Annual Report and Consolidated Balance Sheet of MACK TRUCKS, Inc. and Subsidiary Companies

December 31, 1928
Annual Report
and
Consolidated Balance Sheet
of
MACK TRUCKS, Inc.
and Subsidiary Companies

December 31, 1928
MACK MODEL AB—DUAL REDUCTION DRIVE EQUIPPED WITH MACK SCREW HOIST AND STANDARD DUMP BODY FOR ROAD BUILDING

MACK MODEL AC—CHAIN DRIVE WITH RACK TYPE BODY
MACK MODEL BB—WITH ALL STEEL PACKERS BODY

MACK MODEL BJ—6 CYLINDER EQUIPPED WITH VAN BODY

MACK MODEL AR—DUAL REDUCTION DRIVE EQUIPPED WITH TANK BODY
TO THE STOCKHOLDERS OF
MACK TRUCKS, INC.

Your Directors submit herewith consolidated balance sheet and profit and
loss statement of Mack Trucks, Inc., and subsidiary companies, certified to by Arthur
Young and Company, showing the condition of your Company as of December 31,
1928, compared with December 31, 1927.

Sales for the year 1928 were $55,850,860.69.

The combined net earnings for the year were $5,915,301.30 or $7.83 per share
on the outstanding 755,625 shares of common stock.

During the year the regular quarterly dividends of $1.50 each were paid on
the Common Stock, amounting to $4,443,987.58.

The bank loans of $7,000,000, incurred to furnish part of the cash necessary
to retire preferred stock, on December 31, 1927, have been reduced to $4,000,000.

The plants have been fully maintained and the maintenance cost charged to
operating expense, and following our usual practice the cost of experimental and
development work has been charged off. The Reserve for Depreciation has been in-
creased by $1,845,504.73. The inventory has been priced at cost or market which-
ever was lower. Reserves have been provided for materials considered obso-
late. All new trucks and buses are priced at cost. Used trucks and buses in
inventory are marked down to lower values than current re-sale prices. Substan-
tial reserves for contingencies have been provided.

Your Company has continued its efforts to correct the abuses in the truck
industry, as set forth in the last two Annual Reports, and your Directors are
pleased to report that the credit policy adopted two years ago by your Company
has demonstrated its soundness.

The heavy commercial motor vehicle business improved somewhat during
1928 and your Company was able to secure an increased portion of the desirable
business, which was available, and at the same time improve its financial and
physical condition.

Orders on hand and the prospects for business during the year justify your
officers in forecasting a volume of business somewhat larger than last year. If
the anticipated volume is secured, net profits should show a substantial increase.

The President takes this opportunity to express his appreciation of the loyal
efforts of the employees and the splendid spirit of cooperation which is being mani-
fested.

FOR THE DIRECTORS,

A. J. BROSSEAU,
President

New York City
February 21, 1929
## CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1928

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>1928</th>
<th>1927</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$2,311,703.56</td>
<td>$2,992,637.00</td>
</tr>
<tr>
<td>Accounts and Notes Receivable</td>
<td>22,966,200.34</td>
<td>22,855,472.66</td>
</tr>
<tr>
<td>Inventories</td>
<td>18,533,204.68</td>
<td>17,214,622.16</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>$43,811,108.58</td>
<td>$43,062,731.82</td>
</tr>
<tr>
<td><strong>BALANCE RECEIVABLE FROM EMPLOYEES UNDER STOCK ALLOTMENT</strong></td>
<td>$835,815.10</td>
<td>$1,435,032.69</td>
</tr>
<tr>
<td><strong>FIXED ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>$1,487,713.85</td>
<td>$1,483,625.09</td>
</tr>
<tr>
<td>Buildings and Building Equipment</td>
<td>12,724,082.54</td>
<td>12,710,756.00</td>
</tr>
<tr>
<td>Machinery and all other Equipment</td>
<td>17,428,544.85</td>
<td>16,456,720.06</td>
</tr>
<tr>
<td><strong>Total Fixed Assets</strong></td>
<td>$31,640,341.24</td>
<td>$30,651,102.05</td>
</tr>
<tr>
<td><strong>SUNDARY INVESTMENTS AT COST</strong></td>
<td>$509,802.27</td>
<td>$523,313.95</td>
</tr>
<tr>
<td><strong>DEFERRED CHARGES</strong></td>
<td>$367,916.12</td>
<td>$455,221.56</td>
</tr>
<tr>
<td><strong>LICENSES, PATENTS, PATENT RIGHTS AND GOODWILL</strong></td>
<td>$2,438,364.94</td>
<td>$2,438,364.94</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$68,497,464.08</td>
<td>$69,305,387.57</td>
</tr>
</tbody>
</table>

### CERTIFICATE

*We have audited the books and records of MACK TRUCKS, INC., AND SUBSIDIARIES, and hereby certify that the above Consolidated Balance Sheet and accompanying Statement of Earnings prepared thereon are true and correct, and that the consolidated result of operations for the year ended December 31, 1928, is as shown in the said Balance Sheet.*

*New York, February 11, 1929.*
AND SUBSIDIARIES

DECEMBER 31, 1928, AND DECEMBER 31, 1927

LIABILITIES & CAPITAL

<table>
<thead>
<tr>
<th></th>
<th>1928</th>
<th>1927</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT LIABILITIES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes Payable</td>
<td>$ 4,000,000.00</td>
<td>$ 7,000,000.00</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>2,291,034.55</td>
<td>1,427,459.14</td>
</tr>
<tr>
<td>Accrued Accounts</td>
<td>1,499,099.98</td>
<td>1,339,883.78</td>
</tr>
<tr>
<td>Customers' Deposits</td>
<td>109,111.50</td>
<td>92,989.67</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>$ 7,899,246.03</td>
<td>$ 9,860,337.59</td>
</tr>
</tbody>
</table>

RESERVES:

- For Current Year's Federal Income Taxes: $ 810,000.00 $ 820,000.00
- For Contingencies: 1,000,259.44 1,012,850.57

Total Reserves: $ 1,810,259.44 $ 1,832,850.57

SECURED 6% NOTES SERIES "A" 1929-1940:
Mack Trucks Real Estate, Inc. $ 2,400,000.00 $ 2,600,000.00

EQUITY OF MINORITY STOCKHOLDERS IN SUBSIDIARIES: $ 4,735.96 $ 2,915.48

CAPITAL STOCK:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMON</td>
<td>1,000,000 shares of no par value</td>
<td></td>
</tr>
<tr>
<td>Authorized</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued</td>
<td>755,625 shares of no par value</td>
<td></td>
</tr>
<tr>
<td>Allotted under subscription contract</td>
<td>24,829 shares</td>
<td></td>
</tr>
<tr>
<td>780,454 shares stated at</td>
<td>$ 3,902,270.00 $ 3,907,640.00</td>
<td></td>
</tr>
</tbody>
</table>

SURPLUS:

- Capital Surplus, being excess consideration on Common Stock issued and allotted above value of $5 per share included in Stated Capital: $29,478,831.81 $29,570,841.81
- Earned Surplus: 23,002,120.84 21,530,807.12

Total Surplus: $52,480,952.65 $51,101,648.93

$68,497,464.08 $69,305,387.57

OF AUDITORS
SUBSIDIARIES for the year ended December 31, 1928, and we hereby certify that, in our opinion, the information correctly set forth the consolidated financial position of Mack Trucks, Inc., and Subsidiaries at date.

ARTHUR YOUNG & COMPANY
MACK TRUCKS, INC., AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1928

Net Profit for year after providing for Depreciation but before providing for Reserve for Federal Income Taxes $ 6,725,301.30

Deduct:

Reserve for Federal Income Taxes 810,000.00

$ 5,915,301.30

CONSOLIDATED STATEMENT OF SURPLUS
AT DECEMBER 31, 1928

SURPLUS AT DECEMBER 31, 1927, per Certified Accounts $51,101,648.93

Add:

Net Profit for 1928 per accompanying Statement of Earnings 5,915,301.30

$57,016,950.23

Deduct:

Cash Dividends on Common Stock from January 1, 1928 to December 31, 1928 $ 4,443,987.58

Cancellation of Common Stock allotted 92,010.00

$ 4,535,997.58 $ 92,010.00 $ 4,443,987.58

SURPLUS AT DECEMBER 31, 1928 $52,480,952.65 $29,478,831.81 $23,002,120.84
BOARD OF DIRECTORS
A. J. Brosseau, Chairman

F. B. Adams
J. A. Bower
W. A. Bradford
T. L. Chadbourne
Wm. E. Corey
H. W. Croft
W. R. Edson
F. C. Fink

R. E. Fulton
Charles Hayden
R. F. Hoyt
W. E. Reid
J. E. Savacool
W. Hinckle Smith
Andrew V. Stout
Albert H. Wiggin

EXECUTIVE COMMITTEE
A. J. Brosseau, Chairman

J. A. Bower
W. A. Bradford
T. L. Chadbourne

Wm. E. Corey
Charles Hayden
Albert H. Wiggin

TRANSFER AGENT OF STOCK
Guaranty Trust Company of New York, New York City

REGISTRAR OF STOCK
Bankers Trust Company, New York City

OFFICERS

A. J. Brosseau, ........................................ President
R. E. Fulton, ........................................ Vice President
E. C. Fink, ........................................ Vice President
A. F. Masury, ........................................ Vice President
W. R. Edson, ........................................ Vice President
J. E. Savacool, ...................................... Vice Pres. & Comptroller
C. W. Haseltine, ................................. Secretary-Treasurer
T. V. Homan, ..................................... Asst. Sec. & Asst. Treas.
R. G. Castleman, ................................. Asst. Treasurer
F. R. Harrison, ................................ Asst. Secretary
I. G. Hopkins, ................................ Asst. Treasurer
H. S. Conklin, .................................. Auditor
MACK TYPE 90—750 GALLON ROTARY PUMPER

MACK TYPE 19—1000 GALLON CENTRIFUGAL PUMPER

MACK TYPE 15—MECHANICAL HOIST AERIAL HOOK & LADDER TRUCK
MACK GAS-ELECTRIC LOCOMOTIVE

MACK GAS-ELECTRIC RAIL CAR