



1943

ANNUAL REPORT

GENERAL MOTORS

C O R P O R A T I O N

35TH
ANNUAL REPORT
OF
GENERAL MOTORS
CORPORATION

FOR THE YEAR ENDED

DECEMBER 31, 1943

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DONALDSON BROWN, *Vice-Chairman*

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HENRY F. DU PONT	LORD McCOWAN	CHARLES E. WILSON

*Deceased, January 22, 1944

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MEYER L. PRENTIS, *Treasurer*

ANTHONY C. ANDERSON, *Comptroller*

LISLE R. BEARDSLEE, *Secretary*

TRANSFER OFFICES

BROADWAY AT 57TH STREET, 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.

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★ ANNUAL STOCKHOLDERS' MEETING

The annual stockholders' meeting is scheduled to be held on May 23, 1944, 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 15, 1944, at which time proxies for use at this meeting will be requested.

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 of 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 is broad in scope and extends to such general factors as may influence General Motors opportunity for constructive accomplishment, affecting not only the direct interests of the stockholders but the contribution of the business to the general welfare as well. It embraces various forces that develop within the economic area, whether adopted by management or imposed by action of Government. The management has endeavored to discharge this obligation fully.



In wartime there must necessarily be certain temporary departures from the usual form of these factual presentations. Under war restrictions the management is limited in what it is permitted to disclose as to various activities. This applies specifically to the nature and quantity of the war products the Corporation is making. The report for 1943 is on a war basis but it gives as fully as possible a record of the year's operations.



The material submitted at this time supplements that contained in the periodic reports for each of the first three quarters of 1943 and summarizes the pertinent information for the full year from a statistical, financial and policy standpoint. The Corporation's Annual Reports for 1942 and 1943 together provide a permanent record of the problems and accomplishments of General Motors in the first two years of the nation's participation in this global war.

1943 Report in Brief—

- ★ Deliveries of war products by General Motors totaled more than \$3½ billion in 1943, an 87% increase over 1942. War output at year end exceeded \$12 million a day.
- ★ Aviation items now account for more than 40% of the dollar volume of General Motors war material deliveries.
- ★ Net income for the year amounted to \$150 million, compared with \$164 million in 1942 and \$202 million in 1941. Net income per share of common stock was \$3.23 in 1943, \$3.55 in 1942 and \$4.44 in 1941.
- ★ Dividends totaling \$87 million were paid on common stock in each of the years 1943 and 1942, compared with payments of \$163 million in the prewar year of 1941. Dividends per share of common stock were \$2.00 per year in 1943 and 1942 and \$3.75 in 1941.
- ★ Employment reached an all-time peak averaging 448,848 for the year, compared with 314,144 in 1942. Total wage and salary payments were \$1,322 million in 1943, compared with \$859 million in 1942.
- ★ Hourly-rate employes in U. S. plants averaged 328,808 in 1943, compared with 221,401 in 1942. Proportion of women workers increased from 9.5% at the end of 1941 to 30.7% at the end of 1943. Wages paid to hourly-rate employes in the U. S. totaled \$981 million in 1943, compared with \$632 million in 1942; an average of \$2,985 per employe in 1943 and \$2,855 per employe in 1942.
- ★ Employes in U. S. plants worked an average of 46.6 hours per week in 1943, compared with 45.5 hours in 1942. Weekly earnings of these hourly-paid workers were \$57.40 in 1943 and \$54.91 in 1942.

★ General Motors war contracts cover more than 2,300 separate war items ranging from tiny ball bearings to 30-ton tanks. They include airplanes—airplane engines, instruments and equipment—shell and shell cases—aerial torpedoes—Diesel engines for tanks, tractors and ships—guns, aircraft cannon—trucks and amphibious vehicles—and many other products for the Army and Navy.

★ Flags representing 43 Army-Navy "E" awards are flown by GM plants.

★ General Motors is working with almost 19,000 subcontractors and suppliers over the country in its war production program. A special study of the 4,713 suppliers of fabricated parts shows that 74% are firms employing less than 500 persons.

★ During the year an average of over 95% of employes were buying Series E War Savings Bonds through the War Savings Plan. Payroll deductions and cash payments amounted to more than 10% of payrolls. The average monthly purchases of these bonds had a maturity value of \$14.5 million.

★ General Motors employes submitted 123,000 suggestions for improving production or working conditions during 1943. Acceptances totaled 25,400. Awards amounted to \$955,000 and were paid in war bonds and stamps.

★ Nearly 86,000 GM men and women have entered the armed forces of the United States. By the end of 1943 more than 10,000 veterans of the present war had been given employment by General Motors. Nearly one half of them were employes of the Corporation who had been on military leave of absence; the remainder were veterans who never before had worked for General Motors.

★ By the end of 1943 more than 38,000 soldiers and sailors had been trained in repair and maintenance work at GM War Products Field Service schools.

★ During the year more than 200,000 new employes were trained for war work by GM divisions. Enrollment in management courses for supervisors totaled 21,500. Training activities of the General Motors Institute increased 25% over the previous year.

★ Despite new products and processes the safety and health record of the Corporation was excellent.



Manufacturing

The manufacturing processes of American industry have been an important factor in the mounting weight of matériel behind the Allied offensive. General Motors manufacturing plants at the end of 1943 were turning out war materials at a rate of more than \$12,000,000 daily.

A Wartime Operating Review

THIS REPORT to stockholders for the year 1943 presents the results of the operations of General Motors during one of the most critical periods in the history of the nation. It is in that sense a continuation of the 1942 Report. Combined, the two reports provide a comprehensive record of the problems that have faced the Corporation and the manner in which its truly great responsibility has been discharged, not only in the conversion period from peace to war but in support of the war itself.

On all battle fronts the increasing power and momentum of the United Nations have swung the tide of battle toward ultimate victory. At home, industry has effectively geared itself to volume production of the war materials essential for the support of our men in the armed forces. The overwhelming superiority in weapons and equipment now possessed by the United Nations is a result to a very considerable degree of the experience, the know-how and the energy of American industry.

War Production Reaches New Peak

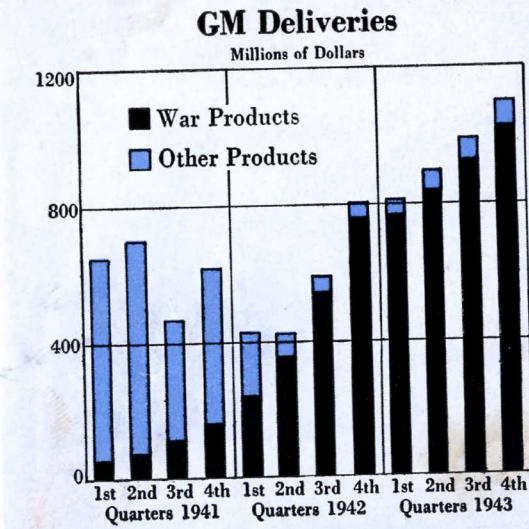
The year 1942 brought problems of converting from a peacetime to a wartime economy. The year 1943 was characterized by an unprecedented production of war materials and by a great expansion in the size and importance of that segment of the economy devoted to war. Never before has industrial activity in this country even approached the levels attained in 1943. Never before has there been such an intensification of effort toward a single objective—and one not in any way connected with the peacetime pursuits of the people. The WPB index shows that munitions production in the United States increased about 80% over that of the previous year, despite some limitations of capacity, materials and manpower as well as many interruptions and changes within the production pro-

gram necessitated by tactical demands and by shifts in military requirements. On the one hand, so great was the momentum of military production that before the end of the year schedules in some categories had to be reduced. On the other hand, expansion of production on most types of materials was being energetically pushed throughout the year.

During the year expanded national output resulted in substantial increases in employment and wage payments and in a further increase in the aggregate income of individuals. National income payments aggregated \$92 billion in 1941. They rose to \$116 billion in 1942. They are estimated at \$142 billion for 1943.

General Motors War Production Program

In General Motors, plans developed at the beginning of the national defense program and subsequently revised to meet all out war requirements laid the foundation for a rapid and effective transition from

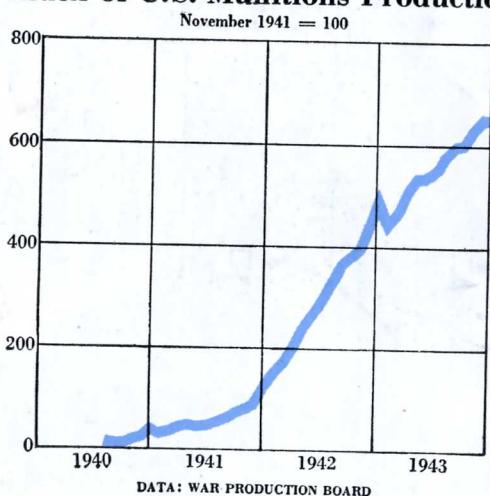


quantity production of automobiles and other peacetime products to the quantity production of intricate war matériel. The greater part of the retooling, expansion and conversion of physical facilities to war production was completed during 1942. Despite the conversion activity, total deliveries in 1942 were almost as high as in the peak volume year of 1941. In 1943 it became possible, while carrying on development work on war products, to concentrate the efforts of the organization almost entirely on production itself, so that deliveries of war materials for the year reached a new high point. By the last quarter of 1943 deliveries exceeded \$12 million a day.

1943 GM War Deliveries Exceed \$3,500,000,000

Even at the time of Pearl Harbor, General Motors was delivering daily more than \$2 million worth of war materials. Following the United States' entry into the war the conversion of the organization's facilities to a full war basis was carried forward rapidly and aggressively. The organization structure was adjusted to meet the exigencies of an entirely new business. Management and supervisory personnel were called upon continually to undertake new and unfamiliar assignments and at the same time to expand volume on urgently needed items already in production. Facilities were set up and thousands of employees, including thousands of additional new employees, were trained in the specialized requirements of war work.

Index of U.S. Munitions Production



In 1943 General Motors delivered war materials in the amount of \$3,546,684,598. This compares with \$1,898,195,445 in 1942, an increase of 87%.

War products represented about 93% of the total sales in 1943. The remainder was made up of various products authorized as contributing to the war economy. Deliveries for 1943 and 1942 are shown in the following table:

DELIVERIES	1943	1942
War material products.....	\$3,546,684,598	\$1,898,195,445
Other products.....	249,431,202	352,353,414
TOTAL NET SALES.....	\$3,796,115,800	\$2,250,548,859

The rise in the physical volume of war material production is even greater than is indicated by the dollar figures, since unit prices were reduced during the year. From the beginning it has been General Motors policy to reduce prices on war materials as soon as it became possible through cost savings realized, as experience was acquired and volume expanded.

Peacetime Experience A War Asset

War production planning in General Motors has had one basic objective—the fullest possible use not only of its plant and equipment but also of the manufacturing experience, technical skills and management know-how developed through the years in the large-scale manufacture of automobiles and other metal fabricated peacetime products. It was recognized that the techniques and know-how of the organization represented an even more important asset than the physical plant. The adaptation of its experience to the production of the intricate and highly technical items required in modern warfare was regarded as the most important war contribution General Motors could make. For this reason contracts were sought for the more complex and difficult products. The experience and skills of the research, engineering and manufacturing groups were focused on producing quality products in quantity and as quickly as was demanded by the war urgency.

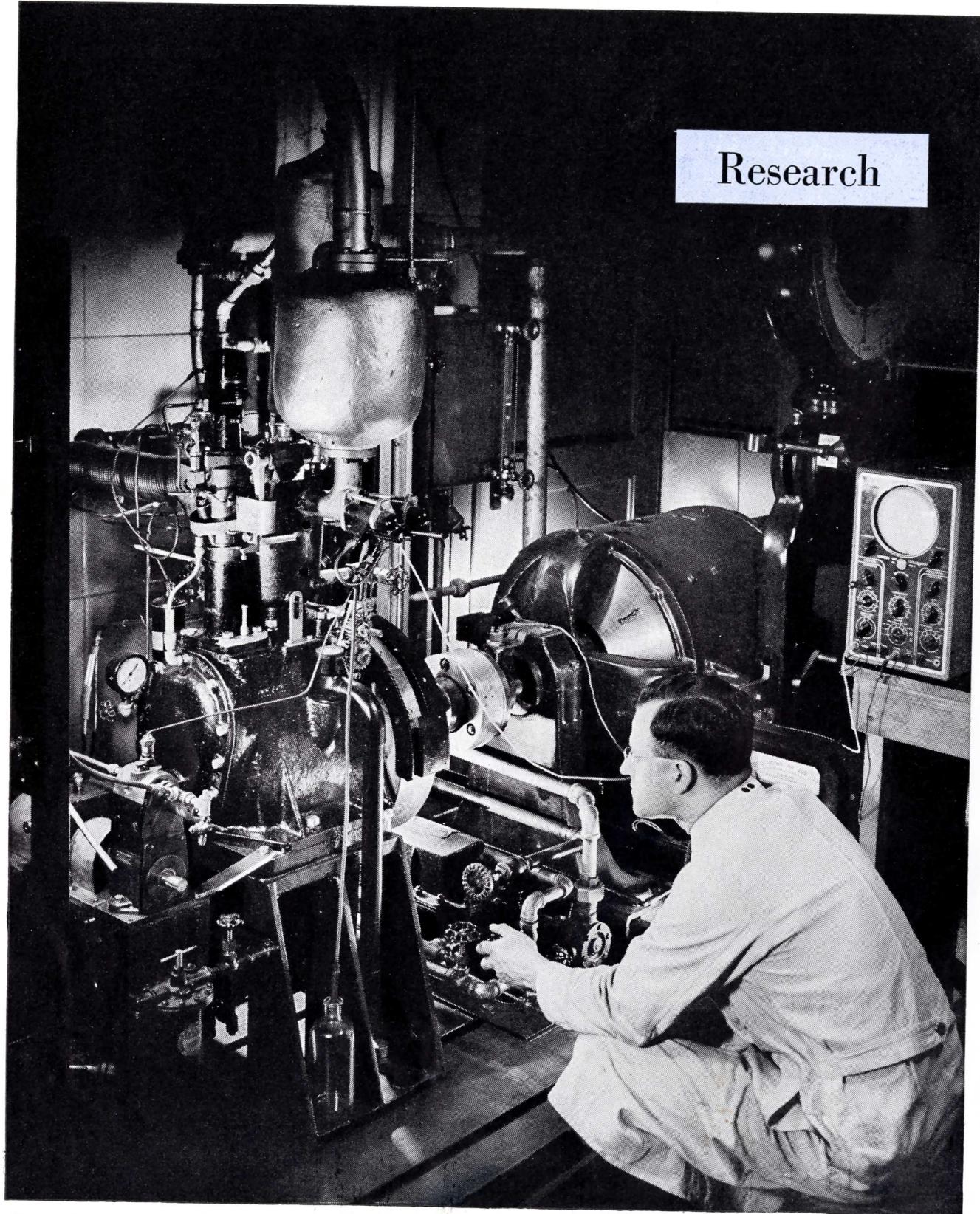
The magnitude of the problems which confronted the management is emphasized by the fact that approximately three quarters of General Motors' huge war production consists of products which involved original designing, the adaptation of standard designs



Planning

Upon the planning function of management depend efficient and successful operations in all phases of industrial activity. Volume production in war as in peace requires long and detailed planning by experienced staffs.

Research



Research is an organized effort to acquire new information. GM peacetime research in fuels, transmissions, aircraft engines, Diesel power and other fields has proved invaluable in war. During the war research has concentrated on war problems.

or major changes in designs by others. These were undertaken in cooperation with the armed forces and with other manufacturers who in many cases had been responsible for the initial designs. Frequently, on specific items other companies have been able to make use of such developments and also of GM process improvements with results quite as important to the war effort as those accruing in connection with General Motors' own output of those items. Similarly General Motors has benefited materially from design changes and process improvements of other companies.

In addition to developing new products and improving the design of existing ones, General Motors engineers, by design and manufacturing changes, have effected important savings in materials, machines and manpower.

Army-Navy "E" Awards

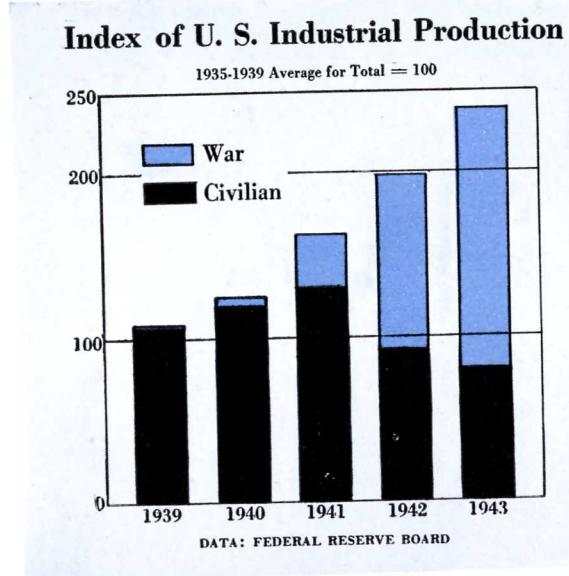
In recognition of their achievements General Motors plants fly flags representing 43 Army-Navy "E" awards for excellence in production.

GM Operations In Canada and Overseas

General Motors facilities in Canada are being utilized effectively in the mounting offensive of the United Nations through the production of such items as motorized transport equipment, fuselages for the fast Mosquito bombers, anti-tank gun carriages and gun mounts. In England, Australia and other Allied countries overseas the manufacturing or assembly and service operations of the Corporation are also contributing importantly to the overall effort. The total number of employes engaged in such operations in these countries averaged some 35,000 during 1943.

Decentralization

One of the important contributing factors in General Motors' war production effort is the fact that through the years it has adhered consistently to a philosophy of operation which has encouraged decentralized or local responsibility within the broad policies established by the Corporation. Under this concept of management, which has been largely responsible for the peacetime progress of the organization, each of the 36 operating divisions of General Motors



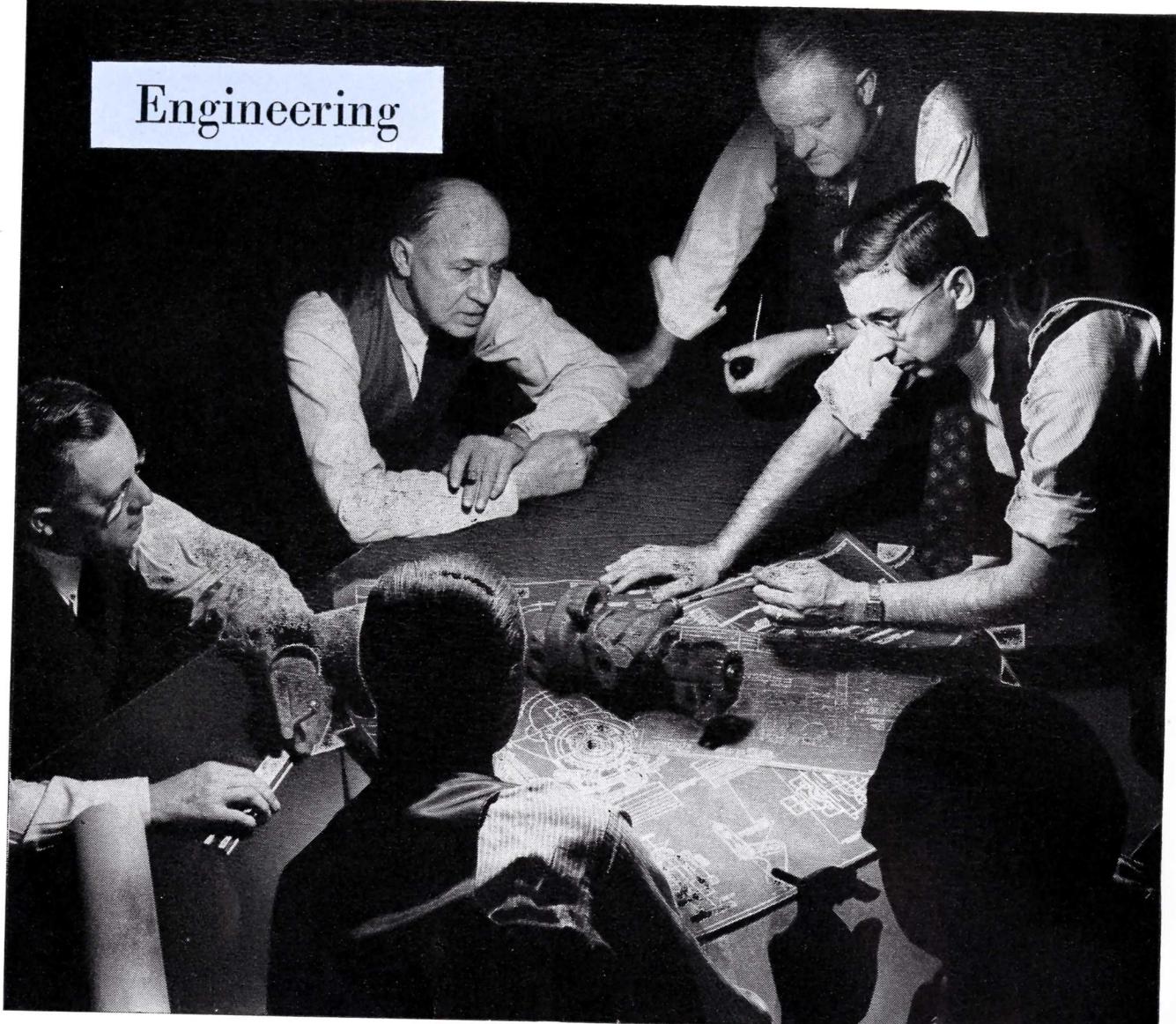
is a self-contained administrative unit with a general manager responsible for all the functional activities of his division. The advantages of local management and the opportunities for individual initiative are thus co-ordinated with those of overall policy guidance in the attainment of the objectives of the organization as a whole. Because of this decentralized and flexible type of management, General Motors has been able in its war production program to take on contracts for a great variety of products and to get them all into production without delay.

Subcontracting

In peacetime the operating divisions may be separated into two broad classifications: first, the primary divisions, which design, manufacture and assemble the product to be sold, such as automobiles, household appliances and engines; and, second, the accessory or allied divisions, whose function is to make and sell to the primary divisions, as well as to others, component parts to be used in final production. The importance to the war effort of this peacetime practice is indicated by the fact that hundreds of items are produced by operating divisions for use by other operating divisions. This has made for effective teamwork during the war, with each division helping one or more of the others in specialized activities.

Supplementing General Motors' high degree of integration as a factor in its war record has been the

Engineering



Upon engineering falls responsibility for design. In close collaboration with military technical men, GM engineers work constantly to improve the efficiency of GM-built war products—and to conserve time, critical materials and reduce costs.

continuation of its extensive use of outside subcontracting. As described in the 1942 Annual Report, General Motors went into the production of war materials with a valuable background of experience in working with thousands of other manufacturing concerns skilled in the supply or production of specialized items. It is working with nearly 19,000 outside suppliers and subcontractors throughout the country in its war production program.

A special study of the 4,713 suppliers of fabricated

parts included among these firms shows that 43% of them employ less than 100 people; 31% employ between 100 and 500 people; and 26% employ more than 500 people. In addition to purchasing parts and supplies from thousands of outside firms, many General Motors divisions are themselves subcontractors and furnish components for the war products of other companies.

These facts serve to illustrate the pattern of American industry. In this pattern each one of a great

variety of individual businesses of all types and sizes has its own background of experience and its own accumulation of technical skills. But no one of them can be completely independent of the others. Each company, large or small, in the conduct of its business buys from and sells to other companies, large and small.

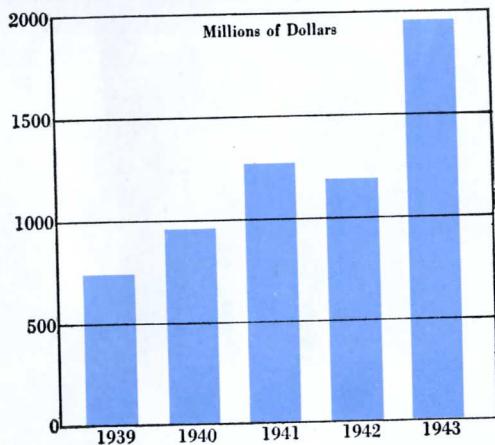
As was stated in a recent stockholder message: "If the promise for accomplishment and progress in the postwar world is to be fulfilled, the broadest possible field of opportunity must be kept open for the launching of new businesses and the further development of existing businesses. The industrial methods and processes which have contributed, through lowered prices and increased efficiency, to the highest peacetime standard of living in the world must be still more intensively employed. There must be developed a still better understanding of the mutual benefits of a close relationship between small and large enterprises."

War Products Maintenance

During 1943 General Motors continued to cooperate with the armed forces in keeping GM-built equipment at high operating efficiency. This cooperation, extended through the War Products Field Service, includes:

- training Army and Navy personnel in the use and efficient operation of General Motors war products;

GM Purchases from Subcontractors and Suppliers



- assistance in planning replacement parts supply;
- cooperation in the establishment of maintenance and repair services; and,
- overseas service and engineering liaison on war products made by General Motors.

More than 38,000 men of the Army and Navy have been graduated from schools which General Motors divisions and General Motors Institute established to train technical personnel, including instructors, in the maintenance and repair of GM-built war products. General Motors field representatives continue to operate in various war areas abroad as well as at training centers in this country, some of them to observe and report on performance of equipment, others to cooperate with the Army and Navy in field maintenance by acting as service trouble shooters. Technical and training manuals on General Motors war products are prepared, and reference libraries and technical centers maintained at various key points. The experience and facilities of General Motors Overseas organization, gained through many years of peacetime activities abroad, are made available wherever required by the needs of the armed forces.

Conservation of Civilian Products

One of the most urgent concerns of the consumer during the war is the conservation of products he owns which cannot be replaced. Considerable attention is devoted by the management to means for helping customers keep their General Motors products in the best usable order. The Corporation's Customer Research section has distributed to motorists copies of the booklet, "The Automobile User's Guide with Wartime Suggestions." Booklets, motion pictures and advertising have portrayed methods for conserving Frigidaires and other products and maintaining their maximum efficiency.

General Motors Dealers

General Motors dealers are performing an essential function in the war effort through the servicing and maintenance of necessary automobile transportation. Despite the handicaps of a shortage of mechanics and limited supplies of repair parts, automobile dealers are doing an outstanding job. General Motors has cooperated in every possible way, not only to facil-

tate dependable wartime maintenance and service of its products in the hands of users, but to retain on an effective basis the maximum possible portion of the dealer organization prepared to perform its essential function in the postwar economy. It is indicative of their resourcefulness that dealers handling an equivalent of 93% of the Corporation's 1941 passenger car and truck volume were actively carrying on their businesses at the end of 1943.

GMC Truck & Coach Division

On September 30, 1943, the assets of Yellow Truck & Coach Manufacturing Company were acquired by General Motors, and the business formerly conducted by that organization is being carried on by the new GMC Truck & Coach Division of the Corporation. This acquisition brought back into the Corporation's direct activities its former heavy duty truck operations, augmented by additional participation in the motor coach field. A statement of the financial considerations involved is set forth in a section of this report in the chapter, "A Financial Review."

Almost from the beginning of the Corporation's history it has been engaged, directly or indirectly, in the manufacture of trucks of all capacities. Two of its operating divisions have been engaged in this activity. The smaller truck units have been and continue to be produced by and distributed through the Chevrolet Motor Division. The larger units until the year 1925 were manufactured and distributed by the General Motors Truck Division. This was because larger truck units presented problems quite distinct from those of smaller trucks. In 1925, General Motors Corporation acquired a substantial interest in Yellow Truck & Coach Manufacturing Company (then Yellow Cab Manufacturing Company). For this interest, it transferred the operations of General Motors Truck Division, the plant and other assets of that Division and ad-

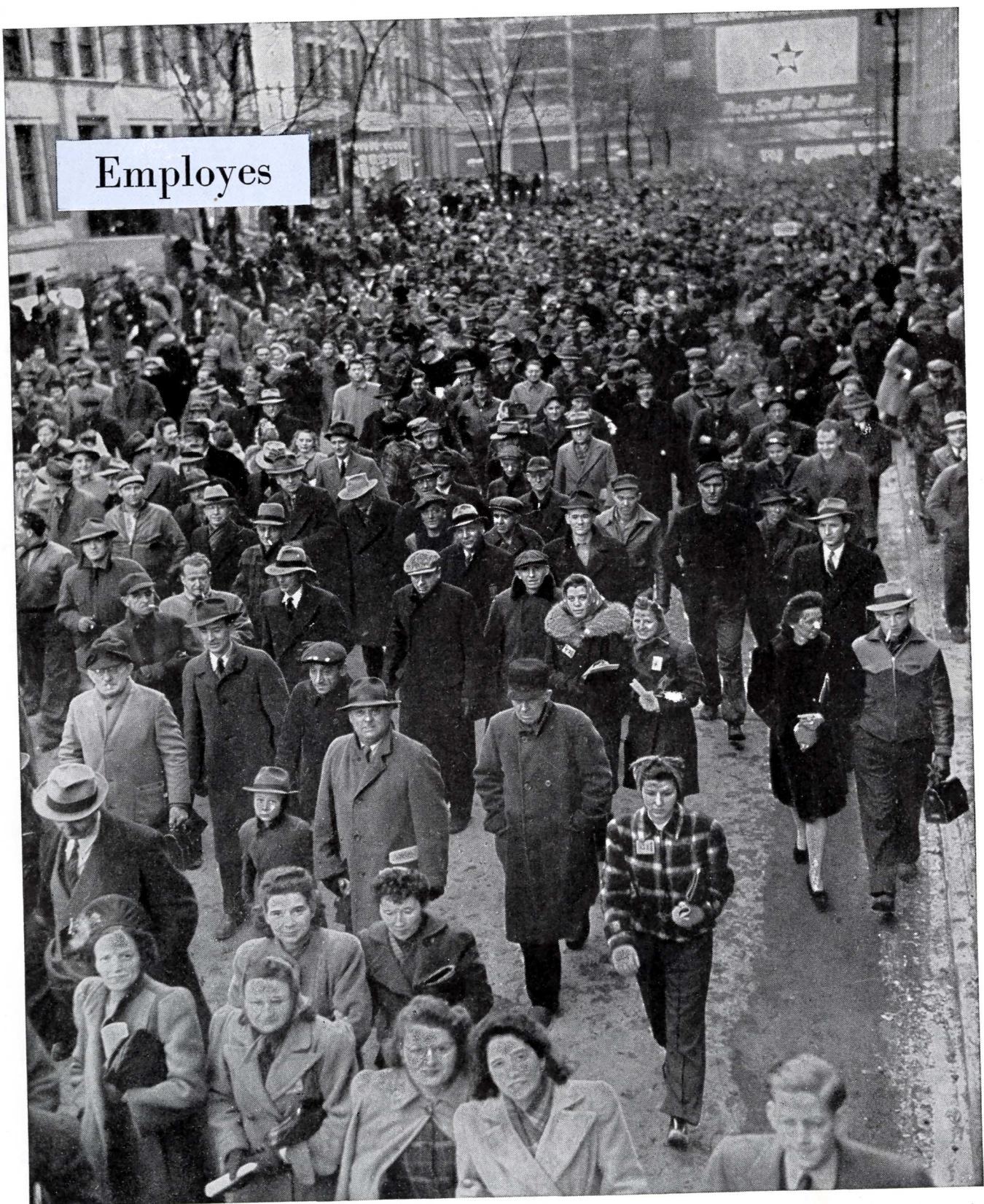
ditional cash to make a total of \$16,000,000 of tangible values. Yellow Truck & Coach Manufacturing Company had plant and other assets engaged in the production of taxicabs, but more particularly had made important developments in the large type motor coach field which was at that time undergoing a rapid evolution.

The purpose of this arrangement was two-fold: first, to capitalize effectively the existing opportunity in the expanding motor coach field, in the major part of which the Corporation was not represented; and second, to concentrate in one operating unit the engineering, production and distribution of both motor coaches and trucks of the larger capacities, because the problems involved were to an important degree complementary. Thus a more effective foundation for the development of both lines of business was expected to result.

Yellow Truck & Coach Manufacturing Company continued as an independent entity through the ensuing years. General Motors Corporation itself has not engaged directly in the manufacture of either motor coaches or heavy duty trucks. It has relied in those fields upon its interest in the Yellow Truck & Coach Manufacturing Company.

However, due to changed circumstances, it became clear that a closer degree of coordination would be desirable than was possible with the limitations imposed upon two separate entities. Therefore, a proposal was made in the early part of 1943 that contemplated the acquisition of the assets of Yellow Truck & Coach Manufacturing Company by General Motors Corporation. At a special meeting held September 8, 1943, the stockholders of Yellow Truck & Coach Manufacturing Company voted to accept the proposal. It is believed that the arrangement now consummated will promote the broader interests of the Corporation's participation in both the large truck and the motor coach fields.

Employees



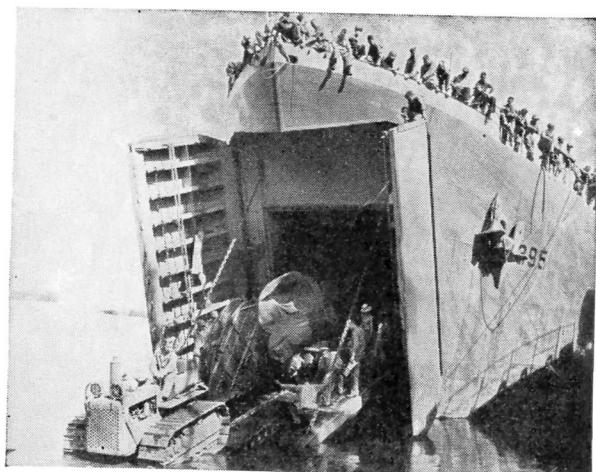
At the bench, on the assembly line, in the offices and laboratories, GM employees—an average of 448,800 in 1943—work together as a team to help supply the men on the fighting fronts with equipment essential to victory.



Allison liquid-cooled engines power the P-38 Lockheed Lightning, high altitude fighter.



GM builds the "Duck," an amphibious vehicle which permits new tactics in landing operations.



The LST (Landing Ship, Tank), a dramatic new invasion craft, is powered by GM Diesel engines.

General Motors *War Products*

PRODUCTION volume expressed in dollars gives no idea of the great variety and diversity of war products manufactured by General Motors. More than 2,300 separate items have been placed in production for the Government and other war contractors. They range from tiny ball bearings to 30-ton tanks. Some of the more important are shown by illustration throughout this report. Others are noted in a list of major products on the last page.

Research and Engineering Developments

While keeping in mind the volume requirements of all out war, emphasis on quality and performance has been the dominant note in the manufacture of these products. Reports from technicians at the battle fronts on the performance of GM-built products in action have assisted the organization in meeting the rigid military standards of product performance. In close collaboration with the technical staffs of the armed forces, constant technological improvements have been made by General Motors in the design of its war products. At the same time many new products have been developed.

For instance, four divisions of General Motors, working independently, have each had a part in the designing and engineering work which has contributed substantially to American supremacy in the armored vehicle field. Another division redesigned a 37 mm. anti-aircraft cannon for aircraft use, while still another performed most of the engineering work involved in putting into production a .30 caliber carbine. An automatic loading mechanism for a large caliber gun and new types of air and oil coolers for use with engines of various types are among other typical examples.

A New Fighter Plane

General Motors has developed a new fighter plane and is tooling up to build it in one of its divisions. Details cannot be revealed at this time, but the plane is of General Motors design and its major components, including the engine, airframe and propeller, will be GM-built.

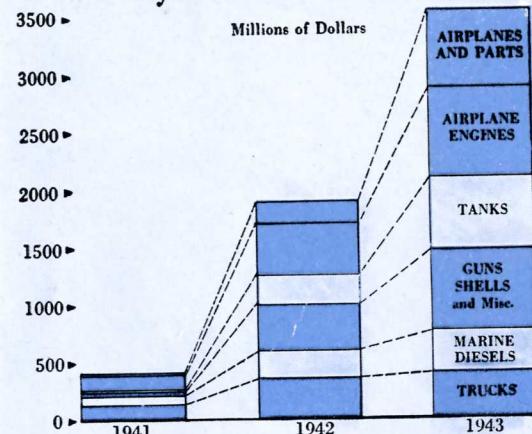
Aircraft Engines

One of the outstanding long-range achievements of the organization has been the development and progressive improvement of the Allison liquid-cooled airplane engine. Early models of this engine built for the Army Air Corps developed approximately 1,090 horsepower. Through refinements and modifications in design its performance has been raised progressively to 1,150, 1,325, 1,425 and recently to 1,500 horsepower. These ratings are based on what is known as a type test. On the basis of combat rating the power development is considerably higher. Two-stage, engine-driven supercharging is now available for high altitude performance as an alternative to turbo-supercharging.

Paralleling these improvements in the Allison engine, the manufacturers of the fighter planes in which it is used have progressively improved their products to give better all-around performance in action. The Bell Airacobra, for example, has had its performance improved through many refinements. Likewise, the Curtiss Warhawk, another Allison-powered plane, has undergone progressive improvement. Recently a new design of the P-38 Lockheed Lightning was announced which utilizes the Allison engine, together with an improved turbo-supercharger and a new inter-cooler. This new high-altitude fighter escort and fighter-bomber has 30% more power and greater climbing ability than the original model. It is capable of maneuvering at high speeds at an altitude of 40,000 feet. The P-51 North American Mustang fighter has used Allison engines in certain models. The A-36 attack bomber, popularly called the Invader, is Allison-powered.

In addition to the Allison engine, General Motors, with the cooperation of the Pratt & Whitney organization, assumed the responsibility for production of large quantities of certain types of Pratt & Whitney engines. These engines are used in the four-motored B-24 Consolidated Liberator bomber as well as in various types of cargo and transport planes.

GM Deliveries of War Materials by Classes of Products



The Amphibious "Duck"

A new and widely adaptable instrument of mobile warfare is the "Duck," an amphibious vehicle now being produced in volume. The GM-built "Duck" consists of a water-tight steel hull encasing a GMC six-wheel-drive truck chassis with a propeller mounted at the rear. In the water it functions as a boat. When the shore is reached, power is applied to the wheels, enabling the "Duck" to proceed up the beach and across country. It can be used effectively for unloading cargo vessels or transporting men and equipment from ships to shore. Military men report that in the establishment of beachheads, the "Duck" renders valuable tactical service and operates under conditions previously considered impossible. The first of these units was developed in record time by the Yellow Truck & Coach Manufacturing Company, now the GMC Truck & Coach Division, in cooperation with Army Ordnance.

Diesels for "LST's"

An increasingly important military role is being played by GM Diesel engines. They are used in almost every phase of mobile warfare except the powering of airplanes. Newest application of the GM Diesel is to power the large LST (Landing Ship, Tank) from whose wide-swinging bow doors roll fully manned



Wildcat fighter planes in action above the clouds.

Airplanes and Subassemblies

Airplanes, airplane engines, subassemblies and equipment now account for more than 40% of General Motors war production volume.



Grumman-designed Wildcat fighters and Avenger torpedo bombers, both carrier-based aircraft, are built in volume in GM plants. Above, the Avenger torpedo bomber takes off from a U. S. Navy carrier.

tanks and other military vehicles. GM Diesels are also used in a variety of landing boats and barges. They powered a large number of the landing craft which figured in 1943 invasion operations—from Alaska and the Solomons to Sicily and Salerno.

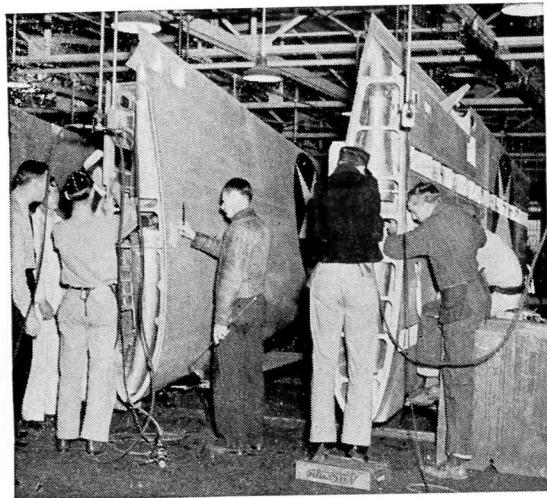
In addition GM Diesels power large numbers of such naval vessels as submarines, submarine mother ships, subchasers, destroyer escorts, tow boats, mine-layers, mine-sweepers and fleet tenders. They are also used as a source of naval auxiliary power. On land, thousands of GM Diesels provide the motive power for tanks, tractors, and military locomotives. Portable

Diesels serve as power plants for airports, hospitals and other field installations.

On the home front, GM Diesel freight locomotives are being produced under priorities to help handle the greatly augmented wartime job of the railroads.

Airplanes and Airplane Assemblies

Two combat planes designed by the Grumman Aircraft Engineering Corporation—the Wildcat fighter and the Avenger torpedo bomber—are being produced for the Navy's carrier forces. Production of these



Subassemblies for medium and heavy bombers are built by GM. Here, wing sections are assembled for the B-25 North American Mitchell bomber.

planes was given substantial impetus by the cooperation and assistance of the Grumman organization. In December 1943, only a little more than a year after the first Avenger was produced by General Motors, the 1,000th Avenger came off the production line in what had been in peacetime an automobile hardware plant. More than 1,000 Grumman Wildcats were produced during the same period in a converted automobile assembly plant.

Airplanes and aircraft engines, subassemblies and parts now account for more than 40% of the total dollar volume of General Motors war material deliveries. In addition to the production of combat planes and of Allison and Pratt & Whitney aviation engines, General Motors makes airframes, wing sections and other subassemblies for the B-25 North American Mitchell bomber, as well as landing gears, propellers and other components for other types of airplanes.

In the aircraft instrument field, General Motors is a volume producer of bombsights, automatic pilots, horizon indicators, autosyn motors and other equipment requiring watchmaker precision in the machining and assembling of vast numbers of small parts. Batteries and wiring, spark plugs, radio receivers and transmitters and other electrical apparatus, along with such items as hydraulic controls, oxygen flow indicators and fuel pumps, have been produced in quantity.

Tanks and Trucks

Armored vehicles and motor transport constitute another important segment of GM war production. Included in this group are the M-4 medium tank, the M-5 light tank, the M-10 tank destroyer and the M-8 howitzer motor carriage, all of which have seen duty on world-wide battle fronts. The M-5 and the M-8 utilize adaptations of the Hydramatic transmission. GM-built truck equipment includes four-wheel drive and six-wheel drive types for a variety of purposes, such as troop transports, mobile repair shops, "jack-knife" airplane tenders, ambulances and field kitchens.

Firepower

For airplane firepower, General Motors is producing machine guns and 20 and 37 mm. cannon. Other guns being produced include the Oerlikon, Bofors and 90 mm. anti-aircraft, as well as 75 mm. and 76 mm. tank and anti-tank cannon, three- and five-inch naval gun breech housings and five-inch naval gun mounts. It is engaged in the volume production of .45 caliber submachine guns and .30 caliber carbines—short, lightweight but powerful guns used by paratroopers, jungle fighters and many officers. Shells, cartridge cases and armor-piercing shot also have been produced in volume.

Another product being manufactured is the aerial torpedo. This torpedo, similar to those used by submarines, is especially designed to be launched from airplanes against enemy vessels. It contains more than 5,000 parts and requires some 20,000 operations in manufacture. This has been one of General Motors' most intricate and difficult assignments.

Other War Products

Bearings are vital to most military mechanisms. Roller and ball bearings produced by General Motors are widely used in the manufacture of war products. Bomb parts, gun sights, instrument panels, gun control mechanisms, aluminum engine castings and forgings, magnesium castings, ArmaSteel castings for tanks, trucks and guns, radiators, oil coolers and heat exchangers—these and a multitude of other products go to make up the more than 2,300 separate military items produced by General Motors.

Prices, Profits and Dividends

A MODERN war economy demands the maximum of almost all categories of goods and services. Its stimulating influences emanate from a few motivating centers and spread rapidly throughout the whole economy. The result is a greatly increased business volume and expanded national income which importantly affect aggregate business profits. The expansion in volume and profits is made up of increases along the whole business front—from the small merchant in the small community to the larger one in the metropolitan center, from the small manufacturer employing a few people to the large manufacturer employing many—and among all types of services as well.

An offsetting influence to the expanded gross national income is the increased tax burden essential to maintain the financial position of the Government in times of enormously expanded expenditures. This is entirely proper from the point of view that war is a national calamity requiring the common sacrifice of all. War should not be used as a means to benefit some at the expense of others.

General Motors is the country's largest producer of war products. Every effort has been made to present the Corporation's philosophy with regard to its war operations, and its approach to the matter of wartime prices and profits has been stated in earlier reports, but these additional observations may be of interest.

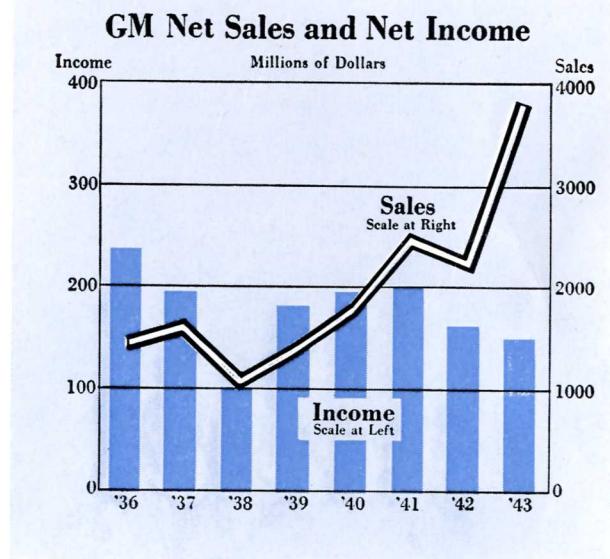
As to Prices:

With the advent of the war production program, General Motors undertook the manufacture of many products which were entirely foreign to its own past operations and which in many instances had never been produced on a volume basis. With the new production processes which were required, there was no existing yardstick of experience against which to es-

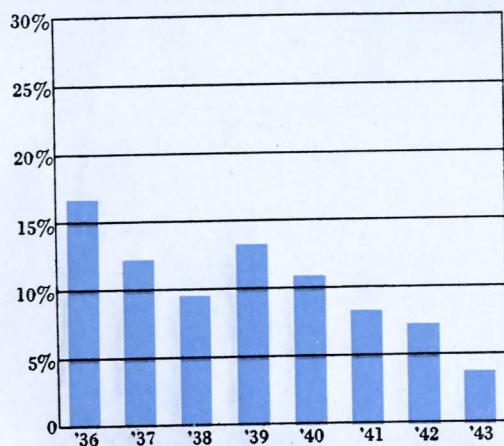
timate costs and prices based upon the required volume of production.

This made it desirable for the Corporation to establish a basic pricing policy for its war products which would take into account these unusual conditions and provide means to insure a proper and effective pricing control. This was imperative not only from the standpoint of maintaining production efficiency during the war program, but also to keep in force the incentive principle so essential for efficient operation in the postwar period. General Motors accordingly established its general pricing policy with respect to war production on the following basis:

- a. to take war production contracts on a fixed price basis wherever possible, and where not possible in the first instance, to change to that basis as soon as circumstances permitted; and
- b. to make price reductions, applicable to products



GM Net Income as Percent of Sales



already delivered as well as to future deliveries, as cost reductions materialized.

The policy of seeking fixed price contracts, whenever practicable, was adopted because of the greater incentive to efficient operation afforded as compared with the cost-plus-a-fixed-fee type of contract. However, it was recognized that there was always a possibility that initial cost estimates on certain contracts, even though they appeared reasonable at the time the estimates were prepared, might turn out to be higher than actual costs of production as volume increased, designs changed, and manufacturing experience was obtained. Under such circumstances price reductions have been made consistently as costs were reduced. Where cost-plus-a-fixed-fee contracts are found necessary to meet special conditions they are changed over to a fixed price basis as soon as practicable. Under cost-plus-a-fixed-fee contracts, fees remain constant even though costs may vary. Incidentally, it does not seem to be understood generally that the old type "cost plus" contract of World War I, under which fees went up as costs increased, was made illegal years ago and has not been used by the Government in the present war.

As to Profits:

The policy as to overall profits of the Corporation on products produced for war purposes is to limit the overall rate of profits from its manufacturing opera-

tions, 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.

This profit limitation policy was formulated early in 1942, and became effective as of January 1, 1942. Subsequently, on April 28 of that year, the Sixth Supplemental National Defense Appropriation Act, providing for renegotiation of war contracts, was passed. In August, 1942, the War Department Price Adjustment Board issued its first complete statement of principles and policies to be followed in renegotiation. Thus the Corporation's pricing policy was determined well in advance of the establishment of the principles of renegotiation, and for the year 1942 the agreement reached with the War Department Price Adjustment Board as of October 1, 1942, resulted in substantially the same amount of refund as the amount which would have been refunded under the Corporation's profit limitation policy. This policy has been continued in 1943.

A reasonable overall profit margin providing a return commensurate with the risk and responsibility incurred in the undertaking was determined upon only after careful consideration by the Corporation of all the factors involved. It took into account General Motors' peacetime record as a low-cost producer in the highly competitive automobile industry. It gave consideration to management's responsibilities to the stockholders, and at the same time recognized that the national interest required the limitation of profits realized in wartime. In this connection it should be recalled that at the inception of the defense program the Corporation elected to seek contracts for the more complicated war materials, which would permit the most complete utilization of its technical skill and managerial know-how.

The effect of this policy of profit limitation, together with the impact of excess profits taxes, is shown graphically in the chart on the opposite page, which indicates the trend of net sales and net income after deducting all taxes. The chart on this page shows the trend of net income as a per cent of sales.

It is clear from this record that notwithstanding the greatly expanded volume of sales, the Corporation's

profit margin under wartime conditions is substantially lower and its net income is less.

As to Dividends:

It has been the policy of the Corporation to disburse annually to stockholders in dividends the major part of its net income. Total dividends paid for the 15 years ended in 1943 were 83.2% of the net income available. It has also been the policy to establish reserves whenever it appears proper to charge possible costs or losses against the operations of a year to which they are properly allocable, even though the actual amount cannot be determined at the time of making such provision. The policy regarding reserves was set forth in detail in the 1942 Annual Report. Reported earnings are of course reduced by the amount of reserves provided, but taxes must be paid on earnings before deducting such reserves. When the costs or losses so provided for are actually realized, the amounts involved become allowable as deductions for tax purposes in that year.

The Corporation considers the cost of reconverting and rehabilitating its plants for peacetime production to be a proper and essential charge against the cost of war production. Therefore, during the past three years it has set up reserves for reconversion and plant rehabilitation in the aggregate amount of \$76,051,805, equivalent to \$1.75 per share of common stock.

Recognizing the need for funds to provide for the Corporation's postwar expansion program and plant rehabilitation, General Motors has also strengthened its financial position by retaining in the business a portion of its net income to assure that its postwar needs may be adequately cared for at that time.



This soldier of the Airborne Command keeps his carbine dry as he wades ashore. General Motors is a large producer of this all-purpose weapon.



GM-built 40 mm. Bofors—anti-aircraft and anti-tank weapons—are in action on battle fronts everywhere.



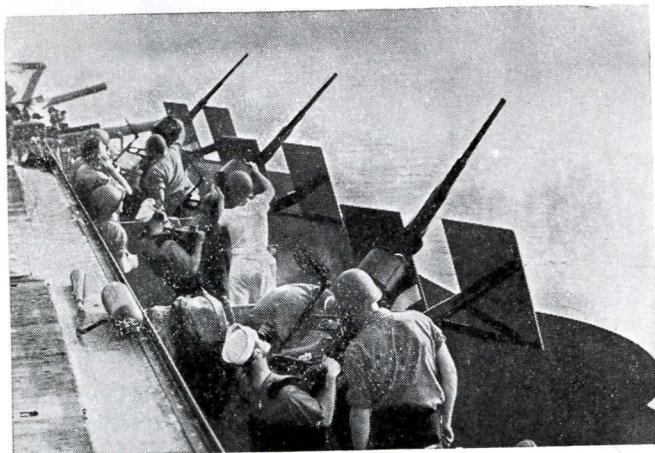
Action with a .50 caliber machine gun by the waist gunner of a bomber. GM makes this and other types of machine guns.

Guns

One of the nation's largest producers of firepower, General Motors makes guns and gun parts ranging from carbines and submachine guns to 90 mm. anti-aircraft guns and 5-inch Naval gun breech housings. Some of these weapons are shown here.



A 90 mm. anti-aircraft gun crew shells attacking planes. Many of these large guns are produced by GM.



Enemy planes approaching this aircraft carrier are met by fire of 20 mm. Oerlikon anti-aircraft cannon of type built by GM.



A 75 mm. gun on a new tank is tried out in the Presenzano area of Italy. GM builds these guns in volume.

Organization Relationships

KEEPING pace with imperative war production needs, the number of General Motors employes increased fairly steadily throughout 1943. From the very beginning of the defense program, in assigning war work among its plant cities, detailed consideration was given to manpower resources and community facilities. Largely as a result of this planning of General Motors war production, problems involving housing, transportation, sanitation or other community services as affecting its employes did not become acute and were more readily solved. In several plant cities located in areas of acute manpower shortage special campaigns were conducted to insure maintenance of an adequate production force.

The figures on wartime employment provide only a partial indication of the problems of training and readjustment encountered. Other factors were: (a) a steady withdrawal of men to the armed services; (b) a greatly accelerated rate of turnover; (c) the increas-

ing difficulty of finding new sources of manpower; and (d) the relative inexperience of such additional manpower. The problems facing the employes themselves were aggravated during the year. Every effort has been made to render assistance in solving problems connected with share-the-ride programs, gasoline rationing and similar matters. A continuing program was carried on to dramatize to employes their personal contribution to the war effort through their work at the plant and to relate the achievement of their plant to the accomplishments and objectives of General Motors and the country as a whole.

Employment and Payrolls

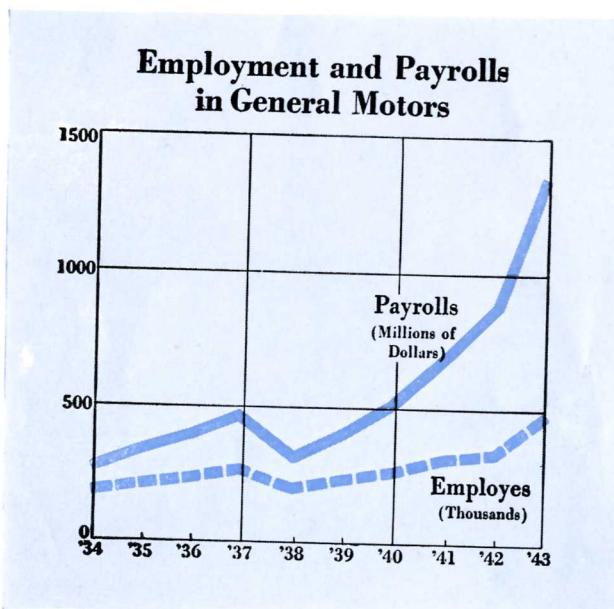
During 1943 total employment and payrolls of the Corporation reached a new high point. The following summary presents the facts for 1943 and 1942:

	1943	1942
Average number of salaried and hourly-rate employes on the Corporation's payroll.....	448,848	314,144
Total Corporation payrolls..... \$1,321,999,829	\$859,314,062	

The following table shows the average number of hourly-rate workers employed by the Corporation in the United States and wage payments to those employes:

	1943	1942
Average number of hourly-rate employes in the United States only.....	328,808	221,401
Wages paid to hourly-rate employes in the United States only. \$981,455,200	\$632,196,403	

Based on the average monthly employment in 1943, these payrolls were equivalent to \$2,985 per hourly-rate employe, compared with \$2,855 per employe in 1942.



In the month of December the number of hourly-rate employees in the United States averaged 374,281, compared with a peacetime peak of 240,046.

During 1943 the average number of hours worked per week by the hourly-rate employees in the Corporation's plants in the United States was 46.6, compared with 45.5 in 1942. Weekly earnings of hourly-paid workers in the Corporation's plants in the United States averaged \$57.40 during 1943. This compares with an average of \$54.91 during 1942.

Executive Management Compensation

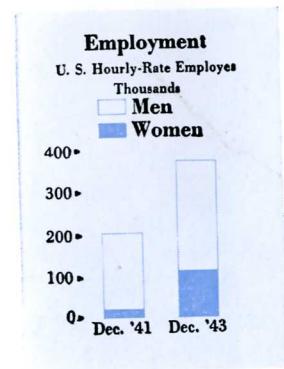
For several years past the Annual Report has included a section dealing with the compensation of the executive management group. This section presented data showing the relation of executive management compensation, salary and bonus, to the common stock capitalization and the dollar amounts of sales, profits and payrolls. Thus the stockholders have been informed of the general level of executive compensation.

There has been no significant change in the level of compensation which would materially affect these relationships. The details are omitted for the sake of brevity, but are available to stockholders requesting them.

Employment of Women

The hiring of women employees continued at an accelerated rate. In the first year after the entry of the United States into the war, the number of women in General Motors plants more than doubled. By the end of the second year it had more than doubled again. The number of hourly-rate women wage earners in General Motors plants in the United States at the end of 1943 was 114,772 or 30.7% of the total hourly-rate force, compared with 19,197 or 9.5% at the end of 1941.

Women were employed not only for work to which they were customarily assigned in peacetime but for tasks formerly considered to be the exclusive province of men. This required many changes in production meth-



ods and even in machine set-up. Additional facilities were installed. In many cases women counselors were added to plant staffs. That women have displayed a fine attitude toward their work and have made an exceptional record in the tasks assigned is the unanimous testimony of plant managers and personnel directors.

85,800 GM Employees Join the Services

From the inception of the national defense program General Motors has adhered to a policy of holding requests for deferment from military service to a minimum. Despite its role as a major producer of war material, at the close of the year 85,800 employees of General Motors had entered the armed forces of the United States.

Re-employment of Veterans

By the end of 1943 more than 10,000 veterans of the present war had been given employment by General Motors. Nearly one half of them were employees of the Corporation who had been on military leave of absence; the remainder were veterans who never before had worked for General Motors.

Rehabilitation of Disabled Veterans

In addition to providing military leaves of absence for its employees, General Motors is giving special consideration to those employees who receive a physical injury or whose health is impaired in the service. A procedure was set up during 1943 whereby special efforts are made in the plants to place handicapped veterans on jobs they can perform without harm to themselves and with satisfactory results from the standpoint of both their earnings and productivity. Plant executives have been assigned to coordinate this activity in each plant with reference to medical examinations, surveys of jobs suitable for various types of disability, following up progress on the job and, when necessary, rendering aid in obtaining Government assistance and training. Attempts to "make" work are discouraged in the belief that the handicapped worker who has been successfully placed and feels he is making a worthwhile contribution to society ceases to be handicapped from the standpoint of satisfactory accomplishment or mental attitude.



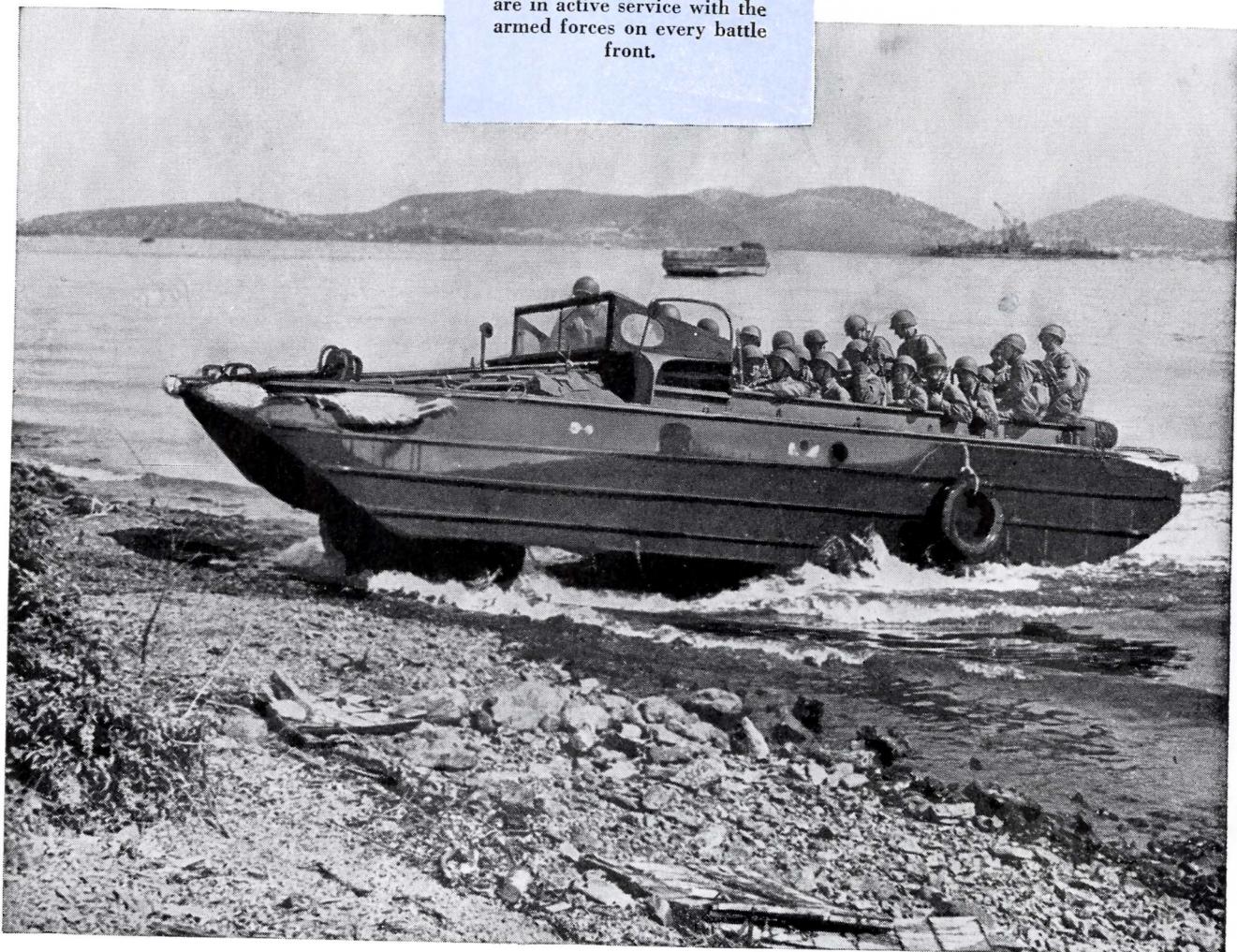
The new GM-built M-8 howitzer motor carriage uses the M-5 tank chassis and GM motive power and Hydramatic transmission.



A GM truck finds muddy going at the front. Other special purpose trucks serve as field kitchens, ambulances, mobile repair shops and transport vehicles.

Tanks and Trucks

GM-built tanks and trucks are in active service with the armed forces on every battle front.



Driven by six wheels on land and a propeller in the water, the "Duck" can carry supplies or troops directly from ship to scene of battle. This GM-built invasion vehicle, shown going ashore in Italy, is one of the newest weapons in amphibious warfare.



The GM-built M-4 General Sherman tank, with its all-welded steel hull, is a stalwart of the land battle fleet.



GM-built M-5 goes into action. This tank makes a combat team with the M-8.



Built on the same chassis as the M-4 tank, the M-10 is a heavy-firing tank destroyer.

Education and Training

During 1943 more than 200,000 new workers were trained by the divisions for jobs on the production front. This training was available not only for new hourly-rate employees but for the greatly enlarged supervisory and technical staffs required to handle the expanded war responsibilities. The training program built up over the years served as the background for these enlarged activities.

General Motors has always occupied a high position in the field of industrial training. The training activity, which centers in the General Motors Institute at Flint, Michigan, has played an important role in making possible a record output of materials of war. The continued heavy influx of new workers, many of them women, has kept the training programs of the Corporation concentrated on essential wartime needs.

During the year the GM Institute's Cooperative Engineering Program was placed on a six-day schedule. A new development which proved most successful was the special training of young women for engineering and technical positions previously staffed by men. A similar program for training young women to be employed by General Motors was carried on by Rutgers University.

At the close of the year approximately 21,500 supervisors had been trained under divisional and Institute programs of management training. The Institute provided more than 33,000 men and women with 3,500,000 man hours of instruction during the year—an increase of 25% in volume of training over the previous year. This more extensive experience is expected to be of value in developing training techniques for the postwar period.

Salaried Employees

The sharp increase in General Motors factory workers during the year made necessary substantial increases in the supervisory, technical and clerical forces. Upon foremen and other members of supervision fell a major share of the task of adjusting thousands of new employees to their new work. On their shoulders rested the heavy responsibility of meeting production schedules and maintaining quality standards on unfamiliar products. Their success contributed largely to the Corporation's production record.

Another group which has played a vital role in the General Motors war effort comprises the research and engineering staffs and the production technicians. Upon their know-how and initiative depended the jobs of conversion and of adapting volume production methods to wartime products. The clerical forces and departmental staffs handled successfully the vast quantity of records and paper work essential to modern manufacturing procedures. Too often the role of "white collar" workers is overlooked. Their energy and resourcefulness under difficult wartime conditions have importantly facilitated the attainment of industry's production goals.

Separation Allowance Plan

In 1940 the Corporation established a Separation Allowance Plan for the benefit of salaried employees, with one year or more of service, separated from the payroll except by voluntary resignation or discharge for cause. Employes eligible to receive separation allowance include those who are released because of physical or mental incapacity to continue the work assigned to them, or whose employment is terminated because of declining volume or discontinuance of operations, as well as employes whose services terminate under mutually satisfactory conditions, such as may grow out of departmental reorganizations, retirements, etc.

The amount of the separation allowance is determined by two factors: (1) the length of continuous service and (2) the average monthly salary rate of the employe during the three year period immediately preceding separation. The allowance is computed by multiplying 25% of the "average monthly salary" by the number of years of continuous service up to and including ten years. For each year of continuous service over ten years, the employe receives 35% of the "average monthly salary." The minimum payment under the plan is one half the amount of the "average monthly salary" and the maximum is six times the "average monthly salary."

During 1943 eligible employes received separation allowances aggregating \$583,691.

The Corporation may at any time modify or discontinue the Separation Allowance Plan.

Safety and Health Protection

A highlight of the year was the continuation under adverse wartime conditions of the record with respect to safety and health protection which General Motors had established during the preceding years of peace. Before the war the effects of the well-organized efforts in these two fields had been reflected in the steadily dropping accident and sickness rates. The benefit of improvements and changes made each year had been cumulative. The war in a sense wiped out the benefits built up through experience over the years and made it necessary to start all over again. Products were new. Methods and processes were unfamiliar. Many employes had to be retrained. Many new employes without previous factory experience had to learn the fundamentals of safety. Under these conditions it would not have been surprising if a sharp rise in accident and sickness rates had occurred.

But instead, the number of days lost per 1,000 hours of work on account of both accidents and occupational diseases dropped in 1943 to new lows, although the frequency rate or number of accidents per million hours of work rose somewhat as compared with 1942.

During the year approximately \$3,900,000 was spent for medical facilities and for services designed to safeguard the health of employes, while expenditures for safety protection totaled approximately \$5,500,000. This represents a total expenditure of about \$9,400,000 which is about ten times as great as the amount paid in compensation for accidents.

Employe War Bond Purchases

General Motors cooperated closely with the United States Treasury Department in the two war bond campaigns of 1943. The results were gratifying. During the year an average of over 95% of employes were buying Series E War Savings Bonds through the War Savings Plan. Payroll deductions and cash payments amounted to more than 10% of payrolls. The average monthly purchases of these bonds had a maturity value of \$14.5 million.

From the inception in August 1941 of the Employes' War Savings Plan through December 31, 1943, the employes through net payroll deductions plus cash

payments purchased Series E War Savings Bonds with a maturity value of about \$240,000,000.

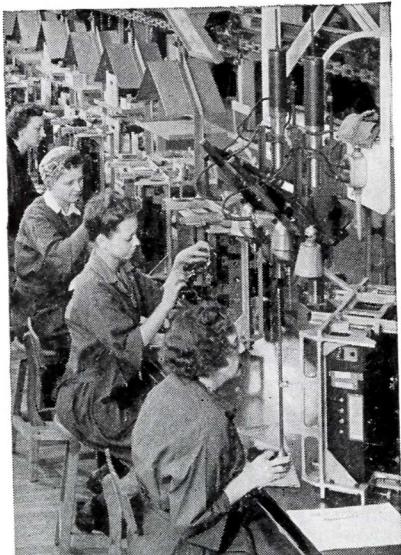
Employe Suggestion Plan

One of the objectives of the wartime Employe Suggestion Plan is to stimulate new ideas on the war production job. General Motors has always encouraged suggestions from any employe for improving working conditions and facilitating production. The present war plan went into effect in all General Motors plants in the spring of 1942. The number of suggestions submitted has shown substantial increase and for December 1943, totaled 9,074, compared with 7,028 for the same month in 1942. A total of 123,154 written suggestions for increasing production, improving quality, reducing waste or bettering working conditions were

submitted during the year. Acceptances totaled 25,400. Awards amounted to \$954,744 and were paid in war bonds and stamps.

War Labor Board

During the year the War Labor Board directed the Corporation to increase the annual vacation pay allowance of its hourly-rate employees by providing payments on the basis of a forty-eight hour week instead of a forty hour week. In connection with negotiations relative to the terms of new contracts with the unions representing the majority of the factory workers, the old contracts having expired in October 1943, panels were in process of being named at the end of the year to make findings of fact for submission to the War Labor Board.



Left, bomb sights, one of the outstanding precision products in the war, in mass production. Right, employes "inspect" Aeroprop dual-rotation six-bladed propeller.

Aircraft flight instruments require the finest kind of precision work.

Aircraft Parts and Equipment

Employe Plans

Group Insurance Plan

The Corporation's Group Insurance Plan offers three types of protection at very low rates to eligible employees who have completed three months' service. The insurance coverage placed with the Metropolitan Life Insurance Company includes life insurance which is available to all eligible employees. In addition, employees receiving less than \$4,200 a year may participate in sickness and accident insurance and, under certain conditions, at the employee's option, in hospitalization and surgical operation insurance.

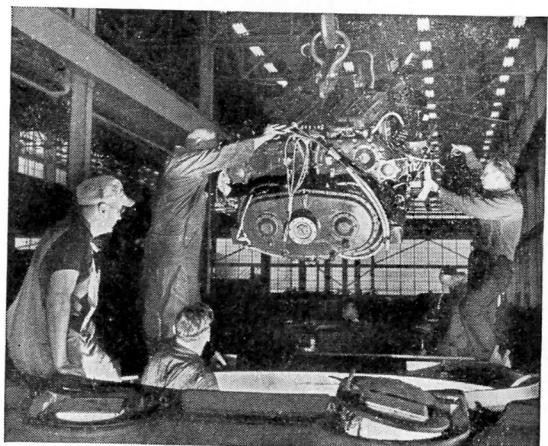
The Group Insurance Plan is cooperative. The Corporation assumes the administrative expense of the Plan and underwrites the cost of the Plan. At December 31, 1943, about 90% of the eligible employees were participating in one or more features of the Plan.

During 1943, benefits paid through the Corporation's Group Insurance Plan totaled \$9,084,083. This amount included payments to beneficiaries of 1,459 of the Corporation's employees who died during the year. Temporary disability benefits for sickness or non-industrial accidents were paid to 40,547 employees, and benefits were paid to 15,509 employees under the surgical feature and to 19,207 under the hospital feature of the Plan. Since the inception of the Corporation's Group Insurance Plan in December 1926, claims totaling \$67,493,828 have been paid.

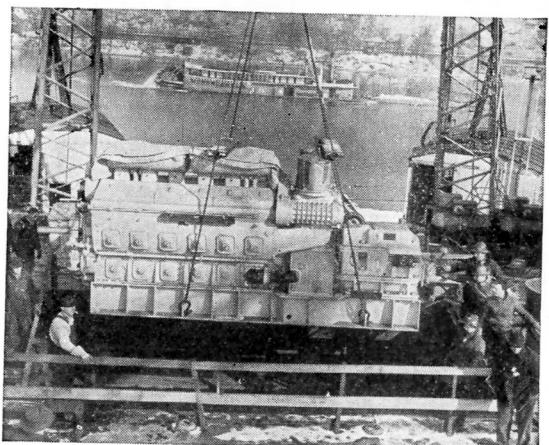
The Corporation continued to make available to its employees and their eligible dependents, in localities where concentration of employment existed, the local hospital service plans approved by the American Hospital Association. The Corporation has no financial responsibility for or connection with the organizations fostering these local plans, but it has offered its assistance in collecting and transmitting the service charges in order to make the plans readily available to such of its employees as desire them.



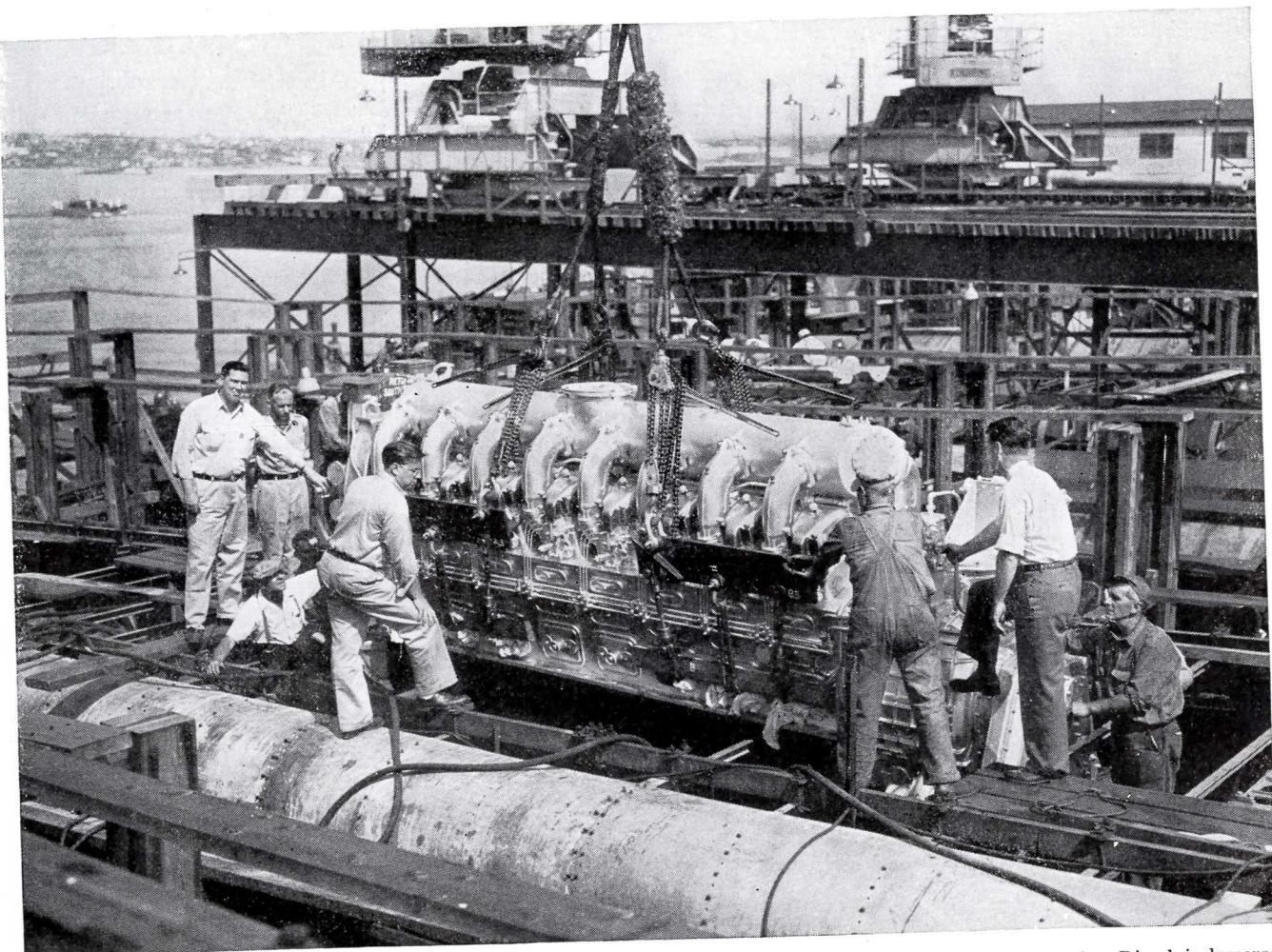
Cadillac engines with Hydramatic transmissions provide motive power for the speedy M-5 tanks and the M-8 howitzer motor carriages.



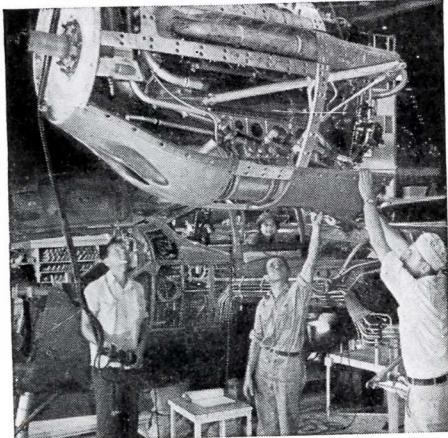
A GM Diesel power unit going into one of the famed M-4 tanks.



GM Diesels being installed in an LST. GM Diesels also power LCT, LCI and other invasion craft.



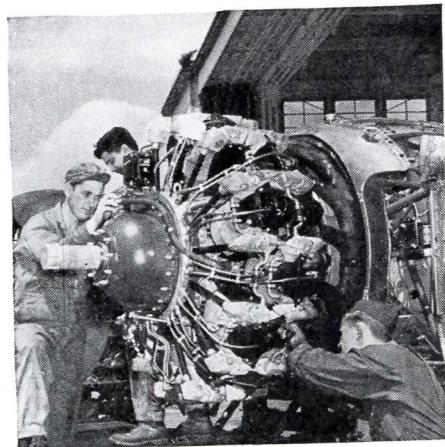
A mammoth GM marine Diesel is lowered into a U.S. submarine.



GM liquid-cooled Allison engine being readied for installation in the swift, high-altitude P-38 Lightning. Allisons are also installed in the Warhawk and Airacobra fighters, the A-36 Invader attack bomber, and have been used in certain models of the P-51 Mustang fighter.

Engines

General Motors engines are employed in every phase of mobile war. A few installations of GM power plants are pictured here.



Thousands of Pratt & Whitney engines have been produced by GM for Liberator bombers, and for cargo and transport planes.

Employes Contributory Retirement Plan

On April 30, 1940, the stockholders approved the adoption by the Corporation of the Employes Contributory Retirement Plan. The Plan became effective July 1, 1940 and is now applicable to salaried employes who are citizens of or domiciled in the United States. As of December 1943, approximately 90% of the total eligible employes were participating.

The cost of the Plan to the Corporation for the year ended June 30, 1943, the third full year of operation, was \$1,641,452.

On October 1, 1943, after General Motors had acquired the property and assets of the Yellow Truck & Coach Manufacturing Company, the employes of that company became employes of the GMC Truck & Coach Division of General Motors. As of July 1, 1941, Yellow Truck & Coach Manufacturing Company had adopted an employes contributory retirement plan, substantially identical as to employe contributions and retirement benefits with the Plan of General Motors. The Corporation has taken over this plan. This will cover former employes of Yellow Truck & Coach Manufacturing Company employed at present by GMC Truck & Coach Division as well as employes of former subsidiaries of Yellow Truck & Coach Manufacturing Company acquired by General Motors Corporation.

On February 16, 1943, the Board of Directors appointed a special committee to consider modifications of the present Employes Contributory Retirement Plan. The Board of Directors has adopted a modified plan incorporating the approved recommendations of the special committee and other changes. This modified plan is being submitted to the stockholders for approval at the annual meeting to be held May 23, 1944.

Bonus Plan

The General Motors Bonus Plan, as modified from time to time, has been in operation for 26 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 (before provision for bonus) after deducting 7% on net capital. The 7% provision meant in 1943 that \$84,524,809, equivalent to \$1.73 per share on the common stock, had to be earned for the stockholders before any bonus accrued.

At the last annual meeting of stockholders, the Bonus Plan was modified and in connection therewith amendments to the certificate of incorporation and by-laws were adopted. These changes were fully described in the proxy statement sent out prior to the meeting. The general purpose of the changes was better to define certain features of the Bonus Plan especially the method of determining the maximum available for bonus and to eliminate liability on the part of the directors, officers and employes with respect thereto. The modification did not change the basic principle by which, after 7% on net capital is earned for stockholders, nine-tenths of the remaining net earnings are available for stockholders and one-tenth for bonus.

The Bonus Plan provides that an employe shall be eligible for bonus if he is receiving a salary at or above the minimum determined from year to year by the Bonus and Salary Committee. The plan contemplates that the minimum will not be below \$350 a month. For the year 1943 the Bonus and Salary Committee has determined 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 and are not executives of the Corporation. The Chairman of the Board of Directors, at his own request, has not received a bonus award since 1936.

The modified 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. The moving consideration for vesting the Committee with discretion to pay cash instead of stock was that increasing tax rates make it necessary for many recipients to sell part of each bonus delivery if paid wholly in stock. In accordance with the discretion granted, the Bonus and Salary Committee has decided that for the year 1943, 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.

As set forth in the summary of consolidated income

statement, \$7,250,587 has been credited to the bonus reserve as a result of 1943 operations. This amount was determined by the independent public accountants in accordance with the provisions of the Bonus Plan.

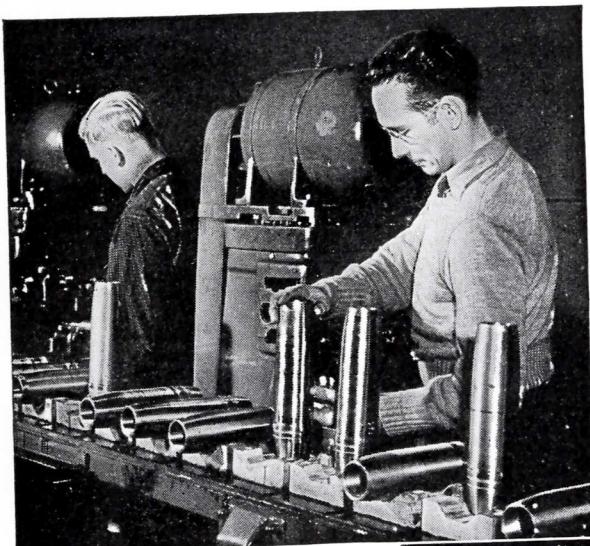
A summary of the computation of the credit to the bonus reserve for the year 1943 is set forth on page 62.

At the time this report is written, neither the amount of bonus to be distributed nor the individual bonus awards have been as yet determined for 1943.

There are 89,006 shares of common stock carried at \$51.99 per share in the special treasury stock account designated for bonus purposes which are available to meet the estimated requirements of the 1943 bonus fund. Included are 13,659 shares which were acquired from employes on December 10, 1943 at the closing

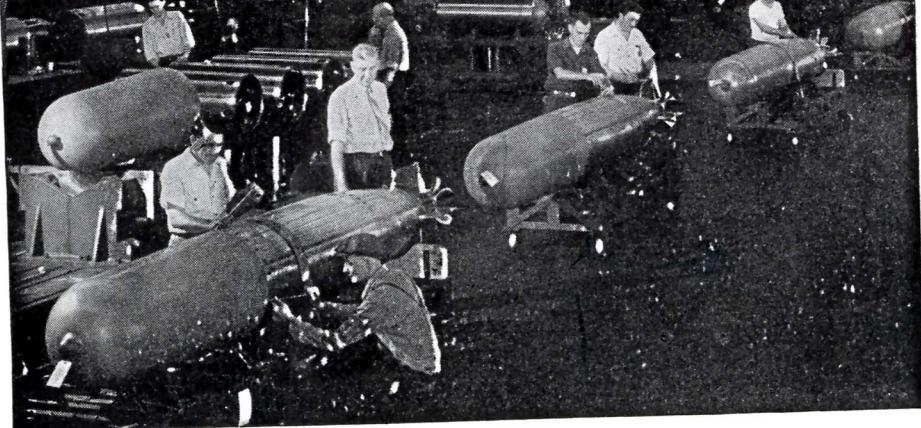
market price on that date under an offer made to employees, in connection with the withholding required by the tax law, to purchase 20% of the stock to be delivered on that day, representing bonus awards of previous years. All of the 89,006 shares of stock, except 4,047 shares transferred from other treasury stock accounts at \$50.78 per share (the average of the daily closing market prices of General Motors common stock during 1943), were purchased during 1943 for 1943 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.



Despite the large volume of shells, each one must have its proper identification as it travels along this production line.

Right, aerial torpedoes, weighing nearly a ton and considered one of the war's most complex weapons, are being produced by GM on an assembly line basis for the Navy.



Projectiles

GM supplies vast quantities of shot, shell and cartridge cases ranging in caliber from 20 mm. to 105 mm.

Public Relationships

THE rapid changes in our civilization during the past decade, to which has been added the impact of total war, have had a most profound influence on public thinking. These many changes have created new problems for industry. To meet these problems important modifications of existing policy and the adoption of new and different points of view have been required. In no area has the impact been more apparent than in its effect upon the relationships of industrial enterprise and the community.

To tell the story of industry in such a way that it will be better understood by people in all walks of life is of vital importance—more so today than ever before. 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 over the years of American industry—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.

General Motors in order to be recognized as a good company throughout the nation must first be recognized as a good company in the communities where it operates. In wartime as in peacetime its basic public relationships are those established in its 46 plant communities. In some of them General Motors is the principal employer. In others its operations are relatively small. But in all cases General Motors seeks to become an integral part of the community. It endeavors to contribute to the social and economic advancement and to assume its share of community responsibility.

It is recognized that the reputation of the Corporation is bound to reflect what is thought of it by its employes, dealers and suppliers as well as the public

at large. Its policies in the last analysis, to succeed, must win the approval of considered public opinion. One of the important means of maintaining good public relations is a fair and fearless dissemination of the facts regarding the aims and objectives of the Corporation's policies and the record of its performance.

Naturally, business must assume leadership for defining policy, not solely in its own interests but with recognition also of the prime importance of co-ordinating its interests with those of the community. Only by so doing can it discharge its full responsibility. 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. This dissemination of the facts to the public is a contribution that industry can make toward perpetuation of our American institutions.

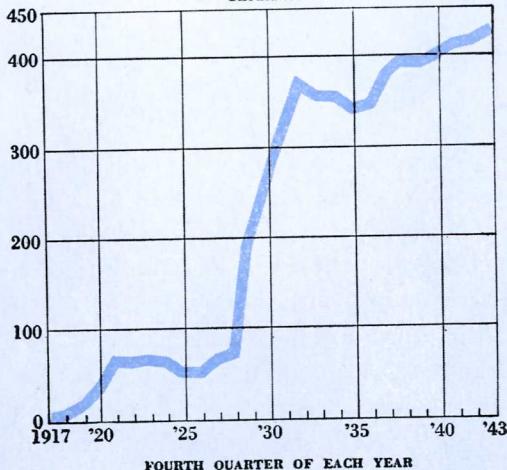
General Motors endeavors to maintain a sense of public responsibility in whatever it does or says. Its position with the public over the years is evidence of the manner in which it has met this responsibility. In peacetime the satisfaction of people's desires in its own field of activity is necessarily the guiding policy of its business. It seeks to please its customers by the quality of products sold and services rendered. It conducts scientific surveys to anticipate the requirements of people as a means of maintaining its competitive position. The extent of customer acceptance of its products and services in turn importantly influences public attitudes toward the company.

General Motors' public relations policy 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.

Ownership of General Motors

Number of GM Stockholders

Thousands



IN the last quarter of 1943, there was a total of 421,945 stockholders of record on the books of General Motors Corporation. This ownership is widely distributed geographically, extending to every state in the Union, with a small proportion held in some 70 countries abroad. Approximately 28,000 estates and trusts hold more than 4,133,000 shares of General Motors stock. More than 50% of the individuals owning its stock are women. Approximately 337,000 individuals hold 50 shares or less and 158,000 of this total have holdings of ten shares or less.

This broad and diversified ownership of General Motors imposes on management special responsibilities. In endeavoring to meet them fully and effectively,

the management of General Motors at all times appreciates and welcomes stockholders' comments.

It is pertinent to note that the principal executives of General Motors, through their ownership of stock, are in a sense working partners in the business, since their financial interest in the business is not limited to their annual compensation.

It has long been the position of General Motors that the ownership of stock by management should be encouraged. This was one of the important reasons which led to the adoption of the Bonus Plan in 1918. By becoming part owners of a business, executives join their personal financial interests more closely to the progress of the organization. As stockholders, their interests are identical with those of other stockholders. Thus in General Motors there has been retained to an important degree the basic concept of owner-management under which in earlier days, when businesses were smaller, management and ownership were synonymous.

At the end of 1943 the supervisory and executive management groups together with directors not active in the management owned directly or indirectly approximately 3,500,000 shares of General Motors stock with a market value at the end of the year of more than \$180,000,000. For the individuals concerned this constitutes a substantial personal stake in the success of the enterprise.

It is the belief of General Motors that the encouragement of stock ownership by those charged with the management of the Corporation is of substantial benefit to the business and serves the interests both of the stockholders and of the economy as a whole.

Some Postwar Observations

THE first and vital job is the winning of the war. The utmost efforts of industry must continue to be directed to that end. Notwithstanding that prime obligation, management has also the responsibility of planning for reconversion and the postwar period. Few industries have undergone so complete a transformation as the automobile industry. With 93% of its output represented by war products, General Motors production facilities have been completely reorganized on a war basis. Reconversion, when the time comes, will involve important problems of physical rearrangement and plant rehabilitation before normal production can be re-established.

The urgent need for providing jobs for returning veterans and also for the hundreds of thousands who will be released from war work is recognized. Delays in converting plants to civilian production will cause unnecessary unemployment and importantly retard the restoration of a peacetime economy. It is thus extremely important that the time of the reconversion period be held to a minimum.

If, for example, the war in Europe should end before the war in the Pacific, it undoubtedly would be necessary to proceed with reconversion on a basis of dual operations. Sharp curtailment of war production following the cessation of European hostilities would permit and require that manufacturing facilities no longer needed for war purposes be reconverted promptly. Otherwise, unemployment would increase rapidly. To operate on a part war and part peace basis in automobile plants would of course involve the added expense and time of a double reconversion. In peacetime there is a high degree of plant specialization and integration of facilities. The technique of mass production is employed most intensively. To make completed automobiles there are necessary not only plants and facilities for assembling cars, but also facilities for the production of engines, bodies, axles, trans-

missions, electrical parts and other components—each essential to a completed whole.

Government-Owned Facilities

General Motors is operating in the United States 99 of its own plants which have a total of approximately 77,000,000 square feet of floor space, and in addition 16 government-owned plants totaling approximately 12,000,000 square feet of floor space. These plants contain a total of approximately 130,000 machine tools in use on war work and other authorized products, of which 69,000 belong to General Motors. In addition, 17,000 machine tools for which no wartime use was found are in storage. Some 3,100 peacetime machines have been sold. These figures indicate in some measure the physical problem involved in reorganization when the time comes to resume the manufacture of civilian products.

As affecting the disposal of plants now being operated but not owned by General Motors, it would be most constructive if the Government could establish policies and outline procedures at the earliest possible date. It would then be possible to determine to what extent, if any, these plants can be integrated into the Corporation's postwar expansion plans.

In addition, government-owned machine tools present a problem, particularly where they are intermingled with machine tools owned by General Motors. Disposition must be made of these thousands of machine tools before plants can be cleared for the postwar re-establishment of normal manufacturing operations.

Modernization of Equipment

Many of the 3,100 peacetime machine tools which were sold to other producers were key machines. They must be replaced or recovered before the production of

peacetime goods can get started. In addition, wartime developments have paved the way for new types of equipment for postwar use. It is hoped that opportunities will be provided, as the machine tool industry is relieved from war work, to give orders for replacements and for such new equipment as may be needed. The availability of peacetime machine tools when reconversion starts will greatly shorten the time required to get into peacetime production and employment.

Wartime Inventories

General Motors has on hand about \$500,000,000 of wartime inventories, mostly work in process and raw materials. Practically none of the work in process and only a limited part of the raw material will have any value in the Corporation's peacetime manufacture. Almost all of this inventory must be removed from the plants before new stocks of material required for peacetime production can be accumulated.

Postwar Expansion

General Motors believes that an opportunity is presented to the nation in the postwar period to attain new high levels of production and new standards of national income. If we assume as a prewar base an annual national income of 65 to 70 billion dollars, a new base of 100 billion dollars, expressed in terms of dollars of the same purchasing power, should be a reasonable objective in the postwar period. This would represent an increase over the prewar period of perhaps 50% in the production of goods and services.

General Motors is prepared to make an aggregate expenditure in the postwar period of approximately \$500,000,000. This includes provision for the cost of expansion, reconversion, the modernization of existing equipment, and retooling for postwar products. This is in part a measure of its faith and confidence in the future, based on the full acceptance by both Government and business management as a whole of their respective responsibilities.

Such acceptance is of prime importance as affecting the future. What might be done is one thing. What will be done may be quite another. Governmental economic policies largely determine the field of opportunity in which private enterprise operates. That field has been greatly restricted in recent

years with the result that the expansion of business enterprise has been greatly limited. Incentives to assume business risks have been so reduced as to curtail the number of new ventures and to restrict the opportunities of existing enterprises. Such encumbrances are not conducive to an expanding economy with increasing job opportunities and a rising standard of living. Whether the postwar period will bring with it a more constructive approach cannot be foreseen. Such considerations determine the relationship between the possibilities and the accomplishments.

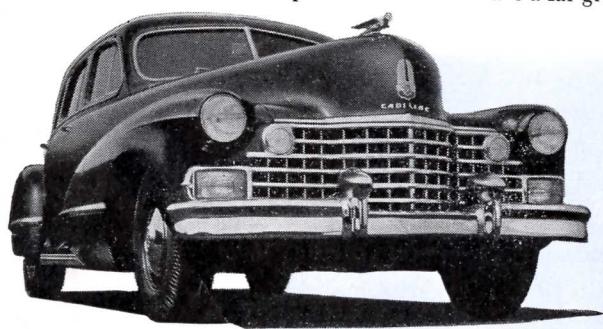
Postwar Products

Much comment with regard to the so-called postwar car has failed to take into account either the high degree of concentration which currently is, and must still be, applied to the war production job or the time element involved in developing and engineering a new product. It will be very important from the standpoint both of employment and of meeting the needs of civilian transportation that, when the Army and Navy release facilities, there be the minimum of delay in resuming production of automobiles. Accordingly, the first cars produced will be modified versions, fundamentally speaking, of those in production before Pearl Harbor, recognized as the finest automobiles General Motors ever produced.

No passenger automobiles have come off assembly lines since February, 1942. At that time there were about 27½ million passenger cars in the United States, including those in hands of dealers. It is estimated that by the end of 1944, the number of existing usable cars will have been reduced by perhaps five million. Our individual transportation system will accordingly be operating at a very low level. There will be a need and demand for cars to replace those which have worn out and been eliminated during the war. Furthermore by the end of 1944 only about 20% of existing passenger cars will be less than four years old, compared with 40% to 50% in the immediate prewar years. Thus the average age of the country's automobiles will be greater than it has ever been. Surveys indicate that automobiles are high on the list of the public's anticipated postwar purchases. It has long been true that next to food, shelter and clothing the motor car occupies a preferred position in relation to consumer purchasing power.

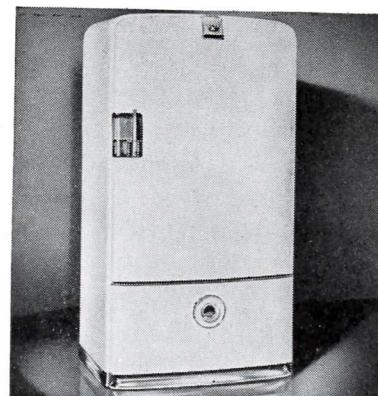


GM Diesel freight locomotives have set railroad records for fast freight movement. They are now being produced under wartime priorities. Diesel power has played an important role in wartime transportation and will have a far greater one in the postwar world.



Cadillac

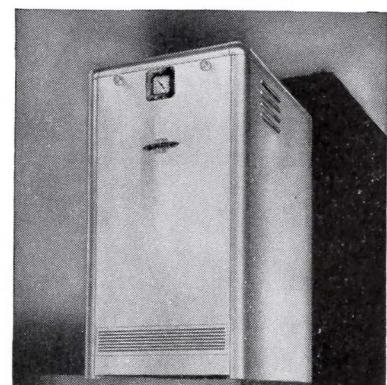
*What
GM Made
in Peace*



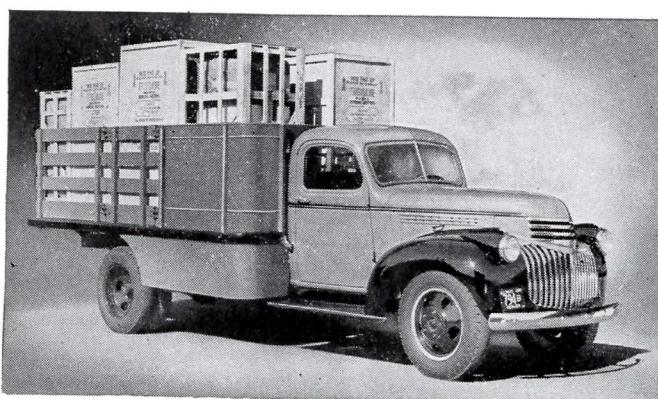
Frigidaire Refrigerator



Frigidaire Electric Range



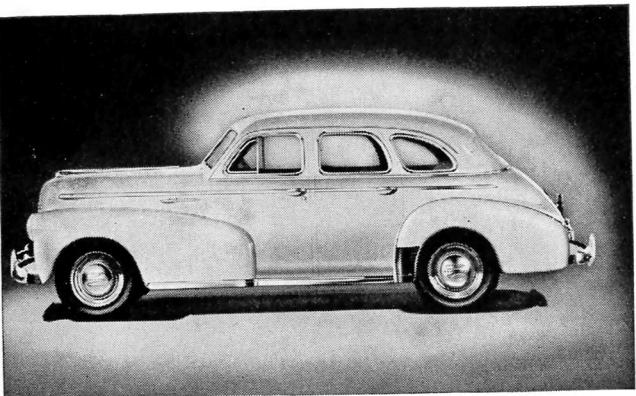
Delco Automatic Heat Unit



Chevrolet Truck



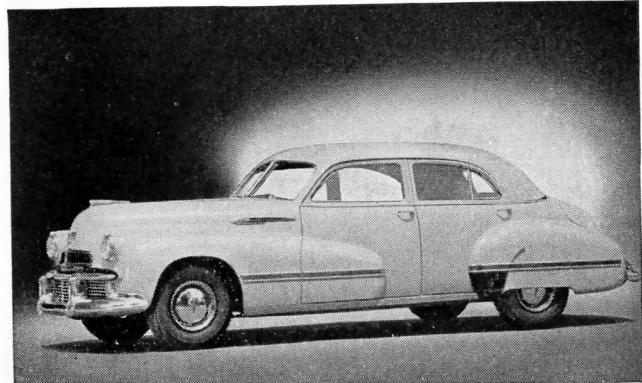
GM Motor Coach



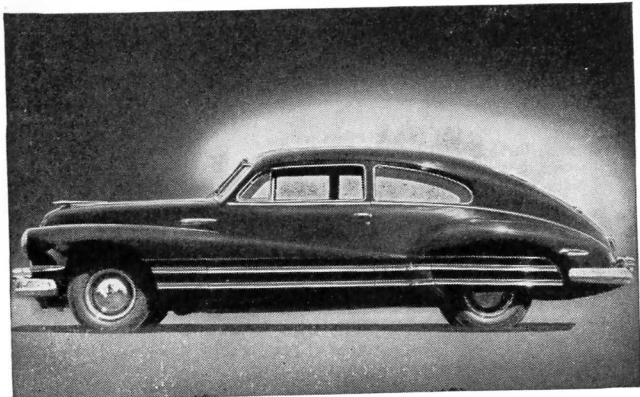
Chevrolet



Pontiac



Oldsmobile



Buick

While the basis of the first postwar automotive production must be existing models, it is important, not only in motor cars but in all industrial products, that every effort should be put forth to make available to the public advanced designs at the earliest time practicable. To facilitate this most desirable objective it is essential that development work in the design of new products and in the redesign of existing ones be inaugurated as soon as materials and manpower can be released for experimental projects. The winning of the war is and always will be the prime objective until the war is actually won, but proper and intelligent planning for reconversion constitutes an essential policy for the longer term.

After Reconversion

It is generally agreed that a great backlog of demand for consumer goods of all categories has been built up during the war; likewise that a reservoir of savings has been accumulated against that demand. Estimates of wartime savings of individuals vary greatly but it is recognized that a considerable part of these savings will be in liquid assets—in checking accounts, savings deposits and war savings bonds. In addition to individual savings, consumer indebtedness will have been greatly reduced—the normal reservoirs of instalment purchasing power will be refilled. Hence it seems clear that there will be ample purchasing power already created, in addition to that generated through current production, to maintain our enterprise system, and particularly the automotive and related industries, at a high level of activity for several years. This period might very properly be called a period of shortages. However, the real problem facing enterprise involves the long-term position, when current production must be balanced with currently created purchasing power. Then comes the real test of our economic intelligence—perhaps not that so much as a test of the ability and determination of our people to separate the true from the false and to accept the philosophy that there is no such thing as something for nothing no matter in what kind of package it may be presented; that the only way to better things is through more and more efficient work. If such a state of mind could be developed no one would have sufficient imagination to foresee what might be accomplished in the form of a better living for all.

A Financial Review

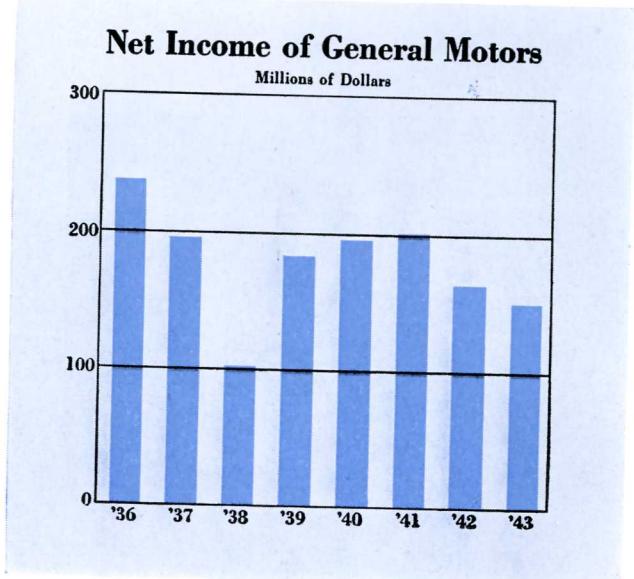
THE condensed consolidated balance sheet, summary of consolidated income and summary of consolidated surplus of General Motors Corporation and its consolidated subsidiaries for the year ended December 31, 1943, in comparison with the statements of the previous year, are shown on pages 52 to 56 of this report. Subsidiaries which, in accordance with past procedure, are not consolidated in the financial statements of the Corporation are listed on page 57, together with other investments and miscellaneous assets.

Earnings

Net income for the year 1943 amounted to \$149,780,088. This compares with net income for the year 1942 of \$163,651,588. Income for 1942 included items of a special nature amounting to \$31,129,475. Hence, on a comparable basis the relationship is \$149,780,088 for 1943 and \$132,522,113 for 1942. After paying regular dividends of \$9,178,220 on the \$5 series preferred stock, there remained net income available for common stock in 1943 of \$140,601,868, or \$3.23 per share on the average number of common shares outstanding during the year. The amount earned on common stock for the year 1942, including income items of a special nature, was \$154,473,368, equivalent to \$3.55 per share. The amount earned on common stock in 1942 before adding income items of a special nature was \$2.84 per share.

The net income for the year 1943 gives recognition to the following provisions and charges:

1. There has been deducted a provision of \$35,466,846 for postwar contingencies and rehabilitation. This is in addition to a total of \$40,584,959 provided in the years 1941 and 1942, making an aggregate of \$76,051,805 available for this purpose at December 31, 1943.



2. There has been deducted a provision of \$64,600,000 for refund in connection with the overall renegotiation of war material contracts. This amount represents the refund which would be made to the Government in line with the General Motors policy of overall profit limitation. Under this policy the amount of refund which would have been required for 1942 was substantially the same amount as was actually refunded under the final renegotiation settlement for that year. This policy has limited the rate of profits on the Corporation's manufacturing operations, before provision for income and excess profits taxes but after all other reserve provisions, to about one half the rate for the year 1941.
3. Provision has been made in 1943 for United States and foreign income and excess profits taxes in the aggregate amount of \$248,920,694. This

compares with \$124,500,520 for 1942. In 1943, the amount includes provision for United States excess profits taxes of \$158,285,975, after deducting \$17,587,331 for the postwar credit applicable thereto. This

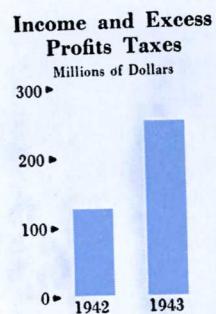
compares with excess profits taxes of \$30,373,494 in 1942 after deducting the postwar credit. In the balance sheet, the estimated amount of taxes payable within a year is included in current liabilities, and the estimated postwar credit is included in miscellaneous assets.

Consolidated net income for 1943 excludes profits realized abroad which were not remitted to the United States from countries where exchange restrictions exist. This has been the policy since December 31, 1933. Net income realized in foreign countries in 1943 which was not remitted amounted to \$4,172,692. However, net income of \$2,915,369 previously deferred was included in the Corporation's consolidated income account because of remittances to the United States during the year. On a cumulative basis through December 31, 1943, net income realized abroad but not reflected in earnings because of exchange restrictions amounted to \$8,159,519, based upon rates of exchange current in each year, equivalent to \$0.19 per share of common stock. This excludes unremitting earnings of subsidiaries in enemy and enemy-controlled territories, the investments in which were written off in 1942.

Renegotiation of War Material Contracts

The Corporation's policy regarding prices and profits on war contracts is discussed in detail on pages 22 and 23 of this report. General Motors continues to operate under a policy of reducing prices as it becomes possible through the realization of cost savings.

Under Section 403 of the Sixth Supplemental National Defense Appropriation Act of 1942, as amended, profits on war material contracts are subject to re-



negotiation. An agreement was made with the United States Government through the Price Adjustment Board for the year 1942 prior to the issuance of the financial statements for that year. The amount of the refund required by the final settlement for 1942 was \$48,661,545, being substantially the same as the amount which would have been refunded under the Corporation's profit limitation policy.

Information relative to 1943 operations has been furnished to the Price Adjustment Board pursuant to their request but it has not been possible as yet to initiate discussions as to the amount to be refunded. Under these circumstances a provision of \$64,600,000 for refund in connection with renegotiation has been made for the year 1943 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 1943 is fair and reasonable, it is at present impossible to determine the exact amount to be refunded.

The final result is that the Corporation's income from all its manufacturing business, excluding income from investments but after providing for necessary reserves as well as income and excess profits taxes, amounted to 3.3% on net sales of \$3,796,115,800 for the year 1943. In 1942, the Corporation's income from all its manufacturing business, excluding the income items of a special nature, amounted to 4.5% on net sales of \$2,250,548,859.

Dividend Payments and Net Income Retained in the Business

Dividends paid and net income retained in the business in 1943 compare with 1942 as follows:

	1943	1942
Net income.....	\$149,780,088	\$163,651,588
Dividends paid on the \$5 series preferred stock.....	\$ 9,178,220	\$ 9,178,220
Dividends paid on the common stock, \$2.00 per share.....	87,106,758	86,992,295
Total dividends paid to the stockholders.....	\$ 96,284,978	\$ 96,170,515
Net income retained in the business, \$1.23 per share in 1943 and \$1.55 per share in 1942.....	\$ 53,495,110	\$ 67,481,073
Total dividend payments as per cent of net income.....	64.3%	58.8%

In the 15 years ended December 31, 1943, dividends paid were 83.2% of net income.

A record of sales, net income and dividends by years from 1917 through 1943 is shown on page 60.

Net Working Capital

Net working capital amounted to \$829,238,238 at December 31, 1943, an increase of \$176,912,099 over that of \$652,326,139 at December 31, 1942. This increase in 1943 reflects the following: (a) earnings of \$53,495,110 retained in the business, representing the excess of net income over dividends paid; (b) an increase of \$35,466,846 in the reserve for postwar contingencies and rehabilitation; (c) an amount of \$50,606,996 representing an excess of depreciation and amortization (including tool amortization) charged to income over expenditures for new construction and special tools; and (d) a decrease of \$15,367,030 in prepaid expenses and deferred charges resulting principally from the amortization against war production costs of pre-production expense. In addition, there was an increase of \$25,281,391 in net working capital due to the acquisition of the assets and liabilities of Yellow Truck & Coach Manufacturing Company on September 30, 1943.

Accounts receivable, notes receivable, trade acceptances and other receivables at December 31, 1943 amounted to \$525,113,622, an increase of \$22,275,461 over receivables of \$502,838,161 at December 31, 1942. At December 31, 1943 receivables against the

United States Government, included above, amounted to \$408,065,154. Prior to the entry of the United States into the war, the maximum amount of commercial receivables carried by General Motors was about \$125,000,000.

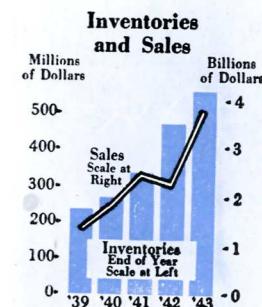
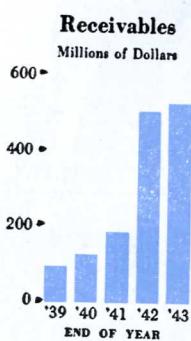
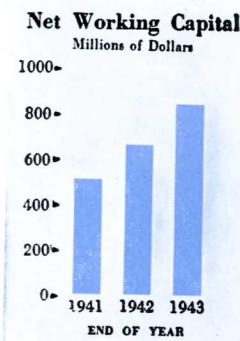
Inventories at the end of 1943 amounted to

\$564,411,464, an increase of \$98,145,879 over inventories of \$466,265,585 at the end of 1942. While it was not possible to follow the Corporation's usual practice of taking physical inventories at all locations during the year because of the urgency of war production schedules, nevertheless more than 90% of the aggregate value of the inventories at December 31, 1943 is based upon physical inventories taken at some time during the year. This percentage was about the same as for the year 1942. At December 31, 1943 inventories included \$79,040,301 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 \$554,431,398 at December 31, 1943, an increase of \$209,685,133 over the corresponding item of \$344,746,265 at December 31, 1942. Government securities at December 31, 1943 represented \$227,500,000 par value United States $\frac{7}{8}\%$ Certificates of Indebtedness.

At December 31, 1942 loans from banks under the General Motors V-Loan Credit Agreement were outstanding in the amount of \$100,000,000. These loans were repaid as they came

due during the second quarter of 1943 and no borrowings were outstanding as of December 31, 1943. Under date of October 31, 1942, the stockholders were advised of this agreement which provided 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 billion-dollar credit established. The credit may be availed of to carry the Corporation's investment in Government receivables and war inventories after Government contracts are cancelled as well as during the time the materials of war are being produced. The interest rate is $2\frac{1}{2}\%$ on the amount borrowed and, in addition, the Corporation pays a commitment fee of $\frac{1}{8}$ of 1% per annum on the unused portion of the credit. An amount of \$2,222,691, representing interest and commitment fees, was charged to income for 1943.



Capital Stock and Surplus

The balance sheet of the Corporation shows that at December 31, 1943 there were issued 44,104,340 shares of \$10 par value common capital stock carried at \$441,043,400, an increase of 604,340 shares and \$6,043,400 over the amounts at December 31, 1942.

Capital surplus of \$34,841,168 at December 31, 1943 shows an increase of \$22,896,909 during the year.

The issuance of the 604,340 shares of common stock by General Motors in connection with the acquisition of the property and assets of Yellow Truck & Coach Manufacturing Company accounts for the increase in total shares issued and for practically all of the increase in capital surplus.

Earned surplus of \$614,859,270 at December 31, 1943 compares with \$561,364,160 at the end of 1942, an increase of \$53,495,110. This increase represents the excess of net income over dividends paid during the year.

Real Estate, Plants, and Equipment

Total gross real estate, plants, and equipment amounted to \$899,204,062 at December 31, 1943 an increase of \$26,279,427 over the total of \$872,924,635 at December 31, 1942. Reserves for depreciation, including provision for amortization of special war facilities, increased \$70,532,831 during the year, or from \$501,441,553 at December 31, 1942 to \$571,974,384 at December 31, 1943. The net book value of real estate, plants, and equipment, therefore, decreased \$44,253,404 during the year to \$327,229,678 at December 31, 1943.

Expenditures by General Motors for additions to and improvements of plant and equipment, exclusive of special tools, amounted to \$11,421,517 in 1943. These expenditures were applicable almost entirely to the production of war materials. Property disposed of and other adjustments reduced the gross plant account by \$9,248,523. There was also an increase of \$25,469,161 in the gross plant account in 1943 as a result of the acquisition of the assets of Yellow Truck & Coach Manufacturing Company.

There has been no change during 1943 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 1943 was \$60,325,194, including \$14,248,875 for amortization of special war facilities at the accelerated rate permitted for tax purposes. In the year 1942, depreciation and amortization in the amount of \$59,162,640, including \$12,941,109 for amortization of special war facilities, was charged against net income.

The plant investment at December 31, 1943 does not include \$631,589,862 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, 1943, special tools, dies, etc., with an unamortized value of \$28,087,002 as compared with \$29,409,597 at December 31, 1942. Of the total at December 31, 1943, \$11,974,373 represents tools, dies, etc., applicable to war production. The balance of \$16,112,629 represents the value of tools applicable to commercial production which has 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 now being held available for use in the production of cars after the war will be used, and it is assumed that a sufficient number of cars will be produced to absorb the unamortized value in the tools. Accordingly, these special tools are being stored and will be available for use upon resumption of car production.

Investments Outside the United States

The net investment of General Motors Corporation and its consolidated subsidiaries outside the United States at December 31, 1943 amounted to \$34,921,422, after deducting allocable reserves of \$16,035,853 which have been set up to provide against contingent losses that may arise in any locality in which these foreign investments are located. This excludes investments in enemy or enemy-controlled territories written off in 1942 against reserves previously provided. The Corporation's net investment outside the United States at December 31, 1943 was 2.7% of its total capital stock and surplus of \$1,274,308,238. The net investment at December 31, 1942 was \$37,962,211 after deducting allocable reserves of \$12,909,530. Amounts included in reserves are considered adequate to take care of any losses in foreign investments which may occur.

The net investment of \$34,921,422 outside the United States includes the net assets of consolidated foreign subsidiaries and the net investment in foreign subsidiaries whose assets and liabilities are not consolidated in the Corporation's accounts. The principal foreign subsidiary not consolidated is Vauxhall Motors Limited, a manufacturing subsidiary located in England.

Earnings from sources outside the United States which have been included in consolidated income in 1943 constituted approximately 3.3% 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.

The table on the opposite page summarizes the General Motors investments outside the United States.

In addition to the foregoing, General Motors Acceptance Corporation, a wholly owned non-consolidated subsidiary, had total gross assets outside the United States of \$5,687,430. 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 assets was \$358,434.

Investments and Miscellaneous Assets

The Corporation's investments in subsidiary companies not consolidated, other investments, and miscellaneous assets are listed on page 57 of this report. The aggregate of all such items totaled \$212,310,219 at December 31, 1943, compared with \$214,261,518 at December 31, 1942.

The Corporation's investments in subsidiary companies not consolidated amounted to \$134,484,815 at December 31, 1943, which compares with \$157,013,695 at December 31, 1942. The decrease is accounted for principally by the acquisition of the property and assets of Yellow Truck & Coach Manufacturing Com-

pany, which is more fully described on page 47. 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 \$13,290,335 in 1943 and \$21,529,818 in 1942, of which \$9,575,575 in 1943 and \$17,818,324 in 1942 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 \$50,352,991 at December 31, 1943, which compares with \$46,260,452 at December 31, 1942. Total income from these investments in 1943 amounted to \$8,995,233, representing dividends and interest received, which compares with \$7,028,818 in 1942.

Prior to 1936 the Corporation reflected in net income its proportion of the undivided profits or losses of certain companies not controlled; i.e., 50% or less owned. 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 have been excluded from the Corporation's income in accordance with this policy, amounted to \$2,235,095 for the year 1943, and to \$16,474,796 for the years 1936 through 1943.

The changes in the more important investments are outlined in the following items:

General Motors Acceptance Corporation

The investment of the Corporation in General Motors Acceptance Corporation amounted to \$91,032,121 at December 31, 1943, as compared with \$87,878,373 at December 31, 1942. The increase in the investment is accounted for by the excess of net income of General Motors Acceptance Corporation over dividends paid to General Motors Corporation.

General Exchange Insurance Corporation

The Corporation's investment in General Exchange Insurance Corporation amounted to \$14,890,170 at

Summary of General Motors Investments Outside the United States

	December 31, 1943				Total December 31, 1942
	Canada, Mexico and So. America	England and British Possessions	All Other	Total	
Assets of consolidated foreign subsidiaries:					
Current assets.....	\$51,227,980	\$17,939,976	\$ 476,253	\$ 69,644,209	\$ 77,713,166
Other assets (after deducting reserves for depreciation).....	17,389,237	7,148,925	16,409	24,554,571	25,496,624
Total assets.....	\$68,617,217	\$25,088,901	\$ 492,662	\$ 94,198,780	\$103,209,790
Less:					
Current liabilities.....	\$37,781,226	\$12,798,245	\$1,877,334	\$ 52,456,805	\$ 63,204,834
Other liabilities.....	2,303,239	4,389,213	23,709	6,716,161	7,256,157
Total liabilities.....	\$40,084,465	\$17,187,458	\$1,901,043	\$ 59,172,966	\$ 70,460,991
Net investment in subsidiaries included in consolidation	\$28,532,752	\$ 7,901,443	\$1,408,381	\$ 35,025,814	\$ 32,748,799
Investments in subsidiary companies not consolidated:					
Vauxhall Motors Limited.....	—	14,397,678	—	14,397,678	16,516,545
Other	336,622	—	1,197,161	1,533,783	1,606,397
Total investments outside the United States before deducting allocable reserves.....	\$28,869,374	\$22,299,121	\$ 211,220	\$ 50,957,275	\$ 50,871,741
Less allocable reserves provided against contingent losses.....				16,035,853	12,909,530
Net investment outside the United States				\$ 34,921,422	\$ 37,962,211

December 31, 1943 and compares with an investment of \$13,030,470 at December 31, 1942. The increase in 1943 is due to the excess of the net income of General Exchange Insurance Corporation over dividends paid to General Motors Corporation.

Vauxhall Motors Limited

The investment of the Corporation in Vauxhall Motors Limited amounted to \$14,397,678 at the end of 1943, a decrease of \$2,118,867 from the investment at December 31, 1942. The Corporation's equity in unremitting earnings of Vauxhall Motors Limited has not been included in the Corporation's accounts since December 31, 1939. In 1943 the Corporation did, however, receive remittances from Vauxhall which were applied as a reduction of the investment.

Automobile Dealerships

The Corporation's investment in automobile

dealerships held by Motors Holding Division amounted to \$2,942,801 at December 31, 1943, a decrease of \$1,653,533 from the investment of \$4,596,334 at December 31, 1942. During the year some dealers, under their agreement with Motors Holding, purchased the latter's interest in their dealerships. Likewise, several dealerships in which Motors Holding held an interest were liquidated.

Yellow Truck & Coach Manufacturing Company

The Corporation's investment in Yellow Truck & Coach Manufacturing Company amounted to \$33,135,976 at December 31, 1942. On September 30, 1943 the Corporation acquired the property and assets of that Company. The assets acquired have been included in the accounts of the Corporation. At December 31, 1943 there were included in its investment accounts \$11,968,450 of investments formerly carried by Yellow Truck & Coach Manufacturing

Company, principally Yellow Manufacturing Acceptance Corporation, carried at \$6,269,602.

The acquisition of the property and assets of Yellow Truck & Coach Manufacturing Company was reported in full in the third quarter report to the stockholders. The acquisition took the form of General Motors delivering a total of 1,388,746 shares of its common stock to Yellow Truck & Coach Manufacturing Company on September 30, 1943. In exchange for this it received all the property and the assets of that Company. The number of shares of common stock of General Motors Corporation issued to Yellow Truck & Coach Manufacturing Company was sufficient to enable that Company to make distribution of such shares to its stockholders in exchange for their holdings in that Company in the ratio of 2-7/10 shares of the common stock of General Motors Corporation for each share of the Preferred stock of Yellow Truck & Coach Manufacturing Company outstanding and one share of the common stock of General Motors for each three shares of Class B or Common stock of that Company outstanding.

Upon delivery of these shares of General Motors Corporation common stock to Yellow Truck & Coach Manufacturing Company, stockholders of Yellow Truck other than General Motors became entitled to receive 604,340 shares of General Motors common stock, and General Motors received back 784,406 shares in exchange for its existing holdings of the Preferred, Class B and Common shares of Yellow Truck & Coach Manufacturing Company. These 784,406 shares of General Motors common stock are held in General Motors' treasury for retirement. The shares issued in exchange for the property and assets of Yellow Truck & Coach Manufacturing Company and delivered to that Company for distribution to its stockholders other than General Motors were capitalized at the market value of such shares on March 1, 1943 (based on New York Stock Exchange closing sales price of that date). The amount of the market value of such shares in excess of the par value thereof was credited to capital surplus upon the books of the Corporation. The market value was fixed as of March 1, 1943, for the reason that the resolution authorizing the execution of the Agreement and Plan of Reorganization and the issuance of such shares was duly adopted by the Board of Directors on that date.

As a result of the issuance of the 604,340 shares of common stock of General Motors Corporation to Yellow Truck & Coach, the capital stock and surplus of General Motors was increased \$28,932,778, of which \$6,043,400 represented an increase in the common capital stock account and \$22,889,378 represented an increase in capital surplus. The acquisition of Yellow Truck & Coach also resulted in an increase of \$13,463,548 in the General Motors goodwill account, representing the excess of the market value of the 604,340 net shares of common stock issued in connection with the acquisition and the September 30, 1943 carrying value of General Motors investment in Yellow Truck & Coach over the book value of the net assets acquired.

The consolidated balance sheet at December 31, 1943 includes the assets and liabilities taken over from Yellow Truck & Coach Manufacturing Company. The summary of consolidated income includes for the first nine months of 1943 only the proportion of the Yellow Truck earnings for that period which were applicable to the investment of General Motors in the 7% Preferred, Class B and Common stocks of Yellow Truck & Coach Manufacturing Company prior to the acquisition on September 30, 1943.

Treasury Stock

At December 31, 1943 General Motors Corporation held in its treasury for bonus purposes 89,006 shares of common stock carried at \$4,627,661. A total of 208,565 shares was acquired during the year for bonus purposes, while 160,730 shares were used for 1942 bonus awards. As a result of these transactions the common stock held in the treasury showed a net increase during the year 1943 of 47,835 shares.

Goodwill, Patents, Etc.

The Corporation's goodwill and patent account as of December 31, 1943 amounted to \$63,700,099 and shows an increase of \$13,463,548 over the balance of \$50,236,551 at December 31, 1942. The increase resulted from the acquisition of the assets of Yellow Truck & Coach Manufacturing Company. Patents are carried at a nominal amount of \$1.

Goodwill under the Corporation's standard ac-

counting 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, and their executive personnel, operating all over the world.



More than 38,000 technicians and instructors for the armed services have been graduated from GM War Products Training schools since Pearl Harbor. GM maintains



War Products Training and Maintenance

a corps of technical men in combat areas as specialists in maintenance work who also report through military channels on the performance of GM-built equipment.

Conclusion

The facts presented in this report reflect the accomplishments of an organization with but a single objective—the concentration of all its experience, know-how and energies on the production of war materials to help speed victory.

These accomplishments cannot be fully measured by statistics. Figures can never indicate the resourcefulness, the determination and the perseverance which have gone into the job. Nor can they indicate the fine teamwork and the sense of cooperative responsibility with which the individuals and the various units of the organization have been imbued throughout the year. Plants and machinery are essential to a production job, but they can be replaced.

The indispensable and irreplaceable element is the organization upon whose intelligence and experience and energy the final results rest.

The year 1943 was one of great effort and sound achievement on the part of the people of General Motors. The job is not yet done. All are determined to contribute to the utmost in support of the armed services until the final victory is won. When this is accomplished, there will be the task of preparing for the requirements of a nation at peace.

In conclusion, and 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 the momentous year just past.

By order of the Board of Directors,

March 20, 1944.



President



Chairman

*FINANCIAL
STATEMENTS
AND
STATISTICS*

GENERAL MOTORS CORPORATION
AND CONSOLIDATED SUBSIDIARIES

SUMMARY OF CONSOLIDATED INCOME
FOR THE YEARS ENDED DECEMBER 31, 1943 AND 1942

	Year 1943	Year 1942
Net Sales	<u>\$3,796,115,800.29</u>	<u>\$2,250,548,858.53</u>
General Motors Corporation's equity in earnings (net) of subsidiary companies not consolidated (dividends and interest received amounted to \$9,575,574.63 in 1943 and \$17,818,323.65 in 1942)	13,290,334.74	21,529,817.88
Other income (including dividends received of \$8,975,028.02 in 1943 and \$7,003,448.77 in 1942) less sundry income deductions.....	<u>11,201,154.12</u>	<u>10,440,516.09</u>
Total	<u>\$3,820,607,289.15</u>	<u>\$2,282,519,192.50</u>
Less:		
Cost of sales (excluding provision for depreciation).....	\$3,179,106,181.96	\$1,824,145,424.55
Selling, general, and administrative expense.....	75,157,698.82	64,266,984.94
Provision for:		
Depreciation and amortization of real estate, plants, and equipment ..	60,325,194.47	59,162,639.91
Postwar contingencies and rehabilitation.....	35,466,845.98	23,986,315.06
Refund in connection with the renegotiation of war material contracts (see Note A).....	64,600,000.00	48,661,545.11
Employees bonus (see Note B).....	7,250,586.55	5,273,650.30
United States and foreign income and excess profits taxes—includes provision for United States excess profits taxes of \$158,285,975.11 in 1943 and \$30,373,494.30 in 1942 (after deducting postwar credits of \$17,587,330.57 and \$3,374,832.70, respectively).....	248,920,693.54	124,500,520.15
Total	<u>\$3,670,827,201.32</u>	<u>\$2,149,997,080.02</u>
Net Income before Special Income Credits	<u>\$ 149,780,087.83</u>	<u>\$ 132,522,112.48</u>
Add Income Items of a Special Nature:		
Reduction in United States income and excess profits taxes charged to income in 1941 resulting from write-off in 1942, against reserves previously provided, of investments in enemy and enemy-controlled territories.....	\$ —	\$ 28,906,475.25
Recovery in settlement of stockholders' action, less fees and income taxes applicable to recovery.....	—	2,223,000.00
Total Income Items of a Special Nature	<u>\$ —</u>	<u>\$ 31,129,475.25</u>
Net Income for the Year	<u>\$ 149,780,087.83</u>	<u>\$ 163,651,587.73</u>
Dividends on preferred capital stock—\$5 series	9,178,220.00	9,178,220.00
Amount Earned on Common Capital Stock	<u>\$ 140,601,867.83</u>	<u>\$ 154,473,367.73</u>
Average number of shares of common capital stock outstanding during the year	43,570,410	43,498,457
Amount Earned Per Share of Common Capital Stock	<u>\$3.23</u>	<u>\$3.55</u>
In 1942, the amount earned per share of common capital stock before adding income items of a special nature amounted to		<u>\$2.84</u>

The notes on page 56 form a part of this statement.

GENERAL MOTORS CORPORATION
AND CONSOLIDATED SUBSIDIARIES

SUMMARY OF CONSOLIDATED SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 1943 AND 1942

EARNED SURPLUS

	Year 1943	Year 1942
Earned Surplus at beginning of year	<u>\$561,364,159.86</u>	<u>\$493,883,087.23</u>
Net Income for the Year per Summary of Consolidated Income	<u>149,780,087.83</u>	<u>163,651,587.73</u>
Total	<u>\$711,144,247.69</u>	<u>\$657,534,674.96</u>
Less cash dividends:		
Preferred capital stock—\$5 series	<u>\$ 9,178,220.00</u>	<u>\$ 9,178,220.00</u>
Common capital stock:		
Mar. 12 (\$0.50 per share)	<u>\$ 21,694,238.99</u>	<u>\$ 21,749,479.99</u>
June 12 (\$0.50 per share)	<u>21,668,538.99</u>	<u>21,748,738.49</u>
Sept. 13 (\$0.50 per share)	<u>21,721,444.74</u>	<u>21,749,236.49</u>
Dec. 13 (\$0.50 per share)	<u>22,022,534.99</u>	<u>21,744,840.13</u>
Total	<u>\$ 87,106,757.71</u>	<u>\$ 86,992,295.10</u>
Total cash dividends	<u>\$ 96,284,977.71</u>	<u>\$ 96,170,515.10</u>
Earned Surplus at end of year	<u>\$614,859,269.98</u>	<u>\$561,364,159.86</u>

CAPITAL SURPLUS

	Year 1943	Year 1942
Capital Surplus at beginning of year	<u>\$ 11,944,258.99</u>	<u>\$ 11,787,272.91</u>
Excess of award value over cost of treasury stock distributable as bonus:		
Amount attributable to current year bonus	<u>72,661.94</u>	<u>27,425.27</u>
Adjustment of amounts attributable to prior years' bonus	<u>65,130.16</u>	<u>33,234.98</u>
Net credit arising in connection with the issuance of common stock for the property and assets of Yellow Truck & Coach Manufacturing Company (see Note A)	<u>22,889,377.50</u>	<u>—</u>
Transfer from reserve for general contingencies of profit realized in prior years upon the sale or use of common capital stock received as a result of the operation of the employees investment fund	<u>—</u>	<u>162,795.79</u>
Capital Surplus at end of year	<u>\$ 34,841,168.27</u>	<u>\$ 11,944,258.99</u>

The notes on page 56 form a part of this statement.

G E N E R A L M O T O
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ASSETS

Current Assets:

	<u>Dec. 31, 1943</u>	<u>Dec. 31, 1942</u>
Cash	\$ 326,914,118.35	\$ 287,282,344.81
United States Government securities at cost:		
Short term.	227,517,279.53	—
Tax notes.	—	57,463,920.00
Accounts receivable—United States Government	408,065,154.65	391,344,591.27
Other accounts receivable, notes receivable, trade acceptances, etc. (less reserve for doubtful receivables: 1943, \$685,440.51; 1942, \$1,235,888.04)		
Inventories—at cost or less, not in excess of market (excludes inventories held for account of others under cost-plus-a-fixed-fee contracts: 1943, \$47,229,967.39; 1942, \$54,772,044.80)	117,048,468.22	111,493,569.51
Total Current Assets	<u>564,411,463.63</u>	<u>466,265,584.86</u>
	<u>\$1,643,956,484.38</u>	<u>\$1,313,850,010.45</u>

Investments and Miscellaneous Assets: (Schedule 1)

Investments in subsidiary companies not consolidated	\$ 134,484,815.35	\$ 157,013,694.56
Other investments	50,352,990.82	46,260,452.10
Miscellaneous assets	27,472,412.32	10,987,370.62
Total Investments and Miscellaneous Assets	<u>\$ 212,310,218.49</u>	<u>\$ 214,261,517.28</u>

Common Capital Stock in Treasury:

Held for bonus purposes (1943, 89,006 shares; 1942, 41,171 shares)	\$ 4,627,661.47	\$ 1,678,625.46
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Real Estate, Plants, and Equipment

Less reserve for depreciation (including amortization of special war facilities)	\$ 571,974,383.77	\$ 501,441,552.87
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Net Real Estate, Plants, and Equipment	\$ 327,229,678.04	\$ 371,483,082.46
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Prepaid Expenses and Deferred Charges

.	\$ 12,894,300.13	\$ 28,261,329.73
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Goodwill, Patents, Etc.

.	\$ 63,700,098.73	\$ 50,236,551.42
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TOTAL ASSETS	<u>\$2,264,718,441.24</u>	<u>\$1,979,771,116.80</u>
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The notes on page 56 form a part of this statement.

C O R P O R A T I O N
D S U B S I D I A R I E S
T E D B A L A N C E S H E E T
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LIABILITIES, RESERVES, AND CAPITAL

Current Liabilities:

	Dec. 31, 1943	Dec. 31, 1942
Accounts payable.....	\$ 194,697,279.68	\$ 146,613,940.34
Notes payable to banks, under Federal Reserve Regulation V.....	—	100,000,000.00
Due to foreign banks.....	263,700.00	2,423,005.16
Taxes, payrolls, warranties, and sundry accrued items.....	127,135,313.82	87,499,021.45
Due to contracting agencies of United States Government for accrued price reductions.....	85,077,232.89	104,152,102.71
Refund accrued in connection with the renegotiation of war material contracts.....	64,600,000.00	48,661,545.11
Advances on government contracts.....	42,002,404.95	27,839,152.63
United States and foreign income and excess profits taxes.....	295,783,253.71	136,049,869.41
Employee bonus (portion of total estimated to be payable in cash).....	2,864,506.07	5,990,680.10
Dividends payable on preferred capital stock.....	2,294,555.00	2,294,555.00
Total Current Liabilities	\$ 814,718,246.12	\$ 661,523,871.91

Other Liabilities:

Employee bonus (portion of total estimated to be payable in common stock held in treasury).....	\$ 4,419,378.75	\$ 1,639,189.05
Taxes, warranties, and miscellaneous.....	47,108,218.40	39,969,075.39
Total Other Liabilities	\$ 51,527,597.15	\$ 41,608,264.44

Reserves:

Employee benefit plans.....	\$ 6,612,878.27	\$ 6,386,933.43
Deferred income.....	5,423,807.73	6,339,014.66
Postwar contingencies and rehabilitation.....	76,051,805.26	40,584,959.28
Contingencies and miscellaneous:		
Allocable to foreign subsidiaries.....	16,035,853.15	12,909,530.11
General.....	18,151,402.11	16,657,110.92
Total Reserves	\$ 122,275,746.52	\$ 82,877,548.40

Minority Interest in Preference Stock of Subsidiary Company \$ 1,888,613.20 \$ 1,888,613.20

Capital Stock and Surplus:

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).....	\$ 183,564,400.00	\$ 183,564,400.00
Common, \$10 par value (authorized, 75,000,000 shares; issued, 1943—less 784,406 shares held in treasury for retirement—44,104,340 shares, 1942—43,500,000 shares).....	441,043,400.00	435,000,000.00
Total Capital Stock	\$ 624,607,800.00	\$ 618,564,400.00
Capital surplus.....	34,841,168.27	11,944,258.99
Earned surplus.....	614,859,269.98	561,364,159.86
Total Capital Stock and Surplus	\$1,274,308,238.25	\$1,191,872,818.85
TOTAL LIABILITIES, RESERVES, AND CAPITAL	\$2,264,718,441.24	\$1,979,771,116.80

NOTES TO FINANCIAL STATEMENTS

Renegotiation of War Material Contracts

Under Section 403 of the Sixth Supplemental National Defense Appropriation Act of 1942, as amended, profits on war material contracts are subject to renegotiation. Settlement was made for the year 1942 prior to the issuance of the financial statements for that year. The amount of the refund required by the final settlement for 1942 was substantially the same as the amount which would have been refunded under the Corporation's profit limitation policy (see page 43). Information relative to 1943 operations has been furnished to the Price Adjustment Board pursuant to their request but it has not been possible as yet to initiate 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 1943 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 1943 is fair and reasonable, it is at present impossible to determine the exact amount to be refunded.

Notes to Summary of Consolidated Income

NOTE A:

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

NOTE B:

In addition to the amount provided under the Corporation's bonus plan in 1943, an amount of \$11,200.00 was provided for bonus by a foreign subsidiary having a separate bonus plan, which amount has been charged to sundry income deductions.

GENERAL NOTES:

Since December 31, 1933 there has been excluded from net income such portion of the net income of foreign subsidiaries as could not be remitted because of foreign exchange restrictions. The amount so excluded from net income for the year 1943 was \$1,257,323.67 based upon current or last quoted exchange rates. For further information regarding income from foreign sources, see page 43.

Certain expenses which have previously been included in Cost of Sales are now included in Selling, General, and Administrative expense. For purposes of comparison, 1942 figures as previously published have been adjusted accordingly.

Notes to Summary of Consolidated Surplus

NOTE A:

The net credit represents the excess of the market value, based on the March 1, 1943 closing sales price, over the par value of the 604,340 shares of common stock issued in connection with the acquisition of the property and assets of Yellow Truck & Coach Manufacturing Company and distributable by that Company to its stockholders other than General Motors Corporation. A total of 1,388,746 shares was issued in connection with the acquisition, of which 784,406 shares were received back by the Corporation in exchange for its stock holdings in that Company and are held for retirement; the balance of 604,340 shares remains outstanding.

GENERAL NOTE:

Earned Surplus includes \$39,858,143.84 at December 31, 1943 and \$32,237,742.46 at December 31, 1942 for net earned surplus of subsidiaries not consolidated; also \$1,679,466.70 at December 31, 1943 and 1942 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 \$22,900,539.27 held by the Corporation at December 31, 1943 for employees' war savings bond purchases and taxes withheld under the Current Tax Payment Act of 1943, and \$5,825,385.91 held at December 31, 1942 for employees' war savings bond purchases, and the contra liabilities therefor, are not included in the balance sheet.

ACCOUNTS RECEIVABLE:

Other accounts receivable, notes receivable, trade acceptances, etc. include \$988,417.78 at December 31, 1943 and \$15,913,361.42 at December 31, 1942 of current receivables from subsidiary companies not consolidated; and \$58,394.43 at December 31, 1943 and \$49,638.70 at December 31, 1942 of receivables from officers and employees.

INVENTORIES:

While it was not possible to follow the Corporation's usual practice of taking physical inventories at all locations during the year because of the urgency of war production schedules, nevertheless more than 90% of the aggregate value of the inventories at December 31, 1943 is based upon physical inventories taken at some time during the year.

FOREIGN INVESTMENTS:

For information regarding the Corporation's foreign investments, see page 45.

CONTINGENT LIABILITIES:

Claims in respect of sundry taxes, suits, patent infringements and other matters incident to the ordinary course of business, together with other contingencies, involve estimated maximum liabilities totaling approximately \$7,500,000. 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.

There is pending an action against General Motors Corporation and Yellow Truck & Coach Manufacturing Company for the benefit of the stockholders of record of Yellow Truck & Coach Manufacturing Company, as of September 8, 1943. The complaint charges, in substance, that as a result of transactions between the two companies from July 1925 to November 1943, General Motors Corporation has unjustly enriched itself at the expense of Yellow Truck & Coach Manufacturing Company and asks for an accounting of any sums that may be found on such accounting to have been unjustly and unlawfully obtained by General Motors Corporation from Yellow Truck & Coach Manufacturing Company. The writ served asks for damages in the sum of \$10,000,000. No provision has been made for any possible loss in connection with this case for the reason that it is believed that no liability exists.

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, 1943 AND 1942

	<u>Dec. 31, 1943</u>	<u>Dec. 31, 1942</u>
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Investments in Subsidiary Companies Not Consolidated:

Wholly owned companies carried at net worth as shown by the books of the companies:

General Motors Acceptance Corporation.....	\$ 91,032,121.15	\$ 87,878,372.73
General Exchange Insurance Corporation.....	14,890,170.01	13,030,470.49
Yellow Manufacturing Acceptance Corporation.....	6,269,601.92	—
Other.....	1,513,286.49	—

Subsidiary companies carried at cost adjusted to include the Corporation's proportion of undivided profits or losses since acquisition:

Yellow Truck & Coach Manufacturing Company.....	—	33,135,975.61
Vauxhall Motors Limited (see note).....	14,397,677.75	16,516,544.75
Automobile dealerships held by Motors Holding Division.....	2,942,801.35	4,596,333.64

Other.....

Total Investments in Subsidiary Companies Not Consolidated	\$134,484,815.35	\$157,013,694.56
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Other Investments:

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.....	\$ 19,492,032.87	\$ 18,549,232.87
Bendix Aviation Corporation.....	12,273,020.99	12,273,020.99
North American Aviation, Inc.....	4,510,611.12	4,510,611.12
Kinetic Chemicals, Inc.....	1,632,617.87	652,617.87

National Bank of Detroit common stock (at cost).....

6,375,000.00

GM Shares, Inc. common stock.....

394,407.91

Other.....

5,675,300.06

Total Other Investments

\$ 50,352,990.82

\$ 46,260,452.10

Miscellaneous Assets:

Postwar refund of United States excess profits taxes.....	\$ 20,173,741.99	\$ 3,374,832.70
Properties, land contracts and mortgages held by housing divisions (less reserves: 1943, \$3,005,782.89; 1942, \$3,028,468.29)	1,963,949.67	3,566,690.39
Cash and securities in excess of operating needs subject to exchange restrictions in foreign countries (1942, less reserves: \$895,944.79)	2,653,287.90	3,070,891.21
Other.....	2,681,432.76	974,956.32

Total Miscellaneous Assets

\$ 27,472,412.32

\$ 10,987,370.62

TOTAL INVESTMENTS AND MISCELLANEOUS ASSETS

\$212,310,218.49

\$214,261,517.28

NOTE: In recognition of foreign exchange restrictions, 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 16, 1944.

GENERAL MOTORS CORPORATION:

We have examined the Condensed Consolidated Balance Sheet of General Motors Corporation and consolidated subsidiaries as of December 31, 1943 and 1942, 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 and our examination of the inventories did not include physical tests of the quantities at certain locations where the production schedules for war materials did not permit the taking of physical inventories, as to both of which matters we satisfied ourselves 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 1943 as set forth in a note to the financial statements, the consolidated financial condition of the companies at December 31, 1943 and 1942, 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

GENERAL MOTORS ACCEPTANCE CORPORATION
AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1943

ASSETS

Current Assets:		
Cash (Note A).....		\$ 16,368,682.20
United States Government securities—at cost less amortization (value based on market quotations, \$69,743,500).....		69,555,339.88
Notes and Bills Receivable (including installments of \$1,764,709 maturing in 1945 and \$626,155 thereafter) (Notes A and B).....	\$ 66,899,740.48	
Deductions:		
Unearned Income.....	\$ 1,576,374.07	
Reserve for Losses on Notes and Bills Receivable.....	1,748,954.46	
Total Deductions.....	\$ 3,325,328.53	
Notes and Bills Receivable, Less Deductions.....		63,574,411.95
Accounts Receivable.....		1,602,316.77
Total Current Assets.....		\$151,100,750.80
Claim in Connection with Adjustment of United States Income and Excess Profits		2,937,687.79
Taxes Paid for Year 1941 (Note C).....		
Investments:		
Wholly Owned Subsidiaries not Consolidated (carried at net worth as shown by the books of the subsidiaries):		
Motors Insurance Corporation.....	\$ 4,969,173.56	
General Exchange Corporation.....	9,158.25	
Other.....	1,000.00	4,979,331.81
Office Equipment and Company Automobiles (Less Depreciation, \$2,123,705.81).....		173,772.52
Deferred Charges.....		64,875.38
Total.		<u>\$159,256,418.30</u>

LIABILITIES, CAPITAL STOCK AND SURPLUS

Current Liabilities:		
Notes and Bank Loans Payable:		
Canada.....	\$ 1,765,765.76	
Other Countries (Note A).....	1,167,449.71	\$ 2,933,215.47
Accounts Payable:		
Due General Motors Corporation and Other Affiliated Companies.....	\$ 635,644.51	
Due Motors Insurance Corporation.....	155,493.12	
Credit Certificates Issued to Customers under Military Service Repurchase Plan.....	675,237.77	
Other.....	550,989.46	2,017,364.86
Accrued Liabilities:		
United States and Other Taxes.....	\$ 869,367.52	
Interest.....	167,916.64	1,037,284.16
Dealers' Repossession Loss Reserves.....		4,046,840.08
Total Current Liabilities.		<u>\$ 10,034,704.57</u>
Long-Term Debt:		
Nine-Year 2% Notes, due May 1, 1949.....	\$ 46,000,000.00	
13 1/4% Serial Debentures, due May 1, 1946 to 1950.....	5,000,000.00	
Ten-Year 7% Mexican Peso Commercial Bonds, due July 20, 1951 (Note A).....	30,930.00	51,030,930.00
Reserves:		
For Contingencies.....	\$ 5,000,000.00	
Other.....	2,158,662.58	7,158,662.58
Capital Stock and Surplus:		
Capital Stock—\$100 par, authorized and outstanding, 500,000 shares.....	\$ 50,000,000.00	
Paid-In Surplus.....	11,250,000.00	
Earned Surplus.....	8,750,000.00	
Undivided Profits (Note C).....	21,032,121.15	91,032,121.15
Total.		<u>\$159,256,418.30</u>

NOTES:

(A) Notes and Bills Receivable of \$890,538.67 were pledged as collateral against bank borrowings amounting to \$609,974.56 in countries other than the United States and Canada. In addition, Cash of \$1,546.50 and Notes and Bills Receivable of \$610,406.44 were pledged as collateral against Ten-Year 7% Mexican Peso Commercial Bonds amounting to \$30,930.00.

(B) Included in Notes and Bills Receivable are amounts—United States, \$3,046,756.81 and Canada, \$5,363.46—representing notes due from dealerships affiliated with General Motors Corporation. There are also included amounts—United States, \$3,328,692.82 and Canada, \$162,519.31—representing notes guaranteed by General Motors Corporation or affiliated dealership companies.

(C) During the year the Corporation credited income in the amount of \$2,937,687.79, representing an adjustment of United States income and excess profits taxes paid for the year 1941 arising from the carry-back of unused excess profits credits for the years 1942 and 1943.

Cash in the amount of \$15,190.79 deposited to redeem securities called but not yet presented for payment and the contra liability have been excluded from the above balance sheet.

GENERAL MOTORS CORPORATION
AND CONSOLIDATED SUBSIDIARIES

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	\$ 14,294,482	\$ 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	—	† 63,034,738
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

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			

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

EMPLOYES

1934... \$263,204,225	1939... \$ 386,292,203	1934... 191,157	1939... 220,434
1935... 327,677,624	1940... 492,246,017	1935... 211,712	1940... 249,386
1936... 384,153,022	1941... 669,744,870	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

The combined annual payrolls, including salaries and wages, and 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 Manufacturing Subsidiaries*		Total Unit Sales from All Sources
	Passenger Cars	Trucks	Total	Passenger Cars	Trucks	
1934	902,324	226,002	1,128,326	81,885	30,236	1,240,447
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			

*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 1934 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 1943

The amount of the credit to the bonus reserve for the year 1943 was, in accordance with the provisions of the Bonus Plan, determined by the independent public accountants as follows:

Net income for the year as shown on the Summary of Consolidated Income, page 52 . . .	\$ 149,780,087.83
Add provision for bonus	7,250,586.55
Net earnings	\$ 157,030,674.38
Less 7% on net capital (see below)	84,524,808.84
Portion of net earnings upon which credit to bonus reserve was computed	\$ 72,505,865.54
Credit to bonus reserve—10% of net earnings after deducting 7% on net capital	\$ 7,250,586.55

Computation of 7% on Net Capital:

Total Capital Stock and Surplus at December 31, 1942 as shown on the Condensed Consolidated Balance Sheet, page 55	\$ 1,191,872,818.85
Add allowance for increase in capital and surplus arising during the year from the issuance of new stock in connection with the acquisition of the property and assets of Yellow Truck & Coach Mfg. Co. (computed from the date of acquisition, September 30, 1943, to December 31, 1943)	15,624,450.23
Net capital	\$ 1,207,497,269.08
7% on net capital	\$ 84,524,808.84

Bonus Awards

A record of the awards made under the General Motors Bonus Plan from 1937 through 1942 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

Bonus awards for 1943 have not been as yet determined.

GENERAL MOTORS UNITS ENGAGED IN THE WAR EFFORT

AC SPARK PLUG DIVISION	GENERAL MOTORS OF CANADA, LTD.
AEROPRODUCTS DIVISION	G. M. OVERSEAS OPERATIONS DIVISION
ALLISON DIVISION	GENERAL MOTORS PARTS DIVISION
BROWN-LIPE-CHAPIN DIVISION	GENERAL MOTORS PROVING GROUND
BUICK MOTOR DIVISION	GMC TRUCK & COACH DIVISION
CADILLAC MOTOR CAR DIVISION	GUIDE LAMP DIVISION
CHEVROLET MOTOR DIVISION	HARRISON RADIATOR DIVISION
CLEVELAND DIESEL ENGINE DIVISION	HYATT BEARINGS DIVISION
DELCO APPLIANCE DIVISION	INLAND MANUFACTURING DIVISION
DELCO PRODUCTS DIVISION	THE MCKINNON INDUSTRIES, LTD.
DELCO RADIO DIVISION	MORAINES PRODUCTS DIVISION
DELCO-REMY DIVISION	NEW DEPARTURE DIVISION
DETROIT DIESEL ENGINE DIVISION	OLDSMOBILE DIVISION
DETROIT TRANSMISSION DIVISION	PACKARD ELECTRIC DIVISION
DIESEL EQUIPMENT DIVISION	PONTIAC MOTOR DIVISION
EASTERN AIRCRAFT DIVISION	RESEARCH LABORATORIES DIVISION
ELECTRO-MOTIVE DIVISION	ROCHESTER PRODUCTS DIVISION
FISHER BODY DIVISION	SAGINAW MALLEABLE IRON DIVISION
FRIGIDAIRE DIVISION	SAGINAW STEERING GEAR DIVISION
GENERAL MOTORS INSTITUTE	TERNSTEDT MANUFACTURING DIVISION

UNITED MOTORS SERVICE, INC.

GENERAL MOTORS PRODUCTS

GM BUILDS FOR WAR—

Allison Aircraft Engines	Gyroscopes	Truck and Tank Engines
Tank Destroyers	Airplane Automatic Pilots	Instrument Panels for Tanks and Trucks
Navy Grumman Fighter and Bomber Planes	Anti-Tank Guns	Magnesium Castings
Pratt & Whitney Airplane Engines	Bomb Sights	Airplane Landing Gear Struts, Hydraulic Controls, Fuel Pumps and other Equipment
Army Trucks of Many Kinds and Sizes	Batteries and Wiring Equipment for Planes, Tanks and Trucks	Tank Tracks
Ball and Roller Bearings for all Types of War Equipment	Shot and Shell	Aluminum Engine Castings and Forgings
Diesel Engines for Tanks, Tractors, Ships, Locomotives and Auxiliary Uses	Carbines	Tank and Truck Transmissions
Anti-Aircraft Guns and Gun Mounts	Spark Plugs for Planes, Tanks and Trucks	ArmaSteel Castings for Tanks, Trucks and Guns
Tanks	Electrical Equipment for Airplanes, Ships, Tanks and Trucks	Aerial Torpedoes
Amphibious Trucks	Machine Guns and Submachine Guns	Radiators, Oil Coolers and Heat Exchangers
Cartridge Cases	Radio Receivers and Transmitters	<i>—And Many Other Products</i>
Tank Guns and Gun Mounts	Airplane Propellers	
Military Locomotives	Naval Gun Breech Housings and Gun Mounts	
Bomber Parts and Subassemblies	Aircraft Cannon	
	Gun Motor Carriages	

GM BUILT FOR PEACE—

Chevrolet Passenger Cars and Trucks	GM Diesel Engines for Trucks, Tractors, Ships and Auxiliary Purposes	AC Spark Plugs, Speedometers, Fuel Pumps, Oil Filters, Gauges and other Automobile Equipment
Pontiac Passenger Cars	Frigidaire Refrigerators, Electric Ranges, Water Coolers, Commercial Refrigerating and Air Conditioning Equipment, Water Heaters and Room Air Conditioners	Guide Lamps and Mirrors
Oldsmobile Passenger Cars	Delco Light Plants, Oil Burners, Water Heaters, Automatic Stokers, Boilers, Water Systems and Electric Motors	Saginaw ArmaSteel Castings
Buick Passenger Cars	Delco Home and Automobile Radios, Batteries, Horns, Generators and Miscellaneous Automobile Equipment	Hyatt Roller Bearings
Cadillac Passenger Cars		New Departure Ball Bearings
Fisher Automobile Bodies		Harrison Automobile Radiators, Defrosters, Heaters and Thermostats
GM Diesel Locomotives		<i>—And Many Other Products</i>
GMC Trucks		
GM Motor Coaches		

PICTURE CREDITS: Page 18—Erik Miller-Lockheed Aircraft Corp., Acme, U. S. Marine Corps; page 20—U. S. Navy; page 24—U. S. Army Signal Corps; page 25—U. S. Navy, U. S. Army Signal Corps; page 28—U. S. Army Signal Corps, Press Association, Acme; page 29—U. S. Army Signal Corps, Acme; page 32—Dravo Corp.; page 33—Electric Boat Company, Lockheed Aircraft Corp.; page 40—Santa Fe Railway; page 49—U. S. Army Signal Corps.

VICTORY
IS OUR BUSINESS

