

From the Statement of Facts in Dodge v. Ford Motor Co.

The parties in the first instance associating, who signed the articles, included Henry Ford, whose subscription was for 255 shares, John F. Dodge, Horace E. Dodge, the plaintiffs, Horace H. Rackham and James Couzens, who each subscribed for 50 shares, and several other persons. The company began business in the month of June, 1903. In the year 1908, its articles were amended and the capital stock increased from \$150,000 to \$2,000,000, the number of shares being increased to 20,000, and in the certificate, made in November, 1908, evidencing the increase of capital stock, it was recited:

...."The amount of capital stock subscribed is the sum of two million (\$2,000,000) dollars; the amount of said stock actually paid in at the date thereof is the sum of two million (\$2,000,000) dollars, of which one hundred thousand (\$100,000) dollars represents the capital stock originally subscribed and paid in, and one million nine hundred thousand (\$1,900,000) dollars by surrender to the corporation by all stockholders of their claim to dividends duly declared by the board of directors payable out of surplus."

The business of the company continued to expand. The cars it manufactured met a public demand, and were profitably marketed, so that in addition to regular quarterly dividends equal to 5 per cent. monthly on the capital stock of \$2,000,000, its board of directors declared and the company paid special dividends: December 13, 1911, \$1,000,000; May 15, 1912, \$2,000,000; July 11, 1912, \$2,000,000; June 16, 1913, \$10,000,000; May 14, 1914, \$2,000,000; June 12, 1914, \$2,000,000; July 6, 1914, \$2,000,000; July 23, 1914, \$2,000,000; August 23, 1914, \$3,000,000; May 28, 1915, \$10,000,000; October 13, 1915, \$5,000,000, a total of \$41,000,000 in special dividends. Sales and profits for several years were:

**Year ending**

Sept. 30, 1910	18,664 cars, \$4,521,509.51
Sept. 30, 1911	34,466 cars, 6,275,031.07
Sept. 30, 1912	68,544 cars, 13,057,312.24
Sept. 30, 1913	168,304 cars, 25,046,767.43
Sept. 30, 1914	248,307 cars, 30,338,454.63
July 31, 1915 (10 mos.)	264,351 cars, 24,641,423.17
July 31, 1916	472,350 cars, 59,994,918.01

The surplus above capital stock was, September 30, 1912, \$14,745,095.67, and was increased year by year to \$28,124,173.68, \$48,827,032.07, \$59,135,770.66. July 31, 1916, it was \$111,960,907.53. Originally, the car made by the Ford Motor Company sold for more than \$900. From time to time, the selling price was lowered and the car itself improved until in the year ending July 31, 1916, it sold for \$440. Up to July 31, 1916, it had sold

1,272,986 cars at a profit of \$173,895,416.06. As the cars in use multiplied, sales of parts and of repairs increased so that, in the year ending July 31, 1916, the gross profits from repairs and parts was \$3,915,778.94, sales being more than \$600,000 for each of the months of May, June and July. For the year beginning August 1, 1916, the price of the car was reduced \$80 to \$360.

The following is admitted to be a substantially correct statement of the financial affairs of the company on July 31, 1916:

"Assets.

Working --	
Cash on hand and in bank	\$52,550,771.92
Michigan municipal bonds	1,259,029.01
Accounts receivable	8,292,778.41
Merchandise and supplies	31,895,434.69
Investments -- outside	9,200.00
Expense inventories	434,055.19
Plant --	
Land	5,232,156.10
Buildings and fixtures	17,293,293.40
Machinery and power plant	8,896,342.31
Factory equipment	3,868,261.02
Tools	1,690,688.54
Patterns	170,619.77
Patents	64,339.85
Office equipment	431,249.37
Total assets	\$132,088,219.58

Liabilities.

Working --	
Accounts payable	\$7,680,866.17
Contract deposits	1,519,296.40
Accrued pay rolls	847,953.68
Accrued salaries	338,268.86
Accrued expenses	1,175,070.72
Contract rebates	2,199,988.00
Buyers' P.S. rebate	48,099.00
Reserves --	
For fire insurance	57,493.89
For depreciation of plant	4,260,275.33
Total liabilities	\$18,127,312.05
Surplus	111,960,907.53
Capital stock	2,000,000.00
Total	\$132,088,219.58

The following statement gives details of the business of the Ford Motor Company for the fiscal year July 31, 1915, to July 31, 1916:

Number of cars made in year	508,000
Total business done	\$206,867,347.46
Profit for the year	\$59,994,118.01
Cash in hand and in banks	\$52,550,771.92
Materials on hand	\$31,895,434.69
Cars in transit and at branch assembling plants (about 2 1/2 weeks' output)	35,650
Cars sold during year	472,350
Employed at home plant	34,489
Employed at home offices	1,028
Total employees in Detroit plant getting \$5 a day or more	27,002
Employed at 84 branch plants	14,355
Total employees (all plants)	49,872
Total employees getting \$5 a day or more	36,626"

From a mere assembling plant, the plant of the Ford Motor Company came to be a manufacturing plant, in which it made many of the parts of the car which in the beginning it had purchased from others. At no time has it been able to meet the demand for its cars or in a large way to enter upon the manufacture of motor trucks.