

**GM**

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**ANNUAL REPORT**  
**GENERAL MOTORS**  
**CORPORATION**



**36<sup>TH</sup>**  
**ANNUAL REPORT**  
**OF**  
**GENERAL MOTORS**  
**CORPORATION**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 1944**

*The annual stockholders' meeting is scheduled to be held on May 29, 1945, to which date it was postponed to afford the Corporation additional time to prepare the information required in the proxy statement. It is expected that a proxy statement will be sent to stockholders beginning about April 20, 1945, at which time proxies for use at this meeting will be requested.*

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\*Elected March 5, 1945

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LISLE R. BEARDSLEE, *Secretary*

\*Resigned January 8, 1945

†Elected January 8, 1945

‡Elected March 5, 1945

## TRANSFER OFFICES

1775 BROADWAY, NEW YORK 19, N. Y.

DU PONT BUILDING, WILMINGTON 98, DEL.

## REGISTRARS

CHASE NATIONAL BANK, NEW YORK 15, N. Y.

WILMINGTON TRUST CO., WILMINGTON 99, DEL.

## *General Motors Policy of Giving the Facts*

IT IS a basic practice of the management of General Motors in its annual reports and other messages to stockholders to provide information which will contribute to the fullest possible understanding of General Motors' position and its operating policies.

☆   ☆   ☆

The responsibility of an industrial organization to present the salient facts of the business to its stockholders has long been recognized as a cardinal principle by General Motors management. Furthermore, it has been held that this obligation extends to such general factors as may influence General Motors' opportunity for constructive accomplishment, not only in the direct interests of its stockholders, but as affecting the general welfare. It covers various forces operating within the economy, whether applied by management or imposed by action of Government. The management has endeavored to discharge this obligation fully.

☆   ☆   ☆

In wartime there are necessarily certain temporary departures from the usual form of these factual presentations. For instance, military security limits the extent to which the management may reveal the nature and quantity of some of the war products the Corporation is making. The report for 1944 is on a war basis but with this limitation it gives as fully as possible a record of the pertinent elements of the year's operations.

☆   ☆   ☆

The material submitted at this time supplements that contained in the three quarterly reports and other messages issued in 1944, and summarizes the pertinent information for the year from a statistical, financial and policy standpoint. Together, the annual reports for 1942, 1943 and 1944 furnish a permanent record of the operating results and some of the contributions of General Motors during the three year period in which the nation has participated in World War II.

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# *The Report in Brief*

## *GM Deliveries*

GM deliveries of war products in 1944 amounted to \$3.8 billion; in 1943 to \$3.5 billion. The 1944 volume was at a rate of almost \$11 million a day.

The increase in 1944 over 1943 in dollar volume of war products was 3% on a comparable basis. In terms of physical volume deliveries increased by some 15%.

Since the beginning of the defense program, GM has delivered nearly \$10 billion in war products to the armed forces.

Including deliveries of other products essential to the war effort, net sales of General Motors totaled \$4.3 billion in 1944; in 1943, \$3.8 billion.

GM facilities in Canada, as well as its overseas operations in England, India, Australia and other countries, continued in 1944 to produce a wide variety of war items in support of the armed forces of the United Nations.

## *Army-Navy "E" Awards*

GM plants fly flags representing 58 Army-Navy "E" awards for excellence in war production.

## *War Production in Units*

Unit volumes on some of the major items produced by GM are shown below. From the beginning of the defense program in 1940 to the end of 1944 GM in the U. S. has produced more than

- 140,000,000 shells and shell casings,
- 180,000 airplane engines,
- 9,000 complete bomber and fighter planes,
- 31,000 tanks, tank destroyers and armored cars,
- 740,000 trucks, including amphibious Ducks,
- 180,000 cannon,
- 1,000,000 .30-cal. and .50-cal. machine guns,
- 2,400,000 carbines,
- 245,000 gyroscopes,
- 3,200,000 electric motors of all sizes,
- 11,000,000 fuzes,
- 300,000,000 ball and roller bearings, and a major part of all the Diesel engines produced for U. S. Army and Navy use.

## *Net Income and Dividends*

Net income for 1944 was \$171 million; in 1943 net income was \$150 million. Net income per share of common stock was \$3.68 in 1944; in 1943, \$3.23.



Dividends totaling \$132 million were paid on GM common stock in 1944. Dividends per share were \$3.

### ***Employment and Payrolls***

An average of 465,617 salaried and hourly-rate employees were on the payrolls during the year. Total payrolls were \$1,380 million. In 1943, employment was 448,848 and payrolls were \$1,322 million.

There was an average of 336,167 hourly-rate employees in General Motors' U. S. plants in 1944; in 1943, 328,808. Wages paid to hourly-rate employees in the U. S. totaled \$995 million in 1944; in 1943, \$981 million.

Based on GM's average monthly employment in 1944 in the U. S., the annual payrolls were equivalent to \$2,960 per hourly-rate employee, compared with \$2,985 in 1943 and \$2,257 in 1941, the last year of peacetime operations.

### ***Re-employment of Veterans***

By the end of 1944, a total of 104,000 GM employees had entered the armed forces. GM is planning for the re-employment of these veterans when they return from their military leaves of absence from the Corporation.

Already more than 9,000 veterans have come back to work for GM. In addition, 16,000 veterans of this war who had not previously been employed by General Motors have been hired by the Corporation.

### ***Training Programs***

GM war products training schools conducted

by various divisions and GM Institute have graduated more than 55,000 uniformed men and women since the start of this program.

### ***Safety and Health***

In 1944 General Motors became the first two-time winner of the National Safety Council's special wartime award for Distinguished Service to Safety.

### ***GM Employee Suggestion Plan***

Almost 116,000 written suggestions were received by the divisions in 1944 under the GM plan of encouraging suggestions for improving working conditions and facilitating production.

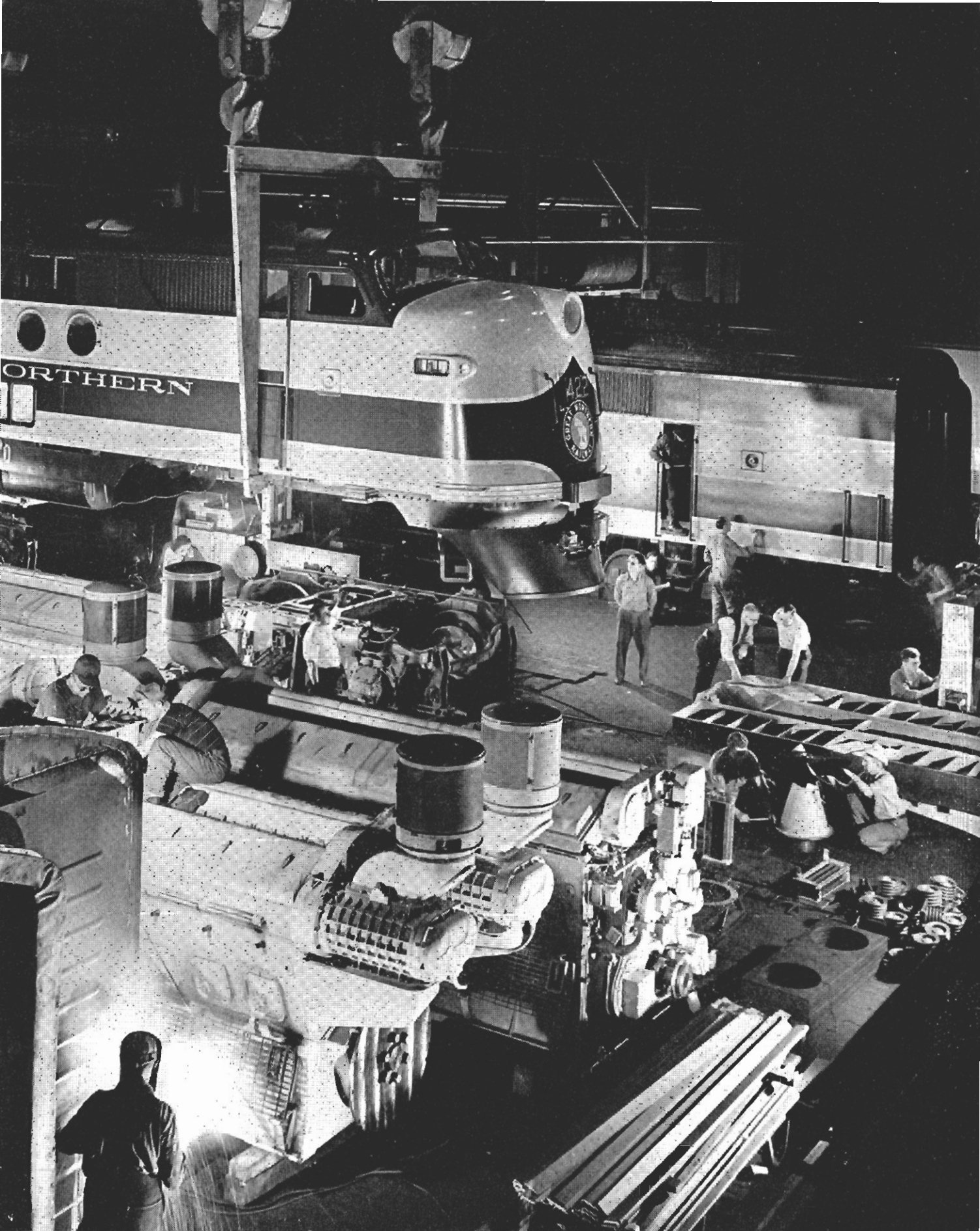
Awards of \$1,138,656 in war bonds and stamps were paid to employees for 28,393 suggestions in 1944. In 1943, \$954,744 was paid for 22,884 suggestions.

### ***War Bonds***

In 1944, of all GM employees in the United States, 95% were enrolled in the War Bond Payroll Savings Plan. Their purchases of war bonds through the Corporation during 1944 had a maturity value of \$229 million.

### ***GM Subcontractors***

Postwar plans are being made to renew peacetime relationships with thousands of suppliers and subcontractors with whom GM did business prewar. In a great many instances these same concerns are among the thousands cooperating with GM in its war production program.



Diesel Power: a peacetime development turned to war. These powerful GM Diesel freight locomotives will help move heavy shipments of vital war goods over domestic rails. Above, a finished cab is lowered on a chassis at Electro-Motive Division.

# A Wartime Operating Review

THIS REPORT to stockholders presents the results of the operations of General Motors Corporation for 1944, the third full year of the United States' participation in the war.

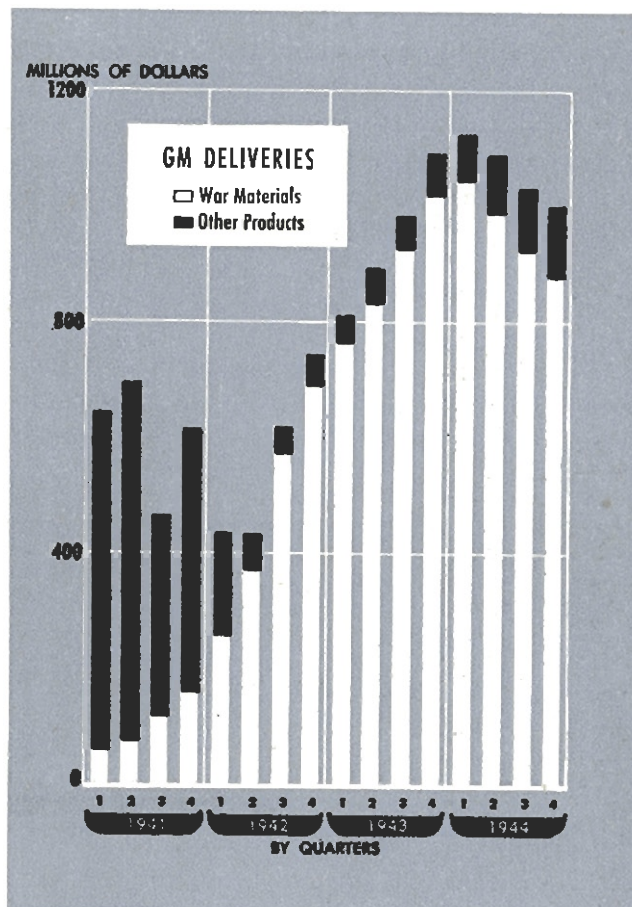
The year was eventful in marking a dramatic turn in the tide of the war, with the military power of the United Nations driving ahead towards victory on all battlefronts. In 1944 American industry attained a record volume of war production in its all-out effort in support of the fighting forces. To this effort General Motors was privileged to make a very substantial contribution.

Neither the achievement of the armed forces nor the performance of American industry could have been possible without long and painstaking planning and preparation. Both reflected ingenuity and aggressiveness on the part of those charged with heavy responsibilities. Both aimed squarely at the common objective—victory in the shortest possible time.

## War Product Deliveries

The dollar volume of war product deliveries by General Motors in 1944 represented an increase of 3% over deliveries in 1943 expressed on a comparable basis. The trend of quarterly deliveries was slightly downward during the year reflecting changes in the tactical requirements of the armed forces. War products were 90.2% of total 1944 sales, although all the products were authorized as essential to the war economy.

While the dollar volume of war products in 1944 increased 3% over 1943, the physical volume of deliveries rose some 15%. From the beginning it has been General Motors' policy to reduce prices on war materials as rapidly as this becomes possible through cost reductions as experience is acquired, manufacturing processes improved and volume expanded.



Deliveries in 1944 and 1943 were as follows:

DELIVERIES	1944	1943*
War Materials .....	\$3,843,892,000	\$3,732,577,000
Other Products.....	418,357,000	264,111,000
<b>TOTAL NET SALES.....</b>	<b>\$4,262,249,000</b>	<b>\$3,996,688,000</b>

\*For comparative purposes, deliveries in 1943 have been adjusted to include deliveries by Yellow Truck & Coach Manufacturing Company in the first nine months of that year, prior to the acquisition of its property and assets by General Motors.

## Military-Industry Cooperation

Reports from all battlefronts have continued to tell of the great variety and quality of the war products of American industry backing up the fighting men. Despite the many changes in requirements as the overall strategy of the armed forces unfolded and new tactics were developed, the result has been a well equipped fighting force. The nation owes a profound debt of gratitude to the military leadership which has made this possible. Importantly influencing the result has been the close liaison between military and industrial technicians — not only in speeding the production of weapons and supplies, but, equally important, in the improvement of existing weapons and the development of new ones.

## Evolution of GM War Production

In previous messages to stockholders, the development and progress of the organization's war production have been presented in detail. A brief review

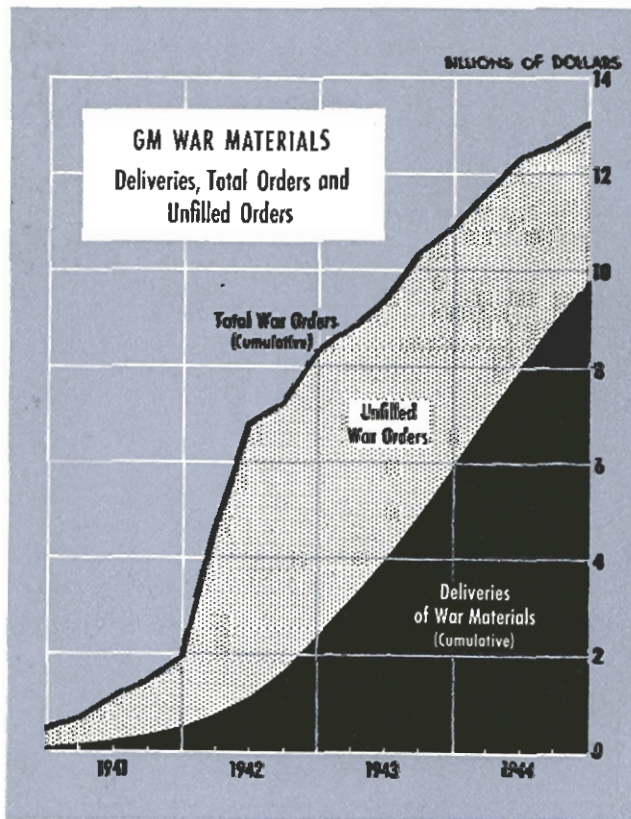
outlines the four principal phases to date:

1. From the beginning of the national defense program to December 7, 1941, plans were developed in cooperation with the Government for the production of military materials. Defense production was carried on at first largely with then existing facilities, side by side with production of peacetime products. During this period contract requirements were met and GM deliveries of defense products had reached a rate of more than \$2 million a day at the time of Pearl Harbor.

2. The year 1942 was the period of intensive conversion to a volume production basis for all-out war. New and urgent orders for many kinds of war material made possible planning for volume production. The greater part of the retooling, expansion and conversion of physical facilities was completed. Concurrently with the vast physical rearrangement of plants, vitally needed products were delivered to the armed forces in an ever increasing flow. The total for the year was nearly \$2 billion. By the end of 1942, GM deliveries had reached a rate of \$8 million a day.

3. In 1943 General Motors was able to bring into full play its engineering and production skills on the technically intricate weapons of war. Deliveries of war products for the year exceeded \$3½ billion. This was at the rate of about \$10 million a day.

4. By 1944 experience in war production in every respect served to broaden and accelerate the Corporation's war contribution. As a result of this experience, production time, materials and manpower were saved and costs further reduced, while high quality was maintained and advanced. Equally important, General Motors engineers, coordinating their work with that of the Army and Navy, were able to make many original contributions in new or redesigned weapons. Production was expanded to approximately \$3½ billion for the year 1944, or at a rate of almost \$11 million per day. The cumulative total value of the Corporation's war product deliveries from the beginning of the defense program through 1944 amounted to nearly \$10 billion.



## Wartime Engineering

The volume of war goods delivered does not reflect adequately the tremendous tasks of planning pro-



Putting the finishing touches on a line of M-24 tanks at Cadillac. The M-24, like its predecessors, the M-5 light tank and the M-8 howitzer motor carriage, is powered with two Cadillac V-8 engines driving through Hydra-Matic transmissions.

duction capacities, of engineering the intricate war products, of changing design and revising production schedules, of directing talents and skills in uncharted areas, and of coordinating the facilities and resources of a peacetime organization for the maximum support of the armed forces. General Motors' war production record represents a combination of the skills and know-how acquired in peacetime with the experience accumulated through three years' intensive concentration on wartime engineering and production. Again

in 1944, the policy of encouraging initiative through the decentralization of operating responsibilities — a policy which has been successful in maintaining a vigorous, aggressive organization for many years — played an important role in the war production job.

### *Army-Navy "E" Awards*

General Motors plants fly flags representing 58 Army-Navy "E" awards for excellence in production.



Accuracy is the first law of quality production. Inspecting a gear to one ten-thousandth of an inch tolerance at Saginaw Steering Gear Division.

### *War Products Field Service Program*

General Motors War Products Field Service continued to cooperate with the Army and Navy in helping to keep GM-built equipment in the fighting areas at peak operating efficiency. The principal phases of this work include:

- a. training of Army and Navy personnel in the technical use and efficient operation of General Motors war products;
- b. assistance in planning replacement parts supply;
- c. aid in the establishment of maintenance and repair services;
- d. engineering liaison on GM-built products; and
- e. preparation of technical and training manuals and the maintenance of libraries and technical information centers at key points abroad.

During the year, Corporation field representatives in war areas overseas and at training centers at home continued to observe and report on performance of equipment, and to act as service trouble-shooters.

In addition to training courses conducted at GM Institute and the various divisions, mobile training units at home and abroad have instructed many thousands in the operation and maintenance of General Motors war products.

### *GM Institute Wins Honors*

The General Motors Institute observed its 25th anniversary on October 20th. The Army and Navy both paid tribute to its work. A commendation was awarded by the Navy Department, and the Distinguished Service Award was presented by the Office of the Chief of Ordnance of the War Department. These marks of distinction were in recognition of the Institute's record in training Army and Navy personnel in maintenance and service work on various General Motors war products and the contributions made through its design and development procedures to the advancement of training conducted by the services themselves. Through 1944 approximately 9,200 Army and Navy men had received training by the Institute.

Founded in 1919 as an evening school sponsored by Flint industrial groups, the Institute became a part of General Motors in 1926, and since that time has been the Corporation's central agency for technical education and training.

### *GM Operations in Canada and Overseas*

In Canada General Motors facilities were utilized effectively for the production of motorized transport and equipment, airplane fuselages and other assemblies, automatic machine guns, gun sights, gun mounts and other essential equipment for the armed forces.

Throughout 1944 the plant facilities and organizations of General Motors overseas operations in England, India, Australia and other countries abroad supported in increased measure the armed forces of the United Nations. Some 37,000 employes were engaged in the production of a wide variety of war items. Among the more important items were tanks, motor-

ized transport equipment, airplane engines, anti-tank guns, field artillery pieces, assault boats, troop barges, aerial torpedoes and depth bombs.

### *Part Played by GM Subcontractors*

Its work with thousands of subcontractors and suppliers continued to be a vital part of General Motors' war effort. These many concerns of all sizes working together constitute a network of interdependent enterprises with a great variety of background and peacetime experience.

The placing of prime contracts with larger concerns familiar with the manufacture of finished products makes it possible to utilize through subcontracting the facilities and organizations of these thousands of smaller concerns which do not always have the experience, engineering resources or manufacturing facilities to handle the complete job.

The prime contractor is able to act as a coordinator of effort for plants of greatly diversified nature, is able to offer technical assistance and to make available research and testing facilities. Since in many cases it is only through prime contractors that the services of small plants can be most effectively utilized, statistics showing a large volume of wartime orders handled by a relatively small number of prime contractors often give an erroneous impression.

During the war, General Motors alone has employed the services of many thousands of smaller suppliers and subcontractors, in addition to the extensive use of facilities within the Corporation for supplying components and assemblies for war products to other units of General Motors as well as to outside companies. In the production of one type of tank destroyer alone, for example, there were 298 suppliers of materials and parts actually going into the vehicle, 314 suppliers of non-production items such as perishable tools and oils and 150 sources for machinery, dies, jigs, and fixtures.

Besides these outside sources, 13 plants within the Corporation in addition to their other war activities supplied components and assemblies to the division producing this tank destroyer.

This policy of utilizing the facilities of subcontractors and suppliers follows a long-established peacetime practice whereby General Motors has become an

important outlet for the products of many thousands of smaller plants throughout the nation.

### *Contribution of GM Dealers*

At the end of 1944, dealers who handled 94% of General Motors' prewar passenger car business were actively carrying on their establishments. Service and maintenance work on passenger cars and trucks proved important in supporting the country's wartime economy by helping to maintain essential transportation for war workers and to keep highway transport facilities available for the movement of war materials and supplies.

Individual resourcefulness on the part of the dealers to facilitate dependable maintenance on Corporation products in the hands of users was augmented by continued GM cooperation, through the flow of replacement parts and assistance in training personnel. The action taken has helped to support on an effective basis the dealer organization as a strong bulwark for the postwar future.

In war as in peace, back of engineering and manufacturing lies the patient work of research.



# General Motors War Products

MOUNTING intensity and destructiveness of the fighting during 1944 further demonstrated that, second only to a rigorous test of men's courage, modern war is a gruelling test of machines. There is ceaseless competition with the enemy to achieve and maintain superiority in all types of weapons. Quantity of arms is one phase of the problem. Equally important is technological superiority. American industry, working with military technicians, has striven to gain and hold the widest possible margin in both respects. Everyone in the field of production has a keen personal interest in producing the fighting equipment which our armed forces require to win victory at the earliest possible moment.

## *Ever Advancing Technology of War*

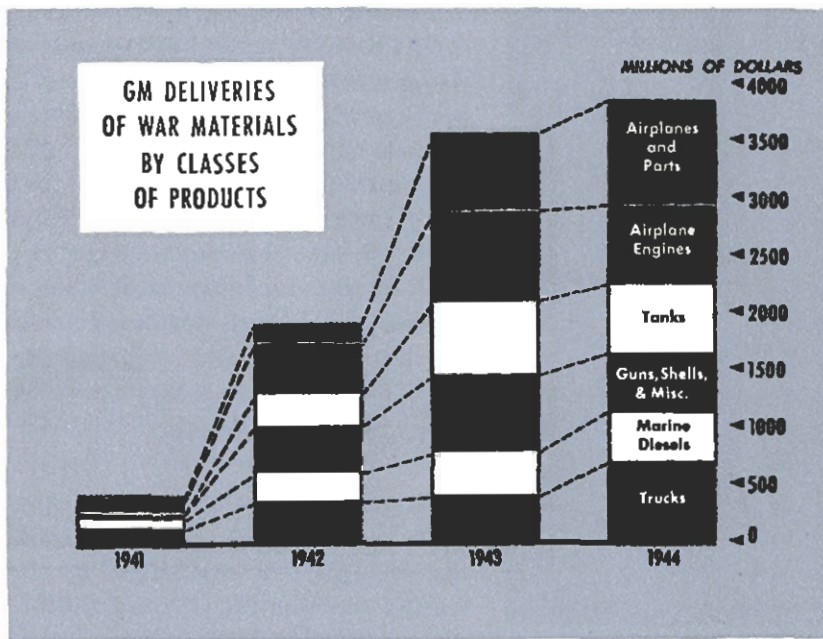
From the beginning of the war a great deal of public interest has centered on new and improved weapons. Enemy propaganda underlay part of this, for the enemy has been highly vocal about his own weapons as one phase of the war of nerves. The trend of the war in 1944 demonstrated that the quantity and technological quality of the weapons put into action by the United Nations were decisive factors in the mounting offensive. Many of these weapons were under a steady process of improvement for two, three or more years. Nothing is static about war products.

While the enemy has made much of so-called "secret weapons," perhaps the greatest secret weapon of all was the unsuspected capacity and technological strength of American industry in armament production. The ability of American industry to convert rapidly its vast peacetime facilities to the production of new and intricate products of war was underestimated by the enemy. Without basic change in the ordinary American ways of doing business, industry was able to spread the war load and get the job done quickly and effectively. Quantity and quality production proved equal to equipping and supporting a tremendous Army and Navy for global combat, while at the same time providing large shipments of supplies for other United Nations. General Motors engineers and research men, through close liaison with military technicians, have been privileged to play substantial roles in this advancing wartime technology.

The Staghound, a reconnaissance car built by Chevrolet from general specifications of Army Ordnance for use by the British, was one of the new announcements of 1944.







### War Production in Units

More than 3,600 different war products — ranging from huge tanks to tiny ball bearings — have been produced by General Motors. The magnitude of GM war production deliveries on some of these products is revealed by the following figures. From the beginning of the defense program in 1940 to the end of 1944 General Motors in the United States has produced more than

- 140,000,000 shells and shell casings,
- 180,000 airplane engines,
- 9,000 complete bomber and fighter planes,
- 31,000 tanks, tank destroyers and armored cars,
- 740,000 trucks, including amphibious Ducks,
- 180,000 cannon,
- 1,000,000 .30-cal. and .50-cal. machine guns,
- 2,400,000 carbines,
- 245,000 gyroscopes,
- 3,200,000 electric motors of all sizes,
- 11,000,000 fuzes,
- 300,000,000 ball and roller bearings, and

a major part of all the Diesel engines produced for U. S. Army and Navy use.

### Tanks and Tank Destroyers

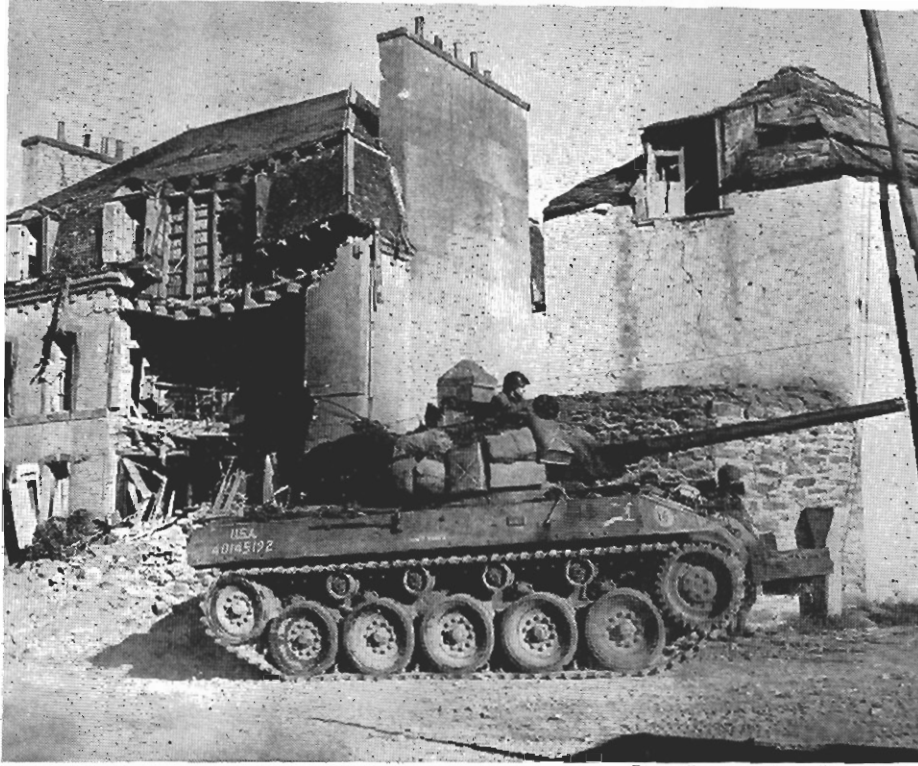
The great offensives and counter-offensives of 1944 placed renewed emphasis on tanks, tank destroyers and armored vehicles of all kinds. GM has been a large producer of mobile armored units, including the M-5 light tank, the M-4 General Sherman medium tank, the M-10 tank destroyer and the M-8 howitzer motor carriage. Fisher Body Division, which had produced more than 15,000 medium tanks and tank destroyers through 1944, including an improved M-36 Slugger tank destroyer, was disclosed in March, 1945, to be one of the two producers of the new T-26 General Pershing heavy tank mounting a 90-mm. canon.

Designed by Fisher in cooperation with Army Ordnance, this tank has been described by the War Department as "the most powerful we have ever built."

By the end of 1944 the Cadillac Division had produced its 10,000th light tank and howitzer motor carriage and had reached volume production on its new M-24 tank. This tank, successor to the M-5, with heavier firepower and newly designed track and suspension, has outstanding maneuverability. Cadillac-engineered power trains featuring Cadillac V-8 engines and Hydra-Matic transmissions have contributed to the performance of these weapons.

Announced during the year was the Hellcat, a high-speed tank destroyer, officially designated as the M-18 or 76-mm. gun motor carriage. This vehicle, designed by Buick in cooperation with Army engineers, was in volume production a full year before it was officially announced. It represented many advanced principles of engineering and design that were particularly effective in mobile and rapidly changing warfare.

The Staghound, also announced in 1944, was a closely guarded secret of the Chevrolet Division for three years. Combining features of a tank and a reconnaissance car, this 14-ton vehicle was designed and built from general specifications of Army Ordnance for the British. It mounts a cannon and two machine guns and carries a smoke mortar.



*Photo Courtesy Army Signal Corps*

The Buick-built M-18 tank destroyer played an important part in the Allied drive across France. Here one moves up through a French village.

### *Amphibious Duck and 6x6 Truck*

Added fame during the year came to the Duck and the GMC heavy-duty, 6 x 6 (six wheels, all driven) military truck, both products of the GMC Truck & Coach Division. The amphibious Duck which was developed by this division made history in the landing operations in Europe and in the Pacific. Prime Minister Churchill chose it for mention in a report to the House of Commons:

“The marvelous Duck, of American invention, is a heavy lorry which goes between forty and fifty miles an hour along the road, plunges into the water and swims out several miles to sea in quite choppy weather, returning to shore with a load of several tons and going wherever it is specially needed.”

The 6 x 6 truck reduced the handicap of damaged railroads. In France these “work horses” of the Army performed special service. They were an important part of the famous Red Ball Express which served as the main supply line from the beaches of Normandy to the German border and the front lines of battle. Their performance in action reflected the skill and engineering experience that went into them.

Sharing in the huge transportation job, Chevrolet made large quantities of 4 x 4 (four wheels, all driven) military trucks and in addition produced in volume axles and other parts and assembled large numbers of Ducks and 6 x 6 trucks. Together Chevrolet and GMC Truck had produced by the end of the year more than 740,000 military trucks including amphibious Ducks.

### *Navy Combat Planes*

Eastern Aircraft Division's five plants have won Army-Navy “E” awards for excellence in production. By the end of the year this division had delivered more than 9,000 combat planes in 28 months of manufacturing the Wildcat fighter plane and Avenger torpedo bomber designed by Grumman. Avengers, now produced exclusively by Eastern Aircraft, were the first Navy planes equipped with rocket guns.

### *B-29 Superfortress Program*

Seventeen divisions of General Motors were engaged during the year in producing approximately 800 subassemblies and components for the Boeing B-29 Superfortress. One division, Fisher Body, had produced by the end of the year more than 7,500 engine nacelles. A set of four — each seven feet high, weighing a ton and made up of 3,000 parts — represents approximately 20% of the entire construction of a Superfortress, exclusive of engines, propellers, instruments and armament.

Fisher Body also produced in volume outer wing panel and wing-tip assemblies, aileron, rudder and elevator assemblies, stabilizers, vertical fin assemblies, and many other assemblies and parts — all of which were regularly supplied to one or more of the prime contractors in the B-29 program — the Boeing, Bell and Martin aircraft companies — or their subcontractors.

Other divisions of General Motors which have ap-

plied some of their production facilities to the task of making parts for these sky giants are: AC Spark Plug, Allison, Brown-Lipe-Chapin, Buick, Chevrolet, Delco Appliance, Delco Products, Delco Radio, Delco-Remy, Frigidaire, Harrison Radiator, Hyatt Bearings, Moraine Products, New Departure, Packard Electric and Rochester Products.

In addition to their production work on the B-29, General Motors divisions are producing subassemblies, components and instruments for the North American B-25 Mitchell bomber and other bomber and fighter planes. For example, Fisher Body has been manufacturing about 85% of the airframes assembled in one of the major B-25 bomber plants.

### *Aircraft Engines*

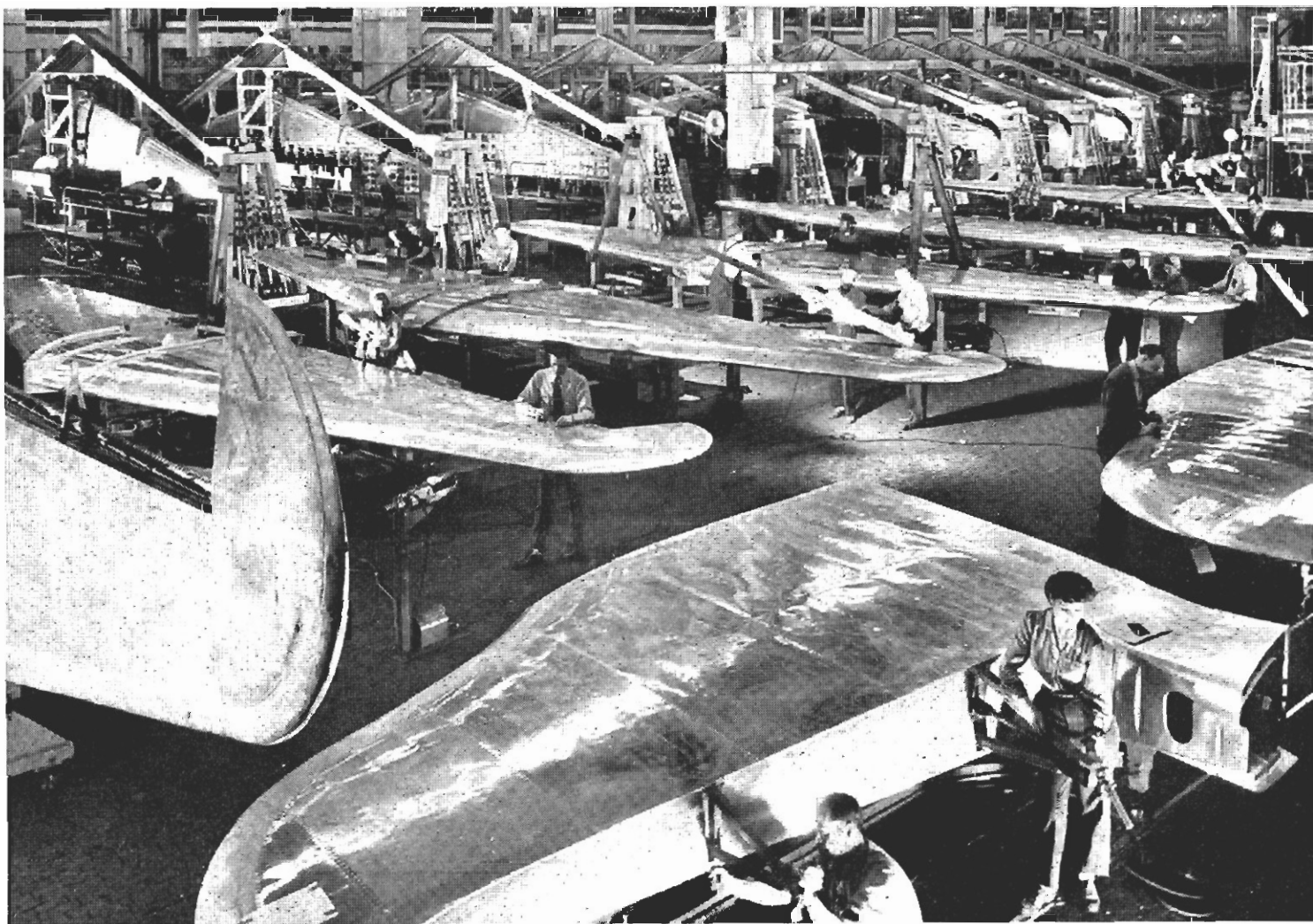
Many engineering and production achievements by various divisions were recorded in the aircraft engine

field during 1944. One of the outstanding jobs was the further development by the Allison Division of the 24-cylinder, liquid-cooled, high output power plant. During the year, Allison delivered its 60,000th liquid-cooled 12-cylinder engine, the type that powers Lightnings, Airacobras, Warhawks, Kingcobras and certain models of Mustangs.

Buick and Chevrolet plants turned out thousands of Pratt & Whitney air-cooled engines for Consolidated B-24 Liberators and other planes, with a total horsepower capacity in excess of 140 million.

Toward the end of the year, Chevrolet started the production of more powerful Pratt & Whitney engines for the P-47 Thunderbolt and the P-61 Black Widow—having completed the first test model in less than half the time usually allotted. Buick, at the end of the year, had completed necessary preparatory work ahead of schedule for new models of the smaller engines without disrupting current production schedules.

Speeding the bomber program. Stabilizers and vertical fin assemblies from Fisher Body Division are among 800 subassemblies and parts supplied for the Boeing B-29 Superfortress by 17 divisions of General Motors.



## *Diesel Engines*

In every theater of war, GM Diesel engines produced by the Cleveland Diesel Engine and Detroit Diesel Engine Divisions powered combat vehicles, water craft and many types of auxiliary units. They powered landing boats that spearheaded the invasion of Sicily, Anzio and Normandy, of Leyte and Luzon. They powered tanks, bulldozers, tractors, assault boats, tugboats, submarines and subchasers.

To help move the heavy shipments of vital war goods over domestic rails, production of GM Diesel locomotives at Electro-Motive Division was stepped up during the year. This division also produced Navy Diesel equipment.

## *Heavy Shells*

Well remembered as a significant development in late 1944 was the sudden and tremendous demand

for more heavy ammunition. A greater role was assigned to artillery.

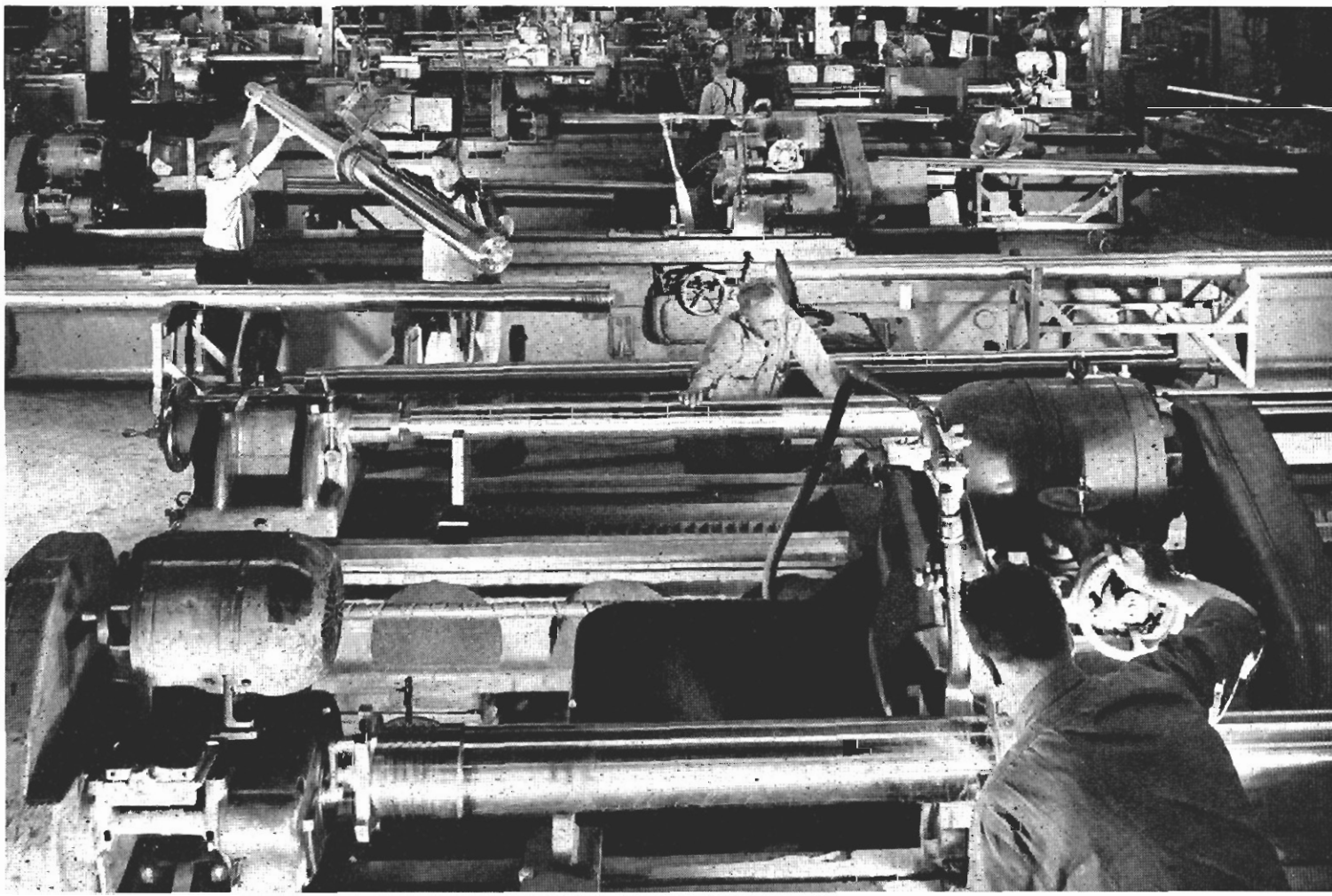
Over and above previous assignments on a wide variety of shell and projectile production, the Government requested General Motors to take on new responsibilities during the year. Oldsmobile, Pontiac and Fisher manufactured 155-mm. shells, with peak production scheduled for early in 1945. Oldsmobile and Chevrolet manufactured 105-mm. shells and by the year end production exceeded schedules.

## *Other Activities*

Rocket bombs and high explosive rocket shells are included in the list of new responsibilities for General Motors. Other activities included engineering or production work on gyro gun sights, air position indicators, and radar and walky-talky equipment and preparation for volume production of jet propulsion engines of an advanced type.

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One of America's great arsenals for the production of cannon is GM's Oldsmobile Division. Here we see mass production of 75-mm. gun tubes for our Army's tanks.



# *Postwar Military Technology*

IT HAS BEEN well said time and again that we must win not only the war but the peace. The winning of the peace might be defined as the development of ways and means to insure over the years to come our economic, political and personal freedoms. The elimination of armed conflict is fundamental in such a concept. How successfully that objective can be accomplished we do not know, but we must strive with all our power to that end. If we are to face the realities and not take another chance on being caught "too late with too little," we must learn from present experience and reverse our prewar concept as to the importance of military preparedness.

During the war the evolution of war products has involved progress in three fields: (1) continuous changes in design to facilitate production, reduce man-hours, save materials and lower costs; (2) continuous advance in technological standards to improve the quality of combat equipment; and (3) development of new military implements.

In cooperation with military technicians, outstanding progress has been made and will continue to be made in each of these fields. After the war, if we are to win the peace, we must continue to move forward by maintaining for preparedness equally close liaison between the armed services and industry. This calls for unceasing application of the day-to-day developments of science and industry to the improvement of war matériel and methods of manufacture, so that American industry shall ever be ready to set in motion quickly, if needed, its vast powers of mass production for war with minimum changes in plant and machinery.

Modern warfare on the material side is in a sense a conflict between opposing standards of technology. Technical superiority and quantity of war materials are both essential. But in general it may be said that technical superiority will go far in offsetting numerical quantity in almost all classes of military equipment.

Prewar, there was relatively little organized liaison between industry and our armed forces. The technical staffs of industry were little acquainted with military equipment. The various war products that were to be needed in great quantities and in record time had not been designed for manufacture on a mass production basis. As a nation in peacetime we had little interest in anything pertaining to war. Billions were made available for other purposes, but adequate resources for military preparedness were denied. The cost of the war, in human life and also in material values, might have been importantly reduced and the war shortened, if we had been better prepared.

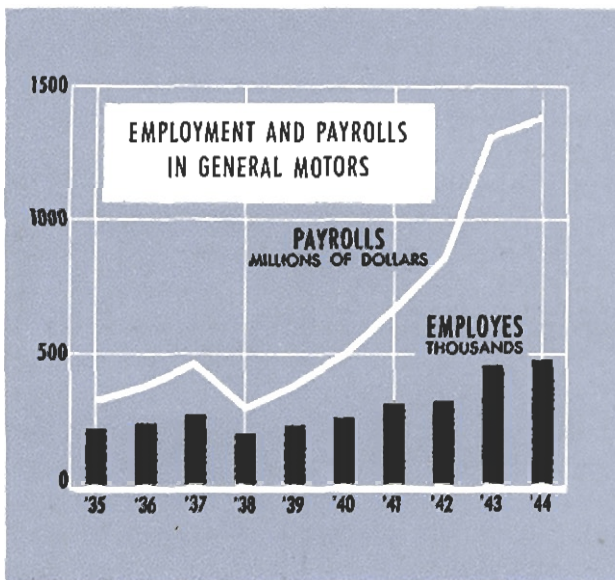
With the war's end, public interest in war problems will diminish. Demands for the development and production of civilian goods and services will require an all-out effort. On the other hand, to translate the lessons of war into any advanced type of military apparatus, such as a tank for instance, is just as great if not a greater task than to design and produce a modern automobile. The money costs of such military development work are not large, relatively. The problem lies in stimulating and maintaining in peacetime the necessary program and in devoting the necessary technical effort to its accomplishment. Under the emotionalism of war, many things are possible that in peace become psychologically most difficult. Moreover, as time passes, the danger from inaction increases and the realization of the danger decreases.

The purpose of including this discussion in this report is simply (1) to present the problem from General Motors' point of view; (2) to make what is hoped may be some contribution to a more constructive approach to a grave postwar problem; and (3) to place on the record the fact that General Motors stands ready to do its part in support of any constructive and equitable plan of action that contemplates maintaining in peace as well as in war a high technical standard of defense equipment.

# Organization Relationships

IT IS perhaps too little realized that the most valuable asset of an industrial enterprise like General Motors is its people. Machines, buildings, equipment — all these can be duplicated. The one element which cannot be duplicated is the unique combination of talent, skill and experience represented by the men and women of an organization, working together as a team.

The average number of men and women employed for the year represented a new high, reflecting the continued high total production necessary to meet the demands of the armed forces for great volumes of war material. However, the trend of both employment and production was downward during the year from the levels of the first quarter. The decline in employment was somewhat greater than the decline in production, reflecting better production performance as a result of accumulated experience with military items and consequent increased efficiency of operations.



Over-all employment figures, however, give no indication of the many new jobs and changing employment conditions during the year. Thousands of people were shifted from one job to another as orders for some types of production were completed or as some schedules were reduced and others increased. Other factors which had to be taken into consideration were the continued induction of workers into the armed forces, a high rate of employe turnover and a dwindling reserve of manpower. A high degree of adaptability all along the line was required to make essential adjustments with minimum adverse effect on employes and on the Corporation's war production effort.

## Employment and Payrolls

The following summary shows employment and payrolls for 1944 and 1943:

	1944	1943
Average number of salaried and hourly-rate employes on the Corporation's payrolls . . . . .	465,617	448,848
Total Corporation payrolls . . . . .	\$1,380,032,467	\$1,321,999,829

The average number of hourly-rate workers employed by the Corporation in the United States and wage payments to those employes were as follows:

	1944	1943
Average number of hourly-rate employes in the United States only . . . . .	336,167	328,808
Wages paid to hourly-rate employes in the United States only . . . . .	\$995,094,170	\$981,455,200

Based on the average monthly employment in 1944 in the United States, the annual payrolls were equivalent to \$2,960 per hourly-rate employe, compared with \$2,985 in 1943 and \$2,257 in 1941, the last year of peacetime operations.

In the month of December the number of hourly-rate employes in the United States averaged 308,180, compared with a 1941 peak of 240,046.

During 1944 the average number of hours worked per week by the hourly-rate employes in the Corporation's plants in the United States was 45.6, compared with 46.6 in 1943 and 40.7 in 1941. Weekly earnings of hourly-rate workers in the Corporation's plants in the United States averaged \$56.93 during 1944. This compares with an average of \$57.40 in 1943 and \$43.41 in 1941.

### *Veterans and Veteran Rehabilitation*

General Motors is fully conscious of its obligations to the men and women on military leave from the Corporation and serving with the armed forces. The Corporation has not contented itself with mere compliance with the letter of the law, but has approached the many problems involved with the objective of rendering all suitable assistance.

By the end of 1944, 104,000 employes of General Motors had entered the armed forces of the United States. The Corporation is planning for the re-employment of these veterans when they return from their military leaves of absence. Already more than 9,000 have come back. In addition, 16,000 veterans of this war who had not previously been employed by General Motors have been hired by the Corporation.

The comprehensive veteran placement program adopted in 1943 is working out well for General Motors employes returning from military service. In this program emphasis is placed on making the veterans realize that GM is glad they are back. Every effort is made to assign them to the type of work for which they are best fitted.

The program provides for job training of veterans who have incurred service disabilities. By means of medical examinations, interviews and follow-ups, veterans are aided in resuming their useful places in society.



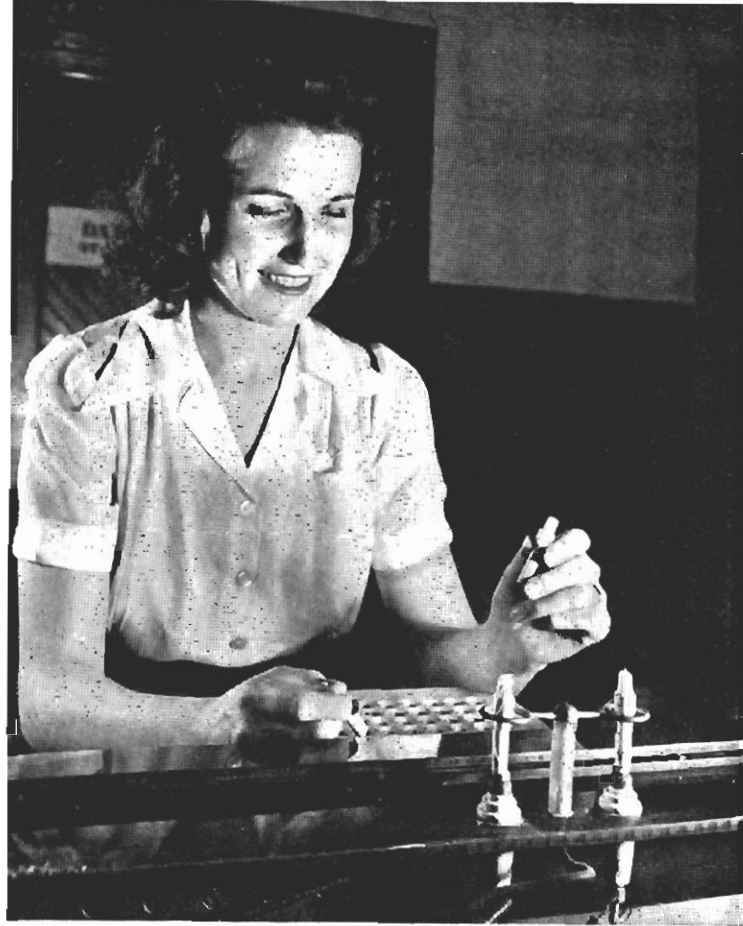
Under GM's veterans and rehabilitation programs, more than 9,000 returning GM servicemen have already been welcomed back to work.

### *Education and Training*

The emphasis which General Motors has placed on education and training for its organizations in previous years continued in 1944 to prove a valuable auxiliary support to the war effort. In the continued influx of new workers there was a steady increase in those without previous industrial experience, with the result that training facilities of the divisions were extended to the utmost. Training programs for members of supervision were also in active operation.

During the year, the General Motors Institute provided various types of industrial training for nearly 27,000 men and women. During its 25 years, the Institute has been of immeasurable value both in peace and war. Its Cooperative Engineering Program and other special courses continued in 1944 as a vital source of divisional technical and supervisory personnel.

While the need of the armed forces for aid in training maintenance personnel was not so great in 1944, various divisions continued to operate war products training schools in cooperation with the Army and the Navy. Since this extensive program was started,



Thousands of women contribute to GM's war effort, Testing aviation spark plug insulators at AC Spark Plug Division.

more than 55,000 uniformed men and women have been graduated from these schools and from the Institute.

### *Employee Suggestion Plan*

General Motors has always encouraged employee suggestions for improving working conditions and facilitating production. One of the objectives of the wartime Employee Suggestion Plan is to stimulate new ideas on the war production job. The Plan in 1941 again proved its value to the war effort, to the Corporation and to the employees. In the twelve month period 115,884 written suggestions were received by the divisions from their employees. Awards of \$1,138,656 in war bonds and stamps were paid for 28,393 suggestions which had merit and were accepted. During 1943 a total of \$954,744 was paid for 22,884 such suggestions.

### *War Labor Board*

At the end of the year, cases involving various demands covering the great majority of General Motors factory employes, as represented by two unions, were before the National War Labor Board for determination. In view of the high level of pay already prevailing and after a careful review of all the factors in the situation, the Corporation had maintained that the rates being paid were fair and in line with the country's stabilized wage policy.

Early in March, 1945, the National War Labor Board issued a directive in the United Automobile Workers' case. The only change in wage rates was a fringe adjustment from 5% to 7½% in premiums paid to employes working on the third shift. Adjustments were directed to be made retroactive to October 5, 1943. Other cases were still pending.

### *Employee War Bond Purchases*

Again in 1944 the United States Treasury flag was flown by General Motors to signify that more than 90% of its many thousands of employes were enrolled in the War Bond Payroll Savings Plan and were allotting at least 10% of their pay to buy bonds. Actually, an average of 95% of the Corporation's employes in the U. S. participated throughout the year. Cash payments and deductions from pay amounted to more than 13% of payrolls for the entire year. Substantial numbers of "extra" war bonds were purchased during the Fourth, Fifth and Sixth War Loan Campaigns which took place in 1944. Total purchases of Series E War Savings Bonds through Corporation facilities during the year had a maturity value of \$229,376,225.

Since August 1941, when the Plan started, employes have purchased, through payroll deductions and cash payments, Series E War Savings Bonds with a maturity value of \$468,634,275.

### *Salaried Employees*

The success of any business depends very considerably on its supervisory personnel. Upon the shoulders of this management group falls a large part of the responsibility for maintaining quality and for meeting schedules, often in the face of great obstacles. Their success has contributed in no small part to the war



production record of the Corporation.

To engineers, research men and production technicians, recognition is due for improvements in production processes. Their skill in applying their knowledge and experience to the shifting requirements of war production to meet military needs has been of inestimable value. In like manner, to accountants, bookkeepers, clerks, stenographers and all other white-collar employes, credit is due for the important contribution they have made in their respective fields to the task of meeting production goals.

### *Employment of Women*

At the end of 1944, approximately 30% of the working forces of the Corporation in the United States were women. Before the war, the proportion was about 13%. At the end of 1944, women employes in General Motors' United States plants and offices totaled 117,500. A majority of those in the plants had no previous industrial experience. Whether in office or in plant, women have displayed a fine spirit of cooperation and a real desire to contribute their best abilities to the war effort.

### *Safety and Health Protection*

In May, General Motors became the first two-time winner of the National Safety Council's special wartime award for Distinguished Service to Safety. Throughout the year employe safety was promoted aggressively. Likewise, consistent efforts were made to protect the health of employes. The low 1943 accident record was equaled in 1944. The number of days lost per 1,000 hours worked was at the low rate of 0.17 for the year. Loss of time due to occupational diseases has been practically eliminated.

The Corporation's position in the fields of accident prevention and health protection has been attained as a result of many years of organized and persistent educational work together with the cooperation of the employes themselves. In 1944, approximately \$11,100,000 was devoted to safety and health protection. The excellent record in worker protection was achieved despite the disruptive influences of wartime, the unusually heavy turnover of employes and the large proportion of unfamiliar tasks.



GM craftsmen with long peacetime records are using their full skills on war assignments. Here, a Buick die-sinker with 35 years' experience.

### *Employe Facilities*

General Motors is concerned not only with the safety and health of its employes but also with the conditions under which they work — proper lighting and ventilation, suitable lunchrooms and cafeterias, adequate locker rooms and washrooms, and ample parking areas. An important phase of General Motors' postwar program is to improve such facilities further where owing to the war they are not up to the high standards General Motors has set for itself.

### *Group Insurance Plan*

The General Motors Group Insurance Plan offers life, sickness and accident, and hospitalization and surgical operation insurance at very low rates to eligible employes. On December 31, 1944, there were 363,851 employes, or about 93% of those eligible,

participating in one or more features of the Plan. During 1944 benefits of \$12,707.88 were paid, making a total of \$80,201.712 paid since the inception of the Plan in December 1926.

The Corporation cooperates in making local medical and hospitalization insurance plans available to employes.

### *Separation Allowance Plan*

The General Motors Separation Allowance Plan for salaried employes, which was described in the 1943 annual report, was maintained during 1944. During the year employes leaving the Corporation who were eligible for these payments received separation allowances aggregating \$701,882.

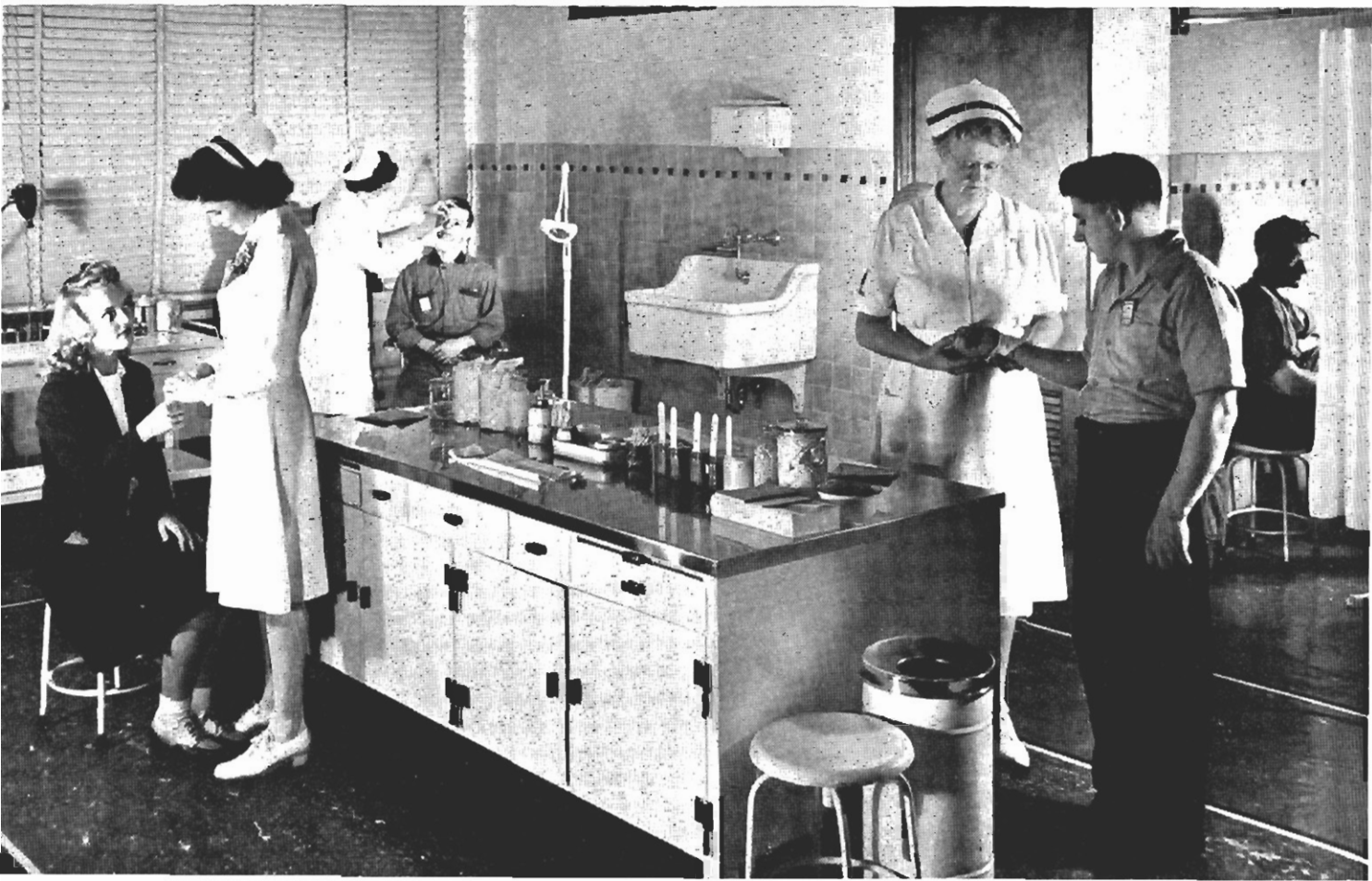
### *Employes Retirement Plan*

At the annual meeting held May 23, 1944, the stockholders approved the General Motors Employes

Retirement Plan for employes receiving salaries in excess of \$3,000 a year in the form in which it was presented to them for their consideration and action at that meeting. This was a modification of the Plan approved in its original form by the stockholders on April 30, 1940 which became effective July 1, 1940. The modification, effective July 1, 1944, included a broadening of the eligible age provisions and a provision for past service benefits. Following the adoption of the modified Plan, participation increased to approximately 93% of the expanded number of eligible employes in December 1944. This compares with a participation by approximately 90% of the total eligible employes a year earlier.

As modified, the Retirement Plan provided that the retirement of employes age 65 or over, who are eligible to receive benefits or who were eligible to contribute under the Plan, would not become automatic until July 1, 1945. Because of war conditions and the need of retaining the services of all employes who are able and willing to fulfill their duties, the Board of Directors, on February 5, 1945, modified the

Together with safety and preventive programs, GM's medical and first aid facilities have helped the organization keep a high health and safety ranking. All employes are urged to visit the dispensary for treatment of even the slightest injury.



Retirement Plan to suspend for one year, to July 1, 1946, the date at which automatic retirement becomes effective.

The cost of the Plan to the Corporation for the year ended December 31, 1944 on account of future service benefits was \$3,350,000 of which an amount of \$2,150,000 applied to the last six months when the expanded participation became effective under the modified Plan.

In addition, there was included in 1944 costs the first year's provision for past service and special credit retirement benefits amounting to approximately \$835,000. This amount was provided on the basis of funding the total cost for past service and special credit benefits at a rate per year of 1/10th of the total estimated single payment cost. This is the basis upon which the Corporation will deduct such costs for Federal income tax purposes.

### ***Bonus Plan***

The General Motors Bonus Plan, as modified from time to time, has been in operation for 27 years. It now provides that there may be set aside annually for bonus purposes an amount which the independent public accountants of the Corporation determine to be 10% of net earnings after deducting 7% on net capital. Net earnings means net income for the year (which is after provision for bonus and income taxes) plus the amount of provision for bonus. The 7% on capital meant that in 1944, for example, a total of \$89,201,577, equivalent to \$1.82 per share on the common stock, had to be earned for the stockholders before any bonus could accrue.

As set forth in the summary of consolidated income statement, \$9,088,254 has been credited to the bonus reserve as a result of 1944 operations. This is the amount determined by the independent public accountants in accordance with the provisions of the Bonus Plan to be 10% of net earnings after deducting 7% on net capital. A summary of the computation of this amount for the year 1944 is set forth on page 50.

The Bonus Plan provides that an employe shall be eligible for bonus consideration if he is receiving a salary at or above the minimum determined from year to year by the Bonus and Salary Committee. For the year 1944, the Bonus and Salary Committee has deter-

mined that the minimum salary for bonus eligibility shall be \$350 a month.

Bonus awards are determined by the Bonus and Salary Committee on the recommendation of the Chairman of the Board of Directors. The Committee is composed of five directors who are not eligible for bonus.

The Plan provides that the bonus shall be paid in its entirety at the time of award and that it may be paid in cash or in stock of the Corporation, or both, as the Bonus and Salary Committee may decide. In accordance with the discretion granted, the Bonus and Salary Committee has decided to continue for the year 1944 the same basis of payment as for 1943. Accordingly, for 1944, awards equivalent to 50 shares or less, as well as the first 50 shares of all awards, shall be made in the ratio of 30% cash and 70% common stock, and the portion in excess of 50 shares, in the ratio of 50% cash and 50% common stock.

At the time this report is written, neither the amount of bonus to be distributed nor the individual bonus awards have been determined for 1944.

At December 31, 1944 there were 86,914 shares of common stock carried at \$60.27 per share in the special treasury stock account designated for bonus purposes which are available to meet the estimated 1944 requirements under the Bonus Plan. Included are 7,931 shares which were acquired from employes on December 26, 1944, at the closing market price on that date, under an offer made to employes, in connection with the withholding required by the tax law, to purchase 20% of the stock to be delivered on that day, representing the last quarter delivery of the bonus awards for 1944. All of the 86,914 shares of stock, except 483 shares transferred from other treasury stock accounts at \$60.04 per share (the average of the daily closing market prices of General Motors common stock during 1944) and 8,000 shares remaining after distribution of the 1943 bonus awards, were purchased during 1944 for that year's bonus purposes and were placed in the special treasury stock account at cost.

It is worth noting again that stock distributed as bonus does not consist of newly issued stock but of stock that has been purchased by the Corporation for cash. In other words, the total number of issued shares is not increased.

# *Public Relationships*

THERE IS every reason to believe that the war production record of the organization has continued to increase the public esteem of General Motors and its divisions during the past year. Despite the absence of the usual customer contacts through new products, the public has indicated an understanding and appreciation of what the Corporation has been doing in the war. Thus there has been superimposed upon the peacetime goodwill, built up by the organization over many years, a new asset of goodwill for its work in war.

General Motors recognizes the importance to an organization like itself of good relationships with the public. Its progress is influenced by the favorable opinion of people in all walks of life. In peacetime the products it builds and the services it renders come directly and intimately to the attention of the people who use them. A customer impression with regard to General Motors gets reflected to others very quickly.

In the long run, General Motors is dependent upon the favorable opinion of people with respect to its products and services offered in a competitive market. But it is dependent as well upon their favorable opinion with respect to General Motors as an institution back of all the products it makes and the services it renders. Obviously a public acceptance of both the product and the institution back of the product is essential.

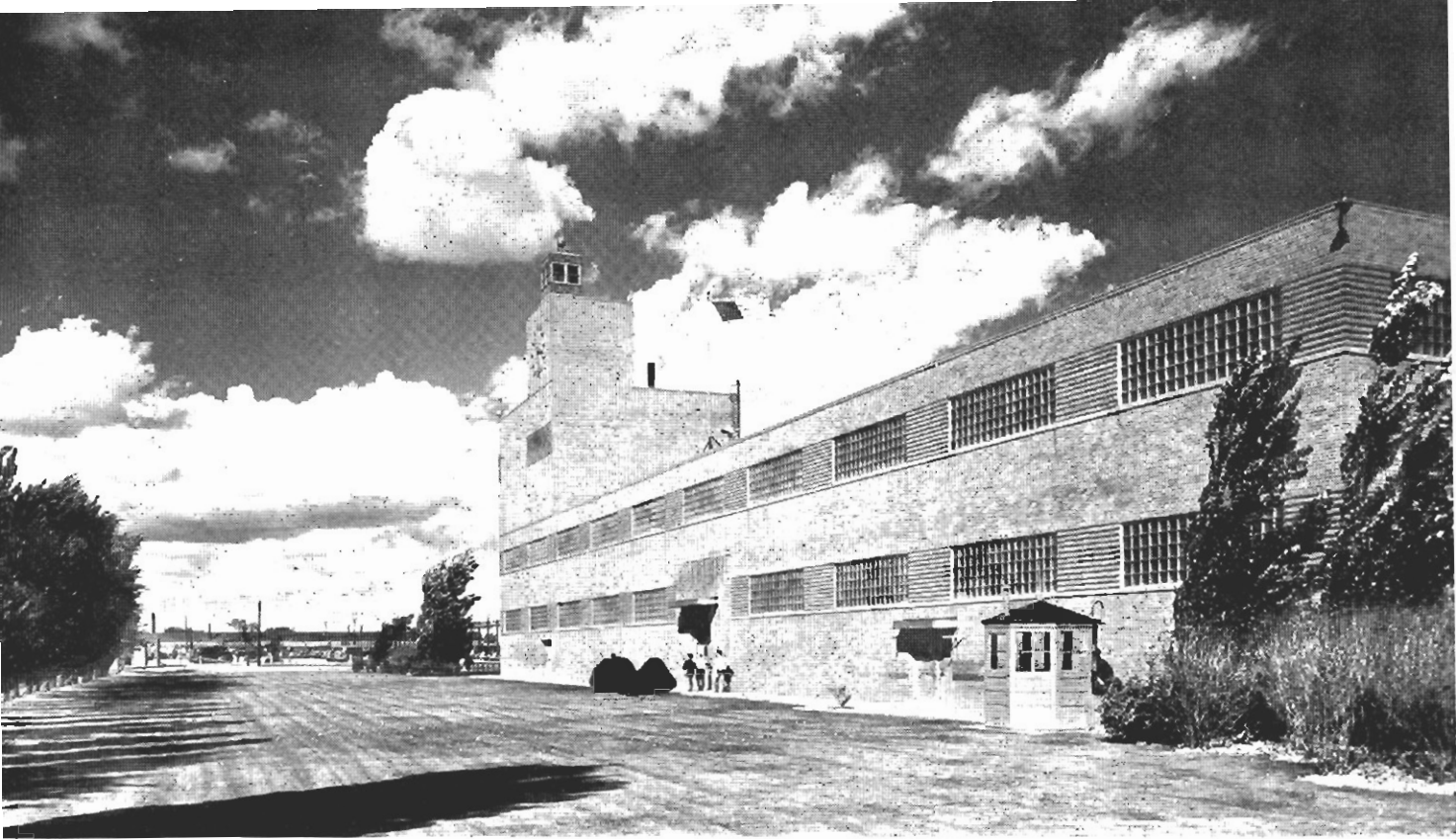
General Motors recognizes that, more than anything else, what counts in building good public relationships is the job done. But just doing a job is not enough. Objectives, policies and practices also must be understood. Accordingly General Motors seeks first of all to give all people connected with the organization itself an understanding of management policies. GM knows that if its own people believe in its policies, they will do a better job. The reputation of the Cor-

poration is bound to be affected by what is thought by its own employes, dealers and suppliers. In its plant communities, as in the nation, General Motors endeavors to be a good citizen, to assume its share of community responsibilities, and to contribute to the social and economic progress of the nation.

In the final analysis General Motors' policies, to succeed, must have the understanding and respect of all concerned. Such understanding can be developed only through the presentation and interpretation of management policy and accomplishments. To tell the story of General Motors and of industry of which it is a part in such a way as to be understood better by people in all walks of life is of vital importance—more so today than ever before. What is General Motors? What is industry? What does industry accomplish? How does industry accomplish what it does? What benefits derive from industry in the community? There are few chapters in the book of human effort more dramatic than the accomplishments of American industry over the years—accomplishments which have reached a new high point with its remarkable achievements in the war effort. Yet there is hardly a chapter in the book of human effort less understood.

Naturally, business must assume leadership for defining policy, not solely in its own interests but with recognition also of the prime importance of coordinating its interests with those of the public at large. Should any policy appear to be out of harmony with public thinking at the moment, it becomes the responsibility of industry to present the facts to the forum of public discussion, fearlessly and aggressively.

The policy of GM management is actuated by the principle that "What is good for the people of the country is good for General Motors." This broad concept continues to guide the organization in war as well as in peace.



This new plant combines the elements of light, space and air. Clean, well-lighted factories make attractive and healthful places for General Motors people to work.

## *General Motors Postwar Program*

UNTIL the war is over, General Motors' prime objective will continue to be the making of the maximum contribution to victory. Nothing will interfere with that. However, as time and the urgencies of the war job permit, the management is planning for the eventualities of the transition from war to peace. General Motors recognizes the urgent need that will exist postwar for converting plants from war to peace production quickly in order to provide peacetime jobs as promptly as possible, make needed products available for consumers, and discharge its responsibilities to its thousands of stockholders and to the nation. Any postwar program must of course be executed

progressively and with proper timing as the rigid requirements of a war economy and the rules, regulations and cooperation of Government permit.

The organization's excellent job in converting plants to war production promptly and efficiently gives the management confidence that an equally good job will be done in getting back into peace production when the time arrives for it to do so.

The problems of reconversion will be three-fold:

*One*, the physical. This has to do with the restoration, the development and the expansion of manufacturing facilities to meet peacetime needs.

*Two*, the time element. Volume production re-

quires advance preparation in the way of planning, paper work, engineering, purchasing, primary manufacturing and coordination before assembly lines can operate.

*Three*, the psychological. This involves the human relations aspect of re-employing war veterans, assigning new tasks to many employes and in general the coordination of the efforts of the skilled men and women plant employes, engineers, office staffs, salesmen and executives who know how to do the peacetime job. It will require much hard work, some sacrifices, and patience and understanding on the part of all.

General Motors' postwar program, as already outlined to stockholders, contemplates an expenditure likely to reach \$500,000,000. It involves the rearrangement and reorganization of plants, machines and other facilities to be used in producing the cars, trucks and other items that make up General Motors' peacetime products. It calls for the replacement of equipment sold to others during the war. It provides for the modernization of equipment and for replacement of worn tools of all kinds that have been subjected to severe wartime usage. It includes expansion of facilities to meet postwar needs, all in proper balance between short term and long term prospects. It provides for improving facilities and services for employes where such facilities are not up to the high standards General Motors has set for itself and where this improvement could not be accomplished during the war. It provides also for the expansion of facilities not directly related to production. The funds for these expenditures as well as the additional working capital required for expanded operations will be provided out of general corporate resources.

All the elements of the business will be coordinated in the program which includes consideration of research, engineering, distribution, administration and over-all policy.

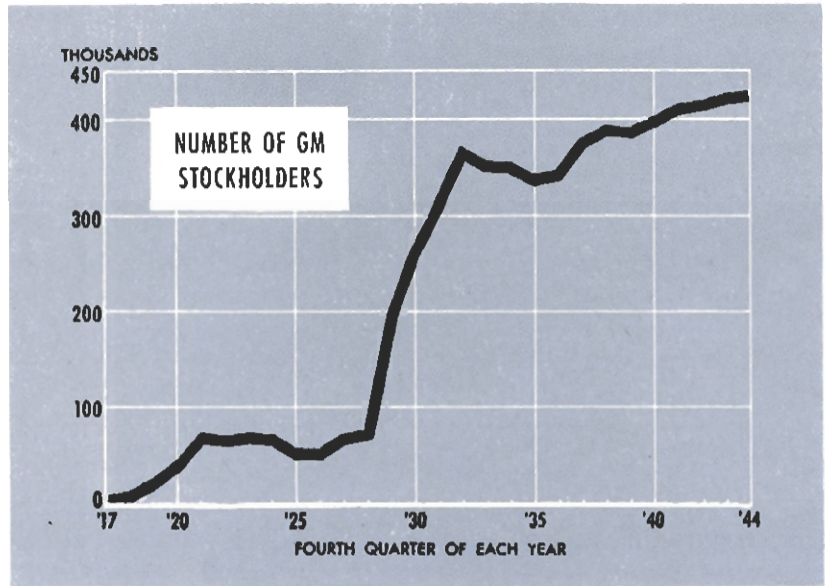
Plans are also being made to renew peacetime relationships with thousands of suppliers and subcontractors with whom General Motors did business prewar. In a great many instances, these same concerns are among those cooperating with GM in its war production program. Wherever practicable, the Corporation is advising prewar suppliers in advance that they can plan on peacetime orders as soon as war con-

ditions permit. A great many of the smaller concerns do not manufacture products to be sold to consumers but make parts for which General Motors and other producers of finished goods are important customers. Advance assurance of orders permits them in turn to do their own postwar planning at an earlier date and thus not only cut down the time required to convert their plants, but also plan jobs for their own employes.

It is generally recognized that there is developing an enormous potential postwar deferred demand for all kinds of durable and semi-durable consumer goods, and for capital goods as well. At the same time there is being accumulated a great backlog of potential and deferred purchasing power. Hence it seems likely that at least temporarily after the period of reconversion is completed there will be a period of intense business activity as compared with prewar standards. However, because of the abnormal nature of this immediate postwar activity, no point of view is implied or expressed beyond that period, since the longer range implications depend upon how we as a nation manage our affairs. It is recognized that as far as possible the field of business opportunity must be appraised for its long term as well as its short term possibilities.

The Corporation at the right time will expand its peacetime research, engineering and development staffs, and aggressively pursue its past policy of continual product improvement. This will include the development of new products and the utilization of new inventions, and the application to the art of metal fabrication of scientific knowledge, use of materials and technological processes discovered and developed during the war.

Modern science is the real source of economic progress. It has brought within reach of more and more people comforts and conveniences, more leisure, more and better job opportunities. There can be no real ceiling on opportunity if science continues to move forward. It is of course of prime importance that national economic policies be progressive, removing obstacles that limit business opportunity and encouraging the spirit of business venture. The objective is to utilize properly all existing knowledge and techniques in engineering, production and distribution which will lead to a consistently advancing standard of living. General Motors in its postwar program is dedicated to that objective.



## *Ownership of General Motors*

THE OWNERS of General Motors constitute a broad cross section from every walk of American life. Among the stockholders are wage and salary earners and business, professional and farm people of every one of the 48 states. A small proportion of stock is held in 70 other countries of the world.

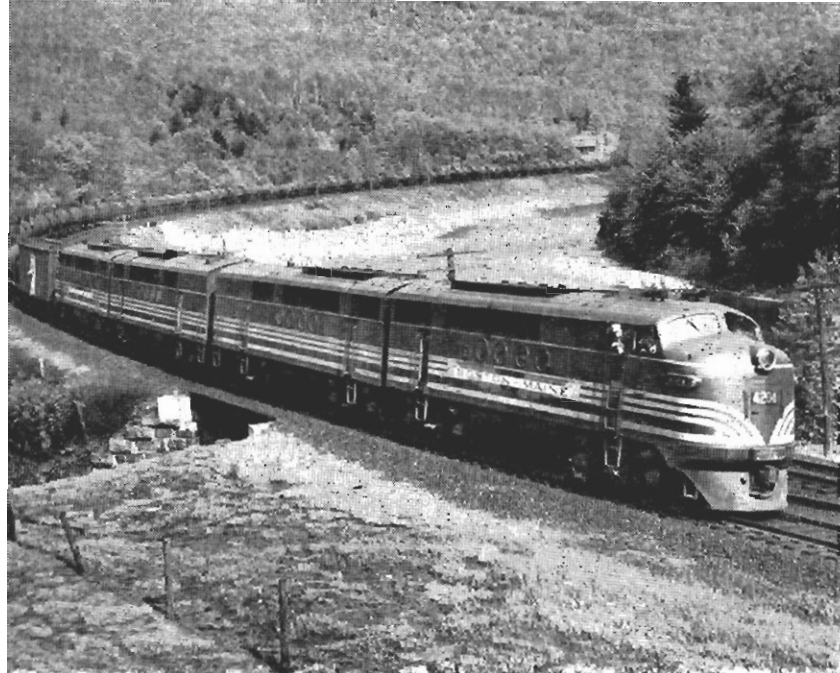
In the last quarter of 1944, there were 423,825 General Motors stockholders of record. More than half of the individuals owning stock in General Motors were women. Approximately 338,000 persons held 50 shares or less, and 158,000 of these owned ten shares or less.

The management of the Corporation is aware that this broad and highly diversified ownership imposes special responsibilities. Comments and suggestions from stockholders are appreciated and welcomed, for only with the fullest understanding on the part of all concerned can responsibilities be met effectively.

It has long been the position of General Motors that

the ownership of stock by management should be encouraged. There is thus maintained the sound and basic concept of owner-management. Executives and members of supervision, because of their stock ownership, become working partners. Their individual interests are joined more closely to the progress of the Corporation. As stockholders, their interests are identical with those of other stockholders.

At the end of 1944, the supervisory and executive management groups, together with directors not active in the management, owned directly or indirectly approximately 3,300,000 shares of General Motors common stock with a market value of more than \$210,000,000. For the individuals concerned this constitutes a substantial stake in the success of the enterprise. General Motors believes that stock ownership by those charged with the management of the business serves the interests not only of the stockholder but of the economy as a whole.

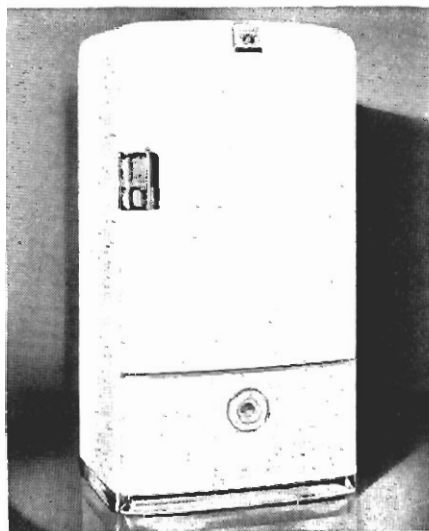


GM Diesel Locomotive



GM Motor Coach

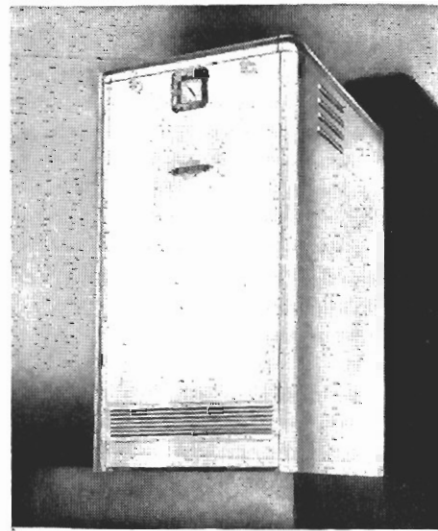
## *General Motors Built for Peace*



Frigidaire Refrigerator



Frigidaire Electric Range



Deleo Automatic Heat Unit

Chevrolet Passenger Cars and Trucks • Pontiac, Oldsmobile, Buick and Cadillac Passenger Cars • Fisher Automobile Bodies • GM Diesel Locomotives • GMC Trucks • GM Motor Coaches • GM Diesel Engines for Trucks, Tractors, Ships and Auxiliary Purposes • Frigidaire Refrigerators, Electric Ranges, Water Coolers, Commercial Refrigerating and Air Conditioning Equipment, Water Heaters and Room Air Conditioners • Deleo Light Plants, Oil Burners, Water Heaters, Automatic Stokers,

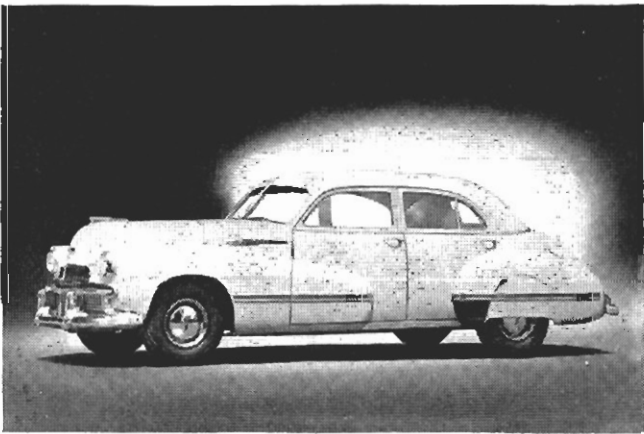




Chevrolet



Pontiac



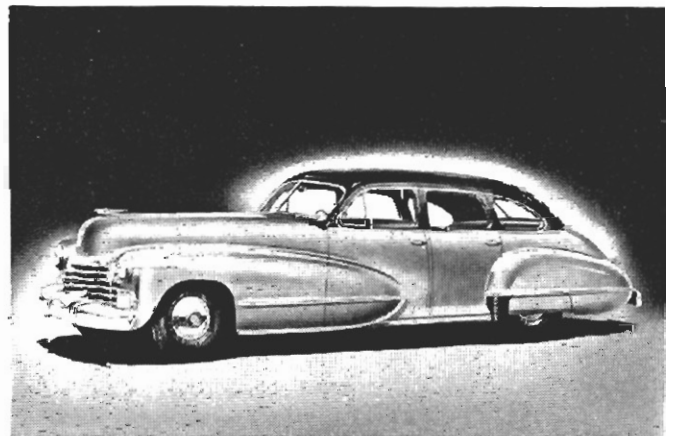
Oldsmobile



Buick



Chevrolet Truck



Cadillac

Boilers, Water Systems and Electric Motors • Delco Radios, Batteries, Horns, Generators and Miscellaneous Automobile Equipment • AC Spark Plugs, Speedometers, Fuel Pumps, Oil Filters, Gauges and other Automobile Equipment • Guide Lamps and Mirrors • Saginaw ArmaSteel Castings • Hyatt Roller Bearings • New Departure Ball Bearings • Harrison Automobile Radiators, Defrosters, Heaters and Thermostats—*And Many Other Products*

# *A Financial Review*

THE BALANCE sheet and summaries of income and surplus of General Motors Corporation and its consolidated subsidiaries for the year ended December 31, 1944, in comparison with the statements of the previous year, are shown on pages 40 to 44 of this report. Subsidiaries which, in accordance with past procedure, are not consolidated in the financial statements of the Corporation are listed on page 45, together with other investments and miscellaneous assets.

General Motors acquired the property and assets of Yellow Truck & Coach Manufacturing Company on September 30, 1943 and formed the GMC Truck & Coach Division. Therefore the operating results of this division are consolidated for the full year 1944 and for the fourth quarter of 1943 only. There is included in income for the first nine months of 1943 only the proportion of the Yellow Truck & Coach Manufacturing Company earnings which were applicable to General Motors' investment in the shares of that Company.

## *Profit Limitation Policy*

Actuated by the point of view that war is a national calamity, requiring sacrifice by all in the common interest, and that it should not be used as an occasion for unduly benefiting some at the expense of others, General Motors, as stated in previous reports, voluntarily established early in 1942 three basic policies as applied to wartime prices and profits which became effective in its war program well in advance of the enactment of the Renegotiation Law. The Corporation has continued to adhere to these policies in 1944:

- a. to take war production contracts on a fixed price basis wherever possible, and where not possible at first, to change to that basis as soon as circumstances permitted (in 1944 only 2.8% of deliveries were made under war production contracts

on a cost-plus-a-fixed-fee basis);

- b. to make price reductions, applicable to products already delivered as well as to future deliveries, as cost reductions materialized; and
- c. to limit the over-all rate of profits from its manufacturing operations, before provision for income and excess profits taxes but after all other charges including reserve provisions, to approximately one half the profit margin, expressed as a percentage of sales, realized in the year 1941 largely under the conditions of a competitive market.

A more detailed discussion of these three policies was presented in the 1943 annual report.

In accordance with these policies and notwithstanding the greatly expanded volume of sales, General Motors' profit margin under wartime conditions has been substantially lower than before the war.

## *Earnings*

Net income for the year 1944 amounted to \$170,995,865. This compares with net income of \$149,780,088 for the year 1943. After paying regular dividends of \$9,178,220 on the \$5 series preferred stock, there remained net income of \$161,817,645 available for the common stock, equivalent to \$3.68 per share on the average number of common shares outstanding during the year. For the year 1943 there remained net income available for the common stock of \$140,601,868, equivalent to \$3.23 per share.

Net income for the year 1944 gives recognition to the following provisions and charges:

1. There has been deducted a provision of \$61,700,000 for refund in connection with the over-all renegotiation of war material contracts. This amount represents the provision for refund determined under the General Motors policy of

over-all profit limitation. The amount of \$61,600,000 which was refunded under the final renegotiation settlement for 1943 was the same as the amount provided in 1943 under this policy.

2. Provision has been made in 1944 for United States and foreign income and excess profits taxes in the aggregate amount of \$264,413,156. The amount provided in 1943 was \$248,920,694. In 1944, the amount includes provision for United States excess profits taxes of \$158,143,074 after deducting \$17,571,453 of debt retirement credit. This compares with provision for excess profits taxes of \$158,285,975 in 1943 after deducting a debt retirement credit of \$17,587,331.

During the three years ended December 31, 1943 the Corporation provided by charges to income reserves for reconversion and plant rehabilitation in the aggregate amount of \$76,051,805. No additional provision has been made for this purpose in the year 1944 inasmuch as the above amount is considered adequate in the light of present conditions.

Consolidated net income for 1944 excludes profits realized abroad during the year which were not remitted to the United States from certain countries where exchange restrictions exist. Net income realized in foreign countries in 1944 which was so excluded amounted to \$5,610,026. However, net income of

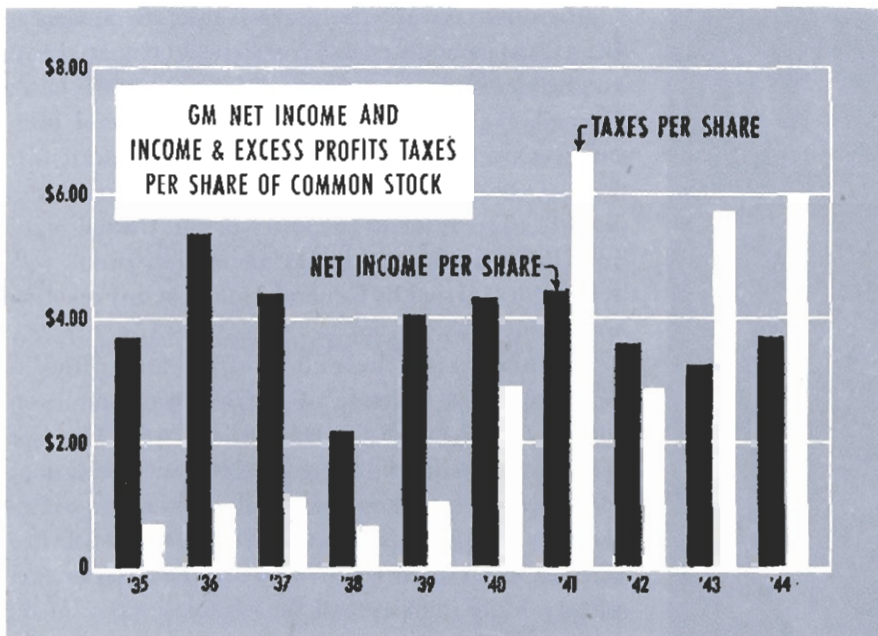
\$2,340,043 previously deferred was included in the Corporation's consolidated income account during the year in view of remittances to the United States. On a cumulative basis, from December 31, 1933 when this practice was initiated to December 31, 1944, net income realized abroad but not reflected in earnings amounted to \$11,429,502, based upon rates of exchange current in each year, equivalent to \$0.26 per share of common stock. This excludes unremitted earnings of subsidiaries in enemy territories and territories that are or have been enemy-controlled, the investments in which were written off in 1942.

### Renegotiation of War Material Contracts

Under the Renegotiation Act, profits on war material contracts are subject to renegotiation. While the financial statements for the year 1943 were issued prior to final determination of the amount to be refunded, the amount provided under the Corporation's profit limitation policy was the same as the amount refunded under final agreement with the Price Adjustment Board.

Information relative to 1944 operations is being furnished to the War Department Price Adjustment Board pursuant to its requirements but it has not been possible as yet to conclude discussions as to the

amount to be refunded. Under these circumstances a provision of \$61,700,000 for refund in connection with renegotiation has been made for the year 1944 on the basis of the Corporation's profit limitation policy. While in the opinion of the management the amount provided for renegotiation refund for the year 1944 is fair and reasonable, it is at present impossible to determine the amount which will be required to be refunded. In the event that the amount provided is adjusted, the earnings figure reported will necessarily be subject to adjustment.



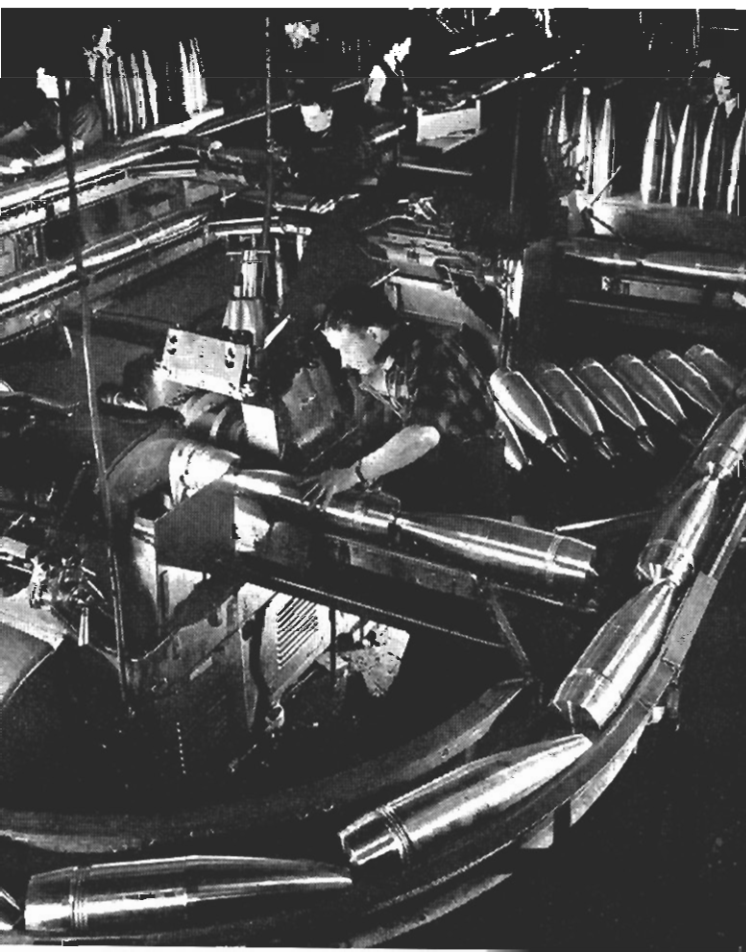
Subject to the foregoing, the Corporation's income from all its manufacturing business, excluding income from investments but after providing for income and excess profits taxes, amounted to 3.7% on net sales of \$4,262,219,472 for the year 1944. In 1943, the Corporation's income from all its manufacturing business amounted to 3.3% on net sales of \$3,796,115,800.

### *Dividend Payments and Net Income Retained in the Business*

Dividends paid and net income retained in the business in 1944 were as follows:

	<u>1944</u>
Net income for the year.....	\$170,995,865
Dividends paid on the \$5 series preferred stock..	\$ 9,178,220
Dividends paid on the common stock, \$3.00 per share .....	132,063,371
Total dividends paid to the stockholders.....	<u>\$141,241,591</u>
Net income retained in the business, \$0.68 per share .....	\$ 29,754,274
Total dividend payments as per cent of net income	82.6%

Progressive manufacture with conveyor lines at Pontiac turns out 155-mm. shells for the Army.



In the 15 years ended December 31, 1944, dividends paid were 85.0% of net income.

A record of sales, net income and dividends by years from 1917 through 1944 is shown on page 48.

### *Net Working Capital*

Net working capital amounted to \$903,109,918 at December 31, 1944, an increase of \$74,171,680 over that of \$829,238,238 at December 31, 1943. This increase in 1944 reflects the following: (a) earnings of \$29,754,274 retained in the business, representing the excess of net income over dividends paid; (b) an amount of \$23,457,626 representing an excess of depreciation, including amortization of special war facilities, charged to income over expenditures for new construction; and (c) a reduction of \$17,587,331 in the payment required for 1943 excess profits taxes due to the availability of a debt retirement credit in lieu of a postwar refund of excess profits taxes. The latter amount was reported as a postwar credit in the 1943 annual report. As a result of the Corporation's subsequent election to file its United States income and excess profits tax returns for the year 1943 on a consolidated basis, there was available a debt retirement credit due to a reduction in debt by General Motors Acceptance Corporation and Yellow Manufacturing Acceptance Corporation.

Accounts receivable, notes receivable, etc., at December 31, 1944 amounted to \$510,989,136, compared with receivables of \$525,113,622 at December 31, 1943. At December 31, 1944, receivables against the United States Government, included above, amounted to \$396,252,674, compared with \$408,065,154 at December 31, 1943. Prior to the entry of the United States into the war, the maximum amount of commercial receivables carried by General Motors at any one time was about \$125,000,000.

Inventories at the end of 1944 amounted to \$498,728,376, a decrease of \$65,683,088 from inventories of \$564,411,464 at the end of 1943. The Corporation's practice of taking physical inventories at all locations during the year was followed in 1944 except that at a few plants because of the urgency of war production schedules it was not practicable to do so completely. More than 95% of the aggregate value of the inventories at December 31, 1944 was based upon

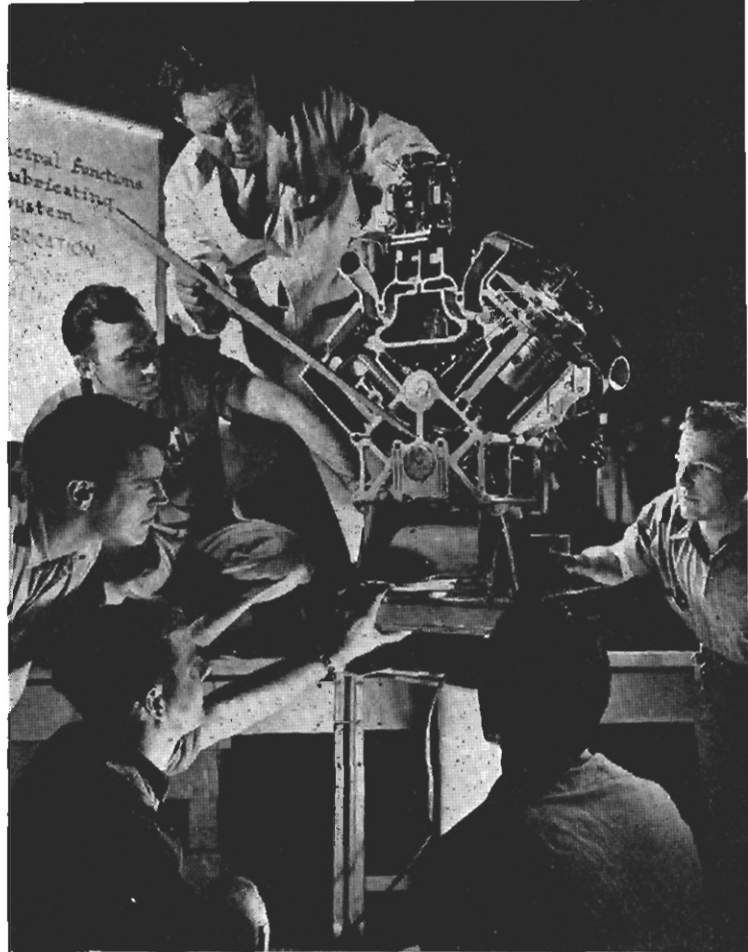
physical inventories taken at some time during the year. This percentage was somewhat higher than for the year 1943. At December 31, 1944, inventories included \$110,379,822 of commercial products, of which a substantial portion represented service parts available as replacement parts for cars now on the road.

Cash and United States Government securities amounted to \$596,544,392 at December 31, 1944, an increase of \$42,112,994 over the corresponding item of \$554,431,398 at December 31, 1943. Government securities at December 31, 1944 represented \$427,500,000 par value United States  $\frac{7}{8}$ % Certificates of Indebtedness.

Under date of October 31, 1942, the stockholders were advised of the revolving bank credit which was established under the General Motors V-Loan Credit Agreement. The agreement provides that until February 28, 1946, and subject to the limitations of the agreement, the Corporation can make use of the whole or any part of the credit established. The credit may be availed of to carry the Corporation's investment in Government receivables and war inventories after Government contracts are canceled as well as during the time the materials of war are being produced. No borrowings under the Credit Agreement were outstanding during 1944, and, in line with the Corporation's working capital position and anticipated requirements for war work, the available credit has been reduced from the original amount of one billion dollars to \$500,000,000. This reduction, which became effective January 31, 1945, was made in accordance with the provisions of the Credit Agreement which permit the Corporation to reduce the maximum available credit on 90 days' notice. An amount of \$1,250,000, representing commitment fees, was charged to income for 1944.

### *Real Estate, Plants, and Equipment*

Total gross real estate, plants, and equipment amounted to \$930,202,282 at December 31, 1944, an increase of \$30,998,220 over the total of \$899,204,062 at December 31, 1943. Reserves for depreciation, including provision for amortization of special war facilities, increased \$59,678,014 during the year, or from \$571,971,384 at December 31, 1943 to \$631,652,398 at December 31, 1944. The net book



The internal combustion engine, the greatest modern source of power, holds the attention of this group of army personnel in training at GM Institute.

value of real estate, plants, and equipment, therefore, decreased \$28,679,794 during the year to \$298,549,884 at December 31, 1944.

Expenditures by General Motors for additions to and improvements of plant and equipment, exclusive of special tools, amounted to \$40,209,782 in 1944. These expenditures were applicable principally to the production of war materials. Property disposed of and other adjustments reduced the gross plant account by \$6,104,700.

There has been no change during 1944 in the depreciation rates or in the Corporation's policy with respect to depreciation. The amount of depreciation and amortization charged against net income in 1944 was \$63,667,408, including \$15,943,306 for amortization of special war facilities at the accelerated rate permitted for tax purposes. In the year 1943, depreciation and amortization in the amount of

\$60,325,194, including \$14,248,875 for amortization of special war facilities, was charged against net income.

The plant investment at December 31, 1944 does not include \$649,539,159 of plant and equipment operated by the Corporation but owned by governmental agencies.

There are included in real estate, plants, and equipment at December 31, 1944, special tools, dies, etc., with an unamortized value of \$24,980,139 as compared with \$28,087,002 at December 31, 1943. Of the total at December 31, 1944, \$7,667,331 represents tools, dies, etc., applicable to war production. The balance of \$17,312,808 represents principally the value of tools applicable to commercial production which remained unamortized following the cessation of civilian production early in 1942. At this time it appears that when passenger car production is resumed these tools will be used, and it is assumed that a sufficient

number of cars will be produced to absorb the unamortized value of the tools. Accordingly, these special tools are stored and will be available for use upon resumption of car production.

### *Investments Outside the United States*

The following table summarizes the General Motors investments outside the United States.

The Corporation's net investment outside the United States at December 31, 1944 was \$32,815,383, or 2.5% of its total capital stock and surplus of \$1,304,071,620. This excludes investments in enemy and enemy-controlled territories, as well as investments in territories formerly enemy-controlled, all of which investments were written off in 1942 against reserves previously provided. The position with respect to the investments in territories formerly enemy-

## Summary of General Motors Investments Outside the United States

	December 31, 1944				Total December 31, 1943
	Canada, Mexico and So. America	England and British Possessions	All Other	Total	
<b>Assets of consolidated foreign subsidiaries:</b>					
Current assets .....	\$41,417,036	\$19,065,795	\$ 376,857	\$60,859,688	\$69,644,209
Other assets (after deducting reserves for depreciation) .....	18,407,689	7,803,155	47,129	26,258,273	24,554,571
<b>Total assets .....</b>	<b>\$59,824,725</b>	<b>\$26,868,950</b>	<b>\$ 424,286</b>	<b>\$87,117,961</b>	<b>\$94,198,780</b>
<b>Less:</b>					
Current liabilities .....	\$27,375,745	\$13,989,268	\$1,913,210	\$43,278,223	\$52,456,805
Other liabilities .....	2,556,693	4,567,414	19,825	7,143,932	6,716,161
<b>Total liabilities .....</b>	<b>\$29,932,438</b>	<b>\$18,556,682</b>	<b>\$1,933,035</b>	<b>\$50,422,155</b>	<b>\$59,172,966</b>
<b>Net investment in subsidiaries included in consolidation..</b>	<b>\$29,892,287</b>	<b>\$ 8,312,268</b>	<b>\$1,500,749</b>	<b>\$36,695,806</b>	<b>\$35,025,814</b>
<b>Investments in subsidiary companies not consolidated:</b>					
Vauxhall Motors Limited .....	—	13,617,621	—	13,617,621	14,397,678
Other .....	192,126	—	969,017	1,161,143	1,533,783
<b>Total investments outside the United States before deducting allocable reserves .....</b>	<b>\$30,084,413</b>	<b>\$21,929,889</b>	<b>\$ 539,732</b>	<b>\$51,474,570</b>	<b>\$50,957,275</b>
<b>Less allocable reserves provided against contingent losses.....</b>				<b>18,659,187</b>	<b>16,035,853</b>
<b>Net investment outside the United States.....</b>				<b>\$32,815,383</b>	<b>\$34,921,422</b>

controlled was not sufficiently clear at the end of the year 1944 to warrant reinstatement.

The net investment of \$32,815,383 outside the United States includes the net assets of consolidated foreign subsidiaries and the net investment in foreign subsidiaries which are not consolidated. The principal foreign subsidiary not consolidated is Vauxhall Motors Limited, a manufacturing subsidiary located in England. Amounts included in reserves are considered adequate to take care of any losses in foreign investments which may occur.

In addition to the foregoing, General Motors Acceptance Corporation, a wholly owned non-consolidated subsidiary, had total gross assets outside the United States of \$4,509,980. After deducting amounts borrowed from foreign institutions to finance the wholesale and retail sales of the Corporation's products, and other liabilities and reserves, General Motors Acceptance Corporation's net equity in the said assets was \$287,868.

Earnings from sources outside the United States which have been included in consolidated income in 1944 constituted approximately 1.6% of total net income.

Foreign working capital consists mainly of cash, inventories and receivables required in the conduct of the business. In the event that a change in the rate of exchange between any country in which the Corporation may be operating and the United States results in a reduction in the value, as measured in dollars, of the net working capital in use in that operation, the reduction becomes a charge against the Corporation's net income if it exceeds reserves previously provided on this account.

### *Investments and Miscellaneous Assets*

The Corporation's investments in subsidiary companies not consolidated, other investments, and miscellaneous assets are listed on page 45 of this report. The aggregate of all such items totaled \$195,109,472 at December 31, 1944, compared with \$212,310,219 at December 31, 1943. This decrease is principally in miscellaneous assets which have been reduced by the amount of \$17,587,331 included therein at December 31, 1943 for postwar refund on 1943 United States excess profits taxes. In lieu of the right to receive this

postwar refund the Corporation was able to reduce its liability for such taxes by a debt retirement credit, as set forth on page 34.

The Corporation's investments in subsidiary companies not consolidated amounted to \$133,698,162 at December 31, 1944, compared with \$134,484,815 at December 31, 1943. These investments include companies which are more than 50% owned by General Motors Corporation and whose business is closely related to the Corporation's normal activities. The Corporation's equity in earnings (net) of subsidiaries not consolidated amounted to \$2,906,352 in 1944 and \$13,290,335 in 1943, of which \$2,020,253 in 1944 and \$9,575,575 in 1943 were received by the Corporation as dividends and interest and the balances were retained in the business by the subsidiary companies.

Other investments amounted to \$52,366,991 at December 31, 1944, which compares with \$50,352,991 at December 31, 1943. Total income from these investments in 1944 amounted to \$9,758,303, representing dividends and interest received, which compares with \$8,995,233 in 1943.

Prior to 1936 the Corporation reflected in net income its proportion of the undivided profits or losses of companies in which a substantial but not more than 50% interest was held. As a result earned surplus at December 31, 1944 includes \$1,679,467 for undivided profits of such companies. Beginning in 1936, however, as stated in the annual report for that year, income of such companies has been reflected in the Corporation's income account only when received as dividends, with adjustments for net loss in any year since December 31, 1935, or net recoveries of losses absorbed to that date. General Motors Corporation's proportion of the undivided profits of companies not controlled, which has been excluded from the Corporation's income in accordance with this policy, amounted to \$2,007,824 for the year 1944, and to \$18,482,620 for the years 1936 through 1944.

### *Treasury Stock*

At December 31, 1944, General Motors Corporation held in its treasury for bonus purposes 86,914 shares of common stock carried at \$5,237,951, as compared with 89,006 shares carried at \$4,627,661 at December 31, 1943. A total of 78,914 shares was acquired during

1944 for bonus purposes, while 81,006 shares were used for 1943 bonus awards. As a result of these transactions the common stock held in the treasury showed a net decrease during the year 1944 of 2,092 shares.

The stockholders, at their annual meeting on May 23, 1944, voted to retire the 784,406 shares of General Motors common stock which the Corporation received back in exchange for its holdings of stock of Yellow Truck & Coach Manufacturing Company in connection with the acquisition of the property and assets of that Company on September 30, 1943. These shares were accordingly retired in June 1944.

### *Goodwill, Patents, Etc.*

The Corporation's goodwill and patent account

decreased \$485,769 during the year to \$63,214.330 at December 31, 1944. The decrease is due to an adjustment in the amount of goodwill resulting from the acquisition of the property and assets of Yellow Truck & Coach Manufacturing Company on September 30, 1943. Patents are carried at a nominal amount of \$1.

Goodwill under the Corporation's standard accounting practice is the difference between the purchase price and the book value of properties acquired.

Goodwill as reported in the balance sheet is not intended to represent an appraisal, even in a minor degree, of the intangible value of an outstanding group of highly specialized manufacturing and selling organizations, with their executive personnel, operating all over the world.

## CONCLUSION

This report would not be complete without special reference to the fine teamwork of the organization that has made possible the year's accomplishments.

In 1944, as in the two preceding years, all the talent and energy of the organization were directed towards helping supply the needs of the armed forces. The contribution it has been able to make has been substantial and one in which we can all take pride. But there can be no relaxation on the part of anyone in industry until the final requirements of the armed forces have been fully met.

There is still much to be done before the war is won, but, thanks to the initiative and courage of our fighting men, victory is inevitable.

With victory will come a new challenge and a new opportunity for all members of the organization—a challenge to help restore our country to its peacetime pursuits and an opportunity to go forward to greater accomplishments in the postwar world to follow.

On behalf of the Board of Directors and for ourselves as well, we wish to express and record our appreciation of the efforts of the organization during 1944.

By order of the Board of Directors,

March 22, 1945



*President*



*Chairman*



*FINANCIAL STATEMENTS*  
*AND*  
*STATISTICS*

**Summary of Consolidated Income**

FOR THE YEARS ENDED DECEMBER 31, 1944 AND 1943

	<u>Year 1944</u>	<u>Year 1943</u>
<b>Net Sales</b> .....	\$4,262,249,472	\$3,796,115,800
General Motors Corporation's equity in earnings (net) of subsidiary companies not consolidated (dividends and interest received amounted to \$2,020,253 in 1944 and \$9,575,575 in 1943) .....	2,906,352	13,290,335
Other income (including dividends received of \$9,750,735 in 1944 and \$8,975,028 in 1943) less sundry income deductions .....	<u>11,028,937</u>	<u>11,201,154</u>
<b>Total</b> .....	<u>\$4,276,184,761</u>	<u>\$3,820,607,289</u>
 <b>Less:</b>		
Cost of sales (excluding provision for depreciation) .....	\$3,612,857,485	\$3,179,106,182
Selling, general, and administrative expense .....	93,462,593	75,157,698
Provision for:		
Depreciation and amortization of real estate, plants, and equipment .....	63,667,408	60,325,194
Postwar contingencies and rehabilitation .....	—	35,466,846
Refund in connection with the renegotiation of war material contracts .....	61,700,000	64,600,000
Employee bonus .....	9,088,254	7,250,587
United States and foreign income and excess profits taxes—includes provision for United States excess profits taxes of \$158,143,074 in 1944 and \$158,285,975 in 1943 (after deducting debt retirement credits of \$17,571,453 and \$17,587,331, respectively) .....	<u>264,413,156</u>	<u>248,920,694</u>
<b>Total</b> .....	<u>\$4,105,188,896</u>	<u>\$3,670,827,201</u>
 <b>Net Income for the Year</b> .....	 \$ 170,995,865	 \$ 149,780,088
Dividends on preferred capital stock—\$5 series .....	<u>9,178,220</u>	<u>9,178,220</u>
 <b>Amount Earned on Common Capital Stock</b> .....	 <u>\$ 161,817,645</u>	 <u>\$ 140,601,868</u>
Average number of shares of common capital stock outstanding during the year ...	44,025,162	43,570,410
 <b>Amount Earned Per Share of Common Capital Stock</b> .....	 <u>\$3.68</u>	 <u>\$3.23</u>

The notes on page 44 form a part of this statement.

**Summary of Consolidated Surplus**

FOR THE YEARS ENDED DECEMBER 31, 1944 AND 1943

<b>EARNED SURPLUS</b>		
	<u>Year 1944</u>	<u>Year 1943</u>
<b>Earned Surplus</b> at beginning of year.....	\$611,859,270	\$561,364,160
<b>Net Income</b> for the Year per Summary of Consolidated Income.....	<u>170,995,865</u>	<u>149,780,088</u>
<b>Total</b> .....	<u>\$785,855,135</u>	<u>\$711,144,248</u>
 <b>Less Cash Dividends:</b>		
Preferred capital stock—\$5 series.....	\$ 9,178,220	\$ 9,178,220
Common capital stock:		
Mar. 10 (\$0.75 per share in 1944).....	\$ 33,010,749	\$ 21,691,239
June 10 (\$0.75 per share in 1944).....	32,991,850	21,668,539
Sept. 9 (\$0.75 per share in 1944).....	33,038,878	21,721,444
Dec. 9 (\$0.75 per share in 1944).....	<u>33,018,894</u>	<u>22,022,536</u>
<b>Total</b> .....	<u>\$132,063,371</u>	<u>\$ 87,106,758</u>
<b>Total Cash Dividends</b> .....	<u>\$111,211,591</u>	<u>\$ 96,281,978</u>
<b>Earned Surplus</b> at end of year.....	<u>\$644,613,544</u>	<u>\$614,859,270</u>

<b>CAPITAL SURPLUS</b>		
	<u>Year 1944</u>	<u>Year 1943</u>
<b>Capital Surplus</b> at beginning of year.....	\$ 34,811,168	\$ 11,941,259
Excess of award value over cost of treasury stock distributable as bonus:		
Amount attributable to current year bonus.....	15,976	72,661
Adjustment of amounts attributable to prior years' bonus.....	6,868	65,130
Net credit arising in connection with the issuance of common stock for the property and assets of Yellow Truck & Coach Manufacturing Company.....	<u>—</u>	<u>22,809,378</u>
<b>Capital Surplus</b> at end of year.....	<u>\$ 34,850,276</u>	<u>\$ 34,841,168</u>

The note on page 44 forms a part of this statement.

# Condensed Consolidated Balance Sheet

DECEMBER 31, 1944 AND 1943

<i>ASSETS</i>		
	Dec. 31, 1944	Dec. 31, 1943
<b>Current Assets:</b>		
Cash	\$ 169,014,392	\$ 326,914,118
United States Government securities—short term—at cost	127,500,000	227,517,280
Accounts receivable—United States Government	396,252,674	408,065,151
Other accounts receivable, notes receivable, etc. (less reserve for doubtful receivables: 1944, \$703,705; 1943, \$685,111)	111,736,462	117,048,468
Inventories—at cost or less, not in excess of market (excludes inventories held for account of others under cost-plus-a-fixed-fee contracts: 1944, \$13,102,352; 1943, \$17,229,967)	198,728,376	561,411,461
<b>Total Current Assets</b>	<b>\$1,606,261,901</b>	<b>\$1,643,956,481</b>
<b>Investments and Miscellaneous Assets (Schedule D):</b>		
Investments in subsidiary companies not consolidated	\$ 133,698,162	\$ 134,481,815
Other investments	52,366,991	50,352,991
Miscellaneous assets	9,044,319	27,472,413
<b>Total Investments and Miscellaneous Assets</b>	<b>\$ 195,109,472</b>	<b>\$ 212,310,219</b>
<b>Common Capital Stock in Treasury:</b>		
Held for bonus purposes (1944, 36,914 shares; 1943, 89,006 shares)	\$ 5,237,951	\$ 1,627,661
<b>Real Estate, Plants, and Equipment</b>		
	\$ 930,202,282	\$ 899,204,062
Less reserve for depreciation (including amortization of special war facilities)	631,652,398	571,974,381
<b>Net Real Estate, Plants, and Equipment</b>	<b>\$ 298,549,884</b>	<b>\$ 327,229,678</b>
<b>Prepaid Expenses and Deferred Charges</b>	<b>\$ 14,235,963</b>	<b>\$ 12,891,300</b>
<b>Goodwill, Patents, Etc.</b>	<b>\$ 63,214,330</b>	<b>\$ 63,700,099</b>
<b>TOTAL ASSETS</b>	<b>\$2,182,609,504</b>	<b>\$2,264,718,441</b>

The notes on page 44 form a part of this statement.

<i>LIABILITIES, RESERVES, AND CAPITAL</i>		
	Dec. 31, 1944	Dec. 31, 1943
<b>Current Liabilities:</b>		
Accounts payable	\$ 181,085,059	\$ 194,960,979
Taxes, payrolls, warranties, and sundry accrued items	128,945,199	127,135,314
Due to contracting agencies of United States Government for accrued price reductions	45,118,583	85,977,233
Refund accrued in connection with the renegotiation of war material contracts	61,700,000	61,600,000
Advances on government contracts	14,358,472	42,002,405
United States and foreign income and excess profits taxes	265,499,311	295,783,254
Employes bonus (portion of total estimated to be payable in cash)	3,850,897	2,864,596
Dividends payable on preferred capital stock	2,294,555	2,294,555
<b>Total Current Liabilities</b>	<b>\$ 702,851,986</b>	<b>\$ 814,718,246</b>
<b>Other Liabilities:</b>		
Employes bonus (portion of total estimated to be payable in common stock held in treasury)	\$ 5,237,951	\$ 4,419,379
Taxes, warranties, and miscellaneous	57,379,015	47,108,248
<b>Total Other Liabilities</b>	<b>\$ 62,616,966</b>	<b>\$ 51,527,597</b>
<b>Reserves:</b>		
Employe benefit plans	\$ 6,536,073	\$ 6,612,879
Deferred income	2,874,350	5,423,808
Postwar contingencies and rehabilitation	76,051,805	76,051,805
Contingencies and miscellaneous:		
Allocable to foreign subsidiaries	13,659,187	16,035,853
General	6,973,603	18,151,402
<b>Total Reserves</b>	<b>\$ 111,095,513</b>	<b>\$ 122,275,747</b>
<b>Minority Interest—Preference Stock of Subsidiary Company</b>	<b>\$ 1,973,414</b>	<b>\$ 1,888,613</b>
<b>Capital Stock and Surplus:</b>		
Capital stock:		
Preferred, no par value, stated value \$100 per share (authorized, 6,000,000 shares; issued, 1,875,366 shares of \$5 series; less in treasury, 39,722 shares; outstanding, 1,835,644 shares)	\$ 183,564,400	\$ 183,564,400
Common, \$10 par value (authorized, 75,000,000 shares; issued, 1944, 11,104,310 shares)	441,043,400	441,043,400
<b>Total Capital Stock</b>	<b>\$ 624,607,800</b>	<b>\$ 624,607,800</b>
Capital surplus	31,850,276	34,841,168
Earned surplus	644,613,514	614,859,270
<b>Total Capital Stock and Surplus</b>	<b>\$1,304,071,620</b>	<b>\$1,274,308,238</b>
<b>TOTAL LIABILITIES, RESERVES, AND CAPITAL</b>	<b>\$2,182,609,504</b>	<b>\$2,264,718,441</b>

# Notes To Financial Statements

## Renegotiation of War Material Contracts

Under the Renegotiation Act, profits on war material contracts are subject to renegotiation. Settlement was made for the year 1943 subsequent to the issuance of the financial statements for that year. The amount refunded under the final renegotiation settlement for 1943 was the same as the amount provided in 1943 under the Corporation's profit limitation policy (see page 32). Information relative to 1944 operations is being furnished to the War Department Price Adjustment Board pursuant to its requirements but it has not been possible as yet to conclude discussions as to the amount to be refunded. Under these circumstances, provision for refund in connection with such renegotiation has been made for the year 1944 on the basis of the Corporation's profit limitation policy. While in the opinion of the management the amount provided for renegotiation refund for the year 1944 is fair and reasonable, it is at present impossible to determine the amount to be refunded.

## Notes to Summary of Consolidated Income

### RENEGOTIATION OF WAR MATERIAL CONTRACTS:

Reference should be made to the above note.

### OTHER INCOME:

Other income is after sundry income deductions of \$8,827,891 in 1944 and \$7,610,519 in 1943.

### EMPLOYEES BONUS:

In addition to the amount provided under the Corporation's Bonus Plan in 1944, an amount of \$10,400 was provided for bonus by a foreign subsidiary having a separate bonus plan, which amount has been charged to sundry income deductions.

### INCOME FROM FOREIGN SOURCES:

Profits realized abroad during 1944 which were not remitted to the United States from certain countries where exchange restrictions exist have been excluded from net income. The amount so excluded, less remittances during the year applicable to profits previously deferred, was \$3,269,983. For further information regarding income from foreign sources, see page 33.

## Note to Summary of Consolidated Surplus

Earned surplus includes \$40,146,405 at December 31, 1944 and \$39,858,144 at December 31, 1943 for net earned surplus of subsidiaries not consolidated; also \$1,679,467 at December 31, 1944 and 1943 for earned surplus of companies in which a substantial but not more than 50% interest is held.

## Notes to Condensed Consolidated Balance Sheet

### CASH:

Cash of \$21,724,437 at December 31, 1944 and \$22,900,539 at December 31, 1943 held by the Corporation for employes' war savings bond purchases and income taxes withheld, and the contra liabilities therefor, are not included in the balance sheet.

### ACCOUNTS RECEIVABLE:

At December 31, 1944, accounts receivable—United States Government include \$68,002,029, and other accounts receivable include \$1,329,708, for claims pending on terminated war contracts and for costs incurred on such contracts for which claims will be filed. Receivables for pending claims include the estimated profit which is credited to deferred income until settlement of the claim.

Other accounts receivable and notes receivable include \$3,876,288 at December 31, 1944 and \$988,418 at December 31, 1943 of current receivables from subsidiary companies not consolidated; and \$60,276 at December 31, 1944 and \$58,394 at December 31, 1943 of receivables from officers and employes.

### INVENTORIES:

The Corporation's practice of taking physical inventories at all locations during the year was followed in 1944 except that at a few plants, because of the urgency of war production schedules, it was not practicable to do so completely. More than 95% of the aggregate value of the inventories at December 31, 1944 is based upon physical inventories taken at some time during the year.

### MISCELLANEOUS ASSETS:

Miscellaneous assets at December 31, 1943 include \$17,587,331 representing the postwar refund based on United States excess profits taxes payable for 1943. In lieu of the right to receive this postwar refund of excess profits taxes the Corporation was able to reduce its liability for such taxes by a debt retirement credit, which was available as a result of the Corporation's election, subsequent to the issuance of the financial statements for 1943, to file its United States income and excess profits tax returns for 1943 on a consolidated basis. At December 31, 1944 the corresponding deduction from 1944 United States excess profits taxes has also been applied as a debt retirement credit directly against the related tax liability.

### FOREIGN INVESTMENTS:

For information regarding the Corporation's foreign investments, see page 36.

### CONTINGENT LIABILITIES:

There are various claims against the Corporation and its consolidated subsidiaries in respect to sundry taxes, suits, patent infringements and other matters incident to the ordinary course of business, together with other contingencies. There is no way of determining the amount for which these claims may eventually be settled but, in the opinion of management and counsel, amounts included in other liabilities and reserves on the books of the Corporation and its consolidated subsidiaries are adequate to cover all settlements that may be made.

The Corporation has certain war material contracts which contain price redetermination provisions and some contracts which provide for reimbursement of cost and expense after Government audit. In the opinion of management, adequate effect has been given in the accounts to the requirements of such contracts, and such further adjustments as may be required in connection with final settlements will be relatively inconsequential.

Reference should also be made to the note on renegotiation of war material contracts on this page.

## GENERAL MOTORS CORPORATION AND CONSOLIDATED SUBSIDIARIES

**Investments and Miscellaneous Assets**

DECEMBER 31, 1944 AND 1943

	<u>Dec. 31, 1944</u>	<u>Dec. 31, 1943</u>
<b>Investments in Subsidiary Companies Not Consolidated:</b>		
Wholly owned companies carried at net worth as shown by the books of the companies:		
General Motors Acceptance Corporation (see Note A).....	\$ 91,081,909	\$ 91,032,121
General Exchange Insurance Corporation.....	15,312,240	14,890,170
Yellow Manufacturing Acceptance Corporation.....	6,220,716	6,269,602
Other.....	2,390,517	1,513,286
Subsidiary companies carried at cost adjusted to include the Corporation's proportion of undivided profits or losses since acquisition:		
Vauxhall Motors Limited (see Note B).....	13,617,621	14,397,678
Automobile dealerships held by Motors Holding Division.....	2,727,656	2,942,801
Other.....	<u>2,347,503</u>	<u>3,439,157</u>
<b>Total Investments in Subsidiary Companies Not Consolidated.....</b>	<b><u>\$133,698,162</u></b>	<b><u>\$134,484,815</u></b>
<b>Other Investments:</b>		
Companies which are carried at cost adjusted to include the Corporation's proportion of undivided profits or losses at December 31, 1935, and net decreases in its equities since that date or net recoveries of losses absorbed to that date:		
Ethyl Corporation.....	\$ 20,083,833	\$ 19,492,033
Bendix Aviation Corporation.....	12,273,021	12,273,021
North American Aviation, Inc.....	4,510,611	4,510,611
Kinetic Chemicals, Inc.....	2,122,618	1,632,618
National Bank of Detroit common stock (at cost).....	6,375,000	6,375,000
GM Shares, Inc. common stock.....	394,408	394,408
Other.....	<u>6,607,500</u>	<u>5,675,300</u>
<b>Total Other Investments.....</b>	<b><u>\$ 52,366,991</u></b>	<b><u>\$ 50,352,991</u></b>
<b>Miscellaneous Assets:</b>		
Postwar refund of United States excess profits taxes.....	\$ 1,328,513	\$ 20,173,742
Properties, land contracts and mortgages held by housing divisions (less reserves, 1944 and 1943, \$3,005,783).....	553,788	1,963,950
Cash in excess of operating needs subject to exchange restrictions in foreign countries..	3,031,402	2,653,288
Other.....	<u>4,130,616</u>	<u>2,681,433</u>
<b>Total Miscellaneous Assets.....</b>	<b><u>\$ 9,044,319</u></b>	<b><u>\$ 27,472,413</u></b>
<b>TOTAL INVESTMENTS AND MISCELLANEOUS ASSETS.....</b>	<b><u>\$195,109,472</u></b>	<b><u>\$212,310,219</u></b>

## NOTES:

- (A) The consolidated balance sheet of General Motors Acceptance Corporation is shown on page 47 of this report.  
 (B) No effect has been given to the undistributed earnings of Vauxhall Motors Limited since December 31, 1939.

**HASKINS & SELLS**

CERTIFIED PUBLIC ACCOUNTANTS

67 BROAD STREET  
NEW YORK

March 17, 1945.

**GENERAL MOTORS CORPORATION:**

*We have examined the Condensed Consolidated Balance Sheet of General Motors Corporation and consolidated subsidiaries as of December 31, 1944 and 1943, and the related Summaries of Consolidated Income and Surplus for the years ended those dates, have reviewed the accounting procedures of the companies, and have examined their accounting records and other evidence in support of such financial statements. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all auditing procedures we considered necessary, which procedures were applied by tests to the extent we deemed appropriate in view of the systems of internal control; it was not practicable to confirm receivables from the United States Government but we have satisfied ourselves with respect to such receivables by means of other auditing procedures.*

In our opinion, the accompanying Condensed Consolidated Balance Sheet and related Summaries of Consolidated Income and Surplus fairly present, when considered in the light of the circumstances relating to the renegotiation of war contracts for the year 1944 as set forth in a note to the financial statements, the consolidated financial condition of the companies at December 31, 1944 and 1943, and the results of their operations for the years ended those dates, in conformity with generally accepted accounting principles and practices applied on a basis consistent with that of the preceding year.

HASKINS & SELLS

**Consolidated Balance Sheet**

DECEMBER 31, 1944

**ASSETS**

<b>Current Assets:</b>	
Cash (Note A).....	\$ 16,374,490
United States Government Securities—at cost.....	46,500,000
Notes and Bills Receivable (including instalments of \$1,508,538 maturing in 1946 and \$302,820 thereafter) (Notes A and B).....	\$43,194,039
<b>Deductions:</b>	
Unearned Income.....	\$ 1,368,066
Reserve for Losses on Notes and Bills Receivable.....	1,405,393
Total Deductions.....	\$ 2,773,459
Notes and Bills Receivable, Less Deductions.....	40,420,580
Accounts Receivable.....	488,364
<b>Total Current Assets</b> .....	<b>\$103,783,434</b>
Claim in Connection with Adjustment of United States Income and Excess Profits Taxes Paid for Year 1941.....	2,937,688
<b>Investments:</b>	
Wholly Owned Subsidiaries not Consolidated (carried at net worth as shown by the books of the subsidiaries):	
Motors Insurance Corporation.....	\$ 4,969,570
General Exchange Corporation.....	9,157
Other.....	19,550
Company Automobiles, Less Depreciation.....	165,587
Deferred Charges.....	72,537
<b>Total</b> .....	<b>\$111,957,523</b>

**LIABILITIES, CAPITAL STOCK AND SURPLUS**

<b>Current Liabilities:</b>	
Notes and Bank Loans Payable (Note A).....	\$ 1,580,397
<b>Accounts Payable:</b>	
Due General Motors Corporation and Other Affiliated Companies.....	\$ 2,559,171
Credit Certificates Issued to Customers under Military Service Repurchase Plan.....	625,500
Other.....	328,701
<b>Accrued Liabilities:</b>	
United States and Other Taxes.....	\$ 699,152
Interest.....	14,583
Dealers' Repossession Loss Reserves.....	2,718,689
<b>Total Current Liabilities</b> .....	<b>\$ 8,526,193</b>
<b>Long-Term Debt:</b>	
1 $\frac{3}{4}$ % Serial Debentures, due May 1, 1946 to 1950.....	\$ 5,000,000
Ten-Year 7% Mexican Peso Commercial Bonds, due July 20, 1951 (Note A).....	30,930
<b>Reserves:</b>	
For Contingencies.....	\$ 5,000,000
Other.....	2,318,491
<b>Capital Stock and Surplus:</b>	
Capital Stock—\$100 par, authorized and outstanding, 500,000 shares.....	\$50,000,000
Paid-In Surplus.....	11,250,000
Earned Surplus.....	8,750,000
Undivided Profits.....	21,081,909
<b>Total</b> .....	<b>\$111,957,523</b>

**NOTES:**

(A) Notes and Bills Receivable of \$463,634 were pledged as collateral against bank borrowings amounting to \$68,511 in countries other than the United States and Canada. In addition, Cash of \$1,546 and Notes and Bills Receivable of \$425,444 were pledged as collateral against Ten-Year 7% Mexican Peso Commercial Bonds amounting to \$30,930.

(B) Included in Notes and Bills Receivable are amounts—United States, \$324,790 and Canada, \$17,193—representing notes due from dealership companies affiliated with General Motors Corporation. There are also included amounts—United States, \$2,345,459 and Canada, \$66,114—representing notes guaranteed by General Motors Corporation or affiliated dealership companies.



## Record of Sales, Net Income and Dividends

Net sales, net income, amount paid in dividends and the amount reinvested in the business since the beginning of the present General Motors Corporation of Delaware are shown in the following table. Net income and amount reinvested in the business beginning with 1922 include General Motors Corporation's equity in earnings (net) of subsidiary companies not consolidated.

Year Ended Dec. 31	Net Sales	Net Income	Preferred Dividends	Amount Earned on Common Capital Stock	Cash Dividends Paid on Common Stock	% Income Disbursed in Cash Dividends on Preferred and Common Stocks	Income Reinvested in the Business
1917§	\$ 96,295,741	\$ 11,294,482	\$ 491,890	\$ 13,802,592	\$ 2,294,199	19.5%	\$ 11,508,393
1918	269,796,829	14,825,530	1,920,467	12,905,063	11,237,310	88.8	1,667,753
1919	509,676,694	60,005,484	4,212,513	55,792,971	17,324,541	35.9	38,468,430
1920	567,320,603	37,750,375	5,620,426	32,129,949	17,893,289	62.3	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	30.5	37,868,148
1923	698,038,947	72,008,955	6,887,371	65,121,584	24,772,026	44.0	40,349,558
1924	568,007,459	51,623,490	7,272,637	44,350,853	25,030,632	62.6	19,320,221
1925	734,592,592	116,016,277	7,639,991	108,376,286	61,935,221	60.0	46,441,065
1926	1,058,153,338	186,231,182	7,645,287	178,585,895	103,930,993	59.9	74,654,902
1927	1,269,519,673	235,104,826	9,109,330	225,995,496	134,836,081	61.2	91,159,415
1928	1,459,762,906	276,468,108	9,404,756	267,063,352	165,300,002	63.2	101,763,350
1929	1,504,404,472	248,282,268	9,478,681	238,803,587	156,600,007	66.9	82,203,580
1930	983,375,137	151,098,992	9,538,660	141,560,332	130,500,002	92.7	11,060,330
1931	808,840,723	96,877,107	9,375,899	87,501,208	130,500,001	144.4	† 42,998,793
1932	432,311,868	164,979	9,206,387	*9,041,408	53,993,330	—	† 68,034,738
1933	569,010,542	83,213,676	9,178,845	74,034,831	53,826,355	75.7	20,208,476
1934	862,672,670	94,769,131	9,178,220	85,590,911	64,443,490	77.7	21,147,421
1935	1,155,641,511	167,226,510	9,178,220	158,048,290	96,476,748	63.2	61,571,542
1936	1,439,289,940	238,482,425	9,178,220	229,304,205	192,903,299	84.7	36,400,906
1937	1,606,789,841	196,436,598	9,178,220	187,258,378	160,549,861	86.4	26,708,517
1938	1,066,973,000	102,190,007	9,178,220	93,011,787	64,386,421	72.0	28,625,366
1939	1,376,828,337	183,290,222	9,943,072	173,347,150	150,319,682	87.0	23,027,468
1940	1,794,936,642	195,621,721	9,178,220	186,443,501	161,864,924	87.4	24,578,577
1941	2,436,800,977	201,652,508	9,178,220	192,474,288	162,608,296	85.2	29,865,992
1942	2,250,548,859	163,651,588	9,178,220	154,473,368	86,992,295	58.8	67,481,073
1943	3,796,115,800	149,780,088	9,178,220	140,601,868	87,106,758	64.3	53,495,110
1944	4,262,249,472	170,995,865	9,178,220	161,817,645	132,063,371	82.6	29,754,274

The net income and dividends paid per share of present \$10 par value common stock (outstanding since 1929) for 1929 and subsequent years have been as follows:

Year	Net Income Per Share	Dividends Paid	Year	Net Income Per Share	Dividends Paid
1929	\$5.49	\$3.60	1937	\$4.38	\$3.75
1930	3.25	3.00	1938	2.17	1.50
1931	2.01	3.00	1939	4.04	3.50
1932	*.21	1.25	1940	4.32	3.75
1933	1.72	1.25	1941	4.44	3.75
1934	1.99	1.50	1942	3.55	2.00
1935	3.69	2.25	1943	3.23	2.00
1936	5.35	4.50	1944	3.68	3.00

NOTE: General Motors Corporation of Delaware was incorporated October 13, 1916, succeeding General Motors Company of New Jersey, organized September 16, 1908.

§ 5 months ended December 31, 1917.

\* Deficit.

† Decrease in surplus.

‡ Preferred dividend in 1939 includes \$764,852 for an additional month's accrual to provide for the full amount of the dividend payable February 1, 1940.

## Payrolls

## Employees

1935... \$327,677,624	1940... \$ 492,246,017	1935... 211,712	1940... 249,386
1936... 384,153,022	1941... 669,714,870	1936... 230,572	1941... 303,827
1937... 460,451,744	1942... 859,314,062	1937... 261,977	1942... 314,144
1938... 300,825,930	1943... 1,321,999,829	1938... 189,039	1943... 448,848
1939... 386,292,203	1944... 1,380,032,467	1939... 220,434	1944... 465,617

The combined annual payrolls, including salaries and wages, and average number of employes for the past ten years for General Motors Corporation, General Motors Acceptance Corporation, General Exchange Insurance Corporation and other wholly owned subsidiaries, but excluding two foreign manufacturing subsidiaries, are shown above.

## Unit Sales of Cars and Trucks

Year	Unit Sales to Dealers in the United States and Canada, Including Overseas Shipments			Unit Sales of Foreign Manufac- turing Subsidiaries*		Total Unit Sales from All Sources
	Passenger Cars	Trucks	Total	Passenger Cars	Trucks	
1935.....	1,324,858	239,394	1,564,252	116,166	35,270	1,715,688
1936.....	1,599,777	266,812	1,866,589	120,020	51,081	2,037,690
1937.....	1,646,308	282,473	1,928,781	132,207	55,909	2,116,897
1938.....	930,301	177,706	1,108,007	149,244	50,498	1,307,749
1939.....	1,284,895	257,881	1,542,776	126,893	57,417	1,727,086
1940.....	1,748,210	277,133	2,025,343	*	*	*
1941.....	1,864,067	393,057	2,257,124			
1942.....	101,042	200,448	301,490			
1943.....	708	151,838	152,546			
1944.....	79	278,460	278,539			

\*Data subsequent to 1939 not available.

The above table shows unit sales of General Motors passenger cars and trucks to dealers in the United States and Canada, including sales to governmental agencies and overseas shipments to assembly plants and warehouses; sales by foreign manufacturing subsidiaries; and total unit sales from all sources for 1935 and subsequent years. Unit sales of GMC Truck & Coach Division are included beginning October 1, 1943.

## *Bonus Plan*

### Provisions of Bonus Plan Relating to Computation of Amount of Credit to Bonus Reserve

The Corporation shall maintain a bonus reserve, to which shall be credited for each year an amount which the independent public accountants of the Corporation determine and report to be 10% of the net earnings after deducting 7% on net capital, but not in excess of the amount paid out as dividends on the common stock of the Corporation during that year, all as hereinafter provided, except that for any year the Bonus and Salary Committee may in its discretion direct that a lesser amount be credited.

The term "net earnings" shall mean Net Income for the Year (which is after provision for bonus) plus the amount of such provision for bonus, all as shown on the Summary of Consolidated Income of General Motors Corporation and Consolidated Subsidiaries (certified by the independent public accountants and contained in the Corporation's annual report to stockholders).

The term "net capital" shall mean Total Capital Stock and Surplus, less any treasury stock (except that held in the special account designated for bonus purposes), as shown on the Condensed Consolidated Balance Sheet of General Motors Corporation and Consolidated Subsidiaries (certified by the independent public accountants and contained in the Corporation's annual report to stockholders) as of the end of the year preceding the year for which the net earnings are taken, plus or minus an allowance for any change, based on the period of such change, in capital and surplus during the year from newly issued or finally retired capital stock of the Corporation, except treasury stock already deducted as of the end of the preceding year.

### Computation of Amount of Credit to Bonus Reserve for 1944

The amount of the credit to the bonus reserve for 1944 was \$9,088,254. This was the amount which the independent public accountants determined to be 10% of the net earnings after deducting 7% on net capital:

Net income for the year as shown on the Summary of Consolidated Income, page 40..	\$ 170,995,865
Add provision for bonus.....	<u>9,088,254</u>
Net earnings.....	\$ 180,084,119
Less 7% on net capital (see below).....	<u>89,201,577</u>
Portion of net earnings upon which credit to bonus reserve was computed.....	\$ <u>90,882,542</u>
Credit to bonus reserve—10% of net earnings after deducting 7% on net capital.....	<u>\$ 9,088,254</u>

#### Computation of 7% on Net Capital:

Total Capital Stock and Surplus at December 31, 1943 as shown on the Condensed Consolidated Balance Sheet, page 43.....	\$1,274,308,238
7% on net capital.....	<u>\$ 89,201,577</u>

### Bonus Awards

A record of the awards made under the General Motors Bonus Plan from 1937 through 1943 follows:

Year	Total Number of Bonus Awards	Cash Awarded	Number of Shares of Common Stock Awarded
1937.....	10,178	\$ 487,197	251,224
1938.....	4,396	283,161	80,548
1939.....	10,036	300,248	234,450
1940.....	10,411	342,212	224,598
1941.....	10,334	188,484	243,876
1942.....	4,042	267,640	160,730
1943.....	3,983	3,035,761	81,006

Bonus awards for 1944 have not yet been determined.

***General Motors  
Units Active  
in the War***

AC SPARK PLUG DIVISION

AEROPRODUCTS DIVISION

ALLISON DIVISION

BROWN-LIPE-CHIAPIN DIVISION

BUICK MOTOR DIVISION

CADILLAC MOTOR CAR DIVISION

CHEVROLET MOTOR DIVISION

CLEVELAND DIESEL ENGINE DIVISION

DELCO APPLIANCE DIVISION

DELCO PRODUCTS DIVISION

DELCO RADIO DIVISION

DELCO-REMY DIVISION

DETROIT DIESEL ENGINE DIVISION

DETROIT TRANSMISSION DIVISION

DIESEL EQUIPMENT DIVISION

EASTERN AIRCRAFT DIVISION

ELECTRO-MOTIVE DIVISION

FISHER BODY DIVISION

FRIGIDAIRE DIVISION

GENERAL MOTORS INSTITUTE

GENERAL MOTORS OF CANADA, LTD.

G. M. OVERSEAS OPERATIONS DIVISION

GENERAL MOTORS PARTS DIVISION

GENERAL MOTORS PROVING GROUND

GMC TRUCK & COACH DIVISION

GUIDE LAMP DIVISION

HARRISON RADIATOR DIVISION

HYATT BEARINGS DIVISION

INLAND MANUFACTURING DIVISION

THE MCKINNON INDUSTRIES, LTD.

MORAINÉ PRODUCTS DIVISION

NEW DEPARTURE DIVISION

OLDSMOBILE DIVISION

PACKARD ELECTRIC DIVISION

PONTIAC MOTOR DIVISION

RESEARCH LABORATORIES DIVISION

ROCHESTER PRODUCTS DIVISION

SAGINAW MALLEABLE IRON DIVISION

SAGINAW STEERING GEAR DIVISION

TERNSTEDT MANUFACTURING DIVISION

UNITED MOTORS SERVICE DIVISION

# *General Motors Builds for War—*

ALLISON AIRCRAFT ENGINES

TANK DESTROYERS

NAVY FIGHTER AND BOMBER PLANES

PRATT & WHITNEY AIRPLANE ENGINES

ARMY TRUCKS OF MANY KINDS AND SIZES

BALL AND ROLLER BEARINGS FOR ALL TYPES OF  
WAR EQUIPMENT

DIESEL ENGINES FOR TANKS, TRACTORS, SHIPS,  
LOCOMOTIVES AND AUXILIARY USES

ANTI-AIRCRAFT GUNS AND GUN MOUNTS

TANKS

AMPHIBIOUS TRUCKS

CARTRIDGE CASES

TANK GUNS AND GUN MOUNTS

MILITARY LOCOMOTIVES

BOMBER PARTS AND SUBASSEMBLIES

GYROSCOPES

AIRPLANE AUTOMATIC PILOTS

ANTI-TANK GUNS

BOMB SIGHTS

ROCKET BOMBS

ELECTRICAL EQUIPMENT FOR AIRPLANES, SHIPS,  
TANKS AND TRUCKS

SHOT AND SHELL

HIGH EXPLOSIVE ROCKET SHELLS

SPARK PLUGS FOR PLANES, TANKS AND TRUCKS

BATTERIES AND WIRING EQUIPMENT FOR PLANES,  
TANKS AND TRUCKS

RADAR EQUIPMENT

CARBINES

MACHINE GUNS AND SUBMACHINE GUNS

RADIO RECEIVERS AND TRANSMITTERS

WALKY-TALKY EQUIPMENT

AIRPLANE PROPELLERS

NAVAL GUN BREECH HOUSINGS AND GUN MOUNTS

GYRO GUN SIGHTS

AIRCRAFT CANNON

GUN CONTROL EQUIPMENT

GUN MOTOR CARRIAGES

TRUCK AND TANK ENGINES

INSTRUMENT PANELS FOR TANKS AND TRUCKS

MAGNESIUM CASTINGS

AIRPLANE LANDING-GEAR STRUTS, HYDRAULIC CONTROLS,  
FUEL PUMPS AND OTHER EQUIPMENT

TANK TRACKS

ALUMINUM ENGINE CASTINGS AND FORGINGS

TANK AND TRUCK TRANSMISSIONS

ARMASTEEL CASTINGS FOR TANKS, TRUCKS AND GUNS

AERIAL TORPEDOES

TORPEDO DIRECTORS

RADIATORS, OIL COOLERS AND HEAT EXCHANGERS

*—And Many Other Products*

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