

TWENTY-SIXTH ANNUAL REPORT OF
GENERAL MOTORS CORPORATION
YEAR ENDED DECEMBER 31, 1934

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T W E N T Y - S I X T H

Annual Report

of

GENERAL MOTORS
CORPORATION

Year Ended
December 31, 1934

As prepared for presentation to stockholders at the Annual
Meeting to be held in Wilmington, Delaware
Tuesday, April 30, 1935

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TO OUR STOCKHOLDERS:

THE responsibility of industrial management to its stockholders has always been fully recognized by the management of General Motors Corporation, and every effort has been made to discharge adequately that responsibility. It is felt that this obligation embraces not only the responsibility of presenting in detailed form, as conditions may justify, all important facts and circumstances of a statistical character, but in addition, such salient facts of a general and economic nature as will enable the stockholders to obtain as complete an understanding as is possible of the Corporation's position and the influences that are affecting its trend. In accordance with this thinking, reports are submitted at the end of each quarter outlining the results of the quarter's operations, supported by such comments as may seem pertinent. At the end of each year, a report in this form is submitted, the purpose being to deal comprehensively with all important events that have developed within the year under review. This report, therefore, covering the year 1934, has been prepared with these objectives 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, 1934, 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 34.

Earnings: Net earnings from operations for the year 1934 were \$94,769,131, equal to 10.3 times the dividends on preferred capital stock for the year. This compares with earnings of \$83,213,676 from operations for the year 1933.

Net earnings of \$94,769,131 for the year 1934 are after the deduction of a special provision for contingencies of \$5,500,000, equivalent to \$0.13 per share of common stock. Earnings for 1934 do not include any allowance for the earnings of Adam Opel A.G. for the year which amounted to RM 13,401,637, equivalent to \$3,190,866 or \$0.07 per share of common stock, if converted at the old par rate of exchange (23.8 cents per reichsmark). The latter earnings have not been included in the consolidated earnings of General Motors Corporation, due to present restrictions relative to the transfer of funds from Germany. The total of the above two items amounts to \$8,690,866, equivalent to \$0.20 per share of common stock. The above earnings for 1934 include a non-operating profit of \$476,459, due to the revaluation of securities held by the General Exchange Insurance Corporation to current market values.

Dividends: Regular dividends were paid on the preferred stock during the year, requiring \$9,178,220. After deducting this amount from the net earnings of \$94,769,131, after reserves, as above stated, there was available for the common stock outstanding \$85,590,911, equivalent to \$1.99 per share. In 1933, after deducting corresponding dividends on the preferred stock, there remained \$74,034,831, equivalent to \$1.72 per share on the common stock outstanding.

Dividends of \$1.50 per share were paid on the common stock during the year, consisting of four regular quarterly payments of \$0.25 per share and an extra dividend of \$0.50 per share paid on September 12, 1934. This is equivalent to \$64,443,490 distributed to approximately 330,000 common stockholders. Dividends on the common stock in 1933 amounted to \$1.25 per share, 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.

In declaring the extra dividend of \$0.50 per share paid in September, it was recognized that the distribution of over \$20,000,000, the amount of the extra dividend, would not only be of benefit to the stockholders but, passing into the channels of active trade, would act as a worthwhile stimulant to business in general.

After providing for the payment of dividends, there was available out of earnings for reinvestment in the business \$21,147,421, equivalent to \$0.49 per share. This compares with a total of \$20,208,476, or \$0.47 per share, available for reinvestment as a result of operations for the year 1933.

Total dividends were disbursed during the year under review to the extent of 77.7% of the net earnings available for dividends, as compared with 75.7% for the year 1933. A complete record of the earnings of the Corporation, as well as dividend disbursements, for the year under review and prior years, is displayed on page 37 of this report.

Net Working Capital: The following summary shows a comparison of working capital items as of December 31, 1934 and December 31, 1933:—

NET WORKING CAPITAL		
CURRENT ASSETS	Dec. 31, 1934	Dec. 31, 1933
Cash, U. S. Government and other marketable securities.....	\$186,966,609	\$177,303,966
Amount due from G. M. Management Corp., March 15, 1935 and 1934.....	838,877	375,000
Sight drafts.....	7,025,745	3,070,585
Notes and accounts receivable.....	29,943,793	21,180,677
Inventories.....	138,598,157	115,584,600
Prepaid expenses.....	2,471,189	2,500,779
Total Current Assets.....	<u>\$365,844,370</u>	<u>\$320,015,607</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities...	\$ 60,804,009	\$ 50,299,407
U. S. and foreign income taxes.....	15,742,691	12,673,537
Employes savings funds, payable within one year.....	11,250,122	11,278,956
Contractual liability to G. M. Management Corp., due March 10, 1935 and 1934.....	838,877	368,006
Accrued preferred dividends.....	1,562,805	1,562,805
Total Current Liabilities.....	<u>\$ 90,198,504</u>	<u>\$ 76,182,711</u>
Net Working Capital.....	<u>\$275,645,866</u>	<u>\$243,832,896</u>

It will be noted that net working capital at December 31, 1934 was \$275,645,866, as compared with \$243,832,896 at December 31, 1933, an increase of \$31,812,970. This increase is accounted for principally by the excess of \$21,147,421 in earnings over dividend disbursements for the year 1934 and by a decrease in net plant account, which had a favorable effect of \$10,526,955 on net working capital. The decrease of \$10,526,955 in net plant account is due to the excess of the net increase in depreciation reserves and properties sold or charged off over expenditures for plant.

Cash, United States Government and other marketable securities as of December 31, 1934 amounted to \$186,966,609. This compares with corresponding items of \$177,303,966 at the close of the previous year. The increase of \$9,662,643 in cash and cash investments at December 31, 1934 over a year ago is accounted for principally by the excess of earnings over dividend disbursements and by the amount that the provision for depreciation exceeded the amount currently re-invested in plant, as already described, partially offset by increased net working capital items, other than cash, of \$22,150,327 at the close of the year. The increase in working capital items includes increased inventories of \$23,013,557 and increased receivables of \$8,763,116, partially offset by increased payables of \$10,504,602, reflecting improved volume of operations.

Net working capital of \$275,645,866 at December 31, 1934 compares with net working capital of \$251,287,782 at December 31, 1929, the beginning of the depression, or an increase of \$24,358,084.

Surplus: There were no adjustments to surplus account during the year under review. Earned surplus at December 31, 1934 amounted to \$270,108,777, as compared with \$248,961,356 at December 31, 1933, an increase of \$21,147,421, representing the excess of earnings over dividend disbursements during the year.

Real Estate, Plant and Equipment Account: Total real estate, plant and equipment account as of December 31, 1934 amounted to \$541,507,042, an increase of \$28,803,060 over the previous year. Depreciation reserves showed a net increase of \$39,330,015 during the year, so that there was, in reality, a decrease of \$10,526,955 in the net book value of real estate, plant and equipment. The increase of \$28,803,060 in the gross plant account represents expenditures for plant of \$23,996,125 during the year and an increase of \$10,086,199 on account of reinstatement of plant previously designated as idle, partially offset by the disposal of property and other adjustments, which reduced the gross plant account in the amount of \$5,279,264. Reinstatement of plant which had previously been designated as idle also accounted for \$10,086,199 of the increase in depreciation reserves, so that the reinstatement of this plant 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 \$32,616,832, or an increase of \$2,467,007 over corresponding charges of \$30,149,825 for the year 1933. There has been no change in the Corporation's policy during 1934 in regard to the provision for depreciation or in the depreciation rates.

Pursuant to the policy described in detail in the annual report of 1932, surplus and idle plant carried at salvage value of \$2,812,678 was restored as active during 1934 and reinstated at a gross value of \$12,898,877, with the result that both gross plant and reserves for depreciation were increased by \$10,086,199, so that the net plant account remained unchanged and, except for the resumption of depreciation charges upon such plant, operating income was not affected by such reinstatement.

Since December 31, 1932, at which time the present method of dealing with surplus and idle plant was inaugurated, surplus plant carried at salvage value of \$4,384,295 has been restored as active and reinstated at a gross value of \$22,542,247, with the result that gross plant and reserves for depreciation have been increased by \$18,157,952, with the net plant account remaining unaffected. In accordance with the Corporation's policy, depreciation was resumed on all plant reinstated as active.

Investments in Subsidiary and Affiliated Companies not Consolidated: The Corporation's investments in subsidiary and affiliated companies not consolidated, and certain miscellaneous items, displayed in detail on page 34 of this report, amounted to \$238,283,722 at December 31, 1934, compared with \$228,893,524 at December 31, 1933—an increase of \$9,390,198. This increase is due principally to the reflection of the Corporation's proportion of the undivided profits or losses of these subsidiary and affiliated companies, amounting to \$10,578,493 for the year, and to an increase of \$3,787,568 in the investment in Modern Housing Corporation, partially offset by a decrease of \$2,245,455 in the Corporation's participation in unmaturing employees investment fund classes and a decrease of \$1,836,241 in cash balances in closed banks. The increase in the Corporation's proportion of the undivided profits or losses of subsidiary and affiliated companies excludes the 1934 earnings of Adam Opel A.G., the position of which has been discussed previously.

The increase of \$3,787,568 in the investment in Modern Housing Corporation is accounted for principally by advances made by the Corporation in connection with the retirement of \$4,518,389 outstanding mortgages of the Modern Housing Corporation, in order to save interest charges.

With further reference to cash balances in closed banks, mention should be made here of the benefit to many millions of depositors arising from the constructive efforts of the Reconstruction Finance Corporation which, through loans to closed banks, or otherwise, made it possible to reduce substantially the amount of cash balances in closed banks. General Motors Corporation, together with other large depositors, also cooperated through its willingness to subordinate, in part, its own claims in order that small depositors might receive a larger percentage of their deposits. Notwithstanding, General Motors Corporation's balances in closed banks were reduced \$1,836,241 during 1934, and based upon present expectations, the ultimate loss will not exceed the reserves established at the close of 1933.

Treasury Stock: The only changes in the amount of common stock held in the treasury during the year resulted from operations of Employees Savings and Investment, and Employees Bonus Plans. There was a net increase during the year of 98,486 shares in the amount of common stock held in the treasury. This makes a total of 727,562 shares held in the treasury account at December 31, 1934. There was no change during the year in the 39,722 shares of preferred stock held in the treasury.

Capital Account: There have been no changes in the capital account during the year under review.

AN OPERATING REVIEW

The year under review was characterized, taken as a whole, by an increasing trend of industrial activity, which was substantially reflected throughout all the Corporation's activities, both at home and abroad.

In view of the Corporation's international position, and recognizing the growing importance of its overseas operations, it is believed that a more comprehensive picture can be presented by dealing with the year's operations, from the domestic and the overseas standpoints, separately. This particular discussion will be confined to the problems of motor car manufacturing operations as distinguished from operations in general, which will be dealt with elsewhere.

Domestic Operations: The production of the automotive industry, as measured by the number of cars and trucks produced within the United States and Canada for consumption within those countries and for export, totalled 2,895,629 units for the year under review. This represents an increase of 909,421 units, or 45.8%, over the previous year.

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 for the previous five years:-

UNITED STATES AND CANADA		
TOTAL INDUSTRY—PRODUCTION—CARS AND TRUCKS		
Year	Units	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.....	1,431,467	1,058,715,000
1933.....	1,986,208	1,318,227,000
1934.....	2,895,629	2,015,788,000

From the above it will be recognized that, in harmony with the general trend of economic conditions, the industry reached its lowest point in the year 1932. In that year there was a decline of approximately 74.5% in number of units, and 77.8% in estimated retail sales value, as compared with the year 1929, at which time the industry reached its peak of production.

It will be recalled that, following such periods of business recession as have occurred within the life of the automotive industry, this industry has assumed an important part in economic recovery. The indications are that it will continue to maintain that position of leadership. As a matter of fact, the economic position of the automobile, both the truck and the passenger car, as an instrumentality

of transportation is being continually strengthened by technical progress, by increased efficiency in manufacture, by reduced cost of operation and by greater comfort. It continues to have, next to the essential items of food, shelter and clothing, the most important lien on the purchasing power of the community.

The Corporation's total net sales of automotive and other products, but excluding inter-company and inter-divisional transactions, during the year under review, amounted to \$843,807,849. This compares with sales of \$569,010,542 for the year 1933—a gain of 48.3%. The total payrolls of the Corporation increased by an even greater proportion, the 1934 total of \$263,204,225 being 53.8% or \$92,019,910 more than the 1933 total of \$171,184,315.

Total sales of cars and trucks to dealers, including Canadian sales, overseas shipments and production from foreign sources, for the year 1934 amounted to 1,240,447 units, as against 869,035 units for the year 1933—a gain of 42.7%.

Sales to dealers within the United States, in units, were 959,494 for the year 1934, as compared with 729,201 for the year 1933—a gain of 31.6%. Based upon registrations of new motor vehicles in the United States for the year 1934, the Corporation secured 39.7% of the total new passenger and commercial car volume. This compares with 42.9% for the year 1933, which was the highest percentage that the Corporation has ever enjoyed.

The profit position of the Corporation, for the year under review, was influenced adversely by arbitrary increases in costs resulting from wage advances as the result of the Corporation's participation in the programs for national economic recovery. It should be pointed out in this connection that total wages paid to factory workers in 1934 were higher than in any year since 1929. In addition to this, and more importantly, costs were increased by advances in prices of materials and supplies, reflecting wage increases on the part of the Corporation's suppliers. There is only one possible economic result of any arbitrary raising of real costs; i. e., an increased disparity between selling prices and purchasing power, hence, (a) a reduction in profits to the extent that such increased costs cannot be passed on to the consumer, and/or (b) a shrinkage in the volume of business, with increased unemployment. The Corporation's operations during the year under review were influenced importantly on both these counts.

These circumstances reflect the trend of industry in general, and although unsatisfactory, should not be accepted as conditions under which industry must necessarily operate permanently. The objective should be a more vital contribution to industrial recovery through a reduction in prices in order to reach a greater number of buyers. In no other way can industry be stimulated to higher levels of activity. In no other way can the unemployment question be attacked intelligently. That is the thinking of the management and its approach to this particular problem.

During the year the Corporation, in collaboration with other units in the automotive industry, continued to support the efforts toward national industrial recovery. In accordance with the suggestion of the President of the United States, an increase in wages of 10% was put into effect in April, making a total increase of approximately 35% within a period of a year. The current wage scale is higher than ever before in the Corporation's entire existence. Wage rates in the automotive industry are, as they always have been, among the highest of any important industry. There was no general adjustment of salaries during the year under review.

It is gratifying to be able to state that much progress has been made during the past year in the study and treatment of the important problems involved in

human relationships, by which is meant the relationships between employer and employes. Special attention has been given to this question not merely because of any obligations imposed by the provisions of the National Industrial Recovery Act or of the Automobile Manufacturing Industry Code, but primarily because of recognition of the vital importance of the creation and maintenance of mutually satisfactory relations between employer and employes, upon which continued economic recovery so largely depends.

Accepting the principle of collective bargaining as constructive, a great deal of consideration was devoted to the formulation of the basic policies and principles which ought to be followed in order to facilitate the sound development of collective bargaining and the fostering of human relations in industry; and in July the Corporation adopted the policies set forth in "A Statement of General Motors Corporation's Basic Policies Governing Its Relations with Factory Employes", which was issued first to the executive and supervisory personnel, down to and including the plant foremen, and shortly afterwards was placed in the hands of all workers in General Motors factories throughout the United States. Copies of this statement have recently been mailed to stockholders. The earnest desire and intention of the Corporation to establish and maintain sound human relations in its factories have been manifested by the enunciation of these basic policies and by the efforts of the management to see that they are understood and applied. It must be recognized, however, as was stated in a letter addressed by the President of the Corporation to all factory employes at the time of placing copies of the above mentioned statement in their hands, that "how much can be accomplished will depend upon the cooperation of all concerned". It is also true that there must be a recognition of the fact that there is a community of interests involved in these relationships and that the maximum of progress is possible only by maintaining a proper balance between the equities of all parties concerned, including not only those of employer and employes but also those of the public, upon whose continued demand for its products depends the welfare of the Corporation and of its employes themselves.

An important contribution toward progress in this vital problem of industry was made by the President of the United States at the time of the establishment of the Automobile Labor Board, organized for the purpose of equitably discharging the obligations imposed by the National Industrial Recovery Act. In the establishment of this Board, the President made the following statesmanlike pronouncement:—

"In the settlement there is a frame-work for a new structure of industrial relations—a new basis of understanding between employers and employes. I would like you to know that in the settlement just reached in the automobile industry we have charted a new course in social engineering in the United States. It is my hope that out of this will come a new realization of the opportunities of capital and labor not only to compose their differences at the conference table and to recognize their respective rights and responsibilities but also to establish a foundation on which they can cooperate in bettering the human relationships involved in any large industrial enterprise.

"It is peculiarly fitting that this great step forward should be taken in an industry whose employers and employes have contributed so consistently and so substantially to the industrial and economic development of this country in the last quarter century. Having

pioneered in mechanical invention to a point where the whole world marvels at the perfection and economy of American motor cars and their wide-spread ownership by our citizens in every walk of life, this industry has indicated now its willingness to undertake a pioneer effort in human engineering on a basis never before attempted.

"In the settlement just accomplished, two outstanding advances have been achieved. In the first place we have set forth a basis on which, for the first time in any large industry, a more comprehensive, a more adequate and a more equitable system of industrial relations may be built than ever before. It is my hope that this system may develop into a kind of works council in industry in which all groups of employees, whatever may be their choice of organization or form of representation, may participate in joint conferences with their employers and I am assured by the industry that such is also their goal and wish.

"In the second place, we have for the first time written into an industrial settlement a definite rule for the equitable handling of reductions and increases of forces. It would be ideal if employment in all occupations could be more generally stabilized, but in the absence of that much desired situation, if we can establish a formula which gives weight to the human factors as well as the economic, social and organizational factors in relieving the hardship of seasonal layoff, we shall have accomplished a great deal. My view, and that of both employees and employers, is that we have measurably done so in this settlement."

The Corporation whole-heartedly accepts this philosophy as being fair and equitable to all concerned and has supported and will continue to support it as a forward step, believing that it will result in real progress in the vital problem of human relationships within industry.

For a number of years the Corporation has devoted considerable attention to the problem of effecting a greater stabilization of production, but the competitive nature of the automobile business and the unpredictable shifts in consumer demand for individual makes of cars have made it impossible for the Corporation acting alone to accomplish much in this direction. During the past year, however, in collaboration with other companies in the automotive industry, a study was made at the request of the President of the United States, with a view to determining what, if anything, could be done to develop within the industry a levelling of production, in order to achieve, if possible, the highly desirable and extremely important objective of greater regularity of employment. It has been the practice of the industry, for quite a number of years past, to introduce its yearly models at the close of the calendar year and to present such yearly offerings at the beginning of the following year at a National Automobile Show in New York City. This has necessitated a considerable concentration of production just prior to and during the peak season of retail demand, which occurs in the spring months, from 45 to 50 per cent of the year's retail sales usually being made during the four months of March, April, May and June. The retail demand itself during that season has doubtless been somewhat accentuated by the general practice of introducing the industry's annual models so shortly beforehand. Additional workers have been required for the period of the peak season, with consequent reduced opportunities for employment in other months of the year. The Corporation is determined to do what it can to readjust its policies to mitigate, so

far as lies within its power, this undesirable situation. As a result of the study and consideration which have been given this problem, it has been decided to advance the introduction of new models in the belief that improvement can thereby be effected. The member companies of the Automobile Manufacturers Association have agreed to make such an adjustment of their new model programs, effective in the Fall of 1935, as applied to the 1936 models. While this is believed to be a constructive step, nevertheless it must be recognized that a mere shifting of the time of new model introduction cannot of itself prevent fluctuations of production and employment. The problem of forecasting the annual volume of consumer demand, by models, body types, etc., is the most difficult problem involved in the regularization of production and employment in this industry, and is impossible of complete solution. In recent years this problem has been made more difficult by the unusual uncertainties and complications affecting all business. With earlier introduction of models, however, it is hoped and believed that fluctuations in production and employment can be lessened, and with a return of economic conditions to a more normal state, even greater accomplishment in this direction should be possible.

Overseas Operations: For many years past the export of the Corporation's products to overseas countries has had a favorable influence on its general economic position, and, still more importantly, has contributed substantially to the Corporation's earnings. During the past ten years, and more particularly during the past five years, export possibilities have been curtailed by economic policies adopted by various countries which had previously constituted important markets, resulting not only in restricting, but in many cases practically prohibiting the importation of the Corporation's products into those particular countries. These policies started with the objective by those countries of developing within themselves the capacity for producing their own requirements, in order to improve their national economy and provide employment for their own nationals. This trend was in evidence even before the beginning of the world's economic depression. As a result of the depression, restrictions against international trade became intensified due to increased tariffs and the injection into the picture of various additional barriers, such as quotas, embargos, limitations upon available exchange, and fluctuations in exchange rates. These policies of nationalism, superimposed on which is the urge of necessity, have resulted, at the moment, in certain important manufacturing countries being largely closed to American cars.

Having established effective distributing organizations throughout the world for the sale of its products, the Corporation adopted the policy of expanding its sources of supply by engaging in manufacturing operations, first in England, through the acquisition of Vauxhall Motors Ltd., and subsequently in Germany, through the acquisition of Adam Opel A.G. The association of General Motors with these properties has been dealt with in previous annual reports.

As a result of the influences just enumerated, exports from domestic sources have particularly suffered during the depression years. Coincident with the economic improvement that subsequently set in, exports from domestic sources have increased and a larger proportion of the available market abroad is being secured. The Corporation's participation in that portion of the world market outside the United States and Canada as is supplied from foreign sources has improved as the operating position of its overseas manufacturing plants has been developed, increasing from approximately 4% in 1929, to a peak of 14% in 1934.

The Corporation's position in that portion of the world market outside the United States and Canada as is supplied from the latter sources has remained relatively constant during the past five years at approximately 35%. The Corporation's position in the world market outside the United States and Canada in relation to production from all sources, both domestic and overseas, reached the peak in 1934 of approximately 20%.

The trend of sales abroad by the export organizations overseas from domestic sources and from foreign manufacturing subsidiaries of the Corporation, for a ten-year period, is displayed below:—

GENERAL MOTORS OVERSEAS SALES		
Year	Number of Cars and Trucks	Net Sales Wholesale
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
1934.....	220,560	202,263,625

It will be noted that 1934 overseas sales were the largest in any year since 1929, as measured by the number of cars and trucks as well as by dollar volume on a wholesale basis. There was an increase of 100,571 units, or 83.8%, in 1934 over 1933, with an increase in wholesale value of \$97,633,871, or 93.3%.

Of the total of 220,560 units sold in 1934, approximately 50% was from American sources as against 45.2% in the year 1933. This reversal in the trend of several years past is occasioned by the more rapid economic recovery of the non-manufacturing countries in which American products have a dominating position.

As to Germany: The automotive industry in Germany, in the year 1934, experienced the best year in its history. From 1929 to 1932 the trend closely paralleled the performance in the United States, the low point being reached in the year 1932. On March 1, 1933, the yearly tax on new motor vehicles was removed and sales were stimulated to such an extent that the industry had difficulty in meeting the increased demand. The domestic sales of cars and trucks in 1934 amounted to three times that of 1932.

It is interesting to observe that notwithstanding the removal of the tax, which amounted to between 6% and 7% of the consumer price of the car, the national economy was influenced so favorably by the resulting increase in volume that Government income made an important net gain, so far as this particular

operation was concerned. There was a reduction in the year 1933 of RM 50,000,000 in taxes on new cars, but offsetting this, 40,000 unemployed were put back to work in the automotive and allied industries as a result of the increased demand for that industry's products. Adam Opel A.G. alone was able to employ approximately 5,000 individuals who had not had employment for several years. These 40,000 unemployed had each cost a minimum of RM 1,000 per year, in the form of dole and other social benefits, so that the additional employment reduced the expenses of Government by approximately RM 40,000,000 for the period. Furthermore, because of increased employment, the Government was able to collect RM 21,000,000 in the form of other taxes, bringing the "profit" to approximately RM 11,000,000. Applied to 1934, preliminary estimates indicate that there will be a net gain to the Government, as compared with 1932, in excess of RM 100,000,000 due to increased volume during 1934 which resulted in a further absorption of 80,000 unemployed workers in the industry during the year. Of necessity, these figures are approximations, but the error, if any, is on the conservative side.

The above facts are presented to illustrate what can be done in the way of reducing unemployment and improving the national economy by stimulating industrial activity through private initiative, as compared with throttling its progress through the ever increasing burden of taxation, and in other ways.

The following tabulation shows the unit volume of cars and trucks for the automotive industry within Germany for seven years, terminating in the year 1934, and the relationship between domestic consumption and export sales:—

GERMANY				
TOTAL INDUSTRY—SALES IN UNITS—CARS AND TRUCKS				
Year	Total	Domestic Sales	Export Sales	Export % of Total
1928.....	147,545	139,554	7,991	5.4%
1929.....	146,066	138,282	7,784	5.3
1930.....	101,755	96,090	5,665	5.6
1931.....	79,563	68,343	11,220	14.1
1932.....	58,280	48,276	10,004	17.2
1933.....	104,449	92,270	12,179	11.7
1934.....	162,829	150,329	12,500	7.7

For the year 1934, Adam Opel A.G. sold a total of 71,665 units in the domestic and export markets and accounted for approximately 40% of all makes of new cars and trucks sold in Germany in that year. This compares with 33.5% for the year 1933. In the passenger car and truck groups in which Adam Opel A.G. competes, there was obtained 42.7% of the sales in the year 1934, compared with 36.6% in the year 1933.

As to England: The trend of the automotive industry for the United Kingdom, as measured by unit volume of cars and trucks for the period of nine years ended 1934, is indicated in the following tabulation:—

UNITED KINGDOM				
TOTAL INDUSTRY—SALES IN UNITS—CARS AND TRUCKS				
Year	Total	Domestic Sales	Export Sales	Export % of Total
1926.....	259,843	227,444	32,399	12.5%
1927.....	266,407	230,715	35,692	13.4
1928.....	248,407	215,867	32,540	13.1
1929.....	283,442	241,421	42,021	14.8
1930.....	258,562	228,808	29,754	11.5
1931.....	233,296	208,984	24,312	10.4
1932.....	251,270	211,092	40,178	16.0
1933.....	301,077	249,385	51,692	17.2
1934.....	369,878	311,878	58,000	15.7

After maintaining a relatively static position for many years past, the British automotive industry enjoyed a substantial increase in 1933 over 1932, as a matter of fact, approximately 20%; likewise another increase in 1934 over 1933 of approximately 23%—the peak of all time having been established in the year 1934. This trend parallels the marked improvement in prevailing economic conditions.

Recent years have seen a declining position with respect to cars imported into England, with a corresponding strengthening on the part of the production within that country.

Vauxhall's percentage of total car and truck registrations is improving consistently, but on account of limitations in scope of products it has not the dominating position in the market equivalent to that which the Corporation enjoys elsewhere. During 1934, Vauxhall's total sales showed an increase of 46% over 1933, which enabled Vauxhall to increase its participation in the English market and to secure a larger proportion of the export market.

1935 PRODUCTS

In accordance with the Corporation's regular practice, its motor car products were redesigned during the year under review. There were injected into the new designs such technical advances as had been made possible by the activities of its engineering staffs. A view of the new designs will demonstrate that progress by evolution, in accordance with the Corporation's policy, has been continued. Nothing especially revolutionary or radical has been developed—simply more safety, more room, more comfort, improved mechanisms, greater eye appeal—all with increased economy of operation and maintenance.

The Corporation strives to pioneer and does not hesitate to take the responsibility inherent in the pioneer spirit. It believes that progress is accelerated by the interpretation of new and advanced designs in as many different forms as are sound engineeringwise and commercially desirable. There is frequently more than one way to reach an objective, and not only is the basis of engineering progress broadened by stimulating the thinking of a greater number but also a wider range of product choice is provided at the same time.

In the year 1934, the products of the Corporation were distinguished by the independent springing of the front wheels, styled "knee-action" wheels, resulting in a "better ride", as it was expressed at that time, and "a break for the back-seat rider".

The action of the Corporation in pioneering "knee-action" wheels has resulted in stimulating thinking with respect to the importance of a "better ride"; hence progress is accelerated. Anything and everything that makes for a "better ride" is desirable because of what it contributes toward increased comfort and reduced fatigue, thus promoting a broader use of the automobile as an instrumentality of transportation. Much has been accomplished recently in this direction by effecting a better distribution of weight through moving the engine forward and in certain other ways.

Entirely independent of the many commendable improvements which are being offered by the industry, the Corporation is convinced that the ultimate in a "better ride" can be obtained only by insuring independent action of each front wheel to compensate for the different road reactions which each continually receives, that is, by "knee-action". This costs somewhat more, but is well worth it, especially when it directly affects personal comfort.

As the result of intensive study and research work, the Corporation has incorporated into certain of its 1935 offerings an important new safety feature, a solid steel top for closed car bodies—known as the "turret top". This is a truly remarkable manufacturing achievement. It had been the former practice to make automobile tops of a border of steel, filling in the center in various ways. The "turret top" is solid steel over the entire top area. The supporting members are integral with the top and with the main part of the body itself. There results practically a one-piece structure. The advantages of this outstanding advance are greater safety and greatly improved appearance.

From the standpoint of appearance, the Corporation's 1935 designs reflect further the trend toward streamlining; at the same time it is believed that they express that combination of good taste and utility which will meet the general current taste for streamlining that is refined to beauty.

The popular belief is that there is a distinct saving in the operating cost of a motor car embodying certain aerodynamic features, and that such features add much in other ways to the effectiveness of the car as a whole. The broadest possible gain that can be expected is a somewhat higher top speed, or perhaps at top speed an inconsequential saving in fuel, all other features being the same. Except for a negligible portion of motor car travel, the contribution of streamlining is definitely limited to the question of styling. There are no other advantages that cannot be obtained otherwise.

The Corporation's 1935 regular passenger cars, from the Chevrolet up, including Cadillac, are offered in 140 body types with factory prices listing from \$465 to \$9,050. The full line of such products, with the price range of each, is listed below:-

LIST PRICE RANGE—PASSENGER CARS

	Price Range
Chevrolet Standard 6.....	\$ 465-\$ 550
Chevrolet Master De Luxe 6.....	560- 675
Pontiac 6.....	615- 745
Pontiac De Luxe 6.....	675- 795
Oldsmobile 6.....	675- 820
Pontiac 8.....	730- 860
Buick 8-40.....	795- 925
Oldsmobile 8.....	860- 970
Buick 8-50.....	1,110-1,230
La Salle 8.....	1,225-1,325
Buick 8-60.....	1,375-1,675
Buick 8-90.....	1,875-2,175
Cadillac 8.....	2,345-5,595
Cadillac 12.....	3,995-6,295
Cadillac 16.....	6,750-9,050

The Corporation's 1935 line of commercial cars includes, in addition to the sedan delivery, a line of ½ ton and 1½ ton trucks. The list prices of the chassis and the price range of the various body types are shown below:-

LIST PRICE RANGE—COMMERCIAL CARS

	Wheelbase	Price Range	
		Chassis	Including Body
Chevrolet Sedan Delivery	107"		\$515
Chevrolet ½ Ton Truck.....	112"	\$355	\$445-\$589
Chevrolet 1½ Ton Truck*.....	131"	485	575- 762
Chevrolet 1½ Ton Truck*.....	157"	515	605- 810

*Dual wheel equipment available on 1½ ton models at \$20 extra.

Any statement as to the Corporation's 1935 product position would not be complete without general reference to such products as are manufactured by Adam Opel A.G. in Germany, and Vauxhall Motors Ltd. in England. The engineering policies of the Corporation, both with respect to its domestic products and such products as are manufactured overseas, are definitely coordinated in order that each engineering staff may have the benefit of all. This policy has contributed much to the increasingly favorable acceptance of the Corporation's products, both of domestic and overseas origin.

Vauxhall Motors Ltd. presented its 1935 offerings at the Olympia exhibition in London in October, 1934, where they received very favorable comments. In fact, they were the outstanding exhibits at that particular exhibition. This interest is being reflected in a large demand.

Adam Opel A.G. presented its products at the automotive show in Berlin in February, 1935, where the reception accorded them was highly favorable.

OPERATIONS IN GENERAL

The purpose of this particular discussion is to present such developments of the year which are of a general character as distinguished from those already discussed under "An Operating Review".

Winton Engine Manufacturing Corporation

In the year 1930, as reported in the annual report for that year, the Corporation purchased the Winton Engine Company of Cleveland, Ohio, manufacturers of Diesel engines.

It was believed that there was an opportunity to promote, through research and more intensive engineering, greater usefulness for this type of power development. Following the acquisition, the Corporation's research organization, in collaboration with the engineering staff of Winton Engine, began an aggressive consideration of the possibilities. As a result, there have been developed important improvements materially affecting the ratio of weight to power delivered, thus materially advancing the opportunities of the Diesel engine.

Winton-Diesel engines of the new type, during the year under review, have been variously applied in marine and stationary power work, as well as in transportation by rail. Of these uses, perhaps the most interesting is the application to what is popularly called the streamlined train. As a result of what has been demonstrated, a very important interest has been created on the part of railroad management in the possibilities of this new instrumentality of power, not only as applied to the light-weight, articulated, streamlined train, but from the standpoint of supplanting the steam locomotive in many of its present functions.

On account of the relative newness of this development, a broad foundation of operating statistics is not yet available, but from such estimates as have been made, based upon such equipment as is now in operation, there is indicated an important saving in operating cost. Entirely aside from the cost of operation, it appears to be demonstrated that streamlined, light-weight trains, powered by Winton-Diesel electric equipment, or Winton-Diesel electric locomotives as a substitution for steam locomotives, offer possibilities for more continuous service without stops, higher average speed with equal safety and hence an important saving in time. Should further experience justify the validity of these conclusions, technology will have again broadened the effectiveness of transportation by rail as well as improved its economic position through reduction in cost of operation, and through improvement in service.

For the purpose of aggressively exploiting the possibilities of this new development, the Corporation has recently authorized the building of a Diesel electric locomotive plant, which will make possible complete Diesel electric locomotives engineered and assembled within the Corporation's activities.

Frigidaire Division

Frigidaire offers a complete line of electric household refrigerators, as well as a varied line of products applicable to the commercial field of refrigeration with units ranging up to ten tons capacity. Through research, intensive engineering and manufacturing technique, Frigidaire, in June, 1934, introduced a small electric refrigerator that uses less current than one electric bulb and at a price that makes possible the very general use of electric refrigeration as a food preservative in the modern home.

As a part of its engineering program, Frigidaire has developed a line of air conditioning units covering virtually every field of application; the home, the office, the hotel, the hospital, the railroad car and other industrial fields. In 1934, a series of self-contained air conditioning units was introduced, which includes a unit that dehumidifies, cleanses and circulates cool air in the summer, and humidifies, cleanses and circulates warm air in the winter.

It is believed that food preservation and air conditioning offer a broad opportunity for profitable commercial development. Air conditioning in its various applications as applied to existing construction, shows promise of a broad expansion. It will ultimately become an important component in every scheme of new construction involving closed space where human beings live.

General Motors Acceptance Corporation

A review of the operations for the year would not be complete without reference to this activity. General Motors Acceptance Corporation performs a vital service to the entire merchandising operation in providing a low cost purchase plan for purchasers of General Motors products; and conducts its operations in line with policies that are designed to satisfy and protect the interests of the consumer. While this policy has been particularly helpful during the depression years, the full record of experience of the Acceptance Corporation during this period is a striking tribute to the inherent honesty, integrity and individual responsibility of a great army of people who buy their cars on the instalment payment plan. No more severe test of the soundness and safety of individual consumer credit could be devised than that to which the depression years subjected it. In contrast with other forms of credit, the loss experience has been practically negligible.

Aviation Interests

In the annual report covering 1933, there was outlined, in some detail, the position of the Corporation with respect to aviation, including the various steps which had led to the Corporation's then participation in that particular industry.

The 1934 Air Mail Act has caused the reorganization of practically all air transport companies, and companies interested in these companies. To comply with the Act, General Aviation Corporation was dissolved and its principal asset; namely, the capital stock of North American Aviation, Inc., was distributed to its stockholders. North American Aviation, Inc. and its affiliated companies have also taken the necessary steps to comply with the Act.

As of December 31, 1934, General Motors Corporation's participation in aviation is represented for the most part by 1,015,061 shares of North American Aviation, Inc., or 29.55% of the outstanding stock.

North American Aviation, Inc. declared a dividend, on December 29, 1934, of its holdings in the stock of Transcontinental & Western Air, Inc., payable February 15, 1935. On the latter date, the Corporation, through its holdings of stock in North American Aviation, Inc., received 81,204 shares of Transcontinental & Western Air, Inc., representing 13.03% of the outstanding stock.

North American Aviation, Inc. operates a transport service under the name of Eastern Air Lines between New York and Miami, between New York and New Orleans via Atlanta, and between Chicago and Miami. Transcontinental & Western Air, Inc. operates between New York and Los Angeles.

Pursuant to the provisions of the 1934 Air Mail Act, the President of the United States appointed a Commission, known as the Federal Aviation Commission, the objective being to make an extensive survey, both of the air transport and aircraft manufacturing industries, and to report to Congress its recommendations. This report was transmitted to Congress by the President in January, 1935.

It is unquestionably a fact that the American aviation industry, both from the standpoint of its manufacturing phase as well as its transportation phase, has made tremendous progress during the past two years; and it is generally conceded that, from the standpoint of technical progress and service rendered, it has shown marked aggressiveness of management and progressiveness in technological advance, so that its achievements have been outstanding. It has put America far in advance of all other nations. It is to be hoped that, as a result of the survey by the Federal Aviation Commission, a legislative program will be developed such as will permit this industry to go forward and intelligently and aggressively capitalize the great possibilities of the future, with the right to exercise free enterprise and without the burden of undesirable regulation. The future participation of General Motors Corporation in the aviation industry will be importantly affected by the legislation to be enacted.

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TRANSPORTATION—ITS ECONOMIC ASPECTS

Although little appreciated, it is nevertheless a fact that the cost of transportation has a relatively important influence on the cost of all goods consumed and services, and hence on the volume of business activity. History demonstrates that there is a direct relation between the advance of civilization and the advance of transportation.

In the report dealing with the year 1933, the importance of transportation by highway was discussed at length. Attention was called particularly to the continually added burden of taxation that was being loaded upon this relatively new, flexible and highly efficient instrumentality of transportation. During 1934 this trend continued with still greater burdens of taxation and discrimination. Irrespective of the necessities of the moment, it is economically unsound to levy taxes upon any single industry, particularly a specific part of any industry, for the benefit of the general cause.

Transportation by highway 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 entirely unconscious of its continually broadening contribution to the many phases of modern life. If every truck, bus and passenger car were eliminated today, chaos would result. There would be so much confusion, so much disarrangement in our daily lives, such an increase in the cost of everything we use and every service, that the community would be appalled.

More than 15,000,000 people are estimated to have moved into suburban communities in the last decade. They have become largely dependent upon the highway for mobility of transportation. The motor vehicle is serving 50,000 communities that are entirely without rail service; labor depends upon the motor car for a new mobility in seeking employment; farmers use one out of every four motor trucks for the transportation of their produce to the market, and in addition, own approximately one out of every five passenger cars. Two-thirds of all motor cars are owned by individuals with an annual income of less than \$3,000. The motor truck and the motor car, accelerated by the improvement of highways and by the technological progress in construction, reach out farther and farther, year by year, thus making a continually broadening contribution to the economic and social welfare of the people. Although much more might be said, certainly it is evident that we are dealing with a very important part of a very vital industry.

The Corporation has a three-fold interest in transportation:—

FIRST: It is the largest producer of vehicles for highway use.

SECOND: The cost of transportation and the selling prices of its products, hence the volume of its business, and its ability to contribute to the national economy, are affected adversely by increased costs resulting from unjust and unreasonable taxation and uneconomic discrimination between transportation agencies.

THIRD: To increase the cost of goods and services means to reduce consumption of those goods and services, which more importantly than other factors affects adversely the Corporation's activities.

In the report covering the year 1933, reference was made to the conclusion of a group of outstanding citizens who, as the National Transportation Committee, made an exhaustive study of this problem at the request of a large group of railroad security holders. Briefly, this Committee said, in conclusion,

“Automotive transportation is an advance in the march of progress—it is here to stay. We cannot 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.”

As stated in the previous annual report 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. The Brookings Institution of Washington, D. C., consisting of a group of independent scientists, made a study of this question, and said,

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

The economic position of the railroads is generally recognized by all. For many years, the problem has been under serious discussion by Government and by various groups involved in the problem. At the time of this writing, the proposal has been advanced of grouping together all instrumentalities of transportation—water, rail, highway and air—under a National Transportation Commission under Governmental auspices for the purpose of regulation and coordination.

Regulation of transportation by rail developed out of the necessity for protecting the public and the national economy against monopolies. The inevitable result of such regulation has been to interfere seriously with free enterprise, so vitally essential to progress. This, together with bureaucracy and political considerations, is a factor contributing to the present situation of our railroads.

Hence there arises a question in which the national economy is vitally involved. The manner of its solution is bound to have an influence on unemployment and on the future standard of living.

Will not the coordination resulting from the bureaucratic regulation of all instrumentalities of transportation under one control destroy or neutralize the inherent advantages of any new technology? Will not the new yardstick of transportation cost be the efficiency of the past? Will not the considerations of existing facilities outweigh the possibilities that progress offers in the form of lower transportation costs? How can it be possible to obtain the most out of each agency when they become one and the same?

Would not a more effective approach to the problem be to establish each on its own foundation of fact and effectiveness and to permit each to develop its maximum contribution to our national economy? Competition again exists in the field of transportation. Let us restore the principle of free enterprise and encourage initiative. This is the road to progress.

EXECUTIVE COMPENSATION

As a Corporation policy, it is believed that the remuneration of the Corporation's administrative staff, is a personal relationship between each individual involved and the Corporation itself. It is held to be highly undesirable and con-

trary to the interests of the stockholders to approach the question from any other standpoint. On the other hand, it is recognized that the stockholders should be concerned, and have a right to be concerned, as to the cost of administering the business.

If we approach the subject from that standpoint, the question arises as to what is the cost of administering a business of the magnitude of General Motors, involving a highly diversified and highly technical line of products, and operating intensively not only domestically, but in nearly every country in the world, carrying on primary manufacturing operations in the principal manufacturing countries of the world and secondary operations in many other countries.

This leads to a definition of executive cost, which in this sense is defined as comprising the salary remuneration of the principal executive officers of the Corporation; the executive heads of its General Administrative Staffs; the executive heads of the Operating Divisions and wholly owned Subsidiaries; the four principal functional executives of the more important operating units; and the executive in charge of each of the assembly and manufacturing plants in the United States located away from divisional headquarters and of the overseas assembly and merchandising operations. This executive list includes a total of 160 individuals. As so defined, it involves a cost equivalent, after allowance for Federal income taxes, to seven cents per share on the common stock outstanding.

Looking at the subject of executive salary costs from a still broader standpoint, it might be added that there are altogether 245 individuals receiving annual salaries of \$10,000 or more as classified below:—

<u>Salary Group</u>	<u>Number of Individuals</u>
\$100,000 and over (none over \$120,000).....	2
80,000 to \$99,999.....	1
70,000 to 79,999.....	8
60,000 to 69,999.....	1
50,000 to 59,999.....	5
40,000 to 49,999.....	2
30,000 to 39,999.....	7
20,000 to 29,999.....	34
15,000 to 19,999.....	55
10,000 to 14,999.....	<u>130</u>
Total receiving salaries of \$10,000 and over..	<u>245</u>

COOPERATIVE PLANS

Annual reports deal, as a matter of course, with the 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. Whether the individual involved be a wage earner or an important executive, the fundamental objective in all these plans has been to make it possible for each such individual to improve himself both economically and socially, to promote better citizenship and to provide an opportunity for protection against the time when work is no longer possible.

The management of General Motors Corporation is and always has been convinced that the degree of effectiveness and efficiency with which the important problems that arise daily in a business of its magnitude are dealt with, is directly proportional to the aggressiveness and intelligence of the organization's personnel. This is of vital importance to the stockholders. The management further believes in the broad principle of suitable compensation for exceptional work. Again, this compensation should take the form of a reasonable remuneration enhanced by a reasonable financial participation in the results of the business, the success of which depends upon the effective discharge of the great responsibilities on the part of the personnel involved.

Supplementary compensation takes the form of two plans—the Bonus Plan and the Management Plan. There are 1,534 executives who will receive supplementary compensation in 1934 under these two plans, which includes approximately 200 executives participating under the Management Plan who are also eligible to receive additional bonus awards through the Bonus Plan. On account of the relationship between the two plans, the maximum participation of any single individual must be considered from the standpoint of the total amount of supplementary compensation available under the two plans. On that basis, the maximum received by any individual in the 1934 distribution will not exceed 3 per cent of the total fund available.

As is customary in dealing with Cooperative Plans, its various activities are discussed separately.

General Motors Management Corporation

There was submitted to the stockholders, at a special meeting held on September 27, 1934, a proposal for revising the General Motors Management Plan, which had been adopted by the stockholders at a special meeting held on March 5, 1930, and described in the annual report of the year 1929. The objective of the proposal was to harmonize the purposes of the original plan with the changed circumstances as existing today. The problem arose through the lack of ability in 1930 to forecast the economic upheaval which has taken place during the intervening years. The proposal embodied three salient points:—

1. The plan originally specified that a definite amount of bonds issued by General Motors Management Corporation to General Motors Corporation in payment for a block of General Motors stock, should be retired yearly. This was modified to the extent that the indebtedness which was represented by the bonds will now become due and payable March 15, 1937—the expiration date of the plan.
2. The original plan provided for interest on the bonded indebtedness at 6%. The interest was reduced to 5%, retroactively, up to March 15, 1934 and thereafter is to be 6% per annum cumulatively, but not to exceed the amount of dividends received on General Motors common stock underlying the indebtedness.
3. Under the original plan, the participation accruing to the major executive group, a total of approximately 250 men, which took the form of General Motors common stock on the basis of \$40.00 a share, became liable in whole or in part, for the payment of the entire bonded indebtedness. That was modified to the degree (a) that the yearly participations of the executive group were eliminated from liability under the bonded indebtedness, but (b) instead of enjoying

the entire possible profit accruing on the unearned General Motors common stock remaining at the end of the period, the executive group participates with General Motors Corporation on an equal partnership basis.

It might be stated that, however unfavorable the circumstances might be at the expiration date; viz., March 15, 1937, in no case could the modification of the plan penalize the stockholders to an amount equivalent to the profit that the stockholders made in the year 1930 through the sale of the 1,375,000 shares of stock to General Motors Management Corporation. As a result of that transaction, there was a profit of \$9,482,861, which was reported in the annual report of the year 1930.

General Motors Management Corporation will receive, as a result of the operations of General Motors Corporation for the year 1934, a total of \$1,838,877 under the plan, as modified. The entire amount will be applied to the reduction of the indebtedness to General Motors Corporation. There was advanced to the Management Corporation in December, 1934, \$1,000,000 in anticipation of the amount due on March 10, 1935, with which a like amount of indebtedness was retired. The balance of \$838,877 will be applied towards the reduction of the indebtedness when received in March, 1935.

Bonus Plan

There will be available, as a result of 1934 operations, for distribution to the Corporation's employes under this plan, a total of 71,664 shares of General Motors common stock, which will be distributed among a total of 1,484 individuals.

Employes Savings and Investment Plan

This plan was inaugurated in 1919 and its detailed operations have been dealt with in each annual report since that date.

At the moment, the proposals of the President of the United States, having as their objective greater social security, add interest to what has been accomplished by the Corporation in this general direction. The purpose of the plan is nothing more nor less than to provide financial competence under adversity. It offers the possibility of protection in times of unemployment, as well as provision against the time when old age makes work impossible. It is a mutual plan between the employer and employe—each making a contribution toward the general purpose. Sixteen years of actual practice have demonstrated that a plan in which both the employer and the employe contribute is not only feasible but creates an excellent opportunity for thrift and a sense of responsibility on the part of those participating, which adds materially to the main objective. Furthermore, there is developed the spirit of self-reliance. It is in no sense paternalistic.

The possibilities of the plan may be realized through the fact that as the Corporation's organization entered the depression, at the beginning of 1930, the employes had accumulated a reserve, available for immediate use to tide over an emergency, of approximately \$75,000,000. In addition to this, there were available equities to the extent of \$15,000,000 which had been diverted toward the purchase of homes. In other words, a total amount of \$90,000,000 had been accumulated through organized saving. While these facts have been pointed out in previous reports, they are restated on account of the general interest in the subject at the moment. It is gratifying that many years ago the Corporation developed a practical

approach to this problem and recognized the importance, not only from the social standpoint but in its own interest, of providing the opportunity of greater social security for its workers.

The basis of the present plan is that each employe receiving less than \$4,200 per year may, at his option, pay into the fund on a monthly basis, or as may suit his convenience, such amount from his earnings as, in his judgment, is desirable, providing that the amount does not exceed 10% of such earnings, or a maximum of \$300.00 for the year. To every dollar so contributed, the Corporation adds 35 cents. In addition to this, it allows interest on the employe's contribution and invests its own participation in the common stock of the Corporation, repaying the entire amount at the end of five years.

Each employe who paid into the 1929 Class \$25.00 per month, or a total of \$300.00 for the year, received \$621.52 at maturity of the Class at the end of 1934. This amount consisted of the original payment of \$300.00 made by the employe and \$321.52 in benefits contributed by the Corporation which included \$114.35 in interest on the employe's savings for the five year period.

There were paid to participants in the 1929 Class, which matured at the end of 1934, the following amounts, totalling \$10,958,423:-

On account of their savings.....	\$ 5,295,825
On account of 6% interest on savings.....	2,009,790
Total savings and interest.....	<u>\$ 7,305,615</u>
On account of investment fund credits contributed by the Corporation and paid to participants in cash.....	3,652,808
This makes a total of.....	<u><u>\$10,958,423</u></u>

This amount was distributed to a total of 27,793 employes. Normally, approximately 90% of the entire eligible employes of the Corporation have availed themselves of this opportunity for protection against contingencies of the future. Due to the depression, involving reduced operations, and for other causes, the normal number of participants has, of necessity, been curtailed.

It has been the practice, up to the Class of 1929, to distribute the proceeds of each class partly in General Motors common stock, in which the contribution of the Corporation is invested, and partly in cash. In view of the complications caused by the Securities Act of 1933, however, the entire amount as to 1934 was distributed in the form of cash.

Group Insurance Plan

During 1934 the Corporation lost 850 of its employes through death or permanent disability, on account of which payments totalling \$2,124,126 were made to employes or their dependents. In addition, there were 10,332 employes who received benefits amounting to \$529,206 on account of temporary disability resulting from sickness or non-industrial accidents. Under this plan, therefore, approved claims for the benefit of the Corporation's employes and their families totalled \$2,653,332 for the year 1934 and \$21,463,492 from the inception of the plan on December 1, 1926 to and including December 31, 1934. The Group Insurance Plan is available to all employes of the Corporation after three months'

service. At the end of 1934 over 98% of the eligible employes were availing themselves of the advantages of this plan.

Education and Training

This activity was continued during the year, in accordance with the plan set forth in previous annual reports.

Housing for Employes

As stated in previous annual reports, the policy with respect to this activity continues to be one of liquidation rather than one of expansion. There have been no changes of importance during the year. The houses owned by the Corporation are practically all rented, as compared with less than 50% rented at the end of 1933. The number of cancellations of purchase contracts covering houses showed a considerable reduction in 1934 from previous years.

NUMBER OF EMPLOYES

The average number of employes during the year was 191,157. This compares with an average of 137,764 for the year 1933—an increase of 53,393, or 38.8%.

GOODWILL AND PATENTS

This account, as reported in the balance sheet, shows practically no change from that of the previous year. Attention is called to the fact that the account goodwill and patents is not intended to represent an appraisal, even in a minor degree, of the Corporation's goodwill as reflected by the intangible value of an outstanding group of highly specialized manufacturing organizations and their executive personnel, supported by vast distributing organizations, with a group of products whose quality and excellence are well established not only in every community in the United States but throughout the entire world.

PUBLIC RELATIONS

The Corporation recognizes, and has always recognized, the vital importance of a satisfactory relationship with the public for the support of its position in industry and as a foundation of future development and progress.

Occupying as it does an important place in a great key industry, the Corporation is keenly alive to the fact that its policies, practices and products must be in accord with the public interest, as befits a public-minded institution.

This involves a two-fold and unending responsibility, the responsibility of seeking to understand the public and the responsibility of seeking to have the Corporation understood by the public.

An increasing amount of time and effort is being devoted, through Customer Research and related activities, to determining on a highly scientific basis the trend of public thinking on questions of concern to the Corporation in order that its policies and activities may be founded on a firmer foundation of fact. Similarly, an increasing amount of time and effort is being devoted to promoting a better understanding on the part of the public of the thinking and policies of the management with respect to all questions, especially those involving its social responsibilities. In this connection it is also recognized that every member of the General

Motors organization itself and every individual in its extensive distributing organizations has a direct responsibility to cooperate in this undertaking in which all are so intimately and so vitally concerned.

STOCKHOLDERS

It is gratifying to the management to be able to record the fact that there was a total of 350,164 stockholders at the close of the year which was very close to the maximum. It is particularly interesting to note that of this large aggregation, approximately 150,000 individuals have holdings of ten shares or less each. It is beneficial to any institution like General Motors to have a broad distribution of ownership. It indicates confidence of the public at large in the institution, in the honesty of its purpose and in the effectiveness of its management. The number of stockholders of all classes by quarters since 1917 is displayed on page 44.

CONCLUSION

Recognizing the difficult problems involved in the period through which industry is passing, and with a sense of gratitude as to the improvement indicated in this review, any statement covering the year's operations would not be complete without paying tribute to those who have served the Corporation so faithfully and whose efforts are recorded in the results herein outlined.

Therefore, on behalf of the Chairman of the Board, and on my own behalf, I record our appreciation of these efforts, and still more, of the loyalty displayed during the past years of adversity as well as the continued faith in the industry and in the institution, and in each other, and of the confidence in the ultimate advent of better times.

By order of the Board of Directors,

LAMMOT DU PONT
Chairman

ALFRED P. SLOAN, JR.
President

March 15, 1935.

SUMMARY OF CONSOLIDATED INCOME

For the Years Ended December 31, 1934 and 1933

	<u>Year Ended Dec. 31, 1934</u>	<u>Year Ended Dec. 31, 1933</u>
Net Sales	<u>\$ 843,807,849.34</u>	<u>\$ 569,010,542.04</u>
Profit from operations and income from investments (including dividends received from subsidiary and affiliated companies not consolidated) after all expenses incident thereto, and after a special provision in 1934 of \$5,500,000 for contingencies, but before providing for depreciation of real estate, plants, and equipment	<u>\$ 138,295,588.64</u>	<u>\$ 118,301,748.26</u>
Provision for depreciation of real estate, plants, and equipment.....	<u>32,616,831.76</u>	<u>30,149,825.36</u>
Balance after depreciation.....	<u>\$ 105,678,756.88</u>	<u>\$ 88,151,922.90</u>
General Motors Corporation's equity in the undivided profits or losses of subsidiary and affiliated companies not consolidated.....	<u>*10,578,492.70</u>	<u>9,077,583.06</u>
Net Profit from operations and investments.....	<u>\$ 116,257,249.58</u>	<u>\$ 97,229,505.96</u>
Less provision for:		
Employes savings and investment fund.....	\$ 2,669,439.73	\$ 1,527,647.59
Guaranteed settlement of 1929 and 1928 Investment Fund Classes, maturing December 31, 1934 and 1933.....	<u>1,846,443.80</u>	<u>1,543,884.50</u>
Total.....	\$ 4,515,883.53	\$ 3,071,532.09
Deduct profit resulting from General Motors Corporation's equity in investment fund stock reverting to the Corporation.....	<u>2,302,558.67</u>	<u>4,240,655.03</u>
Employes savings and investment fund—net.....	\$ 2,213,324.86	\$ 1,169,122.94
Employes bonus and payment to General Motors Management Corporation.....	3,677,754.74	2,736,011.06
Special payment to employes under stock subscrip- tion plan.....	<u>13,442.00</u>	<u>21,112.00</u>
Total.....	\$ 5,904,521.60	\$ 1,588,000.12
Net Income before Income Taxes	<u>\$ 110,352,727.98</u>	<u>\$ 95,641,505.84</u>
Less provision for United States and foreign income taxes.....	<u>15,411,956.99</u>	<u>12,217,779.80</u>
Net Income for the Year	<u>\$ 94,940,770.99</u>	<u>\$ 83,423,726.04</u>
General Motors Corporation's Proportion of Net Income	<u>\$ 94,769,131.15</u>	<u>\$ 83,213,675.89</u>
Dividends on preferred capital stock—\$5 series (less dividends applicable to stock held in Treasury)..	<u>9,178,220.00</u>	<u>9,178,845.00</u>
Amount Earned on Common Capital Stock	<u>\$ 85,590,911.15</u>	<u>\$ 74,034,830.89</u>
Average number of shares of common capital stock outstanding during the year.....	42,943,949	43,043,848
Amount Earned Per Share of Common Capital Stock	<u>\$1.99</u>	<u>\$1.72</u>

*In recognition of foreign exchange restrictions, no effect has been given herein to the 1934 earnings of Adam Opel A.G.

SUMMARY OF CONSOLIDATED SURPLUS

For the Years Ended December 31, 1934 and 1933

	Year Ended Dec. 31, 1934	Year Ended Dec. 31, 1933
Earned Surplus at beginning of year	\$248,961,356.56	\$238,231,744.11
General Motors Corporation's Proportion of Net Income, per Summary of Consolidated Income...	94,769,131.15	83,213,675.89
General Motors Corporation's equity in the net losses (the excess of such losses over undivided profits) of subsidiary and affiliated companies not consoli- dated 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)	—	9,478,863.87
Earned Surplus before dividends	<u>\$343,730,487.71</u>	<u>\$311,966,556.13</u>
Less cash dividends paid or accrued:		
Preferred capital stock—\$5 series	\$ 9,376,830.00	\$ 9,376,830.00
Common capital stock:		
Mar. 12 (\$.25 on 43,500,000 shares in 1934)....	\$ 10,875,000.06	\$ 10,875,000.08
June 12 (\$.25 on 43,500,000 shares in 1934)....	10,875,000.06	10,875,000.08
Sep. 12 (\$.25 on 43,500,000 shares in 1934)....	10,875,000.06	10,875,000.08
Sep. 12 (\$.50 extra on 43,500,000 shares in 1934)	21,750,000.13	—
Dec. 12 (\$.25 on 43,500,000 shares in 1934)....	10,875,000.04	10,875,000.09
Dec. 12 (\$.25 extra on 43,500,000 shares in 1933)	—	10,875,000.10
Total	<u>\$ 65,250,000.35</u>	<u>\$ 54,375,000.43</u>
Total cash dividends paid or accrued...	<u>\$ 74,626,830.35</u>	<u>\$ 63,751,830.43</u>
Less amount received or accrued by General Motors Corporation on capital stock held in Treasury:		
Preferred capital stock—\$5 series	\$ 198,610.00	\$ 197,985.00
Common capital stock	806,509.50	548,645.86
Total	<u>\$ 1,005,119.50</u>	<u>\$ 746,630.86</u>
Net cash dividends paid or accrued	<u>\$ 73,621,710.85</u>	<u>\$ 63,005,199.57</u>
Earned Surplus at end of year	<u>\$270,108,776.86</u>	<u>\$248,961,356.56</u>

NOTE: See page 38 for detail of dividend payments made prior to the year 1934.

GENERAL MOTOR CONDENSED CONSOLID

DECEMBER 31,

ASSETS

	Dec. 31, 1934	Dec. 31, 1933
Current Assets:		
Cash.....	\$ 148,326,540.72	\$ 150,952,197.14
United States Government securities at market or less.....	35,639,239.56	26,141,791.65
Other marketable securities (short term) at market or less.....	3,000,828.33	209,977.10
Amount due from General Motors Management Corporation, March 15, 1935 (in 1933, due March 15, 1934).....	838,877.37	375,000.00
Sight drafts with bills of lading attached, and C. O. D. items.....	7,025,745.37	3,070,584.67
Notes receivable.....	1,235,522.47	2,346,631.78
Accounts receivable and trade acceptances (less reserve for doubtful accounts: in 1934, \$2,211,390.09; in 1933, \$2,676,921.51).....	28,708,269.83	18,834,045.41
Inventories at cost or market, whichever is lower.....	138,598,157.24	115,584,599.66
Prepaid expenses.....	2,471,188.70	2,500,779.29
Total Current Assets.....	\$ 365,844,369.59	\$ 320,015,606.70
Investments and Miscellaneous:		
Subsidiary and affiliated companies not consolidated, and miscellaneous (Schedule 1).....	\$ 238,283,722.03	\$ 228,893,524.11
Investment in General Motors Management Corporation.....	36,686,122.63	38,525,000.00
General Motors Corporation capital stock held in Treasury for corporate purposes (in 1934, 727,562 shares common, \$16,892,941.29; 39,722 shares \$5 series no par preferred, \$3,267,219.38).....	20,160,160.67	16,644,232.89
Total Investments and Miscellaneous.....	\$ 295,130,005.33	\$ 284,062,757.00
Fixed Assets:		
Real estate, plants, and equipment.....	\$ 541,507,042.08	\$ 512,703,982.31
Deferred expenses.....	14,213,653.78	15,053,982.24
Goodwill, patents, etc.....	51,836,955.07	51,837,677.27
Total Fixed Assets.....	\$ 607,557,650.93	\$ 579,595,641.82
TOTAL ASSETS.....	\$1,268,532,025.85	\$1,183,674,005.52

NOTE: Notes and accounts receivable as of December 31, 1934, as shown above include amounts of \$5,934,278.46 due from General Motors Acceptance Corporation on account of current financing of sales of the Corporation's product (including in-transit items), \$1,445,150.52 representing current accounts due from subsidiary and affiliated companies not consolidated, and \$127,930.52 due from officers and employees.

S CORPORATION ATED BALANCE SHEET

1934 AND 1933

LIABILITIES, RESERVES, AND CAPITAL

	Dec. 31, 1934	Dec. 31, 1933
Current Liabilities:		
Accounts payable.....	\$ 39,259,270.58	\$ 33,578,894.97
Taxes, payrolls, and sundry accrued items.....	21,544,738.17	16,720,512.48
United States and foreign income taxes.....	15,742,690.96	12,673,536.63
Employes savings funds, payable within one year.....	11,250,122.17	11,278,955.77
Contractual liability to General Motors Management Corporation, due March 10, 1935 (in 1933, due March 10, 1934).....	838,877.37	368,005.53
Accrued dividends on preferred capital stock.....	1,562,805.00	1,562,805.00
Total Current Liabilities.....	\$ 90,198,504.25	\$ 76,182,710.38
Reserves:		
Depreciation of real estate, plants, and equipment.....	\$ 248,269,157.67	\$ 208,939,142.94
Employes investment fund.....	1,628,588.50	301,212.50
Employes savings funds, payable subsequent to one year.....	8,834,716.84	9,710,537.27
Employes bonus.....	1,838,877.37	1,368,005.53
Sundry and contingencies.....	22,875,287.31	13,415,344.54
Total Reserves.....	\$ 283,446,627.69	\$ 233,734,242.78
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 company with respect to capital and surplus.....	2,241,517.05	2,259,095.80
Earned surplus.....	270,108,776.86	248,961,356.56
Total Capital Stock and Surplus.....	\$ 894,886,893.91	\$ 873,757,052.36
TOTAL LIABILITIES, RESERVES, AND CAPITAL.....	\$1,268,532,025.85	\$1,183,674,005.52

INVESTMENTS

December 31, 1934 and 1933

	Dec. 31, 1934	Dec. 31, 1933
Investments in Wholly Owned Companies which are Carried at Net Worth as Shown by the Books of the Several Companies:		
General Motors Acceptance Corporation.....	\$ 92,870,552.96	\$ 84,360,287.92
General Motors Building Corporation.....	5,524,153.15	6,224,230.47
Argonaut Realty Corporation.....	10,809,180.72	11,028,215.43
Modern Housing Corporation.....	12,240,290.44	8,452,722.36
General Motors Holding Corporation.....	3,698,329.06	2,792,548.14
Modern Dwellings, Limited.....	143,620.85	150,608.84
New Departure Realty Company.....	271,599.23	273,675.06
Other.....	711,628.28	757,154.77
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).....	23,443,638.97	23,853,680.82
Ethyl Gasoline Corporation.....	2,109,880.64	1,725,448.61
Vauxhall Motors Limited.....	8,280,900.75	5,712,189.26
Adam Opel A. G.....	*35,030,627.74	35,030,627.74
Bendix Aviation Corporation.....	14,700,056.01	14,299,959.01
Aviation Interests (North American Aviation, Inc., General Aviation Corp., etc.).....	5,786,182.28	6,362,866.35
Kinetic Chemicals, Inc.....	222,024.26	179,386.91
Investments in Other Companies which are Carried at Cost:		
General Motors Management Corporation common stock.....	2,569,596.60	1,505,975.91
National Bank of Detroit common stock.....	9,720,350.00	9,720,350.00
Other.....	2,983,890.92	3,514,693.16
Miscellaneous:		
Participation in unmatured employes investment funds.....	1,530,658.41	3,776,113.84
Balances in closed banks (less reserves and repayments: in 1934, \$17,312,762.48; in 1933, \$15,476,521.98).....	3,862,218.10	5,698,458.60
Other.....	1,774,342.66	3,474,330.91
Total Investments in Subsidiary and Affiliated Companies Not Consolidated, and Miscel- laneous.....	\$238,283,722.03	\$228,893,524.11

*In recognition of foreign exchange restrictions, no effect has been given herein to the 1934 earnings of Adam Opel A. G.

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

15 BROAD STREET
NEW YORK

February 27, 1935.

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, 1934 and 1933, and of the related Summaries of Consolidated Income and Surplus for the years ended those dates. For the year ended December 31, 1934, and for the sixteen 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, 1934 and 1933, 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, 1934

ASSETS

Cash in Banks and on Hand:		
United States and Canada.....	\$ 34,014,092.53	
Overseas	4,337,929.87	\$ 38,352,022.40
Notes and Bills Receivable:		
United States and Canada.....	\$ 217,868,028.10	
Overseas.....	23,335,809.99	241,203,838.09
Accounts Receivable:		
Affiliated Corporations.....	\$ 82,829.75	
Deposits in Closed Banks.....	995,682.32	
Other (Current and Non-Current).....	806,875.52	1,885,387.59
Automobile Equipment, less Depreciation.....		442,091.81
Investments:		
General Exchange Insurance Corporation.....	\$ *11,365,217.01	
Other.....	6,000.00	11,371,217.01
Deferred Charges:		
Unamortized Debt Discount and Expense....	\$ 46,553.44	
Prepaid Discount.....	263,357.54	
Other.....	28,575.31	338,486.29
Total Assets		\$ 293,593,043.19

LIABILITIES

Capital Stock.....		\$ 50,000,000.00
Surplus.....		20,000,000.00
Undivided Profits.....		22,870,552.96
		\$ 92,870,552.96
Five Percent Serial Notes:		
†\$5,000,000 Due Annually March 1, 1935 and 1936	\$ 10,000,000.00	
Purchased and Retired.....	937,000.00	9,063,000.00
Notes and Bills Payable:		
United States and Canada.....	\$ 135,827,931.25	
Overseas.....	15,319,408.89	151,147,340.14
Accounts Payable:		
Affiliated Corporations.....	\$ 8,897,298.97	
Other.....	1,197,673.33	10,094,972.30
Accrued Accounts:		
Interest Payable.....	\$ 151,050.00	
Federal Income and Other Taxes.....	2,750,263.17	2,901,313.17
Dealers' Repossession Loss Reserves.....		11,975,415.89
Unearned Income.....		9,643,990.69
Reserves:		
Notes and Bills Receivable.....	\$ 3,657,712.59	
Contingencies.....	1,000,000.00	
Deposits in Closed Banks.....	750,000.00	
Other.....	488,745.45	5,896,458.04
Total Liabilities		\$ 293,593,043.19

NOTES: *Subsidiary—at equity in its net worth December 31, 1934.

†Principal amount due March 1, 1936 has been called for redemption March 1, 1935 at 101.

Overseas bank borrowings of \$10,363,583 are supported by pledge of overseas cash and receivables.

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	\$3,696,877	—	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
1934	843,807,849	94,769,131	9,178,220	85,590,911	64,443,490	77.69%	21,147,421
Total	\$13,922,027,061	\$1,863,818,478	\$137,087,556	\$1,726,730,922	\$1,203,223,333	71.91%	\$523,507,589

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.

GENERAL MOTORS ACCEPTANCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1934

ASSETS

Cash in Banks and on Hand:		
United States and Canada	\$ 34,014,092.53	
Overseas	4,337,929.87	\$ 38,352,022.40
<hr/>		
Notes and Bills Receivable:		
United States and Canada	\$ 217,868,028.10	
Overseas	23,335,809.99	241,203,838.09
<hr/>		
Accounts Receivable:		
Affiliated Corporations	\$ 82,829.75	
Deposits in Closed Banks	995,682.32	
Other (Current and Non-Current)	806,875.52	1,885,387.59
<hr/>		
Automobile Equipment, less Depreciation		442,091.81
<hr/>		
Investments:		
General Exchange Insurance Corporation	\$ *11,365,217.01	
Other	6,000.00	11,371,217.01
<hr/>		
Deferred Charges:		
Unamortized Debt Discount and Expense	\$ 46,553.44	
Prepaid Discount	263,357.54	
Other	28,575.31	338,486.29
<hr/>		
Total Assets		\$ 293,593,043.19

LIABILITIES

Capital Stock		\$ 50,000,000.00
Surplus		20,000,000.00
Undivided Profits		22,870,552.96
<hr/>		
Five Percent Serial Notes:		
†\$5,000,000 Due Annually March 1, 1935 and 1936	\$ 10,000,000.00	
Purchased and Retired	937,000.00	9,063,000.00
<hr/>		
Notes and Bills Payable:		
United States and Canada	\$ 135,827,931.25	
Overseas	15,319,408.89	151,147,340.14
<hr/>		
Accounts Payable:		
Affiliated Corporations	\$ 8,897,298.97	
Other	1,197,673.33	10,094,972.30
<hr/>		
Accrued Accounts:		
Interest Payable	\$ 151,050.00	
Federal Income and Other Taxes	2,750,263.17	2,901,313.17
<hr/>		
Dealers' Repossession Loss Reserves		11,975,415.89
Unearned Income		9,643,990.69
<hr/>		
Reserves:		
Notes and Bills Receivable	\$ 3,657,712.59	
Contingencies	1,000,000.00	
Deposits in Closed Banks	750,000.00	
Other	488,745.45	5,896,458.04
<hr/>		
Total Liabilities		\$ 293,593,043.19

NOTES: *Subsidiary—at equity in its net worth December 31, 1934.

†Principal amount due March 1, 1936 has been called for redemption March 1, 1935 at 101.

Overseas bank borrowings of \$10,363,583 are supported by pledge of overseas cash and receivables.

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
1934	843,807,849	94,769,131	9,178,220	85,590,911	64,443,490	77.69%	21,147,421
Total	\$13,922,027,061	\$1,863,818,478	\$137,087,556	\$1,726,730,922	\$1,203,223,333	71.91%	\$523,507,589

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 1934, together with the dates of payment, is as follows:

Periods	\$5 Series No Par Preferred Stock	Date of Payment	Stock of Record	\$10 Par Common Stock	Date of Payment	Stock of Record
1st Quar.	\$1.25	Feb. 1	Jan. 8	\$0.25	Mar. 12	Feb. 15
2nd Quar.	1.25	May 1	Apr. 9	0.25	June 12	May 17
3rd Quar.	1.25	Aug. 1	July 9	0.25	Sep. 12	Aug. 16
				Extra 0.50	Sep. 12	Aug. 16
4th Quar.	1.25	Nov. 1	Oct. 8	0.25	Dec. 12	Nov. 15

The General Motors Company of New Jersey, organized September 16, 1908, paid regular dividends of 7% per annum on 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 of 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 series, cumulative no par 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 issued in exchange 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 $\frac{1}{4}$ 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 $\frac{1}{40}$ 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 on the common stock, since the organization of General Motors Corporation of Delaware, the present Corporation, follow:

- 1917—Common \$1.00 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 were issued in exchange 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 $\frac{3}{40}$ 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 in exchange 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.
- 1934—Common \$10 par, \$1.50. This consisted of four quarterly payments of 25 cents each and 50 cents extra paid September 12.

SALES OF CARS AND TRUCKS

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

	Total Sales to Dealers, including Canadian Sales and Overseas Shipments			United States					
				Sales to Consumers			Sales to Dealers		
	1934	1933	1932	1934	1933	1932	1934	1933	1932
January...	62,506	82,117	74,710	23,438	50,653	47,942	46,190	72,274	65,382
February...	100,848	59,614	62,850	58,911	42,280	46,855	82,222	50,212	52,539
March....	153,250	58,018	59,696	98,174	47,436	48,717	119,858	45,098	48,383
April.....	153,954	86,967	78,359	106,349	71,599	81,573	121,964	74,242	69,029
May.....	132,837	98,205	66,739	95,253	85,969	63,500	103,844	85,980	60,270
June.....	146,881	113,701	52,561	112,847	101,827	56,987	118,789	99,956	46,148
July.....	134,324	106,918	36,872	101,243	87,298	32,849	107,554	92,546	31,096
August....	109,278	97,614	30,419	86,258	86,372	37,230	87,429	84,504	24,151
September.	71,888	81,148	30,117	71,648	71,458	34,694	53,738	67,733	23,545
October...	72,050	53,054	10,924	69,090	63,518	26,941	50,514	41,982	5,810
November.	61,037	10,384	5,781	62,752	35,417	12,780	39,048	3,483	2,405
December.	41,594	21,295	53,942	41,530	11,951	19,992	28,344	11,191	44,101
Total.....	1,240,447	869,035	562,970	927,493	755,778	510,060	959,494	729,201	472,859

Total sales to dealers, including Canadian sales and overseas shipments, by makes of cars, for the year ended December 31, 1934, compared with the sales of preceding years, follow:

Passenger Cars:	1934	1933	1932	1931	1930	1929	1928	1927
BUICK†.....	82,155	44,758	47,664	95,354	127,687	199,414	229,788	268,698
CADILLAC 8-12-16 ..	5,531	3,491	5,667	9,484	13,025	15,416	20,042	18,639
LA SALLE.....	6,182	3,348	3,586	5,775	9,729	21,498	21,392	16,371
CHEVROLET.....	642,336	494,756	319,626	644,214	703,071	988,191	930,935	791,870
OLDSMOBILE.....	83,965	37,164	22,724	49,779	49,879	99,435	90,202	58,016
PONTIAC (OAKLAND)	82,155	88,363	48,926	91,604	92,507	224,448	260,258	194,713
OPEL‡.....	63,068	35,812	18,002	22,207	6,424	—	—	—
VAUXHALL‡.....	18,817	11,106	3,427	3,381	1,258	—	—	—
OTHER*.....	—	—	—	61	2,039	5,902	—	—
Commercial Cars:								
CHEVROLET.....	225,092	130,000	77,534	137,247	160,356	344,963	258,189	209,272
OPEL (BLITZ) ¶.....	8,597	3,483	2,912	4,148	1,021	—	—	—
VAUXHALL (BEDFORD) ¶.....	21,639	16,530	12,902	11,455	7,119	—	—	—
OTHER§.....	910	224	—	—	—	—	—	5,169
Totals:								
PASSENGER.....	984,209	718,798	469,622	921,859	1,005,619	1,554,304	1,552,617	1,348,307
COMMERCIAL.....	256,238	150,237	93,348	152,850	168,496	344,963	258,189	214,441
Grand Total.....	1,240,447	869,035	562,970	1,074,709	1,174,115	1,899,267	1,810,806	1,562,748

†Buick includes Marquette in 1929 and 1930.

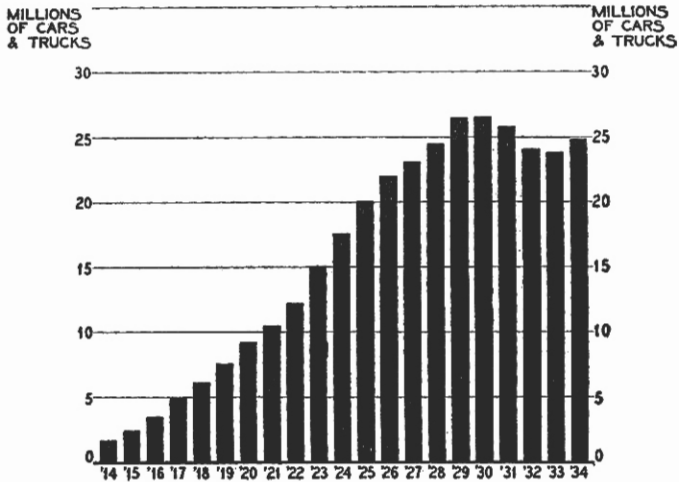
‡Opel and Vauxhall cars manufactured by Opel since July 1, 1930 and by Vauxhall since April 1, 1930, which were not included in published figures prior to these dates.

*"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
1934	220,560	202,263,625

EMPLOYEES SAVINGS AND INVESTMENT FUNDS

A summary of the condition of unmatured Classes of the Employees Savings and Investment Funds at December 31, 1934 (including the Class of 1929 which matured December 31, 1934), and of the results of the matured Classes since establishment of the plan in 1919, follows:

	Class 1931	Class 1932	Class 1933	Class 1934	Total Unmatured Classes (1929 to 1934 Inclusive)	Total Matured Classes (1919 to 1928 Inclusive)	Aggregate All Classes (1919 to 1934 Inclusive)
Employees Savings Fund							
Net amount paid in by employees	\$ 13,532,795	\$ 1,855,395	\$ 1,204,990	\$ 4,653,160	\$ 56,503,170	\$ 56,870,830	\$ 113,374,000
Interest credited by Corporation	1,534,749	268,448	60,817	89,335	8,320,545	13,101,075	21,421,620
Total	15,067,544	2,123,843	1,265,807	4,742,495	64,823,715	69,971,905	134,795,620
Withdrawals by employees	9,394,576	604,281	194,181	—	37,954,690	37,688,922	75,643,612
Balance credited to employees	5,672,968	1,519,562	1,071,626	4,742,495	*26,869,025	32,282,983	59,152,008
Employees Investment Fund							
Amount paid in and invested in stock by Corporation	6,766,398	927,697	301,247	1,628,606	27,252,363	32,892,003	60,144,366
Income received	624,805	117,979	14,425	—	3,814,141	21,348,097	25,162,238
Total Invested	7,391,203	1,045,676	315,672	1,628,606	31,066,504	54,240,100	85,306,604
Withdrawals by employees	645,627	55,325	3,739	—	5,094,495	7,660,005	12,754,500
Balance	6,745,576	990,351	311,933	1,628,606	25,972,009	46,580,095	72,552,104
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 to 1934 Classes, inclusive)	—	—	—	—	6,931,187	18,253,629	25,184,816
Amount reverting to Corporation on basis of original cost of stock (balance in Investment Fund after deducting amount guaranteed to employees)	3,909,092	230,570	44,026	—	13,548,044	20,459,367	34,007,411

NOTE: Under the 1919, 1920 and 1921 Plan the Corporation guaranteed to the employees in the Investment Fund at maturity 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; but, however, there is a reversion to the Corporation on account of withdrawals. The amount paid into the 1934 Investment Fund Class was not invested until 1935. The amounts reported for the 1928, 1929 and 1930 Classes include Canadian savings fund accounts at par; the amounts reported for the 1931, 1932 and 1934 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 employes to purchase of homes.

PAYROLLS AND NUMBER OF EMPLOYES

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	1926.....\$220,918,568	1930.....\$279,410,144
1922..... 95,128,435	1927..... 302,904,988	1931..... 236,520,474
1923..... 138,290,734	1928..... 365,352,304	1932..... 143,255,070
1924..... 110,478,000	1929..... 389,517,783	1933..... 171,184,315
1925..... 136,747,178		1934..... 263,204,225

The number of employes of the Corporation, not including certain affiliated companies, for 1934 and prior years has been as follows:

1909...14,250	1914...14,141	1919...85,980	1925... 83,278	1930...172,938
1910...10,000	1915...21,599	*1920...80,612	**1926...129,538	1931...157,586
1911...11,474	1916...25,666	1921...45,965	1927...175,666	1932...116,152
1912...16,584	1917...25,427	1922...65,345	1928...208,981	1933...137,764
1913...20,042	1918...49,118	1923...91,265	1929...233,286	1934...191,157
		1924...73,642		

*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	1927.....	1,998	272,798
1919.....	6,453	402,485 (c)	1928.....	2,513	195,570
1920.....	6,578	159,312 (c)	1929.....	2,840	167,378
1921.....	(a)	(a)	1930.....	1,929	117,624 (d)
1922.....	550	179,732	1931.....	1,378	65,954 (d)
1923.....	647	226,278	1932.....	(a)	(a)
1924.....	676	115,272	1933.....	1,234	51,514
1925.....	943	345,320	1934.....	1,484	71,664
1926.....	1,513	428,170			
			Total	34,620	3,289,309

(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	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
1934	351,949	348,230	349,524	350,164

GROWTH IN NUMBER OF STOCKHOLDERS

