

CIVIL LAW

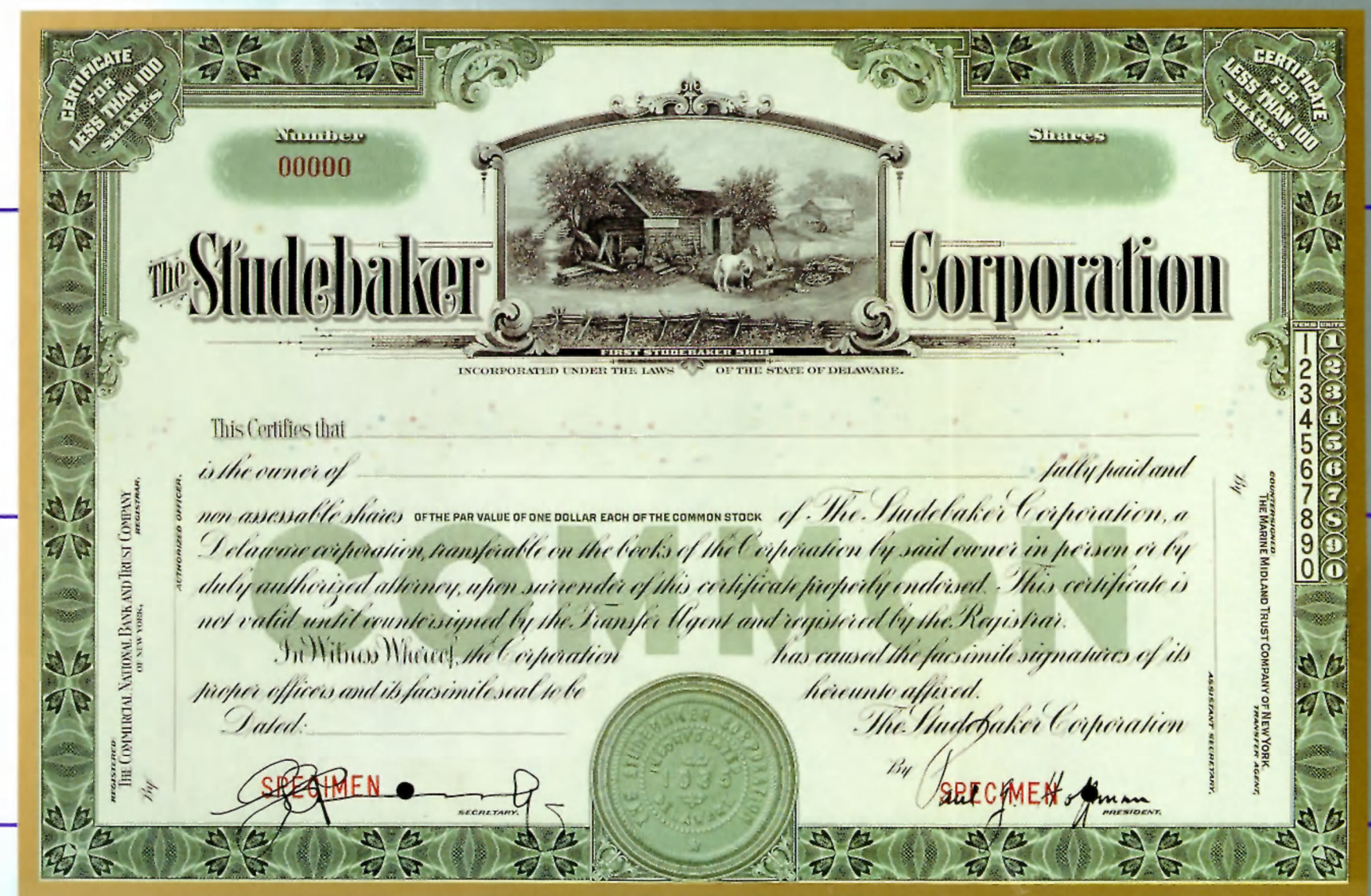
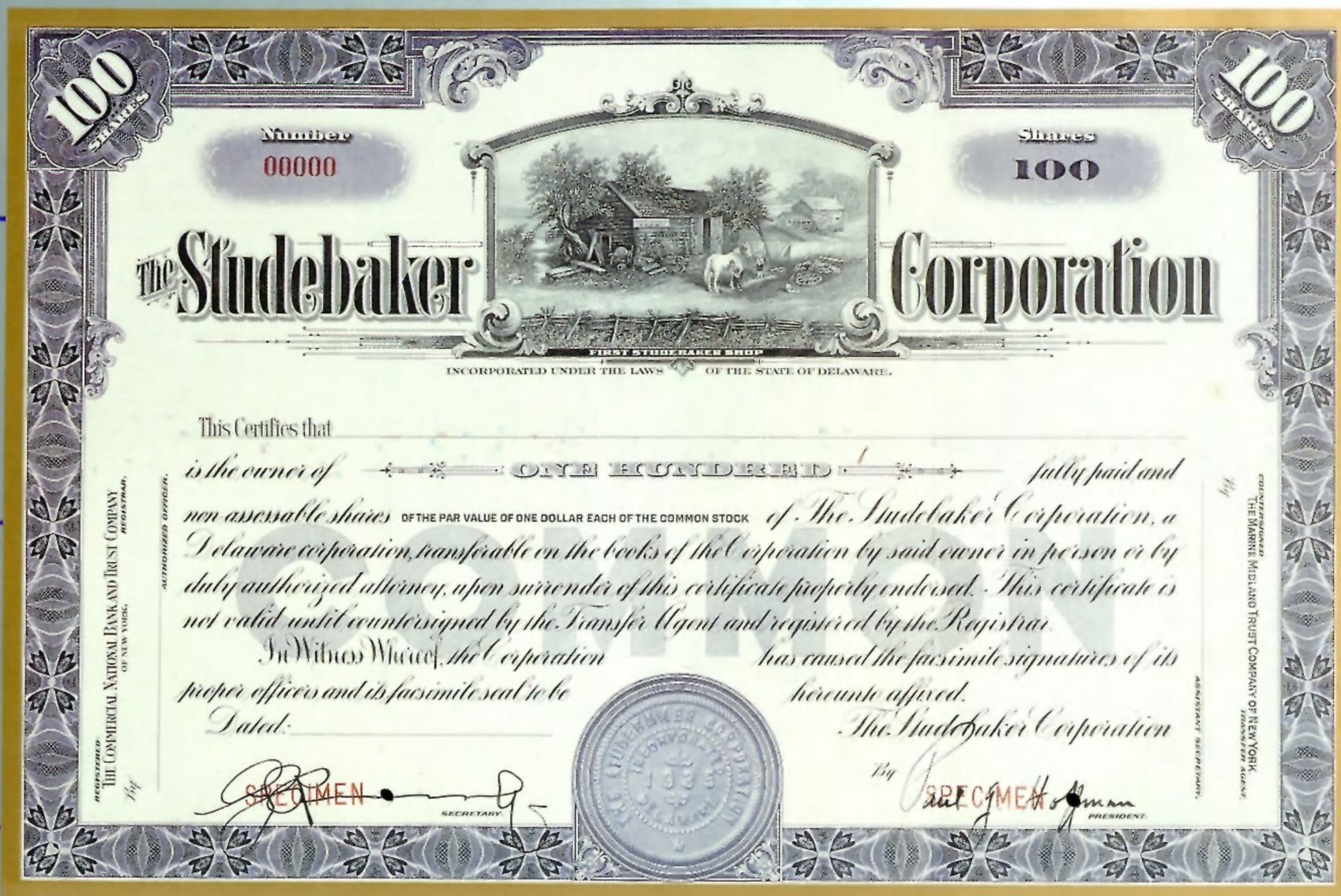
BANKRUPTCY

In the Matter of Studebaker Corporation, Debtor

U.S. District Court for the Northern District of Indiana, Bankruptcy Case No. 1143
1935

"indebtedness to the staggering total of over twenty million dollars"

Opinion, January 28, 1935



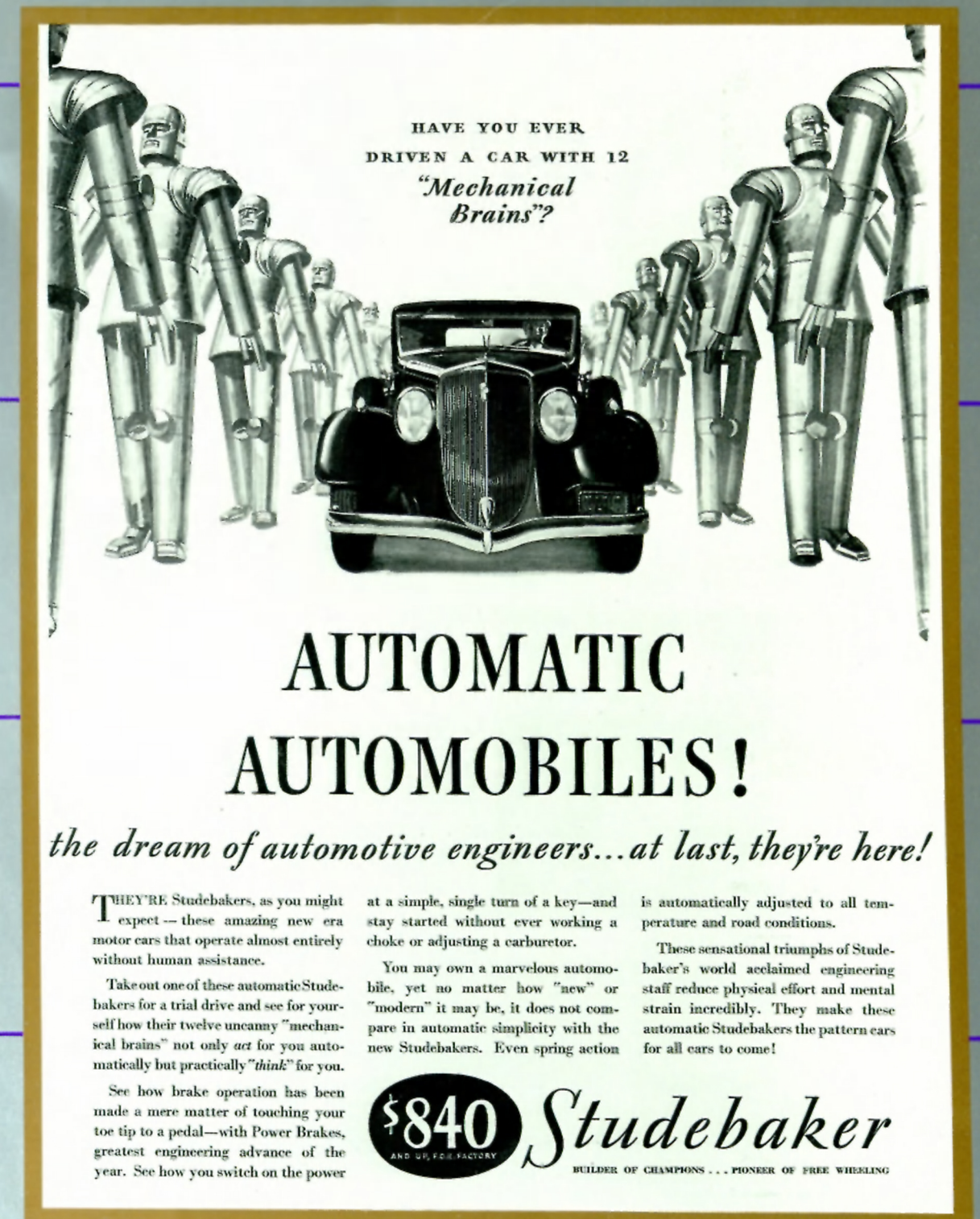
The darkest year in the history of the Studebaker Corporation, manufacturer of one of the finest automobiles in America, was 1933. The company filed for protection under the federal bankruptcy law, and its president committed suicide.

The future of Studebaker's employees, stockholders, and creditors was in the hands of the federal district court in Indiana as it decided bankruptcy case no. 1143. Would the judge order the company to shut down? Or would he approve a proposed reorganization which might save the company?

The court saved Studebaker from the auction block by approving the reorganization, and cars again rolled off the production line. Studebaker inaugurated a milestone second century of production in 1952.

Unless credited otherwise, documents are from the National Archives, Records of District Courts of the United States.

1. Common stock certificate, specimen, 100 shares, 1935.
2. Common stock certificate, specimen, less than 100 shares, 1935.
3. Studebaker advertisement, *The Saturday Evening Post*, March 23, 1933, p. 79.
4. Judge Slick's decision, January 28, 1935.
5. Harold Vance, right, future chairman of the board, stands at the end of the assembly line, 1932. Studebaker National Museum, South Bend, Indiana
6. Notice, *The New York Times*, March 20, 1933, p. 11. Studebaker National Museum, South Bend, Indiana
7. "Ten-year Convertible 6% Debenture Due January 1, 1945," specimens, issued January 1935.



STUDEBAKER CARRIES ON

Receivership proceedings find world's oldest vehicle manufacturer with assets exceeding liabilities by over \$70,000,000

FACTS LEADING TO COURT ACTION REVEALED

STUDEBAKER is still Studebaker in name, but its financial condition is a far different matter. The receivership proceedings have revealed that the company's assets exceed its liabilities by over \$70,000,000. The facts leading to court action are as follows: Studebaker's sales in 1933 were \$100,000,000, a 10% increase over 1932. However, the company's operating expenses were \$110,000,000, a 15% increase over 1932. This resulted in a net loss of \$10,000,000. The company's debt at the end of 1933 was \$120,000,000, a 20% increase over 1932. The company's equity at the end of 1933 was \$10,000,000, a 10% decrease over 1932. The company's assets at the end of 1933 were \$130,000,000, a 15% increase over 1932. The company's liabilities at the end of 1933 were \$60,000,000, a 10% decrease over 1932. The company's net worth at the end of 1933 was \$70,000,000, a 10% increase over 1932. The company's assets at the end of 1933 were \$130,000,000, a 15% increase over 1932. The company's liabilities at the end of 1933 were \$60,000,000, a 10% decrease over 1932. The company's net worth at the end of 1933 was \$70,000,000, a 10% increase over 1932.

STUDEBAKER
Builder of Champions—Pioneer of Free Wheeling

