42ND ANNUAL REPORT

OF THE

HUDSON MOTOR CAR COMPANY

DETROIT 14, MICHIGAN
Specialized boring machines are used in the Body Plant to help maintain dies necessary for stamping operations.
A Statement to Stockholders

The Annual Report of the Hudson Motor Car Company and its subsidiaries for the year 1950, including financial statements and the opinion of our independent public accountants is respectfully submitted.

**INCOME**

The Company's consolidated net income for 1950 was $12,002,274.45 after all charges, including interest, depreciation, federal normal income and excess profits taxes and state and foreign income taxes. This was equivalent to $6.30 per share of the 1,906,573 shares outstanding at the end of the year. This compares with earnings of $10,111,219.27 for 1949 or an equivalent of $5.30 per share. Sales volume totalled $267,219,749.92, which compares with $259,597,307.60 for the previous year.

Taxes of all kinds amounted to $30,666,363.57, which compares with $28,541,448.13 for the previous year. The 1950 amount included among other items excise taxes of approximately $16,724,000.00 and income and excess profits taxes of $9,941,398.87. We already have provided U.S. treasury notes with which to pay a substantial portion of these income taxes.

The book value of our stock at December 31, 1950, including Reserve for Contingencies, was $38.20 per share, which compares with $34.38 per share at December 31, 1949.

Dividends paid last year amounted to $2.50 per share in cash as compared with $1.70 per share in cash plus 5 percent in stock in 1949.

**FINANCING**

During the year the Company paid $2,000,000 of its bank loans $1,000,000 of which was due on January 6, 1951 but was paid on December 26, 1950. This leaves a total balance of $6,000,000 to be paid in semi-annual installments of $1,000,000 each.

**WORKING CAPITAL**

Working capital totalled $52,303,832.17 at the close of the year, an increase of $4,647,690.93 over 1949.

![The most modern flush type conveyor with individual pedestals, recently was installed to expedite assembly of the famous Hudson engines.](image)
The cost of plant improvements and replacements as well as all working capital requirements continue at a high level.

**PRODUCTION**

The shipment of 143,586 cars during the year compares with a total of 144,685 cars shipped in 1949. The procurement of balanced inventories has been difficult right along; with the advent of the Korean situation the problem became even more difficult. Our organization has done a very creditable job of material procurement in spite of the many handicaps although at a very high cost.

**“STEP-DOWN” DESIGN**

We have reported on our exclusive “step-down” design before but the feature is worth mentioning again because the recessed floor principle, which was introduced by Hudson, remains the most advanced type of automobile construction in the industry today.

Only through the Hudson design can the automobile buyer obtain the lowest center of gravity consistent with proper ground clearance. The low center of gravity found in Hudsons assures not only the ultimate in streamlined appearance, roadability, safety and riding qualities but also enables us to provide an unusual amount of space to allow each passenger proper seat width, head room and leg room necessary for comfort.

**NEW HORNET**

In the last quarter we introduced, along with our 1951 models, a new model which is known as the HUDSON HORNET. This model is built in accordance with the step-down principle of design and is powered by a new high-compression engine which is called the H-145.

The Hornet has won acclaim in all parts of the country for its performance and its beauty. It has already established a record in a terrific test of power, stamina, safety and durability in the recent National Championship Stock Car Race when it placed first out of 72 entries over a rugged 160-mile beach and road course.

**PACEMAKER, SUPER AND COMMODORE CUSTOM SERIES**

In addition to the Hudson Hornet, our 1951 line of motor cars includes our luxurious Commodore Custom series, available with either a six or eight cylinder motor; the renowned Super Six Custom series and the lower-priced Pacemaker Custom series which was introduced for the first time in 1949 and which, too, was widely accepted by the motoring public.

Many changes in styling are incorporated in these remarkable motor cars. They come in a variety of body styles and color combinations. The interiors are luxurious and beautifully color harmonized. You are
cordially invited to inspect and ride in these 1951 automobiles.

**SALES**

Our cars continue to perform in a manner highly satisfactory to their owners. The demand for our product is excellent.

Our sales organization continues to improve and is stronger than a year ago. The Hudson Sales Corporation, a wholly-owned subsidiary, operates 20 zone offices and parts warehouses located in strategic points throughout the United States, augmented by 12 independent distributors in those areas not covered by zone offices. All these sales centers have played an important part in our sales and service activities.

Many of our dealers have built new showrooms and service facilities, or have enlarged and modernized their properties. The new dealers we have added to our growing list of those selling our products have added considerably to our strength.

**EXPORT**

For the first three-quarters of 1950 the export sales of passenger cars continued to decline for the automobile industry as a whole. Virtually every foreign country pursued the course of rigid import restrictions and exchange control.

A substantial increase, however, was shown during the last quarter of 1950 in our export shipments. Certain markets were able to reverse their adverse balance of trade with the United States and to produce and earn a surplus of dollars, due largely to the mounting imports by the United States of strategic and other materials.

The export unit volume and dollar sales value for the first two months of 1951 have shown a considerable increase over the same period of 1950. It is particularly gratifying that public acceptance of the Hornet in those export markets where we have been permitted to ship cars has been extremely enthusiastic.

Every Hudson engine is given a "live" test before it is conveyed to a storage area to await final assembly in a Hudson motor car.

**CANADA**

I am happy to report that our sales, both in unit and dollar volume increased in Canada during 1950. In April arrangements were made to again produce cars in Canada. Hudsons had been sold in Canada on an import basis since 1946. For the year 1950 our sales in Canada were 161 per cent greater than 1949 due to the new arrangement.

**ORGANIZATION**

On behalf of the officers and directors of the Company, I should like to pay tribute to the executives and all employees, of whom more than 2,800 are now members of the Hudson Twenty Year Club, for their part in making 1950 a successful year.
As of October 1, 1950 non-contributory pension plans were adopted for officers and all employees of the Hudson Motor Car Company, Hudson Sales Corporation, and Hudson Motors of Canada, Limited. These plans provide pensions at age 65 of $100 per month, less Social Security benefits, for service of 25 years and a maximum of $117.50 per month with service of 30 years or more. The plans also contain provision for total and permanent disability.

In addition to the above pension plan the companies have provided a contributory pension plan, effective January 1, 1951, for officers and non-represented salaried employees receiving more than $3,600 per year.

As of September, 1950 a revised and expanded insurance program was adopted for officers and employees. The plan covers life, sickness and accident weekly indemnity and hospital and surgical benefits for participants while the latter benefits are also extended to participants’ dependents. The non-contributory pension plan is paid for by the companies whereas the contributory pension plan and the cost of the insurance program is shared by participants and the companies.

The adoption of these plans represents an important forward step in personnel relations. They will contribute to improved morale which will in turn have an important bearing upon all operations of the company.

Under our new retirement plans which will be covered in detail in our forthcoming Proxy Statement, 41 employees were retired during the year.

A Supplementary Compensation Plan was adopted during the year which will also be covered in our forthcoming Proxy Statement.

DEFENSE CONTRACTS AND OUTLOOK

We are negotiating several defense contracts including a large aircraft engine project none of which has been formalized at this writing. We are fortunate in that a great many of the workmen and their supervisors who gained rich experience through our previous war contracts are still in our employ.

Owing to the national emergency our business will, until further notice, be subject to rules laid down by the Government concerning the use of so-called strategic materials and product pricing.

We, of course, will build as many automobiles as we are permitted to so that we may fill as much of the growing public demand as possible; however, to the extent that we are able we will do our utmost for the defense program.

Detroit, Michigan
March 23, 1951.

The company maintains a service school to train mechanics from various dealer organizations in proper servicing of Hudson products. A group is shown learning the essentials of automatic transmissions.
The Hudson Motor Car Company has been honored for the second consecutive year by the famous Merit Award—highest honor of the American Society of Industrial Engineers!

In making this award, the A.S.I.E. officially cites Hudson for “Leadership in Research, Engineering, Design and Manufacture in the automotive field.”

These four major factors, and the many sub-factors involved in each, were carefully studied and evaluated by the A.S.I.E.’s Awards Committee. Motor car advances, such as Hudson’s exclusive “step-down” design, the Monobilt bods-and-frame*, and the use of high-alloy metals and precision production methods are typical of the many items considered by the Awards Committee as prime evidence of Hudson superiority.

The following quotation from the A.S.I.E.’s report is an excellent example of the Society’s findings that led to Hudson receiving their highest honor for 1951:

“The A.S.I.E. considers Hudson’s ‘Step-Down’ design with recessed floor—is one of the truly great and outstanding achievements and contributions made toward the production of finer and better automobiles . . . during the past several years, and surely the greatest in recent years.”

*Trademark and patents pending
Presenting famous “step-down” design in four rugged series
starring the fabulous, new HUDSON HORNET

Performance Unlimited!
Sensational H-145 engine introduces
MIRACLE H-POWER

Hudson presents a thrilling array of new automobiles for
1951—with an added star—the magnificent new Hudson
Hornet.

This is the exciting new car with the sensational H-145
engine that introduces Miracle H-Power—blazing get-
away—perfect balance between car and engine output that
gives you an entirely new command of the road.

You get this great performance in a car so easy to handle
it seems to anticipate your wishes—in a car offering four-
speed Hydra-Matic Drive*—a “step-down” designed car
with the sleekest, most fully streamlined silhouette in
production today!

We invite you to try a delightful new driving experience—
in the fabulous new Hudson Hornet—at your nearby
Hudson dealer.

*Hydra-Matic Drive optional at extra cost.
Standard side and center qualifications and
carriages subject to change without notice.

Where luxury is foremost

Hudson's 1951 custom-luxury interiors are
an entirely new concept in beauty and
comfort!

Beautiful color-harmonized interiors—en-
casing new upholstery patterns in nylon or
smart new fabrics. All in combination with
Dura-fib-trim that will not scuff, crack,
or peel, and can be cleaned with a damp cloth!
Luxurious COMMODORE Custom Series

Luxury and performance leadership are evident even on first glance at any of the three outstanding, "step-down" designed models in the Commodore Custom Series. You have your choice of the high-compression, high-output Super-Eight engine or the high-compression, high-output Super-Six - in the Four-Door Sedan, Club Coupe for six passengers, or the Convertible Brougham. Hydra-Matic drive is optional at extra cost.

Renowned SUPER-SIX Series

Marvelous performance and roadability are now multiplying friendships for this great "step-down" designed car with one of the most renowned of all motoring names! Available in four striking models - the Four-Door Sedan, Two-Door Brougham, Club Coupe and Convertible Brougham with the famed Super-Six engine - most powerful of all American sixes, except the H-145 in the Hudson Hornet. Hudson no-shift Super-Matic Drive or Drive-Master are optional at extra cost.

Lower-priced PACEMAKER Custom Series

Worthy companion to the fabulous Hudson Hornet, the Pacemaker Custom Series offers all the advantages in beauty, room, ride, and safety in Hudson's famed "step-down" design; yet these models cost less than many smaller cars. Available in four body styles - Four-Door Sedan, Two-Door Brougham, Club Coupe and Convertible Brougham, all powered with the high-compression, high-output Pacemaker-Six engine, Hudson no-shift, Super-Matic Drive or Drive-Master optional at extra cost.
# HUDSON MOTOR CAR COMPANY

*and its subsidiaries*

**CONSOLIDATED BALANCE SHEET, as at December 31, 1950**

## ASSETS

<table>
<thead>
<tr>
<th>Current assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits in banks and cash on hand</td>
<td>$ 33,062,065.57</td>
</tr>
<tr>
<td>United States securities at cost and accrued interest (quoted market or redemption value, including accrued interest, $11,232,008)</td>
<td>11,238,148.97</td>
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<tr>
<td>Accounts receivable, considered collectible:</td>
<td></td>
</tr>
<tr>
<td>Trade</td>
<td>$ 7,486,255.24</td>
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<tr>
<td>Employees ($70,385.16) and other</td>
<td>456,832.18</td>
</tr>
<tr>
<td></td>
<td>7,943,087.42</td>
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<tr>
<td>Inventories, at the lower of cost or market:</td>
<td></td>
</tr>
<tr>
<td>Raw materials, work in process and finished cars</td>
<td>$25,788,998.32</td>
</tr>
<tr>
<td>Service parts</td>
<td>4,956,131.81</td>
</tr>
<tr>
<td>Supplies</td>
<td>2,089,382.94</td>
</tr>
<tr>
<td></td>
<td>32,834,513.07</td>
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<tr>
<td>Prepaid taxes, insurance, etc.</td>
<td>1,179,063.69</td>
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<tr>
<td>Total current assets (Notes A and B)</td>
<td>$ 86,256,878.72</td>
</tr>
<tr>
<td>Deposits with mutual insurance companies</td>
<td>156,171.81</td>
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<tr>
<td>Investment held for operating purposes, at cost</td>
<td>943,000.00</td>
</tr>
<tr>
<td>Real estate, plant and equipment (including land, $2,729,882.64), at cost</td>
<td>$53,250,366.69</td>
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<tr>
<td>Reserves for depreciation</td>
<td>28,827,310.68</td>
</tr>
<tr>
<td></td>
<td>24,423,056.91</td>
</tr>
<tr>
<td></td>
<td>$111,279,106.54</td>
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</tbody>
</table>

(See accompanying Notes to Financial Statements)

## LIABILITIES

<table>
<thead>
<tr>
<th>Current liabilities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable, banks (Note B)</td>
<td>$ 1,000,000.00</td>
</tr>
<tr>
<td>Accounts payable:</td>
<td></td>
</tr>
<tr>
<td>Trade</td>
<td>$20,528,344.18</td>
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<tr>
<td>Excise, social security and withheld taxes</td>
<td>4,759,663.74</td>
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<tr>
<td>Customers' deposits and credit balances</td>
<td>324,932.80</td>
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<tr>
<td>Provision for federal, state and foreign taxes on income (Note C)</td>
<td>$ 9,897,282.40</td>
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<tr>
<td>Less, United States Treasury Savings Notes, Series D, with accrued interest and foreign tax reserve certificates</td>
<td>7,810,997.80</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>2,886,284.60</td>
</tr>
<tr>
<td>Total current liabilities (Notes A and B)</td>
<td>$ 33,953,046.55</td>
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<tr>
<td>Notes payable, banks (Note B)</td>
<td>5,000,000.00</td>
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<tr>
<td>Reserve for contingencies</td>
<td>816,314.13</td>
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</tbody>
</table>

## CAPITAL and SURPLUS

| Capital stock, par value $12.50 per share: |         |
| Authorized                                  | 3,000,000 shares |
| Issued                                      | 1,913,067 shares |
| Stock dividend scrip certificates           | 1,356 shares |
|                                            | 16,950.00 |
|                                            | $23,913,337.50 |
| Capital surplus (no change during 1950)     | 2,325,529.22 |
| Earned surplus, as annexed (Note B)         | 45,922,135.41 |
|                                            | 72,177,952.13 |
| Deduct, Capital stock held in treasury, at cost | 7,850 shares |
|                                            | 168,206.27 |
|                                            | 72,099,745.86 |
|                                            | $111,279,106.54 |

(See accompanying Notes to Financial Statements)
CONSOLIDATED EARNED SURPLUS ACCOUNT

for the year ended December 31, 1950

Earned surplus, January 1, 1950 ........................................... $38,682,658.96
Net income for the year ended December 31, 1950 ...................... 12,002,274.45
Cash dividends paid, $2.50 per share .................................. 4,762,798.00

Earned surplus, December 31, 1950 (Note B) ......................... $45,922,135.41

(See accompanying Notes to Financial Statements)

CONSOLIDATED INCOME ACCOUNT

for the year ended December 31, 1950

Net sales ................................................................. $267,219,749.92
Cost of sales ............................................................. 228,233,101.44
Gross profit ............................................................... $ 38,986,648.48
Selling, advertising, administrative and general expenses ............. 17,096,898.44
Profit from operations .................................................. $21,889,450.04
Other income; interest and miscellaneous ................................ 298,598.00

$22,188,048.04
Interest expense .......................................................... 244,374.72
Income before allowances for taxes on income ......................... $21,943,673.32

Allowances for federal, state and foreign taxes on income (Note C):

Federal income taxes ................................................... $8,653,091.38
Federal excess profits taxes ......................................... 791,693.60
State and foreign taxes ............................................... 496,613.89

9,941,398.87

Net income for the year ............................................... $12,002,274.45

(See accompanying Notes to Financial Statements)
NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 1950

NOTE A: The consolidated net current assets at December 31, 1950, $52,303,832.17, include 5834,585.00 of net current assets of the English and Canadian subsidiaries, valued at 2.80 dollars per pound sterling and 94.375 cents per Canadian dollar. The availability of the net current assets of the English and Canadian subsidiaries is dependent upon the exchange restrictions in those countries.

NOTE B: Notes payable to banks, $6,000,000 at December 31, 1950, with interest at 3 pct. per annum, are due in semiannual installment of $1,000,000 each July 6, 1951, to January 6, 1954, inclusive. The Company reduced its indebtedness to banks by $2,000,000 during 1950 by payment of notes due July 6, 1950 and January 6, 1951. The loan agreements under which these notes have been issued include provisions that the Company will not, without written consent of the holders of 75 pct. of the amount of the outstanding notes, (1) permit the excess of its consolidated current assets over its consolidated current liabilities (excluding any portion of these notes) to be less than $20,000,000 and (2) declare or pay dividends aggregating in any calendar year, an amount in excess of the consolidated net income for the previous year plus $750,000.

NOTE C: The Federal Income Tax and excess profits tax returns filed by the company reviewed by the Treasury Department for all years prior to 1948. In February, 1951 the company received $95,122.20 in addition to the above the companies have provided a contributory plan effective January 1, 1951, available to officers and certain salaried employees receiving more than $3,600 per annum, which plan is similarly subject to ratification by the stockholders.

GENERAL NOTES

German and Belgian Subsidiaries: The investments in the German and Belgian subsidiaries were written off entirely in 1920 or prior years and are not included in the financial statements. The properties of the German subsidiaries are not in operation and sufficient information is not available to determine realizable values. The Belgian subsidiary is in the process of liquidation; a liquidating dividend of $64,154.35 was received in 1950 and is included in the Consolidated Income Account; further liquidating dividends, if any, will be minor in amount.

Pension Plans: Noncontributory trustees' pension plans similar to plans adopted in the industry, were adopted during 1950 applicable to Officers and employees of the Parent company and its subsidiaries, Hudson Sales Corporation and Hudson Motors of Canada Limited. The Plans became effective October 1, 1950 and extend for five years to October 1, 1955, subject to ratification by the stockholders for the periods beginning January 1, 1951.

The cost to the companies under these plans for the three months ended December 31, 1950 aggregated 6,834,346, including $243,683 allocated to the cost of past service credits. The cost of accumulated past service credits is being funded over a 22 year period.

In addition to the above the companies have provided a contributory plan effective January 1, 1951, available to officers and certain salaried employees receiving more than $3,600 per annum, which plan is similarly subject to ratification by the stockholders.

Depreciation and Amortization: Allowances aggregating $4,906,789.40 for depreciation and amortization of plant and equipment are included in the costs and expenses in the Consolidated Income Account.
HUDSON MOTOR CAR COMPANY • DETROIT 14, MICHIGAN

DIRECTORS
A. A. Andriesse  S. G. Baits  G. G. Behn  A. Hood
D. G. Baird  A. E. Barit  Roy D. Chapin, Jr.  R. W. Jackson
H. M. Northrup  Yates G. Smith

OFFICERS
A. E. Barit
President and General Manager
S. G. Baits
First Vice-President and Assistant General Manager
H. M. Northrup
Vice-President in Charge of Operations
I. B. Swegles
Vice-President in Charge of Manufacturing
R. W. Jackson
Vice-President
J. H. Clarke
Assistant Secretary

N. K. Vanderzee
Vice-President in Charge of Sales
G. W. Munger
Vice-President in Charge of Purchasing
A. Hood
Secretary and Treasurer
W. J. Reuscher
Comptroller
E. Cody
Assistant Secretary

TRANSFER AGENTS
THE NEW YORK TRUST COMPANY, NEW YORK CITY
DETROIT TRUST COMPANY, DETROIT

REGISTRARS OF STOCK
THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK
NEW YORK CITY
NATIONAL BANK OF DETROIT, DETROIT

PLANTS
Main—12601 E. Jefferson, Detroit 14, Michigan
Body—10865 Devine St., Detroit 13, Michigan
Axle—12040 Charlevoix, Detroit 11, Michigan
Harper—10943 Harper, Detroit 13, Michigan
Canadian—Hudson Motors of Canada, Limited, Tilbury, Ontario
English—Hudson Motors Limited, Great West Road, London, W4, England

ANNUAL MEETING
The annual meeting will be held May 21, 1951, at the company executive offices, 12601 E. Jefferson, Detroit 14, Michigan. A notice of the annual meeting and a request for proxies, together with proxy statements, will be sent to stockholders approximately April 25.