

TWENTY-FIFTH ANNUAL REPORT OF
GENERAL MOTORS CORPORATION
YEAR ENDED DECEMBER 31, 1933



T W E N T Y - F I F T H

Annual Report

of

GENERAL MOTORS
CORPORATION

Year Ended
December 31, 1933

As prepared for presentation to stockholders at the Annual
Meeting to be held in Wilmington, Delaware
Tuesday, May 1, 1934

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**Medal by Norman Bel Geddes
Commemorating the twenty-fifth anniversary
of General Motors**

TO THE STOCKHOLDERS:

BEFORE presenting in detailed form such facts and circumstances as developed during the year 1933, which should properly be recorded as a part of the review of that year, it might be stated that every effort is made, in developing each annual review, to present all salient facts of a general and economic character so as to enable the stockholders to obtain as complete an understanding as possible of the year's operations and their influence on the Corporation's position. It is felt that an obligation rests upon the management to deal comprehensively, and at the same time practically, with each year's problems. This report, therefore, has been prepared with that objective in mind.

A FINANCIAL REVIEW

The consolidated balance sheet and summary of consolidated income of General Motors Corporation and subsidiary companies for the year ended December 31, 1933, are submitted herewith. Attention is called to the fact that the accounts of certain subsidiary and affiliated companies are not consolidated in the accounts of the Corporation. A list of such companies, not consolidated, is set forth in detail on page 30.

Earnings: Net earnings from operations for the year 1933 were \$83,213,676, equal to 9.1 times the dividends on preferred capital stock for the year. This compares with earnings of \$164,979 from operations for the year 1932.

The net earnings of \$83,213,676 for the year 1933 are after a provision of \$5,000,000 for possible losses on cash balances in closed banks and include a non-operating profit of \$562,576, due to the revaluation of securities held by the General Exchange Insurance Corporation to current market values. The 1933 earnings also include a profit of \$4,152,186 on Employee Investment Fund stock which reverted to General Motors Corporation on account of withdrawals in 1932 and 1933 from the 1931 and 1932 Investment Fund Classes. The net earnings of \$164,979 for 1932 were after deducting a non-operating loss totalling \$1,802,565, of which \$711,585 was due to a revaluation of securities held by the General Exchange Insurance Corporation to then current market values, and \$1,090,980 was due to a provision for foreign exchange losses.

Dividends: Regular dividends were paid on the preferred stock during the year, requiring \$9,178,845. After deducting this amount from the net earnings of \$83,213,676, there was available for the common stock outstanding \$74,034,831, equivalent to \$1.72 per share. In 1932, after deducting corresponding dividends on the preferred stock, there resulted a loss of \$9,041,408, equivalent to \$0.21 per share on the common stock outstanding. Dividends of \$1.25 per share were paid on the common stock during the year 1933, consisting of four regular quarterly payments of \$0.25 per share and an extra dividend of \$0.25 per share paid on December 12, 1933. Dividends on the common stock in 1932 amounted to \$1.25 per share.

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In authorizing the extra dividend in 1933, the Directors considered the financial position of the Corporation, which has been and remains highly satisfactory, as well as the circumstance that an extra payment at that time would serve to stimulate business activity by adding to the purchasing power of the Corporation's 330,000 common stockholders. It was felt by the Board of Directors that a greater dividend distribution than customary was well warranted for these reasons.

A complete record of the earnings of the Corporation, as well as dividend disbursements for the year under review and prior years, is shown on page 33 of this report.

Net Working Capital: For ready reference the following table shows briefly all consolidated working capital items as of December 31, 1933, compared with the corresponding items as of December 31, 1932:-

CURRENT ASSETS	Dec. 31, 1933	Dec. 31, 1932
Cash, U. S. Government and other marketable securities.....	\$177,303,966	\$172,780,695
G. M. Management Corp. 6% bonds, due March 15, 1934.....	375,000	—
Sight drafts.....	3,070,585	4,126,901
Notes and accounts receivable.....	21,180,677	27,591,756
Inventories.....	115,584,600	75,478,612
Prepaid expenses.....	2,500,779	3,280,910
Total Current Assets.....	<u>\$320,015,607</u>	<u>\$283,258,874</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities...	\$ 50,299,407	\$ 40,566,749
U. S. and foreign income taxes.....	12,673,537	498,466
Employes savings funds, payable within one year.....	11,278,956	15,193,660
Contractual liability to G. M. Management Corp., due March 10, 1934.....	368,006	—
Accrued preferred dividends.....	1,562,805	1,562,805
Total Current Liabilities.....	<u>\$ 76,182,711</u>	<u>\$ 57,821,680</u>
Net Working Capital.....	<u>\$243,832,896</u>	<u>\$225,437,194</u>

It will be noted that net working capital as of December 31, 1933 was \$243,832,896, as compared with \$225,437,194 as of December 31, 1932, an increase of \$18,395,702. This increase is accounted for principally by the excess of \$20,208,476 in earnings over dividend disbursements for the year 1933 and by a decrease in net plant account (described later in this report) which had a favorable effect of \$24,508,906 on net working capital. These favorable factors affecting net working capital were partially offset by certain changes which had an unfavorable effect on net working capital, principally the investment in the common stock of the National Bank of Detroit, of which \$9,720,350 remained at the end of the year, and the transfer from current assets of cash balances in closed banks, which, after deducting provision for losses and giving effect to repayments, amounted to \$5,698,459.

Cash, United States Government and other marketable securities as of December 31, 1933 amounted to \$177,303,966. This compares with \$172,780,695 at the close of the previous year and with \$205,029,119 as of December 31, 1931. The relatively small increase in cash and cash investments during 1933 reflects additional inventories necessary at the close of 1933, largely the result of increased rate of operations, the investment in the common stock of the National Bank of Detroit and the reduction in cash due to funds still held in closed banks.

Surplus: There were the following items affecting the surplus account during the year, which resulted in a net increase of \$10,729,612, making surplus at December 31, 1933 amount to \$248,961,356. Surplus at December 31, 1932 of \$238,231,744 was increased in the amount of \$20,208,476, representing the excess of earnings from operations over dividends declared out of such earnings during the year 1933. On the other hand, surplus was reduced in the amount of \$9,478,864, representing General Motors Corporation's equity in the net losses (the excess of such losses over undivided profits) of subsidiary and affiliated companies since their acquisition through December 31, 1930 (prior to 1931 these equities were not carried to surplus but the reported income of General Motors Corporation was adjusted each year to reflect such equities). This charge to surplus was accompanied by a corresponding write-down of the value of the Corporation's investment in subsidiary and affiliated companies, reflecting the adjustment of the Corporation's investments in the following companies by the amounts shown below:-

CUMULATIVE EQUITIES
FROM DATE OF ACQUISITION THROUGH DECEMBER 31, 1930

EQUITY IN LOSSES:

Yellow Truck & Coach Manufacturing Co.....	\$ 2,603,280
Vauxhall Motors, Ltd.....	5,622,796
Adam Opel A.G.....	899,831
Bendix Aviation Corporation.....	565,452
General Aviation Corporation.....	678,467
General Motors Radio Corporation.....	919,559
	\$11,289,385

EQUITY IN UNDIVIDED PROFITS:

Ethyl Gasoline Corporation.....	1,810,521
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EQUITY IN NET LOSSES..... \$ 9,478,864

Real Estate, Plant and Equipment Account: Total real estate, plant and equipment account as of December 31, 1933 amounted to \$512,703,982, an increase of \$12,721,751 over the previous year. Depreciation reserves showed a net increase of \$37,230,657 during the year, so that there was a decrease of \$24,508,906 in the net book value of real estate, plant and equipment. The increase of \$12,721,751 in the gross plant account represents additions to plant during 1933, amounting to \$9,176,963, and an increase of \$8,071,753 on account of reinstatement of plant which had previously been designated as idle, partially offset by the disposal of idle property and other adjustments which reduced the gross plant account in the amount of \$4,526,965. Reinstatement of plant which had previously been designated as idle also accounted for \$8,071,753 of the increase in depreciation reserves, so that this adjustment had no effect upon the net book value of real estate, plant and equipment.

The total amount of depreciation charged against earnings in the year was \$30,149,825, or a decrease of \$7,023,822 from the corresponding charges of \$37,173,647 for 1932. This decrease of \$7,023,822 in depreciation charges is accounted for principally by the adjustment at December 31, 1932 of the real estate, plant and equipment account to reflect the write-down from \$115,491,946 to \$22,779,411 of certain surplus and idle real estate, plant and equipment items, as explained in the 1932 annual report. Since such items have been reduced to their salvage value they are no longer depreciated. It was stated, a year ago, that the reduction in the annual provision for depreciation, as a result of this adjustment, should amount to about \$7,000,000, which, it will be noted, was closely approximated by the actual reduction in 1933. The last annual report discussed this adjustment very fully and, among other things, stated, "At such time and to such extent as economic conditions improve, requiring the operation of plant, unusable under present conditions, the policy will be to reinstate in the accounts the then values of such properties, and to amortize such values over their remaining useful life by charges against operations for depreciation." Pursuant to this policy, surplus plant carried at salvage value of \$1,571,617 was reinstated as active and written up to its present gross value of \$9,643,370, with the result that both gross plant and reserves for depreciation were increased by \$8,071,753, with the net plant account remaining unaffected.

It was stated in the last annual report that the reserves set up for depreciation were sufficient to write down to salvage value all real estate, plant and equipment which has become completely idle. The Corporation's experience during 1933 indicates that this statement is still valid; in fact, reserves for depreciation were increased \$30,149,825 as a result of depreciation charged against current earnings. During the year, an amount of \$1,321,209 was realized on the disposal of idle property which had been carried at a gross book value of \$23,644,749 and a net book value of \$6,608,727 before being written down to salvage value. In accordance with the policy set forth in the preceding paragraph, depreciation was resumed on the \$9,643,370 of plant which was reinstated as active during the year, thereby maintaining the accuracy of the Corporation's cost accounting.

There has been no change in the Corporation's policy during 1933 in respect to the annual depreciation rates applied to the several classes of property. In addition to adequate depreciation charges, it is the practice of the Corporation to charge against current operating revenue liberal amounts for maintenance, while dies, tools and fixtures applicable to specific models are written off during the life of the model, usually within one year.

Investments in Subsidiary and Affiliated Companies not Consolidated: As a result of transactions applicable to the year 1933, the Corporation's investments in subsidiary and affiliated companies were increased in the amount of \$27,341,487. This represented the reflection of the Corporation's proportion of the excess of undivided profits over losses of these companies during the year in the amount of \$9,077,583 and additional investments made during the year (offset by those disposed of) amounting to \$18,263,904. Of the investments made during the year, the principal items were \$9,720,350, representing the investment in the National Bank of Detroit (discussed in more detail in a later section); \$5,698,459, representing the Corporation's cash balances in closed banks (after deducting provision for losses and giving effect to repayments); and \$3,776,114, representing receivables from investment fund trustees reflecting interim settlements in the 1929 and 1930 classes (previously included in current assets). These increases were

offset by a reduction of \$2,500,000 due to the disposal of the balance of the Libbey-Owens-Ford Glass Company 5% serial notes.

The increase in these investments of \$27,341,487, representing transactions applicable to the year 1933, was offset by a write-down of \$9,478,864, representing the Corporation's equity in the net losses (the excess of such losses over undivided profits) of subsidiary and affiliated companies since acquisition through December 31, 1930. A corresponding charge was made to surplus since these equities were not carried to surplus prior to 1931, although the reported net income of General Motors Corporation was adjusted each year to reflect such equities. Beginning January 1, 1931, the surplus and investment accounts, as well as net income, have reflected these equities, as stated in the 1931 annual report. Accordingly, the Corporation's present accounting practice, together with the adjustment of \$9,478,864 herein described, results in bringing up to date the Corporation's cumulative equity in subsidiary and affiliated companies and in stating the Corporation's investment in such companies at cost, adjusted to include the Corporation's proportion of the undivided profits or losses since acquisition. The detail of this adjustment, by companies, was shown in the section on surplus.

The net result of these changes, an increase of \$27,341,487, representing transactions applicable to the year 1933, offset by a decrease of \$9,478,864, representing transactions applicable to years prior to 1931, was an increase of \$17,862,623 during the year in the Corporation's investments in subsidiary and affiliated companies not consolidated.

Treasury Stock: There was an increase during the year 1933 of 1,500 shares in the amount of preferred stock held in the treasury, making the total number held at December 31, 1933, 39,722 shares.

There was an increase during the year of 66,792 shares in the amount of common stock held in the treasury. This made the amount of common stock held at December 31, 1933, 629,076 shares. The increase in the number of shares of common stock held by the Corporation resulted chiefly from the fact that stock reverting to the Corporation, under the operation of the Employees Savings and Investment Fund Plan, exceeded the Corporation's stock requirements during the year. Stock reverting to the Corporation under the Employees Savings and Investment Fund Plan came from the Classes of 1931 and 1932, due to withdrawals by employes from those Classes in 1932 and 1933, and from the Class of 1928 which matured at the end of 1933.

NATIONAL BANK OF DETROIT

A very unusual set of circumstances developed in the early part of the year which requires detailed consideration.

On February 14, 1933, in accordance with a proclamation issued by the Governor of the State of Michigan, all financial institutions within the State were closed. While it was anticipated that such closing would be temporary, it was impossible to effect the essential adjustments, and the City of Detroit, as well as the rest of the State of Michigan, continued practically without banking facilities through the subsequent national banking holiday. Following that holiday, the two largest banks, the First National Bank and the Guardian National Bank of Commerce (involving, in a commercial sense, the financial facilities of the City of Detroit), were unable to comply with the conditions essential to their resuming business activity.

The Corporation was heavily interested in this very distressing situation. Its major manufacturing facilities are concentrated within the State of Michigan. Its employes were seriously involved with their savings in the banks of the various communities in which they resided. The Corporation had on deposit within the confines of the State, at the time of the moratorium, a total of approximately \$18,800,000. As a matter of fact, nearly 90% of the Corporation's cash funds which were impounded through bank closings were within the State of Michigan.

The serious social consequences of a continuation of such a situation involving one of the largest industrial communities of the country, surrounded by a considerable number of important secondary communities, all without banking facilities in a practical sense, were recognized by all. Officials of the United States Treasury Department, officials of the State of Michigan, the responsible banking officials involved and the leading citizens of the community consulted together but, unfortunately, notwithstanding the development of many plans, nothing in the direction of a practical solution of the problem seemed to be forthcoming. The position of the Corporation at all times was one of helpfulness and support of any sound adjustment of the situation, but it was felt that the prime responsibility for the solution of the problem rested elsewhere than with the Corporation, for in no sense of the word was the Corporation involved in any banking responsibility other than as an important depositor. The deterioration of the city's economic structure became apparent and, finally, the point was reached when it seemed vital that some strong organization, capable within itself of affording relief, should of necessity step forward and afford that relief, or the resulting developments were likely to become exceedingly serious.

In view of the important interest of the Corporation in the situation, and with those directly responsible apparently unable to afford relief, it seemed essential that the Corporation temporarily should lend a helping hand, primarily to protect its own interest and, secondarily to protect the interests of the community at large in which it was heavily involved. In collaboration, therefore, with the Reconstruction Finance Corporation, a new bank was created with a capital of \$25,000,000, of which 50%, or \$12,500,000, was subscribed by the Reconstruction Finance Corporation in the form of preferred stock, and the balance, \$12,500,000, was issued in the form of common stock and underwritten by General Motors Corporation.

At the time that this plan was evolved, it was distinctly stated that the Corporation had no desire to enter in any way the banking situation in the City of Detroit or, as a matter of fact, elsewhere. The purpose of the Corporation was then established to withdraw as soon as the situation became stabilized, permitting it to transfer its temporary investment to others to carry on this particular responsibility and duty to the community.

In accordance with the above program, the National Bank of Detroit was opened on March 24, 1933. Further cooperation of the Reconstruction Finance Corporation with the Receivers of the First National Bank and the Guardian National Bank of Commerce enabled the National Bank of Detroit to facilitate the liquidation of the deposits of the closed banks to a substantial degree, rendering a further service to the community in time of stress.

The National Bank of Detroit has, in a relatively short space of time, built for itself an important place in the commercial life of the community. It has proved

a profitable enterprise from the beginning and there is no reason to assume that, as economic conditions become readjusted, it should not be able to widen its sphere of influence and increase the scope of its operations, performing, in that way, a continually broadening service to the community, as well as making a satisfactory profit for its stockholders.

In accordance with its commitment, the Corporation made an offer to sell at cost its holdings of the common stock of the National Bank of Detroit. This offer permitted subscriptions by the depositors and stockholders of the First National Bank—Detroit and the Guardian National Bank of Commerce and residents of Detroit and the State of Michigan up to and including May 31, 1933, and resulted in the sale of a total of \$2,779,650 of the common stock. This reduced the Corporation's investment to \$9,720,350 as of December 31, 1933. This item is recorded as a part of the investment in subsidiary and affiliated companies not consolidated, displayed elsewhere in this report.

AN OPERATING REVIEW

The year under review was characterized, taken as a whole, by an increasing trend of activity. As a matter of fact, January and early February gave promise of improving conditions. This trend was upset by the Michigan banking moratorium, followed by the national banking holiday, which, of necessity, had an adverse influence on retail sales and hence production. With the adjustment of the national banking situation, activity increased; the improvement became accelerated and, in general, continued throughout the balance of the year. As a result, the production of the automotive industry, as measured by the number of cars and trucks produced within the United States and Canada, totalled 2,025,869, representing an increase in units of 594,375 over the year 1932. On the contrary, the year 1932 showed a reduction of 1,040,865 from the year 1931.

The following table presents the production of the automotive industry in the United States and Canada in units and the estimated retail sales value thereof for the year under review, and the four previous years:-

	Total Cars and Trucks	
	Number	Estimated Retail Sales Value
1929	5,621,715	\$4,774,822,000
1930	3,510,178	2,839,014,000
1931	2,472,359	1,904,586,000
1932	1,431,494	1,058,715,000
1933	2,025,869	1,360,370,000

In the annual report of 1932, there was presented a survey of the economic and operating effects of the industrial depression on the automotive industry in general, and on the position of the Corporation in particular, establishing, as a matter of fact, the record of the Corporation during this difficult period. From the facts therein recited, it seemed logical to assume that, with the period of readjustment completed, the automotive industry would assume an important part in the world's economic recovery, due to the fact that the economic position of the automobile, as an instrumentality of transportation, was being continually strength-

ened by technical progress and increased efficiency in manufacture and in operation. It continued to have, next to the essential items of food, shelter and clothing, the most important lien on the purchasing power of the community. The results of the year 1933 appear to be well in line with the conclusions reached at that time.

The question naturally arises as to the permanency of the improvement herein recorded, especially having in mind the various unusual influences which are being injected into the economic picture in this country through the instrumentality of Government. In considering this question, it is important to note that beginning as early as the summer of 1932 there appeared indications of improvement throughout the world, which improvement has been well augmented during the intervening time. It seems reasonable to suppose that the worst of the world depression passed some time ago and that, unless upset by some unusual circumstances, improvement will continue. The rate of improvement may be accelerated or retarded by injecting into the picture abnormal influences, but the general trend will not be affected for the reason that an industrial recovery, like an industrial depression, is, in a practical sense of the word, an irresistible force. It seems reasonable, therefore, to expect a still further betterment of conditions.

In recent annual reviews, reference has been made to the fact that during the years of subnormal production it had been found essential, from the standpoint of operating efficiency and better coordination, to effect certain consolidations. This required a departure from the Corporation's fundamental plan of decentralized operating administration, and applied specifically to the motor car manufacturing operations. In view of the improved circumstances that developed during the year, and the better outlook for the immediate future, separate and complete administration was established for each motor car division. To obtain essential coordination and to provide for a central authority, representing the Corporation at all times at its headquarters in Detroit, Michigan, a general administrative officer was appointed, resident in that city, with the title of Executive Vice-President.

Reference has been made, in recent annual reports and elsewhere, to the fact that reductions in both salaries and wages had been effected, although with great regret and only as a vital part of the necessary adjustments through which industry was passing. It is gratifying to be able to state that, in harmony with the improved trend, both wages and salaries have been adjusted upward. As a matter of fact, the wage scale as measured by the average hourly earned rate, was increased to the standard of 1929—the highest rate paid by any important industry.

In accordance with its yearly custom, the Corporation presented its offerings to the public in the form of an entirely new line of automotive products for the year 1934. The policy of the Corporation in continually advancing the technical position of its products through the instrumentality of advanced research and engineering has been continued. This year there has been added a "better ride," made possible by the independent springing of the front wheels, popularly described as "knee-action" wheels, together with a readjustment of the weight distribution of the vehicle. This development was made possible after over three years of experimental work. While the addition of "knee-action" wheels to the Corporation's line of cars has added to the cost, it was felt that no more important contribution could be made in the way of increasing the utility of the modern motor car than to provide greater comfort under all the varying conditions of road and speed. Its radius of travel is bound to be expanded and its utility value, as an instrumentality of transportation, enhanced.

The development of "knee-action" wheels took the engineering form of two quite different interpretations which justifies the Corporation's policy with respect to the question of engineering in general. The Corporation's motor car products are developed in large part independently by entirely self-contained engineering staffs, a component part of each car manufacturing division, on which the engineering responsibility rests. Entirely independent, but coordinated with such engineering staffs, is a highly developed research activity upon which rests the responsibility of looking forward into the years, so to speak, with the objective of adding to the general knowledge of the laws of nature as they affect everything pertaining to the motor car, as well as creating new possibilities of added value to same.

Naturally, such a broad foundation of research and engineering, coordinated with the contributions available from the world at large, leads to the possibility of different interpretations of sound and desirable technical developments. Entirely aside from that phase of the question, the artistic development of the product presents an opportunity for greatly diversified treatment. This latter problem presents the question not of what can be done, but what should be done with a view to making the greatest possible appeal and, hence, obtaining the maximum possible endorsement of the greatest part of the community.

The policy of the Corporation in the development of its broad range of motor car products is to provide, first and foremost, the greatest possible dollar value in each price class and, in its treatment of various engineering possibilities, to provide as wide an interpretation of sound principles as circumstances make possible. Likewise, from the artistic standpoint, the policy is to advance its designs along desirable trends, with a view to making the greatest appeal to the greatest number.

Operating Facts and Figures: Net sales, excluding inter-company and inter-divisional transactions, amounted to \$569,010,542, as against \$432,311,868 for the year 1932—a gain of 31.6%. Total sales to dealers, including Canadian sales and overseas shipments, measured in units, were 869,035, as against 562,970 for the year 1932—a gain of 54.4%.

Sales to dealers within the United States, as measured in units, were 729,201, as against 472,859 for the year 1932—a gain of 54.2%. Sales to dealers in the United States were adversely affected by the reduction in dealers' stock of new cars during the year by approximately 26,500 units. Based upon automotive registrations in the United States, the Corporation secured 42.9% of the total passenger and commercial car volume, the highest percentage ever enjoyed.

The increasing importance of the Corporation's overseas activities, particularly from the standpoint of its manufacturing operations, justifies special mention. Net sales during the year by export organizations overseas, including sales of manufacturing operations abroad, amounted, at net wholesale value, to \$104,629,754 and represented an aggregate of 119,989 units. This corresponds to sales value of \$64,722,593, representing 77,159 units, in the year 1932—an increase in 1933 of 61.7% in value and of 55.5% in units. The products represented by these sales emanate from three different and independent sources, viz., American, English and German. Due to the injection into the picture of various artificial barriers against international trade, accentuated by the policies of nationalism now generally prevailing, there has resulted an increasing percentage of overseas business emanating

from foreign sources as against American sources. To illustrate, five years ago—1928—practically the entire overseas sales of the Corporation emanated from American sources. During the year 1933, 45.2% were from American sources as against 54.8% from English and German sources. Such manufacturing countries as Germany and England, in which the Corporation enjoyed important business from American sources in previous years, are now practically closed to importations.

Reference has been made in previous annual reports to the Corporation's manufacturing operations as conducted through Adam Opel A.G., Rüsselsheim, Germany and Vauxhall Motors, Ltd., Luton, England. It is interesting to note that during the year under review the production of cars and trucks from German sources showed an increase of 87.1%. Adam Opel A.G. increased its percentage of cars and trucks registered in that country to 33.5%, as compared with 30.6% for the year 1932. In England, Vauxhall Motors, Ltd. increased its total sales in units by 81.4% and, at the same time, made a substantial increase in its participation in that particular market.

1934 Motor Cars: Reference has already been made to the Corporation's 1934 offerings and its policy with respect to such offerings has been explained. It is too early at the time of writing this report to evaluate definitely, in a statistical way, the acceptance of these products, but from such information as is available, it can be said, without reservation, that the reaction so far has been exceedingly gratifying. The introduction of "knee-action" wheels, already referred to, and other improvements of a technical character, developed unusual interest. As the characteristics of these improvements become recognized, through actual contact with the cars themselves, this favorable reaction is bound to be intensified. Another aspect of the 1934 products, which is meeting unusual popular favor, is their graceful streamline beauty. Well aware of the increasing popularity of streamlining, an effort was made to give it the expression which would most accurately meet the general current taste. The result has been a widespread and gratifying appreciation of our interpretation of this important trend.

A few words with respect to the advantages of streamlining might be helpful at this time. As a trend in design, it is quite the vogue, finding expression in railroad trains, aeroplanes, steamships, as well as in motor cars. The operating conditions of these various instrumentalities of transportation are so different that each one must be considered on the basis of its own individual circumstances, insofar as the influence of streamlining on efficiency is concerned. So far as motor cars are concerned, it does not offer any important economies in either first cost or in operating cost. It might be assumed that weight and cost could be reduced through the possibility of a smaller power plant but in a modern motor car the ability to accelerate is an important consideration and, unfortunately, the power required for acceleration is largely dependent on the weight and speed and is independent of the shape of the object. If the public were willing to accept an important decrease in the ability to accelerate, some gain in economy through a smaller power plant would be possible. The greatest possible gain that can be expected under present conditions is a somewhat higher maximum speed or with the same top speed a slight saving in fuel, all other circumstances being the same.

The Corporation's 1934 regular passenger cars, from the Chevrolet up to and including the Cadillac V-12, are offered in 106 body types with factory list prices ranging from \$465 to \$6,295. The Cadillac V-16 will, as in the year 1933, be entirely custom built—there being 20 model suggestions, with prices ranging from \$6,650 to \$8,950, which are offered as a basis for the custom specifications of the purchaser.

The full line of the Corporation's 1934 products, with the price range of each, is listed below:-

	<u>Price Range</u>
Chevrolet Standard 6.....	\$ 465—\$ 495
Chevrolet Master 6.....	545— 665
Oldsmobile 6.....	640— 760
Pontiac 8.....	695— 785
Oldsmobile 8.....	845— 955
Buick 8-50.....	1,045—1,165
Buick 8-60.....	1,300—1,575
La Salle 8.....	1,495—1,595
Buick 8-90.....	1,745—2,055
Cadillac 8.....	2,395—5,595
Cadillac 12.....	3,995—6,295
Cadillac 16.....	6,650—8,950

An examination of the individual cars, with respect to their price range, indicates certain adjustments, both as to price and position.

Selling prices of all automotive products, in line with practically every type of merchandise, have advanced, but in the case of automotive products this advance is not sufficient to recompense the manufacturer for increased production costs and added cost of materials. It should also be recognized that added costs go toward increasing the compensation of the workers in the industry and contributing industries through higher salaries and wages—an essential part of the National Recovery Program and a factor of importance in increasing the purchasing power of the great mass of consumers.

In certain instances, through improved coordination and redesigning, the same or a lower price has been established, notwithstanding the general trend. The same price as in 1933 was maintained on the Oldsmobile 8, while lower prices were established on the Oldsmobile 6, the La Salle 8 and the Cadillac 8. The Cadillac 8 takes the former price position of the La Salle 8. It is hoped that this will importantly increase the Cadillac clientele. The La Salle 8 has been entirely redesigned into a somewhat smaller motor car. At the same time its quality characteristics as interpreted by the Cadillac organization will be fully maintained. The objective was to provide an attractive, luxurious, medium price motor car.

Coincident with the introduction of the Corporation's 1934 line, as described above, similar new offerings were made in Germany through Adam Opel A.G. In Germany, it is too early to definitely evaluate the acceptance of these products, but their technical position is advanced, as is also their development from the artistic standpoint. In England, the 1934 offerings were made the latter part of last year, as is the custom in that country. The acceptability of these offerings has been well established. The capacity of the plant is being taxed to keep up with the demand.

NATIONAL INDUSTRIAL RECOVERY ACT

A review of the year would not be complete without a general reference to the injection into the industrial picture of the National Industrial Recovery Act, not only from the standpoint of its immediate influence, but more particularly from the standpoint of its possible effect on the future trend of industry in the United States in general.

First, it might be stated that the automotive industry promptly signified its support of the program by submitting a code—one of the early codes approved by the Administration. The automotive code confines itself to the basic requirements of the National Recovery Act—a minimum wage scale, a maximum and an average number of hours, together with the statutory provisions with respect to labor, known as Section 7-A. Those are the only provisions. The industry, from the manufacturing and wholesale distribution standpoint, has not availed itself of the possibilities of the National Recovery Act as to regulation of trade practices. In addition to the support of the National Recovery Act through the automobile code, the Corporation has at all times stood ready to contribute and has, in fact, contributed through its personnel in assisting the National Recovery Administration in discharging the tremendous responsibility that it has assumed.

Recognizing the relatively short space of time during which the National Recovery Act has been in operation, it is manifestly impossible to draw any definite conclusions either as to its possibilities in the direction of a constructive instrumentality toward a better economic and industrial order, or as to the form which it might ultimately take. The industrial structure of the United States has been built up over a period exceeding one hundred years, through an infinite number of adjustments and compromises, and now represents a most intricate and involved structure. To reconstruct this structure in major degree within the short period of a few months is, to say the least, a hazardous undertaking and, even recognizing what all who have been in close touch with the program appreciate, that the highest possible motives of honesty of purpose and fairness prevail in its administration, it is only natural that errors of policy and fact are bound to develop, and can only be corrected through the process of evolution.

To present a complete analysis of these questions, with their implications as to the future, would be impossible within the confines of this report and would, in fact, not be within the scope of its purpose. It might be desirable to advance, however, a few considerations vitally important to all that bear on the general problem.

First, whatever evolution may bring about with respect to the National Recovery Act, one thing is absolutely certain—its labor provisions, contained in Section 7-A, must be clarified or there is the certainty of industrial strife, the equal of which this country has not yet seen, and just at a time when there is a foundation for hope of recovery from the economic depression. Every fair-minded person should be in favor, from a social and an economic standpoint, of a minimum wage; of the elimination of child labor; of a gradual shortening of the hours of labor. Unfortunately, behind all this, as the result of an interpretation which attempts to carry the weight of an edict of law, appears to be looming the spectre of the greatest

monopoly that ever existed in any country in the world—the closed shop. Other questions arise and must be answered by those having the tremendous responsibility involved. Does the philosophy of the closed shop, or the history of industries in America dominated by the closed shop, justify a decision in its favor? Does not the record of American industry with its freedom and independence, as developed through the mutual confidence of management and labor in the automobile industry—providing for the American workman the highest standard of living in the world—justify a decision in favor of the open shop?

Second, if industrial cooperation within any industry is to be permitted, reducing in whole or in part the competitive influence, ultimately affecting the price to the consumer, it is highly essential that the arrangement, whatever form it may take, should be predicated upon the most efficient set of circumstances even if it means, through evolution, the elimination of the less efficient. Otherwise we put a premium on inefficiency, we spread mediocrity and we raise the price to the consumer, with the result that there is less consumption of the products of industry and hence increased unemployment.

Third, no greater fallacy exists today than the viewpoint held by so many—that the number of man-hours of employment is definitely fixed and, assuming that the number of workers is known, the problem of unemployment is solved by dividing the amount of work by the number of workers. Around this thinking comes the agitation for the mandatory thirty-hour week. The average hours of employment over the decade may perhaps be gradually reduced but, from an economic standpoint, an immediate radical adjustment is bound to exert a highly deflationary influence and at a time of improving conditions will surely inject into the picture a highly objectionable effect. It is to be hoped that wiser counsels will prevail.

FACTS AND FALLACIES ABOUT HIGHWAY TRANSPORTATION

A constructive and economic diagnosis of the present status of all forms of transportation covering both goods and passengers, and of the relationship of these forms of transportation to each other, is highly essential on the part of some authoritative, open-minded and unprejudiced agency concerned only with the interest of the community at large. Many groups have contributed importantly to a better understanding of the problem but, on account of its magnitude and the tremendous interests at stake, there has not as yet been developed a sufficiently comprehensive survey, supported by the essential facts, to effect a crystallization of public opinion on this vital question of national economy.

It is an exceedingly important problem as directly affecting the position of the Corporation, but to an even greater degree indirectly affecting its position through the influence of the problem upon the interests of the community at large. It would be impossible, within the confines of this review, to do more than touch upon a limited number of phases of the question.

There exists in the picture today transportation by air, by rail, by highway and by water. Transportation by highway during the past twenty years has developed to vast proportions and has become a major factor in our economic and social structure. It has interwoven itself into our daily affairs so unobtrusively that it is taken for granted, much as we take the telephone and the radio for granted. We are not conscious of its continually broadening contribution to the

many phases of our modern life. If every truck, bus and passenger car were stopped today, chaos would result—there would be so much confusion, so much disarrangement in our daily life, such an increase in the cost of everything we use or every service that is rendered, that the community would be appalled.

More than 15,000,000 people are estimated to have moved into suburban communities in the last decade, and have become largely dependent upon the highway. The motor vehicle is serving 50,000 communities absolutely without rail service; labor depends upon it for a new mobility in seeking employment; farmers use one out of every four motor trucks and nearly one out of every five passenger cars. Two-thirds of all motor cars are owned by individuals earning an annual income of less than \$3,000.

The development of this flexible and highly effective instrumentality of transportation, with its continually broadening ability to serve, must, of necessity, require a readjustment of more or less consequence in other existing forms of transportation. Such a readjustment is inevitable. It is evolution—progress through evolution. Progress in effecting the necessary adjustment can be accelerated by a fair determination and acceptance of the facts by all concerned, or it can be delayed by those who cannot or will not see the light—the final result will not be changed.

A large group of railroad security holders created, about a year ago, the National Transportation Committee to study this question. It was headed by the late Calvin Coolidge. Other members of the Committee were: Ex-Governor Alfred E. Smith of New York, the late Alexander Legge, Bernard M. Baruch and Clark Howell. In submitting its report, this Committee said,

“Automotive transportation is an advance in the march of progress—it is here to stay. We can not invent restrictions for the benefit of the railroads—we can only apply such regulations and assess such taxes as would be necessary if there were no railroads and let the effect be what it may.”

The acceptance of this very sound statement of policy, and a diagnosis of the problem on the basis of same, would clarify the issue but, unfortunately, the picture is prejudiced by the injection of organized propaganda in the interests of one group as against another, with the result that the position of the community at large—the real party involved—is lost sight of completely.

The argument takes the form as to whether transportation by highway is subsidized as against transportation by rail—as to whether the burden of taxation in all its varied forms is levied fairly in an economic sense on one as against the other. To discuss this in detail here would be impossible. The Brookings Institution of Washington, D.C., consisting of a group of independent scientists, concerned only with the determination of the facts and their economic consequences, made a study of this question. It says,

“We conclude, therefore, that on the whole highway users are now paying for those highways which are of general use.”

A few facts and figures concerning the general subject of highway taxation might be of interest. The following figures include those taxes specifically applicable to the highway user, viz., registration fees, gasoline taxes, excise taxes, personal

property and municipal taxes. Federal income or property taxes or taxes general in their application to all forms of industry are not included:

1929.....	\$ 928,155,000
1930.....	1,000,388,000
1931.....	1,025,735,000
1932.....	1,076,021,000
1933.....	1,170,000,000

The tax burden of the highway user increased practically without interruption from 1919 when it stood at approximately \$222,000,000 to 1933 when it was estimated as \$1,170,000,000. It is estimated that 11% of all taxes from all sources in the United States in 1933 was paid by the highway user. Despite a 13% reduction in motor vehicle registrations since 1929, the taxes of the highway user reached a new peak of 26% more than the 1929 total. In both the years 1932 and 1933, highway users paid specific taxes, whether in the original purchase or in the operation of the motor vehicle, exceeding the entire value of all new motor cars and trucks sold in the United States in those years. It may truthfully be stated that the policy has been, and still is, to tax everything pertaining to the use of the highway at a constantly increasing rate.

In recent years, various Governmental authorities, faced with shrinking revenues and unbalanced budgets, have seized taxes levied against highway use for unemployment relief and for various other purposes not related to highway transportation. If taxes specifically imposed for a specific purpose are diverted to the general fund, or if the highway users' taxes are increased for such purpose, the effect is to place upon one instrumentality of transportation an unfair and uneconomic burden as against another, which burden should be borne by the people of the community as a whole. In 1932, it is estimated that more than \$50,000,000 of highway funds were diverted to other purposes. While the figures of 1933 are not yet available, it would not be surprising if the total diversion reached nearly \$200,000,000.

To determine the amount the highway user should pay in consideration of the benefits received is not difficult. Having determined that amount, it should be distributed among the various groups of users in as equitable a manner as possible. Other instrumentalities of transportation should be treated likewise. Having thus established the economic cost of each form of transportation, the extent to which each form is used as against another should depend upon this cost, together with other facts involved in the service rendered. The necessary readjustments should then be effected. That is progress. Under no circumstances should any one form of transportation be penalized through the medium of specific taxes levied to provide funds for purposes outside of itself. In no other way can the interests of the community be preserved.

OPERATING DEVELOPMENTS

There has been little change in the way of operating developments during the year, although the following should be mentioned:-

Sunlight Electrical Manufacturing Company, Warren, Ohio

This organization, manufacturing small electrical motors, was purchased as of April 1, 1933 for the purpose of strengthening the position of the Corporation in that branch of its activities. The consideration was a cash payment of \$665,000. The operations of this Company were consolidated with the Delco Products Division of Dayton, Ohio, in May, 1933.

General Aviation Corporation and North American Aviation, Inc.

Reference has been made in previous annual reports to the developing activities of the Corporation with respect to aviation. On account of the close alliance between the technical problems of aviation, or transportation by air, and the technical problems of the motor car, or transportation by highway, and recognizing the tremendous possibilities of the former in the way of expansion that technical advancement will make possible, it was considered desirable by the management that contact should be established with the problems of the aviation industry.

The engineering and manufacturing problems of aviation are so closely allied with the operating problems that it appears to be essential, at least in the developmental stage of the industry, that a close relationship should exist between the designing and manufacturing of the product and the operation of same. For that reason, as will be noted through the greater details below recited, the Corporation has developed a position in both phases of the business.

On December 31, 1932, the Corporation owned 459,400 shares of the common stock of General Aviation Corporation, representing 46.83% of the total shares outstanding. This interest of the Corporation was the result of an investment made some years ago in the Fokker Aircraft Corporation of America, together with certain open market purchases. From December 31, 1932 to March 31, 1933, the Corporation purchased 17,100 additional shares of General Aviation Corporation stock in the open market at a total cost of \$72,793, thus increasing its holdings to 48.58% of the stock outstanding.

In April, 1933, General Aviation Corporation exchanged substantially all of its assets for a 43.26% stock interest in North American Aviation, Inc. General Motors Corporation purchased in April, 1933, 300,311 shares of North American Aviation, Inc., or 8.74% of its outstanding stock, at a total cost of \$848,654. The above transactions resulted in General Motors Corporation, together with the General Aviation Corporation, owning 52.00% of North American Aviation, Inc. In addition to an airplane factory, North American Aviation, Inc. owns Eastern Air Transport, Inc. which maintains an air transport service from New York down the Atlantic Coast to Miami. A substantial interest is also held in Western Air Express Corporation which operates a line from Los Angeles to Salt Lake City and which, in turn, owns a large interest in Transcontinental & Western Air, Inc. which operates a transcontinental air line from New York to Los Angeles via Kansas City.

General Motors Acceptance Corporation

The review of the operations for the year would not be complete without reference, as is customary in all annual reports, to this activity, notwithstanding the fact that these operations are set forth in a separate annual report issued as part of its regular procedure. Like General Motors Corporation itself, General Motors Acceptance Corporation enjoyed a material improvement in business. One of the important lessons that might be learned as a result of the industrial depression has been the truly remarkable record of the individual in discharging his obligations created through the purchase of goods on time, or through the instrumentality of consumer credit. This is particularly true when compared with the shrinkage in assets and the default of payments experienced by other financial institutions.

COOPERATIVE PLANS

Previous annual reports have dealt at length with various plans and programs that have been established from time to time for the purpose of promoting the effectiveness and well-being of the Corporation's operating personnel. It has been stated that the fundamental objective in all these plans has been to help the individual to help himself; to make him a better citizen; to give him the broadest possible opportunity to become independent. As is customary in dealing with these questions as a part of the annual report, these activities will be dealt with separately.

General Motors Management Corporation

This Corporation was formed in 1930, was approved by the stockholders under date of March 5, 1930, and was described in the annual report of 1929. The objective was to interest the Corporation's executive staff in the ownership of the Corporation's common stock—the underlying principle being that the efficiency and effectiveness of management are enhanced and stimulated through direct participation in the results of its own endeavors.

Under the contract existing between the Corporation and General Motors Management Corporation, dated March 12, 1930, there will be payable to the latter, as a result of 1933 operations, an amount of \$1,368,006 for the benefit of General Motors Management common stockholders. There was advanced to General Motors Management Corporation on December 26, 1933, \$1,000,000 in anticipation of the amount due on March 10, 1934, with which the General Motors Management Corporation retired \$975,000 of its bonds. An additional \$375,000 of bonds will be retired on March 15, 1934. On that date of each year, \$7,000,000 of Management Corporation bonds has matured. On March 15, 1932, there was deferred \$3,875,000 and on March 15, 1933, \$7,000,000 of bonds. These amounts, together with the deferment of \$5,650,000 in bonds due March 15, 1934, result in a total deficiency with respect to bond retirement of \$16,525,000.

Bonus Plan

The Bonus Plan, as has been pointed out in previous reports, provides a reward for conspicuous service to those individuals who have contributed outstandingly to the progress of the Corporation during each year. Before any distribution takes place, however, there must be earned 7% on the capital employed by the Corporation. There will be available for distribution to the Corporation's employees, under the Bonus Plan, a total of 51.514 shares of General Motors common stock

as a result of 1933 operations. This is in addition to the participation of the Management common stockholders in the contract payment mentioned in the previous section.

Employes Savings and Investment Plan

This plan was inaugurated in 1919. Its detailed operations have been reported in each annual report since that date. At the close of 1933, the tenth annual class, which was that of 1928, matured, and as a result, there has been paid to 28,393 employes, the following:-

On account of their savings.....	\$ 5,084,485
On account of 6% interest on savings.....	1,917,435
On account of Investment Fund credits contributed by the Corporation, as follows:	
To employes electing to receive their Investment Fund credits in cash.....	1,497,750
To employes electing to receive their Investment Fund credits in stock (this amount is represented by 56,433 shares of \$10 par value common stock of the Corporation at market value at maturity of class).....	2,003,210
This makes a total of.....	<u>\$10,502,880</u>

An employe who paid in \$300 in the year 1928 received cash or cash and securities having a total value equivalent to \$621.52 or 2.07 times the original investment of \$300.

It was pointed out in the annual report of 1932 that the Savings and Investment Plan was temporarily suspended as of April 30, 1932 on account of the conditions prevailing at that time. The plan was resumed in August, 1933, with the Corporation's contribution equivalent to 25% of employes' savings in place of 50% as heretofore. Further, the new plan is limited to employes with a salary of \$4,500 a year or less, whereas all employes could participate in the old plan. The interest rate paid by the Corporation was reduced from 6% to 5%. An employe may contribute 10% of his wage or salary in the new plan, compared with 20% previously. The maximum amount he may pay in during any one year remains at \$300.

Reference was made in the annual report of 1932 in the section on "The Industrial Depression, Its Economic and Operating Influences" to the constructive influence of the Employes Savings and Investment Plan as a means of answering industry's social obligation to its workers in times of stress. The facts as developed are so consequential that it seems desirable to quote from that report the following:-

"The personnel of the Corporation entered 1930, at the beginning of the industrial depression, as a result of the previous five years' contribution to the Employes Savings and Investment Plan, with a reserve of approximately \$75,000,000, representing in reality a cash reserve of that amount. In addition to this, there was an equity of approximately \$15,000,000 which had been diverted to the purchase of homes under the provision of the plan or, in other words, savings of approximately \$90,000,000 were available. During the three year period, 1930 to

1932 inclusive, there has been withdrawn a total of \$78,000,000. There were further payments made into the fund by employes and the Corporation from January 1, 1930 up to April 30, 1932, at which time the plan was suspended, which, together with interest and dividends, amounted to \$48,000,000 and at the end of 1932 there was still available \$47,000,000 to meet the contingencies of the future, to which should be added \$13,000,000 remaining equity in the purchase of homes or a total of \$60,000,000."

The operation of the Plan during the year 1933 showed the following results. Payments made into the fund by employes and the Corporation, which were resumed in August, together with interest and dividends accruing during the year, amounted to \$4,000,000. There was withdrawn a total of \$19,000,000, including more than \$9,000,000 from the 1927 Class which matured at December 31, 1932. The amount available for employes in all classes at the end of 1933 amounted to \$36,000,000, to which should be added \$9,000,000 representing savings diverted to the purchase of homes, or a total of \$45,000,000.

Group Insurance Plan

During 1933 the Corporation lost 816 of its employes through death or permanent disability. As a result of the benefits accruing from this plan, there was paid to employes, or their dependents, \$1,948,679. In addition, 7,328 employes received benefits amounting to \$370,401 on account of temporary disability resulting from sickness or non-industrial accidents. Under this Plan, approved claims for the benefit of the Corporation's employes and their families totalled \$2,319,080 for the year 1933 and \$18,810,160 from the inception of the Plan on December 1, 1926 to and including December 31, 1933. The Group Insurance Plan is available to all employes of the Corporation after three months' service. At the end of 1933, over 98.5% of the eligible employes were participating in the Plan.

Education and Training

This activity was continued during the year, in accordance with the plan as previously set forth, although on a reduced scale commensurate with the general reduction in all the Corporation's activities.

Housing for Employes

The policy with respect to this activity continues to be one of liquidation of the Corporation's investment rather than one of expansion.

Due to the general improvement in conditions during the year, the number of cancellations of purchase contracts covering houses showed a reduction from the previous year. Likewise the number of houses rented also showed an improvement. There has been no change in policy with respect to this activity.

GOODWILL AND PATENTS

This account, as reported in the balance sheet as of December 31, 1933, shows practically no change from that of the previous year. The Corporation's standard accounting practice interprets goodwill as the difference between the purchase price and book value of properties acquired, and patents as representing the cost of acquisition to the Corporation less subsequent amortization.

It will be noted from the above definition that this account is not intended to represent an appraisal, even in a minor degree, of the value of the Corporation's goodwill as reflected by the intangible value of a group of highly specialized manufacturing organizations and their executive personnel, supported by vast distributing organizations, and of a group of products whose *quality and excellence* are well established not only in every community of the United States but throughout the entire world.

PUBLIC RELATIONS

It is apparent that there is a growing realization in this country that nothing is more vital to the maintenance of a corporation's position in industry, and to its future development, than a satisfactory relationship with the public or good public relations.

Public needs and viewpoints must be interpreted by the Corporation through its engineering, manufacturing and sales organizations in the form of satisfactory products and services. This in turn places a definite public relations responsibility upon every General Motors employe and General Motors dealer, each in his or her own particular sphere, to build goodwill for General Motors by being public-minded members of a public-minded institution.

In addition to furnishing satisfactory products and services, it is of equally vital importance that the public should have an understanding of the motives that actuate the Corporation in everything that it does. In harmony with this conception, the Corporation makes every effort to keep the stockholders and the general public properly informed as to the Corporation's policies in dealing with the various problems that arise.

Customer Research

In order to keep in closer contact with the public thinking, a new activity was started some years ago, which has lately received more intensive attention and is now called "Customer Research." Through this activity, developed on a highly scientific basis, it is now possible for General Motors to gauge, with a high degree of accuracy, public thinking on many questions of vital concern. This is of great assistance to the Corporation, both in the manufacture of its products and in the formulation of its policies.

Thus to insure a satisfactory relationship with the public, emphasis is placed not alone on what management may think but on the correct interpretation of what the public actually thinks. This is the point of view of General Motors as a public-minded institution.

STOCKHOLDERS

It is gratifying to the management to be able to record the fact that, notwithstanding the circumstances existing, the number of stockholders in the Corporation at the end of the year was very close to the maximum—to be exact, there were 351,761 stockholders. It is beneficial to any institution like General Motors to have a wide distribution of its ownership. It indicates confidence of the public at large in the institution, in its honesty of purpose and in the effectiveness of its management. The number of stockholders of all classes at the close of each year since 1917 is displayed on page 40.

CONCLUSION

Reference has been made in recent annual reports to the difficult problems of the period through which industry was passing; to the sacrifice of those who had served the Corporation faithfully but who had to be discontinued due to general circumstances and through no cause of their own; and to those who have been carrying the operating burden under such adverse conditions.

In happy contrast to a year ago, we now record our hopes and convictions of a better immediate future, with an expanding opportunity for those who have been carrying the burden and the possibility of a new opportunity for others as well.

On behalf of the Chairman of the Board, and on my own behalf, personally, I wish to record our appreciation of the efforts during the year of the entire personnel, both at home and abroad; of its loyalty during the past years of adversity; of its continual belief in the institution and in each other; and of its confidence in the ultimate advent of better times—confidence always justified and, I am hopeful, about to be substantiated.

By order of the Board of Directors,

LAMMOT DU PONT
Chairman

ALFRED P. SLOAN, JR.
President

March 15, 1934.

SUMMARY OF CONSOLIDATED INCOME

For the Years Ended December 31, 1933 and 1932

	<u>Year Ended</u> Dec. 31, 1933	<u>Year Ended</u> Dec. 31, 1932
Net Sales	<u>\$569,010,542.04</u>	<u>\$432,311,868.49</u>
Profit from operations and income from investments (including dividends received from subsidiary and affiliated companies not consolidated) after all expenses incident thereto, but before provid- ing for depreciation of real estate, plants, and equipment	\$118,301,748.26	\$ 46,566,474.34
Provision for depreciation of real estate, plants, and equipment	30,149,825.36	37,173,646.54
Balance after depreciation	<u>\$ 88,151,922.90</u>	<u>\$ 9,392,827.80</u>
General Motors Corporation's equity in the undivided profits or losses of subsidiary and affiliated companies not consolidated	9,077,583.06	<i>*3,490,747.29</i>
Net Profit from operations and investments	<u>\$ 97,229,505.96</u>	<u>\$ 5,902,080.51</u>
Less provision for:		
Employes savings and investment fund	\$ 1,527,647.59	\$ 2,793,990.86
Guaranteed settlement of 1928 and 1927 Investment Fund Classes, maturing December 31, 1933 and 1932	1,543,884.50	2,219,155.33
Total	<u>\$ 3,071,532.09</u>	<u>\$ 5,013,146.19</u>
Deduct profit (<i>loss</i>) on investment fund stock reverting to General Motors Corporation	4,240,655.03	<i>*337,470.48</i>
Employes savings and investment fund—net	<u>\$ 1,169,122.94</u>	<u>\$ 5,350,616.67</u>
Employes bonus and payment to General Motors Management Corporation	2,736,011.06	—
Special payment to employes under stock subscrip- tion plan	21,112.00	36,154.00
Total	<u>\$ 1,588,000.12</u>	<u>\$ 5,386,770.67</u>
Net Income before Income Taxes	<u>\$ 95,641,505.84</u>	<u>\$ 515,309.84</u>
Less provision for United States and foreign income taxes	12,217,779.80	284,710.99
Net Income for the Year	<u>\$ 83,423,726.04</u>	<u>\$ 230,598.85</u>
General Motors Corporation's Proportion of Net Income Dividends on preferred capital stock—\$5 series (less div- idends applicable to stock held in Treasury)	\$ 83,213,675.89	\$ 164,979.00
	9,178,845.00	9,206,386.68
Amount Earned (Loss) on Common Capital Stock	<u>\$ 74,034,830.89</u>	<u>\$ *9,041,407.68</u>
Average number of shares of common capital stock out- standing during the year	43,043,848	43,133,570
Amount Earned (Loss) Per Share of Common Capital Stock	<u>\$1.72</u>	<u>\$*0.21</u>

*Loss.

SUMMARY OF CONSOLIDATED SURPLUS

For the Years Ended December 31, 1933 and 1932

	<u>Year Ended</u> <u>Dec. 31, 1933</u>	<u>Year Ended</u> <u>Dec. 31, 1932</u>
Earned Surplus at beginning of year	\$238,231,744.11	\$301,266,482.18
General Motors Corporation's Proportion of Net Income, per Summary of Consolidated Income	83,213,675.89	164,979.00
General Motors Corporation's equity in the net losses (the excess of such losses over undivided profits) of subsidiary and affiliated companies not consolidated since acquisition to December 31, 1930 (prior to 1931 these equities were not carried to surplus, but the reported income of General Motors Corporation was adjusted each year to reflect such equities)	<u>9,478,863.87</u>	—
Earned Surplus before dividends	<u>\$311,966,556.13</u>	<u>\$301,431,461.18</u>
Less cash dividends paid or accrued:		
Preferred capital stock—\$5 series	<u>\$ 9,376,830.00</u>	<u>\$ 9,376,830.00</u>
Common capital stock:		
Mar. 13 (\$0.25 on 43,500,000 shares in 1933) . . .	\$ 10,875,000.08	\$ 21,750,000.23
June 12 (\$0.25 on 43,500,000 shares in 1933) . . .	10,875,000.08	10,875,000.09
Sep. 12 (\$0.25 on 43,500,000 shares in 1933) . . .	10,875,000.08	10,875,000.08
Dec. 12 (\$0.25 on 43,500,000 shares in 1933) . . .	10,875,000.09	10,875,000.08
Dec. 12 (\$0.25 extra on 43,500,000 shares in 1933)	10,875,000.10	—
Total	<u>\$ 54,375,000.43</u>	<u>\$ 54,375,000.48</u>
Total cash dividends paid or accrued . . .	<u>\$ 63,751,830.43</u>	<u>\$ 63,751,830.48</u>
Less amount received or accrued by General Motors Corporation on capital stock held in Treasury:		
Preferred capital stock—\$5 series	\$ 197,985.00	\$ 170,443.32
Common capital stock	548,645.86	381,670.09
Total	<u>\$ 746,630.86</u>	<u>\$ 552,113.41</u>
Net cash dividends paid or accrued . . .	<u>\$ 63,005,199.57</u>	<u>\$ 63,199,717.07</u>
Earned Surplus at end of year	<u>\$248,961,356.56</u>	<u>\$238,231,744.11</u>

NOTE: See page 34 for detail of dividend payments made prior to the year 1933.

GENERAL MOTORS CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET

DECEMBER 31 1933 AND 1932

ASSETS

	Dec. 31, 1933	Dec. 31, 1932
Current Assets:		
Cash.....	\$ 150,952,197.14	\$ 151,152,747.40
United States Government securities at market..	26,141,791.65	19,327,083.07
Other marketable securities (short term).....	209,977.10	2,300,864.67
General Motors Management Corporation serial 6% debenture bonds, due March 15, 1934.....	375,000.00	—
Sight drafts with bills of lading attached, and C. O. D. items.....	3,070,584.67	4,126,900.90
Notes receivable.....	2,346,631.78	2,762,869.71
Accounts receivable and trade acceptances (less reserve for doubtful accounts: in 1933, \$2,676,921.51; in 1932, \$2,533,294.57).....	18,834,045.41	24,828,886.55
Inventories at cost or market, whichever is lower.	115,584,599.66	75,478,611.93
Prepaid expenses.....	2,500,779.29	3,280,909.79
Total Current Assets.....	\$ 320,015,606.70	\$ 283,258,874.02
Investments and Miscellaneous:		
Subsidiary and affiliated companies not consolidated, and miscellaneous (Schedule 1).....	\$ 228,893,524.11	\$ 211,030,901.15
General Motors Management Corporation serial 6% debenture bonds at face value.....	38,525,000.00	39,875,000.00
General Motors Corporation capital stock held in Treasury for corporate purposes (in 1933, 629,076 shares common, \$13,377,013.51; 39,722 shares \$5 series no par preferred, \$3,267,219.38).....	16,644,232.89	11,808,780.88
Total Investments and Miscellaneous.....	\$ 284,062,757.00	\$ 262,714,682.03
Fixed Assets:		
Real estate, plants, and equipment.....	\$ 512,703,982.31	\$ 499,982,231.29
Deferred expenses.....	15,053,982.24	17,433,417.91
Goodwill, patents, etc.....	51,837,677.27	51,839,435.97
Total Fixed Assets.....	\$ 579,595,641.82	\$ 569,255,085.17
TOTAL ASSETS.....	\$1,183,674,005.52	\$1,115,228,641.22

LIABILITIES, RESERVES, AND CAPITAL

	Dec. 31, 1933	Dec. 31, 1932
Current Liabilities:		
Accounts payable.....	\$ 33,578,894.97	\$ 22,990,606.65
Taxes, payrolls, and sundry accrued items.....	16,720,512.48	17,576,143.13
United States and foreign income taxes.....	12,673,536.63	498,465.74
Employees savings funds, payable within one year	11,278,955.77	15,193,659.68
Contractual liability to General Motors Management Corporation, due March 10, 1934.....	368,005.53	—
Accrued dividends on preferred capital stock.....	1,562,805.00	1,562,805.00
Total Current Liabilities.....	\$ 76,182,710.38	\$ 57,821,680.20
Reserves:		
Depreciation of real estate, plants, and equipment	\$ 208,939,142.94	\$ 171,708,486.15
Employees investment fund.....	301,212.50	939,079.45
Employees savings funds, payable subsequent to one year.....	9,710,537.27	11,907,361.81
Employees bonus.....	1,368,005.53	—
Sundry and contingencies.....	13,415,344.54	9,590,843.85
Total Reserves.....	\$ 233,734,242.78	\$ 194,145,771.26
Capital Stock and Surplus:		
Capital stock of General Motors Corporation:		
Preferred, no par value (authorized, 6,000,000 shares; issued, 1,875,366 shares of \$5 series).	\$ 187,536,600.00	\$ 187,536,600.00
Common, \$10 par value (authorized, 75,000,000 shares; issued, 43,500,000 shares).....	435,000,000.00	435,000,000.00
Total Capital Stock.....	\$ 622,536,600.00	\$ 622,536,600.00
Interest of minority stockholders in subsidiary companies with respect to capital and surplus.	2,259,095.80	2,492,845.65
Earned surplus.....	248,961,356.56	238,231,744.11
Total Capital Stock and Surplus.....	\$ 873,757,052.36	\$ 863,261,189.76
TOTAL LIABILITIES, RESERVES, AND CAPITAL.....	\$1,183,674,005.52	\$1,115,228,641.22

NOTE: Notes and accounts receivable as of December 31, 1933, as shown above include amounts of \$2,733,482.13 due from General Motors Acceptance Corporation on account of current financing of sales of the Corporation's product (including in-transit items), \$818,256.18 representing current accounts due from subsidiary and affiliated companies not consolidated, and \$127,778.44 due from officers and employees.

INVESTMENTS

December 31, 1933 and 1932

	Dec. 31, 1933	Dec. 31, 1932
Investments in Wholly Owned Companies which are Carried at Net Worth as Shown by the Books of the Several Companies:		
General Motors Acceptance Corporation.....	\$ 84,360,287.92	\$ 79,490,138.15
General Motors Building Corporation.....	6,224,230.47	6,661,371.98
Argonaut Realty Corporation.....	11,028,215.43	11,388,336.09
Modern Housing Corporation.....	8,452,722.36	9,489,577.28
Modern Dwellings, Limited.....	150,608.84	145,535.44
New Departure Realty Company.....	273,675.06	285,150.04
Other.....	3,549,702.91	2,572,167.02
Investments in Subsidiary and Affiliated Companies which are Carried at Cost Adjusted to Include the Corporation's Proportion of Undivided Profits or Losses since Acquisition:		
Yellow Truck & Coach Manufacturing Company (includes \$9,668,265.01 representing 7% preferred stock).....	23,853,680.82	26,981,371.42
Ethyl Gasoline Corporation.....	1,725,448.61	(Cr.)635,714.44
Vauxhall Motors, Limited.....	5,712,189.26	9,631,991.94
Adam Opel A. G.....	35,030,627.74	33,733,414.44
Bendix Aviation Corporation.....	14,299,959.01	14,645,717.54
General Aviation Corporation.....	5,606,209.37	6,510,255.72
North American Aviation, Inc.....	756,656.98	—
Kinetic Chemicals, Inc.....	179,386.91	170,924.46
General Motors Radio Corporation (liquidated in 1933).....	—	1,334,620.00
Investments in Other Companies which are Carried at Cost:		
General Motors Management Corporation common stock.....	1,505,975.91	1,451,490.91
National Bank of Detroit common stock.....	9,720,350.00	—
Libbey-Owens-Ford Glass Company 5% serial gold notes.....	—	2,500,000.00
Other.....	3,514,693.16	4,095,529.36
Miscellaneous:		
Participation in unmatured employes investment funds.....	3,776,113.84	—
Balances in closed banks (less reserves and repayments, \$15,476,521.98).....	5,698,458.60	—
Other.....	3,474,330.91	579,023.80
Total Investments in Subsidiary and Affiliated Companies Not Consolidated, and Miscellaneous.....	\$228,893,524.11	\$211,030,901.15

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

15 BROAD STREET
NEW YORK

February 26, 1934.

General Motors Corporation,
1775 Broadway,
New York.

Dear Sirs:

We have made an examination of the Condensed Consolidated Balance Sheet of General Motors Corporation and its subsidiaries as of December 31, 1933 and 1932, and of the related Summaries of Consolidated Income and Surplus for the years ended those dates. For the year ended December 31, 1933, and for the fifteen preceding years, we have examined or tested the accounting records of the companies and other supporting evidence, have made general reviews of their accounting methods and operating accounts, and have reviewed the methods of internal control and audit procedure, which appear to be effective, but have not made detailed audits of the transactions.

In our opinion, based upon such examination, the accompanying Condensed Consolidated Balance Sheet and related Summaries of Consolidated Income and Surplus fairly present, in accordance with accepted principles of accounting consistently followed by the companies, their consolidated financial condition at December 31, 1933 and 1932, and the results of their operations for the years ended those dates.

Yours truly,

HASKINS & SELLS

GENERAL MOTORS ACCEPTANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1933

ASSETS

Cash in Banks and on Hand.....		\$ 29,922,954.51
Cash held by Sinking Fund Trustee for payment of 6% Debentures previously called for redemption.....		108,125.00
Notes and Bills Receivable:		
United States and Canada.....	\$151,318,822.87	
Overseas.....	13,985,812.71	165,304,635.58
Accounts Receivable:		
Affiliated Corporations.....	\$ 877.56	
Deposits in Closed Banks.....	1,162,377.85	
Other.....	750,742.65	1,913,998.06
Automobile Equipment.....		328,318.61
Investments:		
General Exchange Insurance Corporation.....	\$ 9,539,813.86	
Other.....	6,000.00	9,545,813.86
Deferred Charges:		
Unamortized Debt Discount and Expense.....	\$ 132,388.18	
Prepaid Discount.....	118,425.15	
Other.....	12,204.51	263,017.84
Total Assets		\$207,386,863.46

LIABILITIES

Capital Stock.....		\$ 50,000,000.00
Surplus.....		20,000,000.00
Undivided Profits.....		14,360,287.92
		\$ 84,360,287.92
Ten Year 6% Debentures, due February 1, 1937, called for redemption February 1, 1933.....	\$ 50,000,000.00	
Retired or redeemed.....	49,894,000.00	
Not presented for redemption.....		106,000.00
Five Percent Serial Notes:		
\$5,000,000 due annually March 1, 1934 to 1936... Purchased and retired.....	\$ 15,000,000.00	13,813,000.00
Notes and Bills Payable:		
United States and Canada.....	\$ 73,359,802.50	
Overseas.....	9,149,158.03	82,508,960.53
Accounts Payable:		
Affiliated Corporations.....	\$ 3,658,008.44	
Other.....	1,103,468.41	4,761,476.85
Accrued Accounts:		
Interest Payable.....	\$ 230,216.68	
Federal Income Tax, etc.....	1,942,218.59	2,172,435.27
Dealers' Repossession Loss Reserves.....		9,816,739.37
Unearned Income.....		6,499,288.28
Reserves:		
Notes and Bills Receivable.....	\$ 2,461,129.78	
Deposits in Closed Banks.....	750,000.00	
Other.....	137,545.46	3,348,675.24
Total Liabilities		\$207,386,863.46

RECORD OF EARNINGS

Net sales, net income, amount paid in dividends and the amount reinvested in the business since the beginning of General Motors are shown in the following table. Net income and amount reinvested in the business beginning 1922 include General Motors Corporation's equity in the undivided profits or the losses of subsidiary and affiliated companies not consolidated.

Year Ended Dec. 31	Net Sales	Net Income Available for Dividends	Preferred Dividends	Balance Available for Common Stock	Cash Dividends Paid on Common Stock	% Income Disbursed in Cash Dividends on Preferred and Common Stocks	Income Reinvested in the Business
1909†	\$29,029,875	\$9,114,498	\$417,621	\$8,696,877	—	4.58%	\$8,696,877
1910†	49,430,179	10,225,367	642,947	9,582,420	—	6.29%	9,582,420
1911¶	42,733,303	3,316,251	842,074	2,474,177	—	25.39%	2,474,177
1912‡	64,744,496	3,896,293	1,040,211	2,856,082	—	26.70%	2,856,082
1913‡	85,603,920	7,459,471	1,048,534	6,410,937	—	14.06%	6,410,937
1914‡	85,373,303	7,249,734	1,048,679	6,201,055	—	14.47%	6,201,055
1915‡	94,424,841	14,457,803	1,048,964	13,408,839	—	7.26%	13,408,839
1916‡	156,900,296	28,789,560	1,048,964	27,740,596	\$10,730,159	40.91%	17,010,437
1917‡	172,677,499	24,780,916	1,048,964	23,731,952	7,430,302	34.22%	16,301,650
1917§	96,295,741	14,294,482	491,890	13,802,592	2,294,199	19.49%	11,508,393
1918	269,796,829	14,825,530	1,920,467	12,905,063	11,237,310	88.75%	1,667,753
1919	509,676,694	60,005,484	4,212,513	55,792,971	17,324,541	35.89%	38,468,430
1920	567,320,603	37,750,375	5,620,426	32,129,949	17,893,289	62.29%	14,236,660
1921	304,487,243	*38,680,770	6,310,010	*44,990,780	20,468,276	—	*65,459,056
1922	463,706,733	54,474,493	6,429,228	48,045,265	10,177,117	30.48%	37,868,148
1923	698,038,947	72,008,955	6,887,371	65,121,584	24,772,026	43.97%	40,349,558
1924	568,007,459	51,623,490	7,272,637	44,350,853	25,030,632	62.57%	19,320,221
1925	734,592,592	116,016,277	7,639,991	108,376,286	61,935,221	59.97%	46,441,065
1926	1,058,153,338	186,231,182	7,645,287	178,585,895	103,930,993	59.91%	74,654,902
1927	1,269,519,673	235,104,826	9,109,330	225,995,496	134,836,081	61.23%	91,159,415
1928	1,459,762,906	276,468,108	9,404,756	267,063,352	165,300,002	63.19%	101,763,350
1929	1,504,404,472	248,282,268	9,478,681	238,803,587	156,600,007	66.89%	82,203,580
1930	983,375,137	151,098,992	9,538,660	141,560,332	130,500,002	92.68%	11,060,330
1931	808,840,723	96,877,107	9,375,899	87,501,208	130,500,001	144.38%	*42,998,793
1932	432,311,868	164,979	9,206,387	*9,041,408	53,993,330	—	*63,034,738
1933	569,010,542	83,213,676	9,178,845	74,034,831	53,826,355	75.71%	20,208,476
Total	\$13,078,219,212	\$1,769,049,347	\$127,909,336	\$1,641,140,011	\$1,138,779,843	71.60%	\$502,360,168

NOTES: General Motors Corporation was incorporated October 13, 1916, succeeding General Motors Company, organized September 16, 1908. † Fiscal years ended October 1. ¶ 10 months ended July 31, 1911. ‡ Years 1912-1917, inclusive, are fiscal years ended July 31. § 5 months ended December 31, 1917. * Deficit.

RECORD OF DIVIDEND PAYMENTS

A detailed record of the dividends declared by quarters during 1933, together with the dates of payment, is as follows:

Periods	\$5 Series, No Par Preferred Stock	Date of Payment	Stock of Record	Common Stock	Date of Payment	Stock of Record
1st Quar.	\$1.25	Feb. 1	Jan. 9	\$0.25	Mar. 13	Feb. 16
2nd Quar.	1.25	May 1	Apr. 10	0.25	June 12	May 11
3rd Quar.	1.25	Aug. 1	July 10	0.25	Sep. 12	Aug. 17
4th Quar.	1.25	Nov. 1	Oct. 9	0.25	Dec. 12	Nov. 16
				Extra 0.25	Dec. 12	Nov. 16

The General Motors Company of New Jersey, organized September 16, 1908, paid regular dividends of 7% per annum upon its 7% cumulative preferred stock, without interruption, beginning with an initial payment on April 1, 1909. Since the organization on October 13, 1916 of the present General Motors Corporation of Delaware, which succeeded the General Motors Company of New Jersey, regular quarterly dividends have been paid, without interruption, on the preferred and debenture stocks outstanding from their date of issuance. The initial quarterly dividend of \$1.50 a share on the 6% preferred stock was paid February 1, 1917. The initial quarterly dividend of \$1.50 a share on the 6% debenture stock was paid February 1, 1919. Holders of the 6% preferred and 6% debenture stock of record January 9, 1920 were given the right to subscribe to two shares of 7% debenture stock for each share 6% stock held, at \$100 a share, payable wholly in cash or one-half in cash and one share of either 6% preferred or 6% debenture stock. The initial quarterly dividend of \$1.75 a share on the 7% debenture stock was paid May 1, 1920. At a special meeting of stockholders on June 16, 1924, the name of the 7% debenture stock was changed to 7% preferred stock, and the 6% preferred and the 6% debenture stockholders were given the right to exchange their stock for 7% preferred stock upon payment of \$10 per share. The initial dividend on the 7% preferred stock was paid November 1, 1924. At a special meeting of stockholders on May 26, 1930, a new class of \$5 preferred stock was offered in exchange for the then outstanding senior securities. This exchange was made on the basis of 1.35 shares of the new \$5 preferred stock for each share of 7% preferred stock; 1.15 shares of new \$5 preferred stock for each share of 6% debenture stock; and 1.10 shares of new \$5 preferred stock for each share of 6% preferred stock. Shares of 7% preferred, 6% debenture and 6% preferred stocks not so exchanged prior to July 22, 1930 were called for redemption on August 1, 1930. The initial dividend on the new \$5 series preferred stock was paid August 1, 1930.

Changes in the capital structure of General Motors Corporation with respect to the nature of its common stock are as follows: When General Motors Corporation of Delaware was organized to succeed General Motors Company, five shares of the common stock of the Corporation, par value \$100, were exchanged for one share of the Company's stock, also par value \$100. Stockholders of record January 5, 1919 were given the right to subscribe to an additional 20% of their holdings at the rate of \$118 per share. On and after March 1, 1920, ten shares no par value common stock were issued in exchange for one share of the \$100 par value common. On May 1, 1920, there was paid on the \$100 par value common a stock dividend of 1/4 share of the no par common. During 1920, on May 1, August 2, and November 1, there were paid stock dividends on the no par common, each amounting to 1/40 share of no par common. Stockholders of record June 12, 1920 were given the right to subscribe to an additional 20% of their holdings of no par value stock at the rate of \$20 per share. On account of charter changes, the number of shares of common stock was reduced in 1924 through the exchange of four shares of old stock for one share of new no par value common. On September 11, 1926, a 50% dividend was paid in common stock. During September 1927, two shares of new \$25 par value common stock were issued in exchange for one share of no par value common stock previously outstanding. On and after January 7, 1929, two and one-half shares of new \$10 par value common stock were issued in exchange for one share of \$25 par value common stock previously outstanding.

RECORD OF DIVIDEND PAYMENTS (Continued)

The payments by years upon the common stock, since the organization of General Motors Corporation of Delaware, the present Corporation, follow:

- 1917—Common \$100 par, \$10.00. Initial \$1.00 was paid February 1, 1917, and thereafter \$3.00 quarterly to and including February 2, 1920.
- 1918—Common \$100 par, \$12.00.
- 1919—Common \$100 par, \$12.00.
- 1920—Common \$100 par, \$5.50. On and after March 1, 1920, ten shares no par value common exchanged for each share of \$100 par value. Final dividend on \$100 par was \$2.50 cash and $\frac{1}{4}$ share no par stock, paid May 1, 1920.
—Common no par, 75 cents cash and $\frac{3}{40}$ ths of a share of no par value stock. Initial quarterly payment of 25 cents cash and $\frac{1}{40}$ share of no par value stock was made May 1, 1920, and continued on August 2, and November 1, 1920. Stock dividend of $\frac{1}{40}$ share quarterly was discontinued after November 1, 1920.
- 1921—Common no par, \$1.00.
- 1922—Common no par, 50 cents. Quarterly dividend due February 1, 1922 was passed at meeting held January 4, 1922. "Special" dividend of 50 cents a share was paid December 20, 1922.
- 1923—Common no par, \$1.20. Quarterly dividend of 30 cents a share was initiated March 15, 1923, and continued to and including September 12, 1924.
- 1924—Common no par (old), 90 cents. After payment of three quarterly dividends of 30 cents a share in 1924, the number of shares was reduced by issuing one share of new no par value stock for four shares of old. Initial dividend of \$1.25 on this new no par value stock was paid December 12, 1924.
—Common no par (new), \$1.25
- 1925—Common no par, \$12.00. This consisted of extras of \$1.00 paid September 12, 1925, and \$5.00 paid January 7, 1926, in addition to quarterly payments of \$1.50 each.
- 1926—Common no par (before 50% stock dividend), \$7.50. Quarterly dividends of \$1.75 each were paid March 12, and June 12, and \$4.00 extra was paid July 2. On September 11, a 50% increase in number of no par shares outstanding was made through payment of a stock dividend of $\frac{1}{2}$ share on each share of no par value stock.
—Common no par (after 50% stock dividend), \$7.50. On the increased number of shares quarterly dividends of \$1.75 each were paid September 11, and December 11. and an extra of \$4.00 January 4, 1927.
- 1927—Common no par, \$8.00. Quarterly dividends of \$2.00 each were paid March 12, June 13, and September 12, and \$2.00 extra was paid July 5. In September, two shares of new \$25 par value stock were issued in exchange for each no par share.
—Common \$25 par, \$3.75. Initial quarterly dividend of \$1.25 was paid December 12, and \$2.50 extra was paid January 3, 1928.
- 1928—Common \$25 par, \$9.50. This consisted of quarterly payments of \$1.25 with \$2.00 extra paid July 3 and \$2.50 extra paid January 4, 1929.
- 1929—Common \$10 par, \$3.60. In January two and one-half shares of new \$10 par value stock were issued in exchange for each \$25 par value share. Initial quarterly dividend of 75 cents was paid on March 12, regular quarterly dividends were paid on June 12, September 12, and December 12, and two extras of 30 cents each were paid on July 2, 1929, and January 3, 1930.
- 1930—Common \$10 par, \$3.00.
- 1931—Common \$10 par, \$3.00.
- 1932—Common \$10 par, \$1.25. This consisted of payment of 50 cents on March 12, and three quarterly payments of 25 cents each on June 13, September 12, and December 12.
- 1933—Common \$10 par, \$1.25. This consisted of four quarterly payments of 25 cents each and 25 cents extra paid December 12.

SALES OF CARS AND TRUCKS

The following table shows sales to consumers of General Motors cars in Continental United States, sales by the manufacturing divisions of General Motors to their dealers in Continental United States, and total sales to dealers, including Canadian sales and overseas shipments:

	United States						Total Sales to Dealers, including Canadian Sales and Overseas Shipments		
	Sales to Consumers			Sales to Dealers			1933	1932	1931
	1933	1932	1931	1933	1932	1931			
January . . .	50,653	47,942	61,566	72,274	65,382	76,681	82,117	74,710	89,349
February . . .	42,280	46,855	68,976	50,212	52,539	80,373	59,614	62,850	96,003
March	47,436	48,717	101,339	45,098	48,383	98,943	58,018	59,696	119,195
April	71,599	81,573	135,663	74,242	69,029	132,629	86,967	78,359	154,252
May	85,969	63,500	122,717	85,980	60,270	136,778	98,205	66,739	153,730
June	101,827	56,987	103,303	99,956	46,148	100,270	113,701	52,561	111,668
July	87,298	32,849	85,054	92,546	31,096	78,723	106,918	36,872	87,449
August	86,372	37,230	69,876	84,504	24,151	62,667	97,614	30,419	70,078
September . . .	71,458	34,694	51,740	67,733	23,545	47,895	81,148	30,117	58,122
October	63,518	26,941	49,042	41,982	5,810	21,305	53,054	10,924	25,975
November . . .	35,417	12,780	34,673	3,483	2,405	23,716	10,384	5,781	29,359
December . . .	11,951	19,992	53,588	11,191	44,101	68,650	21,295	53,942	79,529
Total	755,778	510,060	937,537	729,201	472,859	928,630	869,035	562,970	1,074,709

The sales by makes of cars by General Motors divisions to dealers for the year ended December 31, 1933, compared with the sales of preceding years, follow:

	1933	1932	1931	1930	1929	1928	1927	1926
Passenger Cars:								
BUICK†	44,758	47,664	95,354	127,687	199,414	229,788	268,698	280,009
CADILLAC 8-12-16 . . .	3,491	5,667	9,484	13,025	15,416	20,042	18,639	27,489
LA SALLE	3,348	3,586	5,775	9,729	21,498	21,392	16,371	—
CHEVROLET	494,756	319,626	644,214	703,071	988,191	930,935	791,870	620,364
OLDSMOBILE	37,164	22,724	49,779	49,879	99,435	90,202	58,016	59,536
PONTIAC (OAKLAND) . .	88,363	48,926	91,604	92,507	224,448	260,258	194,713	134,373
OPEL‡	35,812	18,002	22,207	6,424	—	—	—	—
VAUXHALL‡	11,106	3,427	3,381	1,258	—	—	—	—
OTHER*	—	—	61	2,039	5,902	—	—	—
Commercial Cars:								
CHEVROLET	130,000	77,534	137,247	160,356	344,963	258,189	209,272	111,781
OPEL (BLITZ) ¶	3,483	2,912	4,148	1,021	—	—	—	—
VAUXHALL (BEDFORD) ¶	16,530	12,902	11,455	7,119	—	—	—	—
OTHER§	224	—	—	—	—	—	5,169	1,298
Totals:								
PASSENGER	718,798	469,622	921,859	1,005,619	1,554,304	1,552,617	1,348,307	1,121,771
COMMERCIAL	150,237	93,348	152,850	168,496	344,963	258,189	214,441	113,079
Grand Total	869,035	562,970	1,074,709	1,174,115	1,899,267	1,810,806	1,562,748	1,234,850

† Buick includes Marquette in 1929 and 1930.

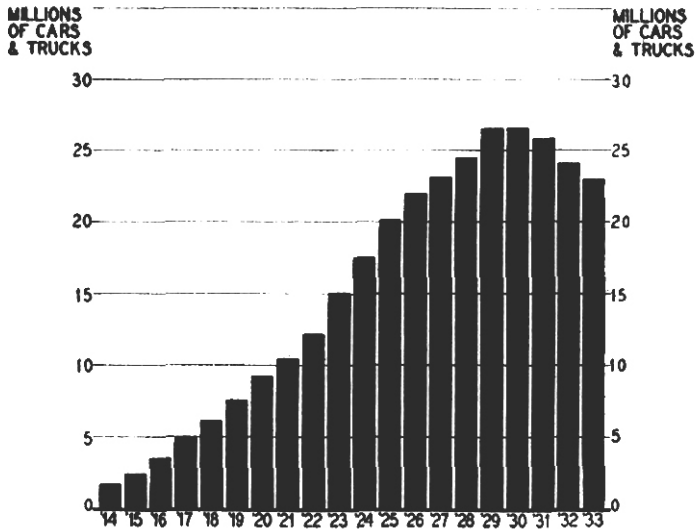
‡ Opel and Vauxhall cars manufactured by Opel since July 1, 1930 and by Vauxhall since April 1, 1930, which were not included in published figures prior to these dates.

* "Passenger Cars—Other" includes Viking.

¶ Opel (Blitz) and Vauxhall (Bedford) commercial cars manufactured by Opel since July 1, 1930 and by Vauxhall since April 1, 1930, which were not included in published figures prior to these dates.

§ "Commercial Cars—Other" includes lines not now manufactured and GMC Trucks manufactured by General Motors of Canada, Ltd., since July 1, 1933.

TOTAL REGISTRATION OF CARS AND TRUCKS IN THE UNITED STATES



OVERSEAS SALES

Sales abroad by the Export and Overseas Organizations of General Motors follow:

Year Ended Dec. 31	Number of Cars and Trucks	Net Sales Wholesale
1922	21,872	\$19,875,015
1923	45,000	39,193,869
1924	64,845	50,929,322
1925	100,894	77,109,696
1926	118,791	98,156,088
1927	193,830	171,991,251
1928	282,157	252,152,284
1929	256,721	243,046,031
1930	164,112	155,728,304
1931	125,606	110,525,817
1932	77,159	64,722,593
1933	119,989	104,629,754

EMPLOYEES SAVINGS AND INVESTMENT FUNDS

A summary of the condition of unmatured Classes of the Employees Savings and Investment Funds at December 31, 1933 (including the Class of 1928 which matured December 31, 1933), and of the results of the matured Classes since establishment of the plan in 1919, follows:

Employees Savings Fund	Class 1930	Class 1931	Class 1932	Class 1933	Total Unmatured Classes (1928 to 1933 Inclusive)	Total Matured Classes (1919 to 1927 Inclusive)	Aggregate All Classes (1919 to 1933 Inclusive)
Net amount paid in by employees.....	\$ 15,771,470	\$ 13,532,795	\$ 1,855,315	\$ 1,204,850	\$ 69,682,175	\$ 39,038,360	\$ 108,720,535
Interest credited by Corporation.....	2,199,858	1,206,753	180,453	5,809	10,799,326	9,258,673	20,057,999
Total	17,971,328	14,739,548	2,035,768	1,210,659	80,481,501	48,297,033	128,778,534
Withdrawals by employees.....	11,205,906	8,837,155	450,890	—	50,611,694	23,015,756	73,627,450
Balance credited to employees.....	6,765,422	5,902,393	1,584,878	1,210,659	*29,869,807	25,281,277	55,151,084
Employees Investment Fund							
Amount paid in and invested in stock by Corporation....	7,885,735	6,766,397	927,657	301,212	34,539,873	23,975,768	58,515,641
Income received.....	1,113,855	502,689	60,648	—	4,720,251	19,621,048	24,341,299
Total Invested	8,999,590	7,269,086	988,305	301,212	39,260,124	43,596,816	82,856,940
Withdrawals by employees.....	1,423,901	510,503	27,798	—	7,650,940	4,514,514	12,165,454
Balance	7,575,689	6,758,583	960,507	301,212	31,609,184	39,082,302	70,691,486
Amount guaranteed to employees (100% of Savings Fund balance credited to employees for 1919 to 1921 Classes, inclusive; 50% for 1922 to 1930 Classes, inclusive; no guarantee for 1931, 1932 and 1933 Classes).....	3,382,711	—	—	—	10,585,938	14,752,776	25,338,714
Amount reverting to Corporation on basis of original cost of stock (balance in Investment Fund after deducting amount guaranteed to employees)	4,192,978	3,807,387	168,068	—	16,978,399	16,462,427	33,440,876

NOTE: Under the 1919, 1920 and 1921 Plan the Corporation guaranteed to the employees in the Investment Fund an amount equal to one hundred per cent of their credits in the Savings Fund. Forfeitures in the Investment Fund on account of withdrawals did not revert to the Corporation. Beginning with the Class of 1922, up to and including the Class of 1930, the Plan was amended to provide that thereafter forfeitures in the Investment Fund revert to the Corporation and that it guarantee that the Investment Fund at maturity shall equal an amount equivalent to fifty per cent of the Savings Fund credits; beginning with the Class of 1931, this guarantee was discontinued. There is, however, a reversion to the Corporation on account of withdrawals. The amount paid into the 1933 Investment Fund Class was not invested until 1934. The amounts reported for the 1928, 1929 and 1930 Classes include Canadian savings fund accounts at par; the amounts reported for the 1931 and 1932 Classes include Canadian savings fund accounts converted into United States funds at the rate of exchange prevailing at the close of those Classes; there is no Canadian participation for the Class of 1933. The above figures do not include separate Funds established by overseas subsidiaries.

* Includes amounts applied by employees to purchase of homes.

PAYROLLS AND NUMBER OF EMPLOYEES

The annual payrolls of General Motors Corporation, for 1921 and subsequent years, not including certain affiliated companies, such as Yellow Truck & Coach Manufacturing Company and Fisher Body Corporation prior to the acquisition of the minority interest as of June 30, 1926, have been as follows:

1921.....\$ 66,020,481	1925.....\$136,747,178	1930.....\$279,410,144
1922..... 95,128,435	1926..... 220,918,568	1931..... 236,520,474
1923..... 138,290,734	1927..... 302,904,988	1932..... 143,255,070
1924..... 110,478,000	1928..... 365,352,304	1933..... 171,184,315
	1929..... 389,517,783	

The number of employes of the Corporation, not including certain affiliated companies, for 1933 and prior years has been as follows:

1909...14,250	1914...14,141	1919...85,980	1924...73,642	1929...233,286
1910...10,000	1915...21,599	*1920...80,612	1925...83,278	1930...172,938
1911...11,474	1916...25,666	1921...45,965	**1926...129,538	1931...157,586
1912...16,584	1917...25,427	1922...65,345	1927...175,666	1932...116,152
1913...20,042	1918...49,118	1923...91,265	1928...208,981	1933...137,764

• Beginning with the year 1920 figures shown in this table are averages for the year.

** Average for 1926 does not include Fisher Body prior to June 30.

BONUS AWARDS

Each year there is credited to a bonus fund a percentage of the Corporation's net earnings after deducting 7% on the capital invested in the business. Prior to 1923 the sum so credited to the bonus fund was 10% of the net earnings of the Corporation. Since 1923, at which time the Managers Securities Company was organized, the amount set aside for the bonus plan has been 5%. The fund has been invested in General Motors common stock or its equivalent. Upon the organization of the General Motors Management Corporation in 1930, bonus stock covering the 1930 and 1931 bonus distributions was awarded in Class A stock of General Motors Management Corporation which was equivalent, share for share, to General Motors common stock. Except for these two years bonus stock has been awarded in the form of General Motors common stock. At the end of each year stock is awarded to employes on the basis of the degree to which their services individually have contributed to the success of the Corporation. Stock so awarded is delivered one-fourth at the time of the award and the balance in three equal annual instalments. A record of the awards follows:

Year	Number of Bonus Awards	Number of Shares of Common Stock Awarded (b)	Year	Number of Bonus Awards	Number of Shares of Common Stock Awarded (b)
1918.....	3,884	490,238	1926.....	1,513	428,170
1919.....	6,453	402,485 (c)	1927.....	1,998	272,798
1920.....	6,578	159,312 (c)	1928.....	2,513	195,570
1921.....	(a)	(a)	1929.....	2,840	167,378
1922.....	550	179,732	1930.....	1,929	117,624 (d)
1923.....	647	226,278	1931.....	1,378	65,954 (d)
1924.....	676	115,272	1932.....	(a)	(a)
1925.....	943	345,320	1933.....	1,234	51,514
			Total	33,136	3,217,645

(a) No bonus was available for the years 1921 and 1932.

(b) Equivalent number of shares on basis of \$10 par value common stock.

(c) In addition to the common stock awarded in 1919 and 1920, 18,934 shares of 7% preferred stock were awarded, of which 14,191 shares applied to the 1919 awards and 4,743 shares to the 1920 awards.

(d) Bonus awards in 1930 and 1931 were in Class A stock of the General Motors Management Corporation which was equivalent, share for share, to General Motors common stock.

NUMBER OF STOCKHOLDERS

The total number of stockholders, all classes, by quarters, follows:

Year Ended Dec. 31	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1917	1,927	2,525	2,669	2,920
1918	3,918	3,737	3,615	4,739
1919	8,012	12,523	12,358	18,214
1920	24,148	26,136	31,029	36,894
1921	49,035	59,059	65,324	66,837
1922	70,504	72,665	71,331	65,665
1923	67,115	67,417	68,281	68,063
1924	70,009	71,382	69,428	66,097
1925	60,458	60,414	58,118	50,917
1926	54,851	53,097	47,805	50,369
1927	56,520	57,595	57,190	66,209
1928	72,986	70,399	71,682	71,185
1929	105,363	125,165	140,113	198,600
1930	240,483	243,428	249,175	263,528
1931	286,378	285,655	293,714	313,117
1932	345,194	359,046	364,401	365,985
1933	372,284	366,084	355,789	351,761

GROWTH IN NUMBER OF STOCKHOLDERS

