in the conduct of the business.

Col. Studebaker, J. M. Studebaker, Jr., and Frederick Studebaker Fish, all large stockholders, continue on the directorate, while the two former also serve as members of the executive committee.

Being the world's largest producers of horse-drawn vehicles, it was inevitable, with the advent of the automobile in the late 90's, that the company should become interested in this new vehicle and its possible bearing upon its future business. Hence, we find the company, in the spring of 1897, building and experimenting with a "horseless vehicle," as it was described in the minutes of the



STUDEBAKER FACTORIES, SOUTH BEND—1900

STUDEBAKER BROTHERS MFG. CO.

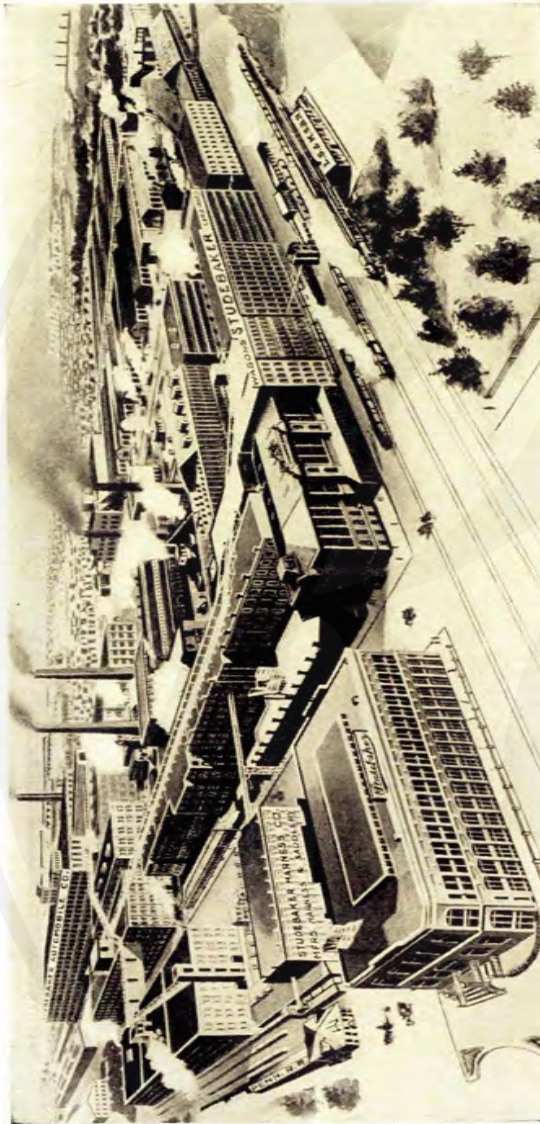
directors of May 12th of that year, also in 1899, building bodies for electric runabouts made by another company. And, in 1902, actually launching into the building of electric runabouts and trucks, of which twenty were sold in that year, and a total of 1,841 up to 1912, when it abandoned electric machines. Also, in 1904, the company began building gasoline propelled automobiles, and during the next seven years built and sold 2,481 passenger cars and trucks, the chassis of which were made on contract by another company, while the bodies were produced in its own plants at South Bend, and final assembly completed there. The sales value of the 4,322 electric and gasoline cars was \$9,169,563.03. The first electric runabout produced was sold February 12, 1902, to F. W. Bles, of Macon, Mo., and the first gasoline car, a sixteen-horse-power two-cylinder machine, sold July 22, 1904, to H. D. Johnson, South Bend, Ind. Being assured of the future of the automobile, the



Y. M. C. A.
A STUDEBAKER GIFT
TO SOUTH BEND
1908

STUDEBAKER BROTHERS MFG. CO.

management now perceived the necessity of embarking into the business on a large scale commensurate with its position in the vehicle industry, and sufficient to employ the facilities of its large plants and its sales organization throughout the world. Moderately-priced automobiles that could be built and sold in large quantities were the necessary answer to this problem, and therefore, in September, 1908, the company effected an agreement with the Everett-Metzger-Flanders Company, of Detroit, then being organized to manufacture machines of this character, under which it obtained exclusive rights for the sale of Studebaker-E-M-F cars. It later acquired substantial stockholdings in the Everett-Metzger-Flanders Company and, in 1910, complete ownership of its business, plants, assets and trade names. As will be seen in the succeeding chapter, this undertaking proved quite successful. Great automobile plants have since been constructed and acquired, in Detroit,

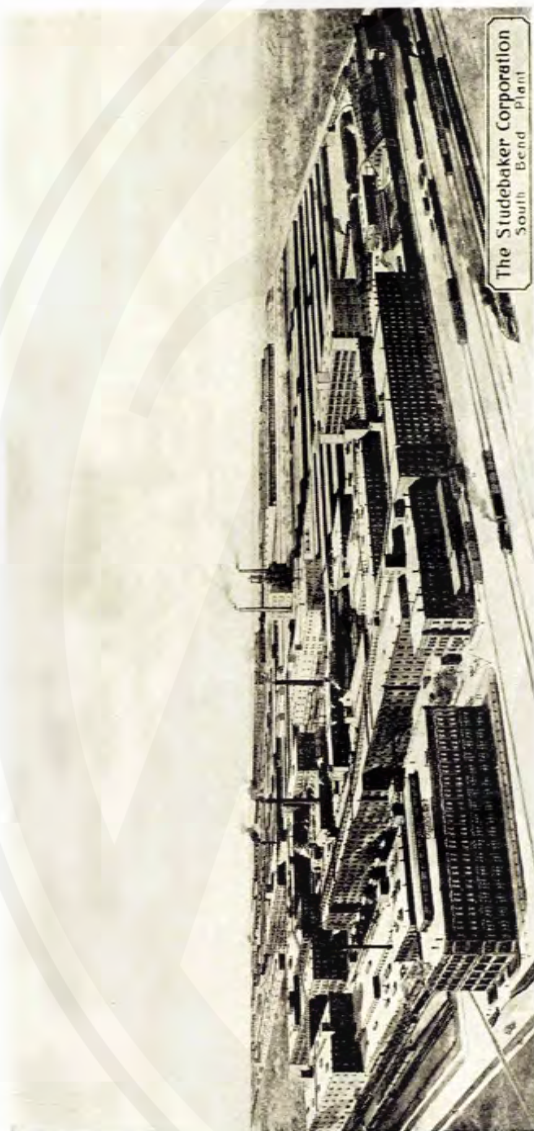


STUDEBAKER FACTORIES, SOUTH BEND—1910

STUDEBAKER BROTHERS MFG. CO.

Chicago and Walkerville, Ont., with a present capacity, including facilities at South Bend, of 100,000 automobiles per annum.

During the forty-three years that Studebaker Brothers Manufacturing Company operated as a corporation, it manufactured and sold over one million horse-drawn vehicles of all kinds, and large quantities of harness, the total sales value of which amounted to \$119,249,000, as shown by the following table:



The Studebaker Corporation
South Bend plant

STUDEBAKER FACTORIES, SOUTH BEND—1918

STUDEBAKER BROTHERS MFG. CO.

SALES AND DIVIDENDS

YEAR	SALES	DIVIDENDS
1868	\$ 360,619.25	
1869	463,246.76	
1870	566,212.46	
1871	608,614.30	\$107,587.48
1872	687,963.55	
1873	820,019.59	
1874	761,116.95	
1875	1,032,040.96	150,000.00
1876	996,846.05	
1877	1,107,269.80	150,000.00
1878	1,180,872.27	150,000.00
1879	1,199,908.24	100,000.00
1880	1,526,143.09	100,000.00
1881	1,670,407.97	100,000.00
1882	1,979,264.82	100,000.00
1883	1,929,460.64	100,000.00
1884	1,776,947.55	100,000.00
1885	1,637,561.25	100,000.00
1886	1,892,602.89	100,000.00
1887	2,155,512.16	200,000.00
1888	2,039,461.78	200,000.00
1889	2,098,396.47	300,000.00
1890	2,161,094.45	300,000.00
1891	2,236,578.59	150,000.00
1892	2,299,605.03	150,000.00
1893	1,896,176.02	
1894	1,636,341.73	100,000.00
1895	2,291,183.67	100,000.00
1896	2,014,205.33	150,000.00
1897	2,785,255.68	144,000.00
1898	3,227,716.91	180,000.00
1899	3,995,519.11	180,000.00
1900	3,970,228.48	216,000.00
1901	3,682,890.89	216,000.00
1902	4,083,000.17	216,000.00
1903	4,695,188.71	216,000.00
1904	4,839,520.68	216,000.00
1905	5,226,540.52	216,000.00
1906	6,818,929.23	216,000.00
1907	7,827,571.92	306,000.00
1908	5,959,790.47	306,000.00
1909	9,507,915.63	306,000.00
1910	9,603,661.32	816,500.68
Totals	\$119,249,403.34	\$6,758,088.16



Studebaker Foundries
South Bend, Ind.

STUDEBAKER FOUNDRIES, SOUTH BEND—1918

STUDEBAKER BROTHERS MFG. CO.

The original balance sheet of the company and its closing balance sheet at the time of its merger into The Studebaker Corporation, are given below:

BALANCE SHEETS

ASSETS	Jan. 1, 1868	Dec. 31, 1910
Cash.....	\$ 175.12	\$ 444,524.94
Receivables.....	91,998.53	4,772,672.74
Investments.....		600,019.13
Inventories.....	123,864.91	12,305,285.30
Plants and Property..	64,175.00	5,984,697.11
Deferred Charges.....		211,124.50
Total.....	\$280,213.56	\$24,318,323.72
LIABILITIES		
Notes Payable.....	\$ 46,532.78	\$8,491,974.02
Accounts Payable....	10,411.72	1,382,386.58
Minority Stock Sub. Co.'s.....		29,100.00
First Mortgage 5% Bonds.....		2,700,000.00
6% Preferred Stock..		1,500,000.00
Common Stock.....		3,600,000.00
Surplus.....	223,269.06	6,614,863.12
Total.....	\$280,213.56	\$24,318,323.72
Net Worth.....	\$223,269.06	\$11,714,863.12



STUDEBAKER FACTORIES, PLANTS 1 AND 10, DETROIT—1918

EVERETT-METZGER-FLANDERS CO.

THE Everett-Metzger-Flanders Company was incorporated under the laws of Michigan, August 4, 1908, with a capital stock of \$500,000, which was increased on October 7th of the same year to \$1,000,000. The company was organized to manufacture and market in large quantities a medium-priced gasoline propelled automobile.

Promptly after the organization of the company, Studebaker made an arrangement with it under which Studebaker obtained certain exclusive rights to sell the product to be known as Studebaker-E-M-F cars. Studebaker shortly afterwards acquired substantial stockholdings in the company and in the following year purchased the remaining stock and became sole owner of the business.

The company, immediately upon organization, acquired by purchase the plant, property and assets of the Wayne Automobile Company of Detroit, and



STUDEBAKER FACTORIES, PLANT 2, DETROIT—1918

EVERETT-METZGER-FLANDERS CO.

in October, 1908, the plants, property and assets of the Northern Automobile Company, of Detroit and Port Huron, increasing its capital stock from \$500,000 to \$1,000,000, to provide the necessary capital. The growth and expansion of the business was so rapid that the company was compelled to increase its plants and facilities, and by October 1, 1909, it operated and owned the following plants:

Wayne Automobile Company,
of Detroit.

Northern Motor Car Company,
of Detroit and Port Huron.

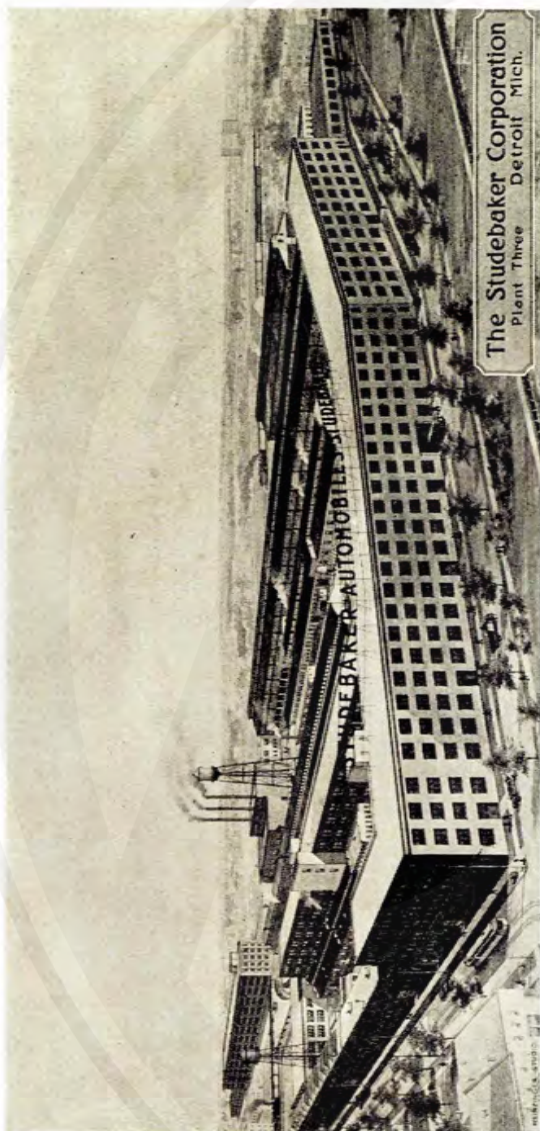
Deluxe Motor Car Company,
of Detroit.

Monroe Manufacturing Company,
of Pontiac, Mich.

Western Malleable Steel Company,
of Detroit.

Pressed Steel Sanitary Manufacturing Company of Detroit.

Everett-Metzger-Flanders Company,
of Canada.



STUDEBAKER FACTORIES, PLANTS 3 AND 4, DETROIT—1918

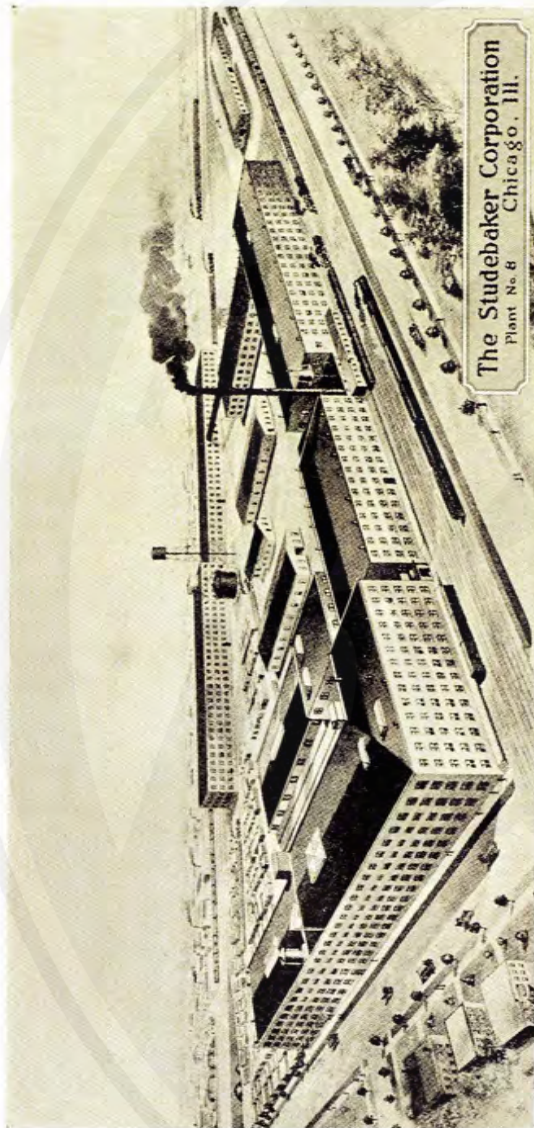
EVERETT-METZGER-FLANDERS CO.

The record of the company during its two and one-half years of operations shows the following remarkable results:

From	Cars Produced	Sales	Net profits
Aug. 4, 1908, to Dec. 31, 1909	8,132	\$7,366,428.27	\$1,607,776.17
Year Ending Dec. 31, 1910	15,300	13,869,986.87	1,606,305.72
Totals	23,432	\$21,236,415.14	\$3,214,081.89

	Dividends	Surplus
Aug. 4, 1908, to Dec. 31, 1909	\$314,824.00	\$1,292,952.17
Year Ending Dec. 31, 1910	250,000.00	1,356,305.72
Totals	\$564,824.00	\$2,649,257.89

The company was merged into The Studebaker Corporation as of December 31, 1910, and the following balance sheets show its condition at the time of its formation and of its later merger:



The Studebaker Corporation
Plant No. 8 Chicago, Ill.

STUDEBAKER FACTORIES, PLANT 8, CHICAGO—1918

EVERETT-METZGER-FLANDERS CO.

BALANCE SHEETS

Assets	Aug. 4, 1908	Dec. 31, 1910
Cash	\$ 52,322.59	\$ 70,492.40
Receivables	55,450.09	919,304.68
Investments		142,494.16
Inventories	95,738.28	2,338,134.62
Plants and Property	153,438.77	3,827,293.23
Deferred Charges	16,358.15	40,234.02
Total	\$373,307.88	\$7,337,953.11
Liabilities		
Notes Payable	\$ 17,873.50	\$1,765,262.67
Accounts Payable	94,434.38	1,923,432.55
Capital Stock(Issued)	261,000.00	1,000,000.00
Surplus		2,649,257.89
Total	\$373,307.88	\$7,337,953.11
Net Worth	\$261,000.00	\$3,649,257.89



STUDEBAKER FACTORIES, WALKERVILLE, CANADA—1918

THE STUDEBAKER CORPORATION

THE necessity for additional capital to finance the development of the automobile business required the organization of The Studebaker Corporation, which acquired the business, plants, and trade names, of Studebaker Brothers Manufacturing Company and Everett-Metzger-Flanders Company and their subsidiary companies, as of December 31, 1910. The Studebaker Corporation was incorporated February 14, 1911, under the laws of the State of New Jersey, with an authorized capitalization of \$15,000,000 of 7 per cent cumulative preferred stock, of which \$13,500,000 was issued, and \$30,000,000 of common stock, all issued, with par values \$100 per share in each case.



TYPES OF BRANCH HOUSES
1918

THE STUDEBAKER CORPORATION

The capitalized tangible assets of the merged companies were obtained from the following sources:

Studebaker Bros. Mfg. Co.—

Original capital and surplus of H. & C. Studebaker...	\$ 223,269.06
Subscribed Capital	75,000.00
6% Preferred Stock issue.....	1,500,000.00
Surplus Profits (43 years).....	9,916,594.06
	<u>\$11,714,863.12</u>

Everett-Metzger-Flanders Co.—

Original Capital...	\$1,000,000.00
Surplus Profits....	2,649,257.89
	<u>\$3,649,257.89</u>

Tangible assets of merged companies.....\$15,364,121.01

To these assets were added the proceeds from the sale at par of a like amount of the 7% Preferred Stock of The Studebaker Corporation, amounting to 8,328,602.35

(Of this, \$2,600,000 was used to retire outstanding First Mortgage Bonds of S. B. M. Co.)

Total assets of the new corporation \$23,692,723.36



HOUSES OF FOREIGN DEALERS—1918

THE STUDEBAKER CORPORATION

These assets were distributed as follows:

Cash	\$ 6,243,619.69
Receivables	5,566,977.42
Investments	742,513.29
Inventories	14,643,419.92
Deferred Charges	251,358.52
Total Quick Assets	\$27,447,888.84
Less all Liabilities	13,567,155.82
Working Capital	\$13,880,733.02
Plants and Property	9,811,990.34
Total Tangible Assets	\$23,692,723.36

Outstanding against these assets was the issue of \$13,500,000 of preferred stock, for which the corporation received par from the bankers who purchased it, and \$30,000,000 of common stock.

The financial reorganization of the Studebaker business was of an ultra-conservative character, in that preferred stock was issued for only 57 per cent of its net tangible assets, which gave the stock an original book value of \$175.50



TYPES OF STUDEBAKER FARM WAGONS

THE STUDEBAKER CORPORATION

per share, of which \$103.03 per share was represented by net quick assets. The common stock had an original book value of \$36.49, of which \$1.47 was net quick assets.

As a result of the retention in the business of 50.9 per cent of the net profits of the past seven years, the book values of these stocks, December 31, 1917, were as follows: Preferred stock, \$355.79 per share, of which \$214.64 was represented by net quick assets. Common stock, after deduction of \$100 for the preferred stock, \$93.49 per share, of which \$41.90 was represented by net quick assets.

The stocks of the corporation, both common and preferred, are listed on the New York, Chicago and Detroit Stock Exchanges.

The charter of the corporation requires that annually, after July 1, 1912, 3 per cent of the largest amount in par value of preferred stock that shall have been



TYPES OF STUDEBAKER BUGGIES

THE STUDEBAKER CORPORATION

issued shall be set apart out of net profits in a special surplus and utilized for the purchase and retirement of preferred stock. In accordance with this provision, the corporation has during the past seven years purchased in the open market and canceled 25,350 shares of preferred stock at a cost of \$2,548,654.17, thereby fulfilling the requirements up to and including the fiscal year of 1918, and reducing the amount of preferred stock outstanding at present to \$10,965,000.

When the corporation was organized it assumed the indebtedness of the merged companies in notes payable amounting to \$10,257,236.69; and although it received \$5,728,602.35 new money at the same time, this money was needed to finance the immediate and continuous growth of the business. The sales of the merged companies in 1910, the last year of their operations, amounted to \$23,-473,600, and if the sales of the new



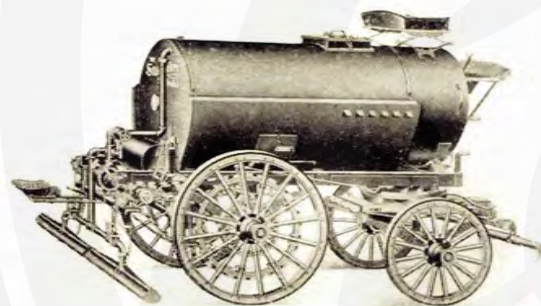
TYPES OF STUDEBAKER DUMP
AND DELIVERY WAGONS

THE STUDEBAKER CORPORATION

corporation had not greatly exceeded this figure, the fresh capital and future profits would have paid off a large part of the floating indebtedness in a few years. Instead of a moderate growth, the new corporation was immediately compelled to finance, in plant additions, increased inventories and increased receivables, a remarkable growth of business, as is shown by the appended table of sales:

Year	No. Automobiles Sold	Total Sales, Including Vehicles and Harness	Increase Over 1910
1911	22,555	\$28,487,900	21.4%
1912	28,523	35,440,300	50.9%
1913	35,410	41,464,900	76.6%
1914	35,460	43,444,200	85.1%
1915	46,845	56,539,000	140.9%
1916	65,885	61,988,600	164.1%
1917	42,357	50,147,500	113.6%
Totals	277,035	317,512,400	93.2 (avg.)

On March 1, 1912, a large part of the indebtedness was funded by the issuance and sale, on very favorable terms,



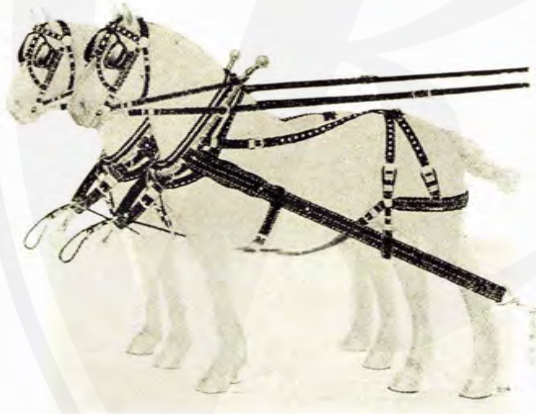
TYPES OF STUDEBAKER FLUSHERS
AND OILERS

THE STUDEBAKER CORPORATION

of \$8,000,000 of five per cent ten-year serial gold notes, payable \$400,000 semi-annually, on September 1st and March 1st, from 1912 to 1922.

In the latter part of 1914, through increase of profits and heavy reduction in vehicle inventories, it was possible to anticipate payment of some of the serial notes, and at the end of that year, the entire floating debt, including serial notes, had been reduced to \$7,400,000.

The profits of the next two years permitted anticipating payment of the remaining serial notes and all bank loans, so that by the spring of 1916 the corporation was entirely freed from floating debt. Additionally, it had also retired \$2,535,000 of preferred stock, and on June 1, 1915, had placed the common stock on a five per cent dividend basis, which was increased to 10 per cent on December 1st of the same year. This 10 per cent rate was continued until August 7, 1917,



TYPES OF STUDEBAKER HARNESS

THE STUDEBAKER CORPORATION

when, on account of changed conditions resulting from the war, it was reduced to a 4 per cent basis. The 7 per cent dividends on the preferred stock have been regularly paid by the corporation from the date of its organization.

The financing of the new corporation was handled by the banking firms of Goldman, Sachs & Co. and Lehman Bros., of New York City, which brought into its counsels and directory several representatives of these firms whose advice and support have proved invaluable to the corporation. Most notable of these has been Henry Goldman, who, as a member of the executive committee, has kept himself constantly informed of all important matters affecting the business, and without any compensation or reward, given it the benefit of his great ability.

Shortly after the outbreak of the war in August, 1914, the English Government, which had used Studebaker wagons



GENERAL LA FAYETTE'S CARRIAGE
Used by him during tour of United States
1824-1825



PRESIDENT LINCOLN'S STATE CARRIAGE
Used during night of his assassination

RELICS IN STUDEBAKER MUSEUM

THE STUDEBAKER CORPORATION

in the Boer War, placed a cable order with the corporation for 3,000 transport wagons selected from its catalog, which order was filled in six weeks. Rapidly following came an order for 20,000 sets of six-horse English artillery harness and 60,000 artillery saddles, probably the largest single order of its kind ever placed. The contract required this order to be completed within twenty weeks, and it was actually completed in sixteen. Orders followed for ambulances, drinking wagons, spare parts, and repeat orders on harness and saddles, while this government bought hundreds of Studebaker cars from the Studebaker house in London.

The corporation also received large orders for vehicles, harness and automobiles from the French and Russian governments, all of which were filled satisfactorily to both parties.

With the entry of our own government into the war, the corporation instantly



GENERAL GRANT'S CARRIAGE
Used during his last term
1873-1877



OLD STUDEBAKER PHAETON
Built by H. & C. Studebaker in 1857

RELICS IN STUDEBAKER MUSEUM

THE STUDEBAKER CORPORATION

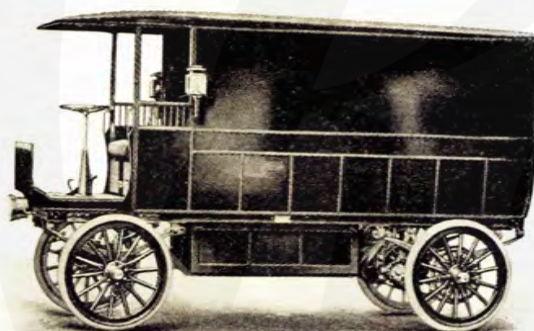
placed its plants at the disposal of the President, and later delegated two of its executives upon important committee work, whose purpose it was to mobilize raw materials, control prices to be paid by the Government and assist it in obtaining its requirements promptly.

At the present time the corporation is devoting half of its plant capacity to Government work, covering orders for large quantities of military supplies of a character suited to our equipment and in line with our manufacturing experience.

To handle this work, it became necessary to reduce our regular manufacturing schedules of automobiles and vehicles and rearrange our plants on a war basis. This undertaking involved some unusual expenses and consumed considerable time, but it is now well accomplished, and we feel gratified at having voluntarily met the issue and placed ourselves in position to serve our Government as long as the



RUNABOUT
1902



PANEL DELIVERY
1904

TYPES OF STUDEBAKER ELECTRIC AUTOMOBILES

THE STUDEBAKER CORPORATION

war may last, freely and without compulsion.

Ample evidence is gradually being disclosed that substantial use and service is expected by the Government from the automobile plants of the country, which are accordingly reducing their output of passenger automobiles.

To what extent this situation will finally curtail the total production of passenger cars, depends upon the duration of the war, but as we have adjusted ourselves to conditions, we hope to maintain our business in a healthy condition, and be prepared to take prompt advantage of the opportunities that will be open to us when peace returns.

A review of the results of the business of the corporation for the seven years ending December 31, 1917, discloses many interesting facts, of which the following are most important:



VICTORIA-PHAETON
1908



COUPE
1912

TYPES OF STUDEBAKER ELECTRIC
AUTOMOBILES

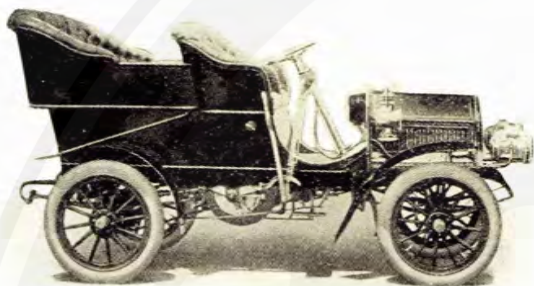
THE STUDEBAKER CORPORATION

Its seven plants at South Bend, Detroit, Chicago, and Walkerville, Ont., cover 167.89 acres, contain 4,704,118 square feet of floor space, and after charging off \$2,193,048.30 for depreciation, represent an investment of \$15,477,186.41.

	Acres	Square feet
South Bend Plants.....	131.90	2,642,581
Detroit Plant No.1....	6.61	518,757
“ “ No.2....	1.88	112,171
“ “ No.3 & 4	16.66	883,241
“ “ No.10...	3.24	140,630
Chicago “ No.8....	4.84	304,400
Walkerville, Ont., Plant	2.76	102,338
Totals.....	167.89	4,704,118

The annual capacity of these plants is 100,000 automobiles, 75,000 horse-drawn vehicles, and about \$10,000,000 worth of automobile and vehicle spare parts and harness.

The products include a complete line of passenger automobiles, with a line of trucks in contemplation, and complete lines of farm wagons, dump wagons, heavy service wagons, sprinklers, flushers, buggies and harness.



STUDEBAKER "TWO"
1904



STUDEBAKER "FOUR"
1908

TYPES OF STUDEBAKER GASOLINE
AUTOMOBILES

THE STUDEBAKER CORPORATION

The industrial pay rolls for 1917 amounted to \$8,677,456.00 and the average number of employees was 9,444.

The average number of employees on the administrative and commercial pay rolls during last year was 2,830 and the salary roll was \$3,526,404.00.

The total salary and pay rolls were \$12,203,860.00 and average number of persons employed was 12,274.

There were 6,000 dealers and 26 branch houses handling Studebaker automobiles throughout the world at the close of the year.

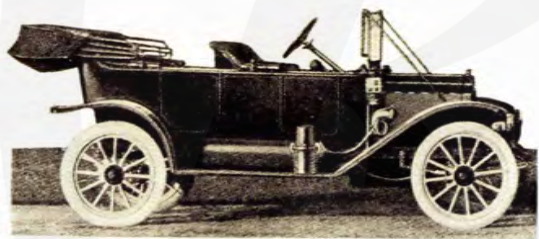
There were 6,000 dealers and 8 branch houses handling Studebaker vehicles and harness throughout the world at the close of the year.

There were 277,035 automobiles and 466,962 horse drawn vehicles sold in the *seven years*.

The total sales during that period amounted to \$317,512,400.



STUDEBAKER "30"
1908



STUDEBAKER "20"
1910

TYPES OF STUDEBAKER GASOLINE
AUTOMOBILES

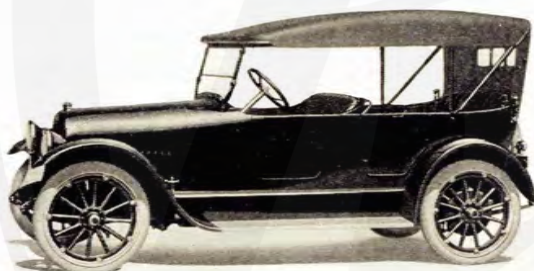
THE STUDEBAKER CORPORATION

The total net profits amounted to \$30,126,600, which was 9.5 per cent of the sales. These net profits were disposed of as follows:

	Total
The regular 7% dividends paid to preferred stockholders amounted to	19.2%
(the preferred stock dividend was earned 5.2 times annually.)	
The dividends paid to common stockholders amounted to	21.5%
(after deducting preferred dividends, the amount remaining for the common stock averaged 11.6% annually.)	
The amount paid to purchase and retire preferred stock was	8.4%
The amount of net profits kept in the business and used to discharge debt and finance growth was	50.9%
Total	100%



STUDEBAKER DELIVERY WAGON
1917



STUDEBAKER LIGHT FOUR
Weight, 2400 lbs.
1918

THE STUDEBAKER CORPORATION

Appended are condensed balance sheets showing the condition of the corporation as of the date of its formation and as of December 31, 1917, from which greatly increased financial strength is evidenced.

INSTITUTE





STUDEBAKER LIGHT SIX
Weight, 2925 lbs.
1913

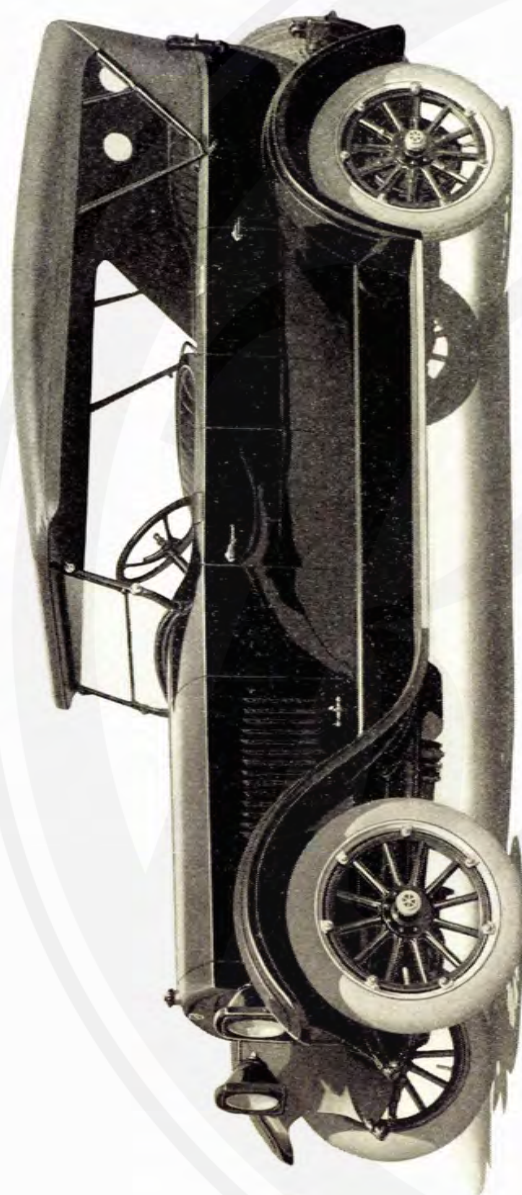


STUDEBAKER LIGHT SIX
Weight, 2800 lbs.
1918

THE STUDEBAKER CORPORATION

BALANCE SHEETS

ASSETS	Dec. 31, 1917	Dec. 31, 1910
Cash.....	\$ 2,528,555.07	\$ 6,243,619.69
Receivables.....	9,325,498.96	5,566,977.42
Investments.....	847,672.17	742,513.29
Inventories.....	21,322,134.35	14,643,419.92
Deferred Charges	358,683.81	251,358.52
Quick Assets ..	\$34,382,544.36	\$27,447,888.84
Plants and Property	\$15,477,186.41	\$ 9,811,990.34
Good Will, Trade Marks, etc.....	19,807,276.64	19,807,276.64
Total.....	\$69,667,007.41	\$57,067,155.82
LIABILITIES		
Notes Payable...	\$ 7,400,000.00	\$10,257,236.69
Other Payables..	3,447,277.78	3,309,919.13
Current Lia- bilities.....	\$10,847,277.78	\$13,567,155.82
Preferred Stock..	\$10,965,000.00	\$13,500,000.00
Common Stock..	30,000,000.00	30,000,000.00
Surplus and Reserves.....	17,854,729.63	
Total.....	\$69,667,007.41	\$57,067,155.82



STUDEBAKER BIG SIX
Weight, 3000 lbs.
1918

THE STUDEBAKER CORPORATION

Summarizing the important features of the foregoing balance sheets, it will be seen:

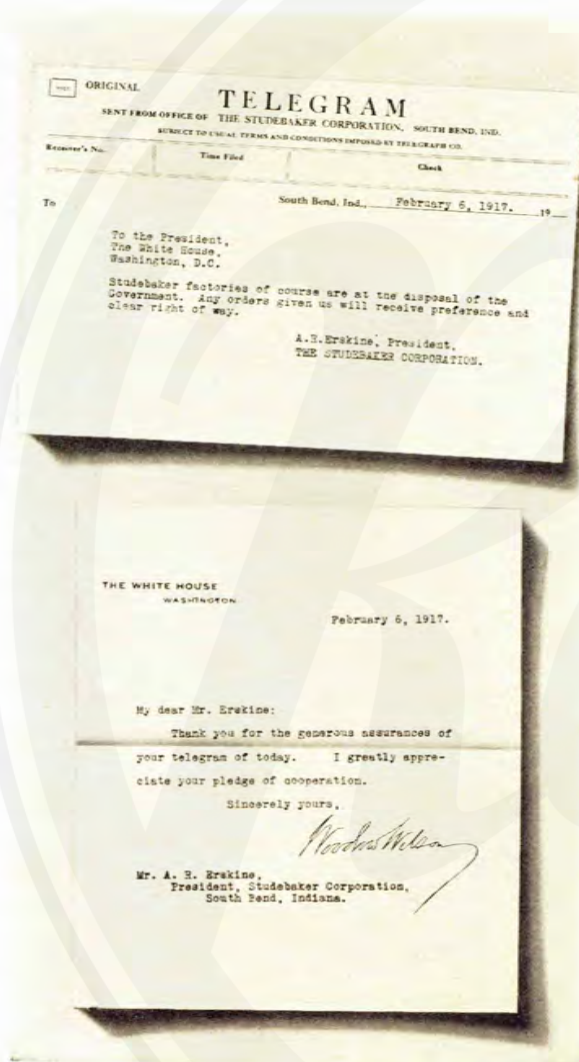
That the net tangible assets (exclusive of trade name and good will) are \$39,012,452.99, an increase of \$15,319,729.63.

That the working capital (the difference between the total quick assets and all liabilities) amounts to \$23,535,266.58, an increase of \$9,654,533.56.

That the total capitalization is \$40,965,000, a decrease of \$2,535,000, due to the retirement of preferred stock.

That the floating debt is \$7,400,000, a decrease of \$2,857,236.69.

That the ratio of quick assets to all liabilities is 317 per cent, an increase of 56.1 per cent.



THE STUDEBAKER CORPORATION

That the plant and property account is \$15,477,186.41, an increase of \$5,665,-196.07 or 57.7 per cent. This small increase of plant and property account compares with increases in the volume of output or sales, over 1910, amounting to 164.1 per cent in 1916 and 113.6 per cent in 1917, as shown on page 73.

The House of Studebaker has existed sixty-five years.

Industry, economy and patience characterized the Studebaker brothers, whose hearts, as well as heads, were in their business. Profits were always secondary to the conservation of reputation and good will, and hence we find that during the forty-three years in which they operated under the name of Studebaker Brothers Manufacturing Company, they and their stockholders withdrew only six million dollars of dividends from net profits of sixteen million dollars, and left the larger part of ten million dollars remaining in the business.