

• The transfer of Delco Electronics (Delco), the automotive electronics subsidiary of Hughes, from Hughes to GM's Delphi Automotive Systems and a reallocation of the derivative interest in the earnings of Delco currently held by Class H common stockholders to holders of \$1- $\frac{2}{3}$  par value common stock; and

• The recapitalization of Class H common stock into a tracking stock linked to the telecommunications and space business of Hughes. GM would continue to own 100% of Hughes, which would hold and operate its existing telecommunications and space business.

The distribution of stock in the Hughes defense business to holders of GM Class H and \$1- $\frac{2}{3}$  par value common stock would be in a ratio that would be determined by GM's Board of Directors to be fair to both classes of stockholders and would reflect: (1) a pro rata spin-off of the Hughes defense business to holders of GM Class H and \$1- $\frac{2}{3}$  par value Class H common stock; (2) a partial reallocation of the Hughes defense business from holders of GM \$1- $\frac{2}{3}$  par value common stock to holders of Class H common stock in exchange for the derivative interest in the earnings of Delco currently held by the Class H stockholders; and (3) other effects and factors relating to the planned transactions. Such a distribution ratio will be set by GM's Board of Directors at a time closer to GM's distribution of the solicitation statement/prospectus pursuant to which GM stockholders will be asked to approve the transactions.

The planned transactions are subject to approval by holders of GM \$1- $\frac{2}{3}$  par value and Class H common stock. In addition, the merger of the Hughes defense business with Raytheon, which is contingent upon the spin-off of the Hughes defense business, is subject to approval by the stockholders of Raytheon. The planned transactions also are subject to a variety of regulatory approvals and actions, including

anti-trust clearance and receipt of rulings by the Internal Revenue Service that the spin-off of the Hughes defense business would be tax-free to GM and its stockholders.

The spin-off is not being proposed in a manner that would result in a recapitalization of Class H common stock into \$1- $\frac{2}{3}$  par value common stock at a 120% exchange ratio, as currently provided for under certain circumstances in GM's Restated Certificate of Incorporation, as amended.

No assurances can be given that the above transactions will be completed; however, management of GM and Hughes and GM's Board of Directors expect to solicit stockholder approval during late 1997, after certain conditions are satisfied.

# SUPPLEMENTAL INFORMATION

## SELECTED QUARTERLY DATA (UNAUDITED)

(Dollars in Millions Except Per Share Amounts)

	1996 Quarters				1995 Quarters			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Revenues	\$3,736.7	\$4,062.5	\$3,822.6	\$4,296.1	\$3,578.8	\$3,723.6	\$3,441.3	\$4,028.1
Income before income taxes	\$ 472.5	\$ 448.3	\$ 366.2	\$ 347.6	\$ 403.3	\$ 436.3	\$ 310.6	\$ 443.7
Income taxes	191.4	172.3	144.7	97.3	165.4	178.8	121.6	179.8
Net income	\$ 281.1	\$ 276.0	\$ 221.5	\$ 250.3	\$ 237.9	\$ 257.5	\$ 189.0	\$ 263.9
Earnings used for computation of available separate consolidated net income	\$ 311.7	\$ 306.6	\$ 252.0	\$ 280.9	\$ 268.9	\$ 288.4	\$ 256.1	\$ 294.4
Average number of shares of General Motors Class H common stock outstanding (in millions)	97.4	98.2	98.8	99.3	94.2	95.4	95.9	96.5
Class H dividend base (in millions)	399.9	399.9	399.9	399.9	399.9	399.9	399.9	399.9
Available separate consolidated net income	\$ 76.0	\$ 75.2	\$ 62.3	\$ 69.8	\$ 63.3	\$ 68.8	\$ 61.4	\$ 71.1
Net earnings attributable to General Motors Class H common stock on a per share basis	\$0.78	\$0.77	\$0.63	\$0.70	\$0.67	\$0.72	\$0.64	\$0.74
Stock price range of General Motors Class H common stock								
High	\$63.38	\$68.25	\$61.38	\$59.25	\$41.75	\$41.63	\$42.75	\$50.00
Low	\$45.00	\$57.50	\$53.13	\$49.50	\$33.25	\$37.75	\$39.13	\$39.50

## Selected Financial Data (UNAUDITED)

(Dollars in Millions Except Per Share Amounts)

	1996	1995	1994	1993	1992
Revenues	\$15,917.9	\$14,771.8	\$14,099.4	\$13,517.5	\$12,297.1
Earnings (Loss) used for computation of available separate consolidated net income (loss)	\$ 1,151.2	\$ 1,107.8	\$ 1,049.2	\$ 921.6	\$ (921.6)
Average number of shares of General Motors Class H common stock outstanding (in millions)	98.4	95.5	92.1	88.6	75.3
Class H dividend base (in millions)	399.9	399.9	399.9	399.9	399.9
Available separate consolidated net income (loss)	\$ 283.3	\$ 264.6	\$ 241.6	\$ 204.5	\$ (142.3)
GM Class H cash dividends	\$ 94.4	\$ 87.9	\$ 73.8	\$ 64.1	\$ 53.3
Dividend payout ratio <sup>(1)</sup>	35.7%	36.4%	36.0%	N/A	51.0%
Earnings (Loss) attributable to General Motors Class H common stock on a per share basis before cumulative effect of accounting changes	\$2.88	\$2.77	\$2.70	\$2.30	\$(0.11)
Earnings (Loss) attributable to General Motors Class H common stock on a per share basis after cumulative effect of accounting changes	\$2.88	\$2.77	\$2.62	\$2.30	\$(2.29)
Capital expenditures <sup>(2)</sup>	\$ 840.2	\$ 820.3	\$ 746.3	\$ 580.0	\$ 558.5
Cash and cash equivalents	\$ 1,161.3	\$ 1,139.5	\$ 1,501.8	\$ 1,008.7	\$ 702.7
Working capital	\$ 2,879.4	\$ 2,502.0	\$ 2,695.5	\$ 2,165.2	\$ 1,692.4
Total assets	\$16,480.1	\$15,974.4	\$14,850.5	\$14,117.1	\$14,209.2
Long-term debt and capitalized leases	\$ 34.5	\$ 258.8	\$ 353.5	\$ 416.8	\$ 711.0
Return on equity* <sup>(3)</sup>	11.6%	11.5%	12.1%	11.3%	(13.9%)
Income (Loss) before interest and taxes as a percent of capitalization <sup>(4)</sup>	18.3%	18.7%	19.0%	18.0%	(2.3%)
Pre-tax return on total assets <sup>(5)</sup>	10.1%	10.3%	10.6%	9.7%	(1.8%)

\* Includes unfavorable cumulative effect of accounting changes of \$30.4 million in 1994 and \$872.1 million in 1992.

(1) GM Class H cash dividends divided by available separate consolidated net income for the prior year.

(2) Includes expenditures related to telecommunications and other equipment amounting to \$187.9 million, \$274.6 million, \$255.8 million, \$131.1 million, and \$101.6 million in 1996, 1995, 1994, 1993, and 1992, respectively.

(3) Net Income (Loss) divided by average stockholder's equity (General Motors' equity in its wholly-owned subsidiary, Hughes). Holders of GM Class H common stock have no direct rights in the equity or assets of Hughes, but rather have rights in the equity and assets of GM (which includes 100% of the stock of Hughes).

(4) Income (Loss) before interest and taxes divided by average stockholder's equity plus average debt.

(5) Income (Loss) before Income Taxes divided by average total assets.

**GM Has Two Classes of Common Stock**

This annual report is prepared for the benefit of holders of General Motors Corporation ("GM") Class H common stock. GM has two classes of common stock, Class H (ticker symbol GMH) and \$1-2/3 par value (ticker symbol GM). Holders of Class H common stock have no direct rights in the equity or assets of Hughes Electronics Corporation (Hughes), but rather have rights in the equity and assets of GM, which includes 100 percent of the stock of Hughes. For purposes of determining the approximate earnings per share attributable to Class H common stock for financial reporting purposes, an investor may divide the quarterly Hughes earnings allocated to Class H common stock (the Available Separate Consolidated Net Income of Hughes) by the weighted-average number of shares of Class H common stock outstanding during such quarter. Earnings per share of GM \$1-2/3 par value common stock are calculated on the consolidated earnings of GM excluding the aggregate earnings attributed to the outstanding shares of Class H common stock.

**Class H is a GM Stock with Dividend Payments Linked to the Performance of Hughes**

Class H common stock, which is issued by GM, is designed to provide holders with financial returns based on the performance of Hughes and not the performance of any other GM subsidiaries, divisions, or operations. The current dividend policy of the GM Board of Directors is to pay quarterly dividends on Class H common stock at an annual rate equal to approximately 35 percent of the Available Separate Consolidated Net Income of Hughes for the prior year as described herein. The Board may change dividend practices and policies with respect to Class H common stock, or any other class of GM common stock, at any time.

**Earnings Attributable to Class H Stock are Not Affected by Hughes Aircraft Company Acquisition Intangibles**

The Hughes Consolidated Statement of Income reflects amortization and adjustment of purchase accounting adjustments arising from GM's acquisition of Hughes Aircraft Company in 1985 of \$122.3 million in 1996, \$159.5 million in 1995 and \$123.8 million in 1994. Also, \$2.7 billion and \$2.8 billion, respectively, of related unamortized intangible assets are included in the December 31, 1996 and 1995 Consolidated Balance Sheet. GM's Certificate of Incorporation provides that, in calculating the amount available for payment of dividends on Class H stock (which amount is also used to calculate the earnings attributable to Class H stock on a per share basis), amortization and adjustment of the excess purchase price for the acquisition of Hughes Aircraft Company will not be charged against the earnings of Hughes. For purposes of calculating the amounts available for payment of dividends on Class H stock and on the \$1-2/3 par value stock, amortization and adjustment of such purchase accounting adjustments is charged against the amounts available for the payment of dividends on GM's \$1-2/3 par value stock, not the Class H stock. This annual report also provides supplemental data that enables readers to review the financial performance of Hughes, excluding amortization and adjustment of GM purchase accounting adjustments related to Hughes Aircraft Company.

\*\*Not a part of the Notes to Consolidated Financial Statements.

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**BOARD OF DIRECTORS**

C. Michael Armstrong  
Chairman of the Board  
and Chief Executive Officer  
Hughes Electronics Corporation

Charles T. Fisher, III  
Retired Chairman and President  
NBD Bancorp Inc.

*AUDIT COMMITTEE*  
*EXECUTIVE COMPENSATION COMMITTEE*

J. Michael Losh  
Executive Vice President  
and Chief Financial Officer  
General Motors Corporation  
*AUDIT COMMITTEE*

Charles H. Noski  
Vice Chairman  
and Chief Financial Officer  
Hughes Electronics Corporation

Harry J. Pearce  
Vice Chairman  
General Motors Corporation

Edmund T. Pratt, Jr.  
Chairman Emeritus  
Pfizer Inc.  
*CHAIRMAN, EXECUTIVE COMPENSATION  
COMMITTEE*

John F. Smith, Jr.  
Chairman of the Board,  
Chief Executive Officer  
and President  
General Motors Corporation

Michael T. Smith  
Vice Chairman  
Hughes Electronics Corporation

Thomas H. Wyman  
Senior Advisor SBC Warburg Inc.,  
Former Chairman  
of the Board, CBS Inc.  
*CHAIRMAN, AUDIT COMMITTEE*  
*EXECUTIVE COMPENSATION COMMITTEE*

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**HUGHES OFFICERS**

C. Michael Armstrong  
Chairman of the Board  
and Chief Executive Officer

Charles H. Noski  
Vice Chairman  
and Chief Financial Officer

Michael T. Smith  
Vice Chairman

Steven D. Dorfman  
Executive Vice President

John C. Weaver  
Executive Vice President

Roxanne S. Austin  
Senior Vice President,  
Treasurer and Controller

Gareth C.C. Chang  
Senior Vice President

John J. Higgins  
Senior Vice President  
and General Counsel

Jack A. Shaw  
Senior Vice President

Ted G. Westerman  
Senior Vice President

David R. Barclay  
Vice President

Kenneth N. Heintz  
Vice President

Calvin J. Kirby  
Vice President

William D. Merritt  
Vice President

Wanda K. Denson-Low  
Secretary

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**GM CLASS H COMMON  
STOCKHOLDER INFORMATION**  
Market prices of General Motors Class H  
common stock ranged from \$45.00 to  
\$68.25 during calendar year 1996.  
The number of holders of record of  
GM Class H common stock as of  
December 31, 1996, was 247,782.

**TRANSFER AGENT AND GM  
CLASS H STOCK REGISTRAR**  
Bank of Boston  
c/o Boston Equiserve, L.P.  
General Motors  
Shareholder Services  
P.O. Box 9254  
Boston, Massachusetts  
02205-9254  
(800) 331-9922  
<http://www.equiserve.com>

**INDEPENDENT AUDITORS**  
Deloitte & Touche LLP  
1000 Wilshire Boulevard  
Los Angeles, California  
90017-2472

**INVESTOR RELATIONS**  
**GM CLASS H STOCK**  
c/o Hughes Electronics Corporation  
P.O. Box 80028  
7200 Hughes Terrace  
Los Angeles, California  
90080-0028  
(310) 568-7868

**MEDIA RELATIONS DEPARTMENT**  
Hughes Electronics Corporation  
P.O. Box 80028  
7200 Hughes Terrace  
Los Angeles, California  
90080-0028  
(310) 568-6324

**STOCK DATA**  
Ticker Symbol: GMH  
Listed on the New York Stock Exchange.

**INTERNET**  
View this Annual Report and other  
Hughes Electronics information on our  
World Wide Web site at  
<http://www.hughes.com>

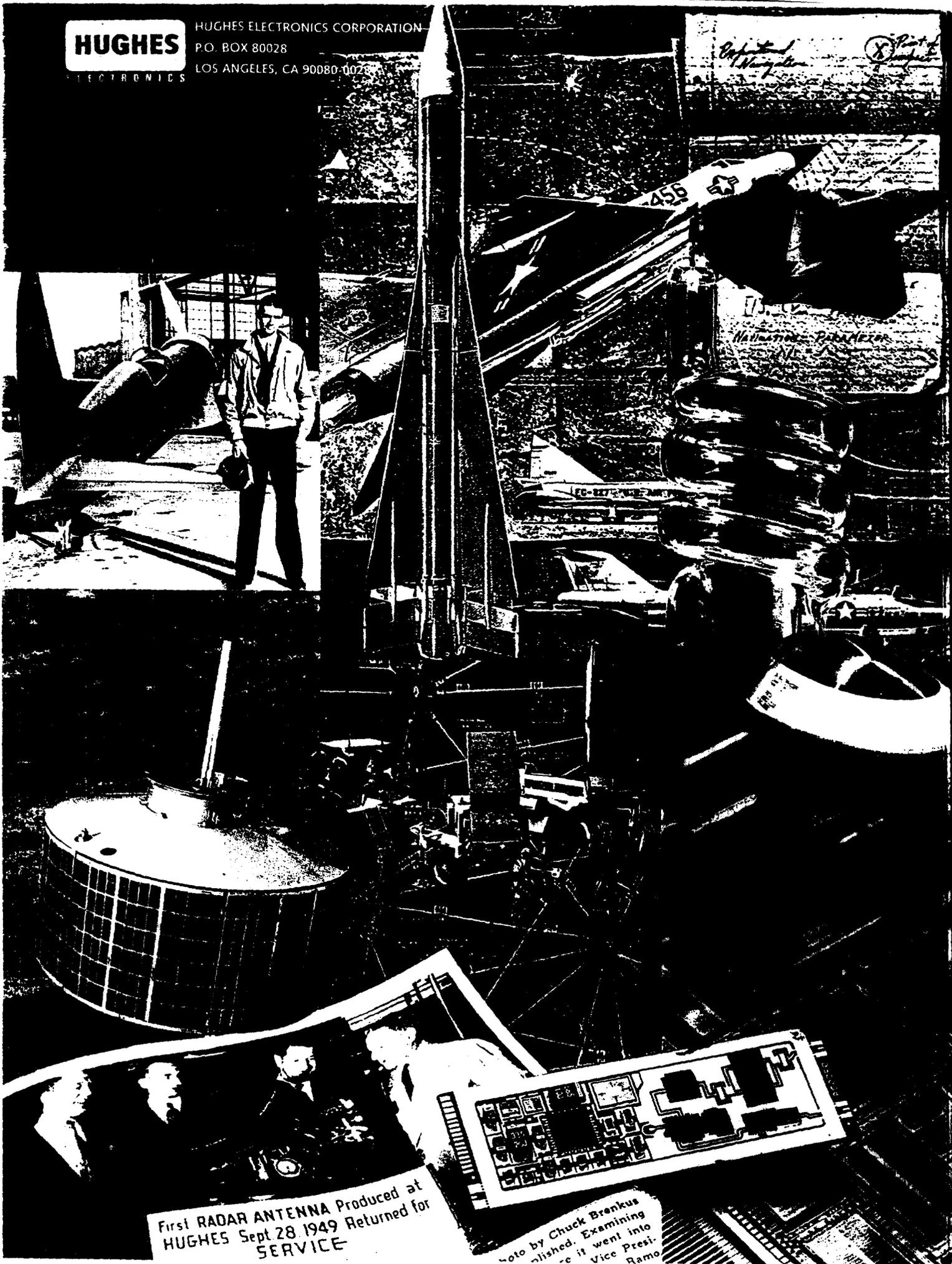
**HUGHES**

ELECTRONICS

HUGHES ELECTRONICS CORPORATION

P.O. BOX 80028

LOS ANGELES, CA 90080-1028



First RADAR ANTENNA Produced at HUGHES Sept 28, 1949 Returned for SERVICE

Photo by Chuck Brenkus  
 finished. Examining  
 it went into  
 Vice Presi-  
 Ramo

*Produced in Washington*

*Part of Hughes*

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WASHINGTON, D.C.

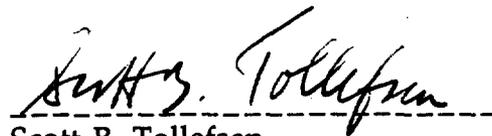
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DECLARATION OF SCOTT B. TOLLEFSEN

I, Scott B. Tollefsen, hereby declare under penalty of perjury that:

1. I am a Vice President of Hughes Communications, Inc.
2. The foregoing is a true and correct copy of the consolidated financial statement of Hughes Electronics Corporation (a parent company of Hughes Communications, Inc.) for the year ended December 31, 1996, including the report of Deloitte & Touche LLP, the company's independent certified public accountants, as published in the 1996 annual report of Hughes Electronics Corporation.

  
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Scott B. Tollefsen

Dated: September 25, 1997