

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

GENERAL MOTORS CORP  
Form 8-K  
July 17, 2003

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549-1004

FORM 8-K  
CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report  
(Date of earliest event reported) July 16, 2003  
-----

GENERAL MOTORS CORPORATION  
-----  
(Exact name of registrant as specified in its charter)

STATE OF DELAWARE ----- (State or other jurisdiction of incorporation)	1-143 ----- (Commission File Number)	38-0572515 ----- (I.R.S. Employer Identification No.)
---	--	--

300 Renaissance Center, Detroit, Michigan ----- (Address of principal executive offices)	48265-3000 ----- (Zip Code)
--	-----------------------------------

Registrant's telephone number, including area code (313)-556-5000  
-----

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

ITEM 9. REGULATION FD DISCLOSURE (Information Furnished in this Item 9 is Furnished under Item 12)

In accordance with Securities and Exchange Commission Release No. 33-8126, the following information, which is intended to be furnished under Item 12, "Results of Operations and Financial Condition," is instead being furnished under Item 9, "Regulation FD Disclosure." This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On July 17, 2003, a news release was issued on the subject of second quarter consolidated earnings for General Motors Corporation (GM). The news release did not include certain financial statements, related footnotes and certain other financial information that will be filed with the Securities and Exchange Commission as part of GM's Quarterly Report on Form 10-Q. The following is the second quarter earnings release for GM, and their subsidiary Hughes Electronics Corporation's (Hughes) earnings release dated July 16, 2003.

### GM Reports Second Quarter Financial Results

- Net income of \$901 million, or \$1.58 per share
- Adjusted net income of \$879 million, or \$1.57 per share, excluding Hughes
- Total automotive cash exceeded \$23 billion

DETROIT - General Motors Corp. (NYSE: GM, GMH) today reported net income of \$901 million, or \$1.58 per diluted share of GM's \$1-2/3 par value common stock, in the second quarter of 2003, compared with \$1.3 billion, or \$2.43 per share, in the second quarter of 2002. Total revenues of \$48.3 billion were essentially unchanged from the prior-year quarter.

GM's adjusted income, which excludes results from Hughes, totaled \$879 million, or \$1.57 per share, in the second quarter of 2003. GM's adjusted net income in the second quarter of 2002 was \$1.5 billion, or \$2.63 per share, excluding Hughes and special items.

GM's second-quarter performance reflected continued strong automotive cash flow, record results at General Motors Acceptance Corp. (GMAC) where earnings of \$834 million were nearly double the prior-year quarter, record net income of \$163 million at GM Asia Pacific, an overall profit decline in the automotive sector primarily caused by difficult economic conditions in most of GM's automotive regions, and the effects of unfavorable currency-exchange rates in certain regions.

"Overall we had reasonable financial results in a challenging global economic environment," GM Chairman and Chief Executive Officer Rick Wagoner said. "These results clearly demonstrate the benefits of our global portfolio of businesses, ranging from our core automotive operations in all four regions of the world, to vehicle financing and mortgage operations. We're especially pleased with the strong cash generation by our automotive operations and continued strong performance at GMAC, which set another new quarterly earnings record. Our Asia-Pacific automotive operations continue to grow and generated record profits."

Continued cost reductions and a revitalized product portfolio drove improved financial performance to approximately breakeven at GM Europe. However, lower

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

volumes and continuing pricing pressures in North America eroded profits despite aggressive cost reductions and improved revenue per unit.

"We're working hard to improve financial results in North America. We're going to stay focused on the straight-forward business strategy that has worked very well for us in recent times -- delivering great new products, being aggressive in the market, and significantly improving our quality and cost," Wagoner said

GM financial results described throughout the remainder of this release exclude special items unless otherwise noted. See Highlights for reconciliation of adjusted results to results based on Generally Accepted Accounting Principles (GAAP).

### Cash and Liquidity

GM generated \$3.1 billion in cash in the second quarter of 2003. Automotive cash, marketable securities, and assets of the VEBA trust invested in short-term fixed-income securities totaled \$23.7 billion at June 30, 2003, excluding financing and insurance operations and Hughes, compared with \$20.6 billion on March 31, 2003. In addition, as reported earlier, GM raised an additional \$13.2 billion in early July through new offerings of debt securities and convertible debt.

### GM Automotive Operations

GM's global automotive operations earned \$140 million in the second quarter of 2003, compared with \$1.1 billion in the prior-year period. Global production declined 6.6 percent in the second quarter, compared with the same period in 2002.

GM North America (GMNA) earned \$83 million in the second quarter of 2003, compared with \$1.3 billion in the second quarter last year. Improvements in sales mix, material cost, and productivity were more than offset by a production decline of nearly 12 percent, intense pricing pressure, increased pension expense, and currency-exchange losses versus the year-ago period. The results also include the \$168 million after taxes, or \$0.30 per share, unfavorable effect of the storm damage and resulting loss of production at GM's Oklahoma City assembly plant. Strong quality performance allowed the corporation to reduce its policy and warranty reserves in the second quarter by \$199 million after taxes, or \$0.36 per share.

GM's quality and productivity gains were recognized recently in two major independent surveys. "GM's quality drive is on track, producing significant improvements that increasingly are being recognized by consumers and the marketplace," Wagoner said. The J.D. Power 2003 Vehicle Dependability Study showed Buick among the top three nameplates in long-term quality, and the best nameplate outside the luxury brands. General Motors overall was the only domestic manufacturer to score above the industry average, and 12 GM vehicles were in the top three of their respective segment rankings. "Our goal is to be the industry leader in all areas of quality, and this is another example of our progress toward achieving that goal," he said.

"Once again, GM showed significant improvement in our journey to become the most productive auto manufacturer with a 7.4 percent overall improvement in manufacturing productivity according to the recently released Harbour Report North America 2003," Wagoner said. "GM has led the industry in productivity

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

improvements in recent years, and we're committed to continuing this kind of performance going forward."

GM's U.S. market share was 27.9 percent in the second quarter of 2003, down slightly from 28.1 percent in the second quarter of 2002, but significantly improved from the 26.6 percent level in the first quarter this year.

GM Europe (GME) reported a loss of \$3 million in the second quarter of 2003, a significant turnaround from a year ago when GME recorded a \$115 million loss. Aggressive cost reductions and increased vehicle sales at Opel/Vauxhall and Saab drove these improved financial results, despite significant currency-exchange losses. GM Europe's market share in the second quarter increased 0.3 percentage points to 9.4 percent compared with the same period last year.

"Despite the challenging economic conditions and currency-exchange pressures that are affecting our performance, we're on the right track in Europe with exciting new products, significant quality improvement, and a steady and broad-based approach to cost reduction," Wagoner said.

GM Asia Pacific earned a record \$163 million in the second quarter of 2003, more than four times the \$39 million earned in the year-ago quarter. Strong financial results at Shanghai GM and GM's Australia-based Holden continued to drive improved financial results along with improved equity earnings from GM's Japanese automotive alliances and lower-than-expected start-up losses at GM Daewoo Auto & Technology Co. "Our aggressive growth strategy in the rapidly expanding Asia-Pacific region is really paying off; we remain committed to further expand our presence in this key region," Wagoner said.

Continuing economic weakness in Brazil was the primary factor in GM Latin America/Africa/Mid-East (GMLAAM) region's \$103 million loss in the second quarter of 2003, which compared with a loss of \$73 million in the year-ago period. "Latin America is still suffering from economic uncertainty and weak auto markets," Wagoner said. "Our focus continues to be on wringing out costs while increasing our market share and strengthening our number-one position in the region."

### GMAC

GMAC earned \$834 million in the second quarter of 2003, its best-ever quarterly performance. The results were nearly double the \$431 million earned in the same period last year.

"We're extremely pleased with the continued outstanding overall financial performance at GMAC," Wagoner said. Strong volumes in the residential and commercial mortgage sectors, and continuing strength in GMAC's financing operations were key drivers in GMAC's record performance.

Mortgage operations generated income of \$415 million in the second quarter of 2003, up \$357 million from the year-ago period, while earnings from financing operations were \$396 million, up \$49 million from the same period last year.

### 4

### Hughes

Hughes Electronics earned \$22 million in the second quarter of 2003, compared with a loss of \$156 million in the prior-year period, led by a strong performance at DirecTV. Revenues increased 6.6 percent to \$2.4 billion.

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

In the United States, DirecTV added 136,000 net subscribers in the second quarter of 2003, bringing the number of total U.S. subscribers to 11.6 million.

### Looking Ahead

GM expects improving economic growth during the balance of 2003 in the United States, with total U.S. industry vehicle sales expected to be at least 16.5 million units for the calendar year. In Europe, especially Germany, economic and market conditions are expected to remain challenging in the second half of the year. Total European industry vehicle sales are estimated to be about 18.5 million units for 2003.

GM expects to beat the current analysts' consensus for the third quarter of approximately \$0.50 per share, excluding Hughes and any special items, and expects automotive operations to be profitable. Despite the continuing economic uncertainty, GM is more optimistic about the outlook for the year, and now expects full-year 2003 earnings could range from the current analysts' consensus of approximately \$4.50 up to \$5.00 per share, excluding Hughes and any special items.

General Motors, the world's largest vehicle manufacturer, designs, builds and markets cars and trucks worldwide, and has been the global automotive sales leader since 1931. More information on GM can be found at [www.gm.com](http://www.gm.com).  
-----

# # #

In this press release and related comments by General Motors management, our use of the words "expect," "anticipate," "estimate," "forecast," "objective," "plan," "goal," "target," and similar expressions is intended to identify forward looking statements. While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, actual results may differ materially due to numerous important factors that are described in GM's most recent report on SEC Form 10-K (at page II-18) which may be revised or supplemented in subsequent reports on SEC Forms 10-Q and 8-K. Such factors include, among others, the following: changes in economic conditions, currency exchange rates or political stability; shortages of fuel, labor strikes or work stoppages; market acceptance of the corporation's new products; significant changes in the competitive environment; changes in laws, regulations and tax rates; and, the ability of the corporation to achieve reductions in cost and employment levels to realize production efficiencies and implement capital expenditures at levels and times planned by management.

5

General Motors Corporation  
List of Special Items - After Tax  
(dollars in millions except per share amounts)

Management believes that the adjusted information set forth herein is useful to investors as it represents how Management views the results of operations and cash of the Corporation and, therefore, is the basis on which internal evaluation metrics are determined. The internal evaluation metrics are those used by the Corporation's Board of Directors to evaluate Management.

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

	Three Months Ended June 30, 2003		Year to Date June 30, 2003	
	Net Income	EPS	Net Income	EPS
Net Income	\$901	\$1.58	\$2,384	\$4.29
Gain on Sale of GM Defense (A)	-	-	(505)	(0.90)
Adjusted Income	\$901	\$1.58	\$1,879	\$3.39

(A) The Gain on Sale of GM Defense relates to the sale of GM's light armored vehicle business to General Dynamics Corporation for net proceeds of approximately \$1.1 billion.

6

General Motors Corporation  
List of Special Items - After Tax  
(dollars in millions except per share amounts)

	Three Months Ended June 30, 2002		Year to Date June 30, 2002	
	Net Income	EPS	Net Income	EPS
Reported	\$1,292	\$2.43	\$1,520	\$3.02
GME End of Life Vehicle Charge (B)	55	0.10	55	0.10
GME Restructuring Charge (C)	-	-	407	0.72
Hughes Space Shuttle Settlement (D)	-	-	(59)	(0.04)
Hughes GECC Contractual Dispute (E)	-	-	51	0.03
Hughes Loan Guarantee Charge (F)	-	-	18	0.01
Adjusted	\$1,347	\$2.53	\$1,992	\$3.84

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

- (B) The GME End of Life Vehicle Charge relates to the European Union's directive requiring member states to enact legislation regarding end-of-life vehicles to be the responsibility of manufacturers for dismantling and recycling vehicles they have sold.
- (C) The GME Restructuring Charge relates to the initiative implemented in the first quarter of 2002 to improve the competitiveness of GM's automotive operations in Europe.
- (D) The Hughes Space Shuttle Settlement relates to the favorable resolution of a lawsuit that was filed against the U.S. government on March 22, 1991, based upon the National Aeronautics and Space Administration's (NASA) breach of contract to launch ten satellites on the Space Shuttle.
- (E) The Hughes GECC Contractual Dispute relates to an expected loss associated with a contractual dispute with General Electric Corporation.
- (F) The Hughes Loan Guarantee Charge relates to a loan guarantee for a Hughes Network Systems' affiliate in India.

7

### General Motors Corporation Summary Corporate Financial Results

	Second Quarter		Year to Date	
	2003	2002	2003	2002
Total net sales and revenues (\$Mil's)	\$48,308	\$48,339	\$97,673	\$94,553
Adjusted	\$48,308	\$48,339	\$96,859	\$94,582
Adjusted excluding Hughes (Automotive and Financing)	\$45,919	\$46,098	\$92,243	\$90,300
Net income (\$Mil's)	\$901	\$1,292	\$2,384	\$1,520
Adjusted	\$901	\$1,347	\$1,879	\$1,992
Adjusted excluding Hughes	\$879	\$1,503	\$1,911	\$2,294
Net margin (net income / total net sales and revenues)	1.9%	2.7%	2.4%	1.6%
Adjusted	1.9%	2.8%	1.9%	2.1%
Adjusted excluding Hughes	1.9%	3.3%	2.1%	2.5%
Earnings per share				
Basic \$1-2/3	\$1.58	\$2.48	\$4.30	\$3.06
Diluted \$1-2/3	\$1.58	\$2.43	\$4.29	\$3.02
Basic Class H	\$0.02	\$(0.14)	\$(0.02)	\$(0.27)
Diluted Class H	\$0.02	\$(0.14)	\$(0.02)	\$(0.27)
Adjusted earnings per share				
Basic \$1-2/3	\$1.58	\$2.58	\$3.39	\$3.90
Diluted \$1-2/3	\$1.58(1)	\$2.53	\$3.39	\$3.84
Diluted \$1-2/3 excluding Hughes	\$1.57	\$2.63	\$3.41	\$4.04
Basic Class H	\$0.02	\$(0.14)	\$(0.02)	\$(0.27)
Diluted Class H	\$0.02	\$(0.14)	\$(0.02)	\$(0.27)
GM \$1-2/3 par value average shares outstanding (Mil's)				

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Basic shares	561	560	561	560
Diluted shares	561	572	561	568
Cash dividends per share of common stocks				
GM \$1-2/3 par value	\$0.50	\$0.50	\$1.00	\$1.00
Book value per share of common stocks at June 30				
GM \$1-2/3 par value	\$13.27	\$27.52		
GM Class H	\$2.65	\$5.50		
ACO total cash & marketable securities at June 30 (\$Bil's')	\$23.5	\$15.4		
Cash in short-term VEBA	\$3.4	\$3.0		
	----	----		
ACO total cash & marketable securities plus short-term VEBA	\$26.9	\$18.4		
Less: Hughes cash & marketable securities	\$3.2	\$0.8		
	---	---		
Total Automotive cash & Marketable securities plus Short-term VEBA	\$23.7	\$17.6		
	====	====		
Automotive, Communication Services and Other Operations (\$Mil's)				
Depreciation	\$1,337	\$1,140	\$2,568	\$2,266
Amortization of special tools	651	622	1,353	1,251
Amortization of intangible Assets	29	3	58	12
	-----	-----	-----	-----
Total	\$2,017	\$1,765	\$3,979	\$3,529
	=====	=====	=====	=====

See reconciliation of adjusted financial results on pages 9 - 12 and footnotes on page 14.

8

General Motors Corporation  
Summary Corporate Financial Results

Second Quarter  
2003 and 2002

(Dollars in millions)

Total net sales and revenues	Reported		Special Items		Adjusted	
	2003	2002	2003	2002	2003	2002
	----	----	----	----	----	----
GMNA	\$28,558	\$30,576	\$ -	\$ -	\$28,558	\$30,576
GME	7,303	6,001	-	-	7,303	6,001
GMLAAM	1,119	1,306	-	-	1,119	1,306
GMAP	1,267	1,129	-	-	1,267	1,129

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Total GMA	38,247	39,012	-	-	38,247	39,012
Hughes	2,389	2,241	-	-	2,389	2,241
Other	96	465	-	-	96	465
Total ACO	40,732	41,718	-	-	40,732	41,718
GMAC	7,580	6,599	-	-	7,580	6,599
Other Financing	(4)	22	-	-	(4)	22
Total FIO	7,576	6,621	-	-	7,576	6,621
Total net sales and revenues	\$48,308	\$48,339	\$ -	\$ -	\$48,308	\$48,339
Income / (expense) before income taxes and minority interest						
GMNA	\$90	\$1,781	\$ -	\$ -	\$90	\$1,781
GME	(34)	(244)	-	85	(34)	(159)
GMLAAM	(123)	(97)	-	-	(123)	(97)
GMAP	11	(31)	-	-	11	(31)
Total GMA	(56)	1,409	-	85	(56)	1,494
Hughes	89	(230)	-	-	89	(230)
Other	(357)	(88)	-	-	(357)	(88)
Total ACO	(324)	1,091	-	85	(324)	1,176
GMAC	1,331	698	-	-	1,331	698
Other Financing	13	(8)	-	-	13	(8)
Total FIO	\$1,344	690	-	-	1,344	690
Total income / (expense) before income taxes and minority interests	\$1,020	\$1,781	\$ -	\$85	\$1,020	\$1,866

9

General Motors Corporation  
Summary Corporate Financial Results

Second Quarter  
2003 and 2002

(Dollars in millions)	Reported		Special Items		Adjusted	
	2003	2002	2003	2002	2003	2002
Net income						
GMNA	\$83	\$1,277	\$ -	\$ -	\$83	\$1,277
GME	(3)	(170)	-	55	(3)	(115)
GMLAAM	(103)	(73)	-	-	(103)	(73)
GMAP	163	39	-	-	163	39

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Total GMA	140	1,073	-	55	140	1,128
Hughes (2)	22	(156)	-	-	22	(156)
Other	(104)	(57)	-	-	(104)	(57)
Total ACO	58	860	-	55	58	915
GMAC	834	431	-	-	834	431
Other Financing	9	1	-	-	9	1
Total FIO	843	432	-	-	843	432
Net income (loss)	\$901	\$1,292	\$ -	\$55	\$901	\$1,347
Income tax expense (benefit)						
GMNA	\$25	\$518	\$ -	\$ -	\$25	\$518
GME	(13)	(51)	-	30	(13)	(21)
GMLAAM	(25)	(31)	-	-	(25)	(31)
GMAP	8	(9)	-	-	8	(9)
Total GMA	(5)	427	-	30	(5)	457
Hughes	21	(93)	-	-	21	(93)
Other	(251)	(23)	-	-	(251)	(23)
Total ACO	(235)	311	-	30	(235)	341
GMAC	496	254	-	-	496	254
Other Financing	4	(2)	-	-	4	(2)
Total FIO	500	252	-	-	500	252
Income tax expense (benefit)	\$265	\$563	\$ -	\$30	\$265	\$593
Effective tax rate						
GMNA	27.8%	29.1%	-	-	27.8%	29.1%
GME	38.2%	20.9%	-	35.3%	38.2%	13.2%
GMLAAM	20.3%	32.0%	-	-	20.3%	32.0%
GMAP	72.7%	29.0%	-	-	72.7%	29.0%
Hughes	23.6%	40.4%	-	-	23.6%	40.4%
GMAC	37.3%	36.4%	-	-	37.3%	36.4%
Total GM Corp.	26.0%	31.6%	-	35.3%	26.0%	31.8%
Equity income (loss) and minority interests						
GMNA	\$18	\$14	\$ -	\$ -	\$18	\$14
GME	18	23	-	-	18	23
GMLAAM	(5)	(7)	-	-	(5)	(7)
GMAP	160	61	-	-	160	61
Total GMA	\$191	\$91	\$ -	\$ -	\$191	\$91

See footnotes on page 14.

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

(Dollars in millions)	Year to Date 2003 and 2002					
	Reported		Special Items		Adjusted	
	2003	2002	2003	2002	2003	2002
Total net sales and revenues						
GMNA	\$58,521	\$59,915	\$ -	\$ -	\$58,521	\$59,915
GME	13,925	11,585	-	-	13,925	11,585
GMLAAM	2,164	2,607	-	-	2,164	2,607
GMAP	2,414	2,186	-	-	2,414	2,186
	-----	-----	---	---	-----	-----
Total GMA	77,024	76,293	-	-	77,024	76,293
Hughes	4,616	4,253	-	29	4,616	4,282
Other	1,134	945	(814)	-	320	945
	-----	-----	---	---	-----	-----
Total ACO	82,774	81,491	(814)	29	81,960	81,520
	-----	-----	---	---	-----	-----
GMAC	14,910	12,952	-	-	14,910	12,952
Other Financing	(11)	110	-	-	(11)	110
	-----	-----	---	---	-----	-----
Total FIO	14,899	13,062	-	-	14,899	13,062
	-----	-----	---	---	-----	-----
Total net sales and revenues	\$97,673	\$94,553	\$ (814)	\$29	\$96,859	\$94,582
	=====	=====	===	==	=====	=====
Income / (expense) before income taxes and minority interest						
GMNA	\$829	\$2,719	\$ -	\$ -	\$829	\$2,719
GME	(148)	(1,042)	-	726	(148)	(316)
GMLAAM	(140)	(138)	-	-	(140)	(138)
GMAP	30	(44)	-	-	30	(44)
	-----	-----	---	---	-----	-----
Total GMA	571	1,495	-	726	571	2,221
Hughes	39	(461)	-	17	39	(444)
Other	92	(323)	(814)	-	(722)	(323)
	-----	-----	---	---	-----	-----
Total ACO	702	711	(814)	743	(112)	1,454
	-----	-----	---	---	-----	-----
GMAC	2,478	1,434	-	-	2,478	1,434
Other Financing	(12)	(10)	-	-	(12)	(10)
	-----	-----	---	---	-----	-----
Total FIO	2,466	1,424	-	-	2,466	1,424
	-----	-----	---	---	-----	-----
Total income / (expense) before income taxes and minority interests	\$3,168	\$2,135	\$ (814)	\$743	\$2,354	\$2,878
	=====	=====	===	===	=====	=====

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

2003 and 2002  
-----

(Dollars in millions)	Reported		Special Items		Adjusted	
	2003	2002	2003	2002	2003	2002
Net income						
GMNA	\$631	\$1,931	\$ -	\$ -	\$631	\$1,931
GME	(68)	(702)	-	462	(68)	(240)
GMLAAM	(115)	(113)	-	-	(115)	(113)
GMAP	238	46	-	-	238	46
	-----	-----	---	---	---	-----
Total GMA	686	1,162	-	462	686	1,624
Hughes (2)	(32)	(312)	-	10	(32)	(302)
Other	205	(199)	(505)	-	(300)	(199)
	-----	-----	---	---	-----	-----
Total ACO	859	651	(505)	472	354	1,123
	-----	-----	---	---	-----	-----
GMAC	1,533	870	-	-	1,533	870
Other Financing	(8)	(1)	-	-	(8)	(1)
	-----	-----	---	---	-----	-----
Total FIO	1,525	869	-	-	1,525	869
	-----	-----	---	---	-----	-----
Net income (loss)	\$2,384	\$1,520	\$ (505)	\$472	\$1,879	\$1,992
	=====	=====	===	===	=====	=====
Income tax expense (benefit)						
GMNA	\$216	\$790	\$ -	\$ -	\$216	\$790
GME	(56)	(311)	-	264	(56)	(47)
GMLAAM	(32)	(32)	-	-	(32)	(32)
GMAP	19	(9)	-	-	19	(9)
	---	---	---	---	---	---
Total GMA	147	438	-	264	147	702
Hughes	(5)	(185)	-	7	(5)	(178)
Other	(151)	(102)	(309)	-	(460)	(102)
	---	---	---	---	---	---
Total ACO	(9)	151	(309)	271	(318)	422
	---	---	---	---	---	---
GMAC	934	539	-	-	934	539
Other Financing	(4)	(2)	-	-	(4)	(2)
	---	---	---	---	---	---
Total FIO	930	537	-	-	930	537
	---	---	---	---	---	---
Income tax expense (benefit)	\$921	\$688	\$ (309)	\$271	\$612	\$959
	===	===	===	===	===	===
Effective tax rate						
GMNA	26.1%	29.1%	-	-	26.1%	29.1%
GME	37.8%	29.8%	-	36.4%	37.8%	14.9%
GMLAAM	22.9%	23.2%	-	-	22.9%	23.2%
GMAP	63.3%	20.5%	-	-	63.3%	20.5%
Hughes	(12.8%)	40.1%	-	41.2%	(12.8%)	40.1%
GMAC	37.7%	37.6%	-	-	37.7%	37.6%
Total GM Corp.	29.1%	32.2%	38.0%	36.5%	26.0%	33.3%
Equity income (loss) and minority interests						
GMNA	\$18	\$2	\$-	\$-	\$18	\$2
GME	24	29	-	-	24	29
GMLAAM	(7)	(7)	-	-	(7)	(7)
GMAP	227	81	-	-	227	81

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Total GMA	---	---	---	---	---	---
	\$262	\$105	\$ -	\$ -	\$262	\$105
	===	===	===	===	===	===

See footnotes on page 14.

12

General Motors Corporation  
Operating Statistics

	Second Quarter		Year to Date	
	2003	2002	2003	2002
(units in thousands)				
Worldwide Wholesale Sales				
United States - Cars	487	574	986	1,073
United States - Trucks	761	750	1,518	1,417
	-----	-----	-----	-----
Total United States	1,248	1,324	2,504	2,490
Canada, Mexico, and Other	185	233	367	429
	-----	-----	-----	-----
Total GMNA	1,433	1,557	2,871	2,919
GME	447	437	873	861
GMLAAM	122	159	243	314
GMAP	139	86	282	194
	-----	-----	-----	-----
Total Worldwide	2,141	2,239	4,269	4,288
	=====	=====	=====	=====
Vehicle Unit Deliveries				
Chevrolet - Cars	220	213	391	399
Chevrolet - Trucks	505	481	878	945
Pontiac	120	151	227	269
GMC	155	137	263	264
Buick	85	107	168	189
Oldsmobile	34	42	68	85
Saturn	72	88	147	146
Cadillac	49	50	96	90
Other	26	15	46	27
	-----	-----	-----	-----
Total United States	1,266	1,284	2,284	2,414
Canada, Mexico, and Other	179	208	331	388
	-----	-----	-----	-----
Total GMNA	1,445	1,492	2,615	2,802
GME	477	471	951	937
GMLAAM	127	143	254	281
GMAP	184	178	350	335
	-----	-----	-----	-----
Total Worldwide	2,233	2,284	4,170	4,355
	=====	=====	=====	=====
Market Share				
United States - Cars	24.8%	26.3%	24.9%	25.6%
United States - Trucks	30.4%	29.8%	29.4%	30.5%
Total United States	27.9%	28.1%	27.3%	28.1%
Total North America	27.2%	27.6%	26.7%	27.8%
Total Europe	9.4%	9.1%	9.5%	9.2%
Latin America	15.7%	15.4%	15.8%	15.3%
Asia and Pacific	4.9%	4.9%	4.4%	4.6%
Total Worldwide	15.0%	15.1%	14.2%	14.8%

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

U.S. Retail/Fleet Mix				
% Fleet Sales - Cars	29.5%	29.3%	29.8%	27.4%
% Fleet Sales - Trucks	15.1%	13.7%	14.9%	12.0%
Total Vehicles	21.0%	20.9%	21.3%	18.8%

Retail Lease as % of Retail Sales

Total Smartlease and Smartbuy	7.3%	15.1%
----------------------------------	------	-------

Days Supply of Inventory  
at June 30

United States - Cars	73	57
United States - Trucks	98	78

GMNA Capacity Utilization  
(2 shift rated)

87.4%	92.0%	89.2%	87.7%
-------	-------	-------	-------

GMNA Vehicle Revenue

Per Unit	\$18,565	\$18,385
----------	----------	----------

13

### General Motors Corporation Operating Statistics

	Second Quarter		Year to Date	
	2003	2002	2003	2002
	----	----	----	----
GMAC's U.S. Cost of Borrowing	3.50%	4.14%		
Current Debt Spreads Over U.S. Treasuries				
2 Year	255 bp	165 bp		
5 Year	330 bp	185 bp		
10 Year	370 bp	230 bp		
Worldwide Employment at June 30 (in 000's)				
United States Hourly	120	124		
United States Salary	41	41		
	---	---		
Total United States	161	165		
Canada, Mexico, and Other	31	34		
	---	---		
GMNA	192	199		
GME	64	69		
GMLAAM	23	24		
GMAP	13	11		
Hughes	11	12		
GMAC	31	31		
Other	7	11		
	---	---		
Total	341	357		
	===	===		

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Worldwide Payrolls (\$Mil's)    \$5,331        \$5,385        \$10,720    \$10,418

Footnotes:

- 
- (1) This amount is comparable to First Call analysts' consensus.
- (2) 2002 amounts exclude Hughes Series A Preferred Stock dividends paid to General Motors and Hughes write off of goodwill for DirecTV Latin America and DirecTV Broadband recorded as a cumulative effect of accounting change in the first quarter of 2002 in Hughes' stand alone financial statements. In accordance with SFAS 142, GM evaluated the carrying value of goodwill associated with its Direct-to-Home Broadcast reporting unit in the aggregate and determined that the goodwill was not impaired.

14

### GENERAL MOTORS CORPORATION AND SUBSIDIARIES

#### CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	----	----	----	----
	(dollars in millions except per share amounts)			
Total net sales and revenues	\$48,308	\$48,339	\$97,673	\$94,553
	-----	-----	-----	-----
Cost of sales and other expenses	38,940	38,396	78,323	76,797
Selling, general, and administrative expenses	6,083	6,090	11,789	11,691
Interest expense	2,265	2,072	4,393	3,930
	-----	-----	-----	-----
Total costs and expenses	47,288	46,558	94,505	92,418
	-----	-----	-----	-----
Income before income taxes and minority interests	1,020	1,781	3,168	2,135
Income tax expense	265	563	921	688
Equity income and minority interests	146	74	137	73
	---	---	---	---
Net income	901	1,292	2,384	1,520
Dividends on preference stocks	-	(23)	-	(47)
	---	---	---	---
Earnings attributable to common stocks	\$901	\$1,269	\$2,384	\$1,473
	===	=====	=====	=====

Basic earnings (losses) per

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

share attributable to common stocks				
Earnings per share attributable to \$1-2/3 par value	\$1.58 =====	\$2.48 =====	\$4.30 =====	\$3.06 =====
Earnings (losses) per share attributable to Class H	\$0.02 =====	\$ (0.14) =====	\$ (0.02) =====	\$ (0.27) =====
Earnings (losses) per share attributable to common stocks assuming dilution				
Earnings per share attributable to \$1-2/3 par value	\$1.58 =====	\$2.43 =====	\$4.29 =====	\$3.02 =====
Earnings (losses) per share attributable to Class H	\$0.02 =====	\$ (0.14) =====	\$ (0.02) =====	\$ (0.27) =====

15

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION TO THE CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003 ----	2002 ----	2003 ----	2002 ----
	(dollars in millions)			
AUTOMOTIVE, COMMUNICATIONS SERVICES, AND OTHER OPERATIONS				
Total net sales and revenues	\$40,732 -----	\$41,718 -----	\$82,774 -----	\$81,491 -----
Cost of sales and other expenses	36,839	36,461	74,152	72,672
Selling, general, and administrative expenses	3,781 -----	3,818 -----	7,122 -----	7,508 -----
Total costs and expenses	40,620 -----	40,279 -----	81,274 -----	80,180 -----
Interest expense	402	302	723	464
Net expense from transactions with Financing and Insurance Operations	34 ---	46 -----	75 ---	136 ---
Income (loss) before income taxes and minority interests	(324)	1,091	702	711
Income tax expense (benefit)	(235)	311	(9)	151
Equity income and minority interests	147 ---	80 -----	148 ---	91 ---

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Net income - Automotive, Communications Services, and Other Operations	\$58 ==	\$860 ===	\$859 ===	\$651 ===
--	------------	--------------	--------------	--------------

FINANCING AND INSURANCE OPERATIONS

Total revenues	\$7,576 -----	\$6,621 -----	\$14,899 -----	\$13,062 -----
Interest expense	1,863	1,770	3,670	3,466
Depreciation and amortization expense	1,578	1,353	3,084	2,714
Operating and other expenses	2,068	1,951	4,245	3,856
Provisions for financing and insurance losses	757 -----	903 -----	1,509 -----	1,738 -----
Total costs and expenses	6,266 -----	5,977 -----	12,508 -----	11,774 -----
Net income from transactions with Automotive, Communications Services, and Other Operations	( 34) -----	(46) ---	(75) -----	(136) -----
Income before income taxes and minority interests	1,344	690	2,466	1,424
Income tax expense	500	252	930	537
Equity loss and minority interests	(1) -----	(6) ---	(11) -----	(18) -----
Net income - Financing and Insurance Operations	\$843 ===	\$432 ===	\$1,525 =====	\$869 ===

The above Supplemental Information is intended to facilitate analysis of General Motors Corporation's businesses: (1) Automotive, Communications Services, and Other Operations; and (2) Financing and Insurance Operations.

16

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	June 30, 2003 (Unaudited)	Dec, 31, 2002	June 30, 2002 (Unaudited)
	-----	-----	-----
ASSETS	(dollars in millions)		
Cash and cash equivalents	\$31,009	\$21,449	\$18,363
Marketable securities	18,777 -----	16,825 -----	14,304 -----
Total cash and marketable securities	49,786	38,274	32,667
Finance receivables - net	153,600	134,647	119,636
Accounts and notes receivable (less			

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

allowances)	19,420	15,715	12,677
Inventories (less allowances)	11,093	9,967	9,757
Deferred income taxes	39,116	39,865	28,702
Equipment on operating leases - (less accumulated depreciation)	36,576	32,988	33,598
Equity in net assets of nonconsolidated associates	5,249	5,044	5,115
Property - net	38,384	37,514	36,451
Intangible assets - net	18,091	17,954	17,061
Other assets	39,530	37,028	40,665
	-----	-----	-----
Total assets	\$410,845	\$368,996	\$336,329
	=====	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable (principally trade)	\$27,402	\$27,452	\$26,439
Notes and loans payable	232,150	201,940	177,035
Postretirement benefits other than pensions	38,618	38,187	37,844
Pensions	23,968	22,762	9,451
Deferred income taxes	7,359	7,178	6,851
Accrued expenses and other liabilities	69,976	63,829	57,230
	-----	-----	-----
Total liabilities	399,473	361,348	314,850
Minority interests	991	834	788
Stockholders' equity			
\$1-2/3 par value common stock (outstanding, 560,712,564; 560,447,797; and 560,223,424 shares)	935	936	936
Class H common stock (outstanding, 1,108,139,876; 958,284,272; and 958,005,494 shares)	111	96	96
Capital surplus (principally additional paid-in capital)	22,815	21,583	21,557
Retained earnings	11,855	10,031	10,376
	-----	-----	-----
Subtotal	35,716	32,646	32,965
Accumulated foreign currency translation adjustments	(2,292)	(2,784)	(2,770)
Net unrealized loss on derivatives	(205)	(205)	(188)
Net unrealized gains on securities	612	372	268
Minimum pension liability adjustment	(23,450)	(23,215)	(9,584)
	-----	-----	-----
	(25,335)	(25,832)	(12,274)
	-----	-----	-----
Accumulated other comprehensive loss	10,381	6,814	20,691
	-----	-----	-----
Total stockholders' equity			
Total liabilities and stockholders' equity	\$410,845	\$368,996	\$336,329
	=====	=====	=====

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

	June 30, 2003 (Unaudited)	Dec, 31, 2002 (Unaudited)	June 30, 2002 (Unaudited)
	-----	-----	-----
ASSETS			
(dollars in millions)			
Automotive, Communications Services, and Other Operations			
Cash and cash equivalents	\$18,582	\$13,291	\$14,421
Marketable securities	4,913	2,174	1,014
	-----	-----	-----
Total cash and marketable securities	23,495	15,465	15,435
Accounts and notes receivable (less allowances)	6,584	5,861	5,686
Inventories (less allowances)	11,093	9,967	9,757
Equipment on operating leases - (less accumulated depreciation)	5,946	5,305	4,390
Deferred income taxes and other current assets	10,917	10,816	8,730
	-----	-----	-----
Total current assets	58,035	47,414	43,998
Equity in net assets of nonconsolidated associates	5,249	5,044	5,115
Property - net	36,407	35,693	34,738
Intangible assets - net	14,715	14,611	13,763
Deferred income taxes	30,496	31,431	22,138
Other assets	8,016	7,781	17,307
	-----	-----	-----
Total Automotive, Communications Services, and Other Operations assets	152,918	141,974	137,059
Financing and Insurance Operations			
Cash and cash equivalents	12,427	8,158	3,942
Investments in securities	13,864	14,651	13,290
Finance receivables - net	153,600	134,647	119,636
Investment in leases and other receivables	41,470	35,517	34,168
Other assets	36,566	34,049	28,234
Net receivable from Automotive, Communications Services, and Other Operations	1,128	1,089	638
	-----	-----	-----
Total Financing and Insurance Operations assets	259,055	228,111	199,908
	-----	-----	-----
Total assets	\$411,973	\$370,085	\$336,967
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Automotive, Communications Services, and Other Operations			
Accounts payable (principally trade)	\$21,351	\$20,169	\$19,459
Loans payable	705	1,516	1,545
Accrued expenses	43,720	40,518	36,513
Net payable to Financing and Insurance Operations	1,128	1,089	638
	-----	-----	-----
Total current liabilities	66,904	63,292	58,155
Long-term debt	20,513	16,651	16,831
Postretirement benefits other than pensions	34,674	34,275	33,990
Pensions	23,901	22,709	9,410
Other liabilities and deferred income taxes	15,634	15,461	14,506

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Total Automotive, Communications Services, and Other Operations liabilities	161,626	152,388	132,892
Financing and Insurance Operations			
Accounts payable	6,051	7,283	6,980
Debt	210,932	183,773	158,659
Other liabilities and deferred income taxes	21,992	18,993	16,957
Total Financing and Insurance Operations liabilities	238,975	210,049	182,596
Total liabilities	400,601	362,437	315,488
Minority interests	991	834	788
Stockholders' equity			
\$1-2/3 par value common stock (outstanding, 560,712,564; 560,447,797; and 560,223,424 shares)	935	936	936
Class H common stock (outstanding, 1,108,139,876; 958,284,272; and 958,005,494 shares)	111	96	96
Capital surplus (principally additional paid-in capital)	22,815	21,583	21,557
Retained earnings	11,855	10,031	10,376
Subtotal	35,716	32,646	32,965
Accumulated foreign currency translation adjustments	(2,292)	(2,784)	(2,770)
Net unrealized loss on derivatives	(205)	(205)	(188)
Net unrealized gains on securities	612	372	268
Minimum pension liability adjustment	(23,450)	(23,215)	(9,584)
Accumulated other comprehensive loss	(25,335)	(25,832)	(12,274)
Total stockholders' equity	10,381	6,814	20,691
Total liabilities and stockholders' equity	\$411,973	\$370,085	\$336,967

The above Supplemental Information is intended to facilitate analysis of General Motors Corporation's businesses: (1) Automotive, Communications Services, and Other Operations; and (2) Financing and Insurance Operations.

18

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Six Months Ended June 30,	
	2003	2002
	-----	-----
	(dollars in millions)	
Net cash provided by operating activities	\$13,079	\$12,876
Cash flows from investing activities		

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Expenditures for property	(3,325)	(3,540)
Investments in marketable securities - acquisitions	(7,200)	(24,374)
Investments in marketable securities - liquidations	5,804	22,310
Net originations and purchases of mortgage servicing rights	(1,152)	(959)
Increase in finance receivables	(71,636)	(67,200)
Proceeds from sales of finance receivables	49,635	56,852
Operating leases - acquisitions	(6,728)	(7,053)
Operating leases - liquidations	5,668	5,016
Investments in companies, net of cash acquired	(70)	(274)
Proceeds from sale of business units	1,076	-
Other	(1,111)	205
	-----	-----
Net cash used in investing activities	(29,039)	(19,017)
	-----	-----
Cash flows from financing activities		
Net decrease in loans payable	825	(632)
Long-term debt - borrowings	42,622	18,473
Long-term debt - repayments	(17,803)	(11,407)
Repurchases of common and preference stocks	-	(97)
Proceeds from issuing common stocks	-	69
Proceeds from sales of treasury stocks	-	19
Cash dividends paid to stockholders	(560)	(607)
	-----	-----
Net cash provided by financing activities	25,084	5,818
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	436	131
	-----	-----
Net decrease in cash and cash equivalents	9,560	(192)
Cash and cash equivalents at beginning of the period	21,449	18,555
	-----	-----
Cash and cash equivalents at end of the period	\$31,009	\$18,363
	=====	=====

19

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION TO THE  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Automotive, Comm. Serv. and Other		Financing and Insurance	
	-----			
	Six Months Ended June 30,			
	-----			
	2003	2002	2003	2002
	----	----	----	----
Net cash provided by operating				

(dollars in millions)

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

activities	\$7,407	\$5,580	\$5,672	\$7,296
Cash flows from investing activities				
Expenditures for property	(2,941)	(3,494)	(384)	(46)
Investments in marketable securities				
- acquisitions	(2,839)	(802)	(4,361)	(23,572)
Investments in marketable securities				
- liquidations	100	578	5,704	21,732
Net originations and purchases of				
mortgage servicing rights	-	-	(1,152)	(959)
Increase in finance receivables	-	-	(71,636)	(67,200)
Proceeds from sales of finance				
receivables	-	-	49,635	56,852
Operating leases - acquisitions	-	-	(6,728)	(7,053)
Operating leases - liquidations			5,668	5,016
Investments in companies, net of cash				
acquired	(70)	(124)	-	(150)
Proceeds from sale of business units	1,076	-	-	-
Other	(175)	510	(936)	(305)
	-----	-----	-----	-----
Net cash used in investing activities	(4,849)	(3,332)	(24,190)	(15,685)
	-----	-----	-----	-----
Cash flows from financing activities				
Net increase (decrease) in loans				
payable	(943)	(857)	1,768	225
Long-term debt - borrowings	4,060	6,186	38,562	12,287
Long-term debt - repayments	(236)	(183)	(17,567)	(11,224)
Repurchase of common and preference				
stocks	-	(97)	-	-
Proceeds from issuing common stocks	-	69	-	-
Proceeds from sales of treasury stocks	-	19	-	-
Cash dividends paid to stockholders	(560)	(607)	-	-
	-----	-----	-----	-----
Net cash provided by (used in)				
financing activities	2,321	4,530	22,763	1,288
	-----	-----	-----	-----
Effect of exchange rate changes on				
cash and cash equivalents	373	130	63	1
Net transactions with				
Automotive/Financing Operations	39	(919)	(39)	919
	-----	-----	-----	-----
Net increase (decrease) in cash and				
cash equivalents	5,291	5,989	4,269	(6,181)
Cash and cash equivalents at				
beginning of the period	13,291	8,432	8,158	10,123
	-----	-----	-----	-----
Cash and cash equivalents at end of				
the period	\$18,582	\$14,421	\$12,427	\$3,942
	=====	=====	=====	=====

The above Supplemental Information is intended to facilitate analysis of General Motors Corporation's businesses: (1) Automotive, Communications Services, and Other Operations; and (2) Financing and Insurance Operations.

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

# # # #

20

HUGHES REPORTS STRONG SECOND QUARTER 2003 RESULTS; ATTAINS POSITIVE NET INCOME AND INCREASES COMPANY AND DIRECTV U.S. FULL-YEAR GUIDANCE

DIRECTV U.S. Operating Profit before Depreciation and Amortization More Than Doubles to Record \$325 Million and Operating Profit More Than Triples to \$201 Million;

DIRECTV U.S. Attains Net Owned and Operated Subscriber Additions of 181,000

El Segundo, Calif., July 16, 2003 -- Hughes Electronics Corporation ("HUGHES"), a world-leading provider of digital television entertainment, broadband satellite networks and services, and global video and data broadcasting, today reported that second quarter 2003 revenues increased 8.1% to \$2,370.7 million compared with \$2,192.3 million in the second quarter of 2002. Operating profit before depreciation and amortization/1/ for the quarter increased 167.0% to \$404.7 million and operating profit increased to \$140.0 million compared with operating profit before depreciation and amortization of \$151.6 million and an operating loss of \$98.7 million in the same period of 2002. In addition, HUGHES had second quarter 2003 net income of \$21.6 million compared to a net loss of \$155.1 million in the same period of 2002.

"Continued strong performance by our DIRECTV U.S. business drove HUGHES' revenues and operating profit before depreciation and amortization growth in the quarter," said Jack A. Shaw, HUGHES' president and chief executive officer. "In particular, DIRECTV U.S. achieved revenue growth of over 16% to \$1.8 billion and more than doubled its operating profit before depreciation and amortization to an all-time record of \$325 million in the quarter. These results reflect continued solid subscriber growth including 181,000 net additions in the second quarter, a \$2.80 increase in ARPU - or average monthly revenue per subscriber - to nearly \$61, and significant improvement in operating profit margins. Primarily due to these strong results, we are increasing both the HUGHES and DIRECTV U.S. full year 2003 guidance for revenue, operating profit before depreciation and amortization, operating profit and cash flow."

Shaw added, "Hughes Network Systems, or HNS, also contributed to growth in both our revenue and operating profit before depreciation and amortization in the quarter due to solid performance in their set-top box and broadband consumer businesses. The revenue and operating profit before depreciation and amortization comparison in the quarter was also impacted by the additional revenues generated and losses recognized in 2002 from the World Cup programming provided by DIRECTV Latin America."

Shaw finished, "Over the past two years, we have executed on a growth strategy that focuses on cost management and cash flow, and as a result, we reached another important milestone in the quarter: net income. In fact, excluding one-time gains related to the sale of businesses, this is the first time since early 1999 that HUGHES has generated net income. In addition, HUGHES generated positive cash flow for the second consecutive quarter."

HUGHES had second quarter 2003 net income of \$21.6 million compared to a net loss of \$155.1 million in the same period of 2002. This increase was principally due to an increase in operating profit driven by the DIRECTV U.S.,

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

DIRECTV Latin America and HNS operational improvements mentioned above, lower interest expense primarily related to a charge of \$47 million for losses associated with the final settlement of a contractual dispute with General Electric Capital Corporation ("GECC") in 2002 and lower net losses at DIRECTV Broadband, now accounted for as a discontinued operation due to its shutdown on February 28, 2003. These improvements were partially offset by income tax expense in the second quarter of 2003 compared with an income tax benefit in the same period of 2002 due primarily to HUGHES generating pre-tax income instead of pre-tax losses. Also impacting the second quarter of 2002 was a \$37 million gain resulting from the favorable resolution of remaining contingencies associated with the exit from the DIRECTV Japan business (recorded in Other, net).

21

\*\*\*Based upon recent SEC guidance and to improve the clarity of its earnings releases, HUGHES will no longer use the acronym previously referred to as "EBITDA" or "earnings before interest, taxes, depreciation and amortization" and instead will now use the phrase "operating profit before depreciation and amortization." This is a change in name only and HUGHES has not changed the way it calculates current or prior results for this financial measure. HUGHES believes operating profit before depreciation and amortization is a measure of performance used by some investors, equity analysts and others to make informed investment decisions. HUGHES' management and its board of directors use operating profit before depreciation and amortization to evaluate the operating performance of HUGHES and its business segments, as a measure of performance for incentive compensation purposes, and for other purposes discussed in footnote 1, below. HUGHES reconciles this non-GAAP measure to operating profit in the schedule below titled Non-GAAP Financial Reconciliation Schedule. HUGHES calculates "cash flow" as the sum of the GAAP measures "cash flows from operating activities" and "cash flows from investing activities."\*\*\*

### SIX-MONTH FINANCIAL REVIEW

For the first half of 2003, revenues increased 9.0% to \$4,598.0 million, compared to \$4,217.1 million in the first half of 2002 primarily due to continued subscriber growth and higher ARPU at DIRECTV U.S. and increased sales of set-top boxes at HNS, partially offset by higher DIRECTV Latin America revenues in 2002 associated with the World Cup programming services and a larger sub-base, and further devaluations in 2003 to several Latin American currencies.

Operating profit before depreciation and amortization for the first six months of 2003 was \$709.7 million and operating profit before depreciation and amortization margin was 15.4%, compared to operating profit before depreciation and amortization of \$316.1 million and operating profit before depreciation and amortization margin of 7.5% in the first half of 2002. The 124.5% increase in operating profit before depreciation and amortization and the corresponding increase in margin were primarily attributable to the additional gross profit gained from the DIRECTV U.S. revenue growth, reduced losses from the World Cup programming at DIRECTV Latin America and improved efficiencies associated with HNS' larger residential and small office/home office ("SOHO") DIRECWAY(R) subscriber base. Also impacting the 2002 operating profit before depreciation and amortization results was a charge of \$48 million related to the GECC settlement and a \$95 million one-time gain based on the favorable resolution of a lawsuit filed against the U.S. government on March 22, 1991. The lawsuit was based upon the National Aeronautics and Space Administration's ("NASA") breach of contract to launch ten satellites on the Space Shuttle.

HUGHES' operating profit for the first six months of 2003 was \$181.9 million compared with an operating loss of \$186.4 million in the first half of

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

2002. The improvement was due to the higher operating profit before depreciation and amortization partially offset by higher depreciation and amortization expense, particularly at DIRECTV U.S. resulting from the launch of two new satellites and additional infrastructure expenditures made during the last year.

For the first six months of 2003, HUGHES had a net loss of \$29.3 million compared to a net loss of \$992.8 million in the same period of 2002. The improvement was primarily due to a first quarter 2002 charge associated with HUGHES' adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" of \$681.3 million, recorded as "Cumulative effect of accounting change, net of taxes." Also contributing to the change was the improved 2003 operating profit discussed above, a 2002 net interest expense charge of \$74 million related to the GECC settlement and higher losses in 2002 at DIRECTV Broadband. These improvements were partially offset by the higher income tax benefit generated in 2002 resulting from the larger pre-tax loss.

### SEGMENT FINANCIAL REVIEW: SECOND QUARTER 2003

#### Direct-To-Home Broadcast

Second quarter 2003 revenues for the segment increased 9.4% to \$1,943.1 million from \$1,776.3 million in the second quarter of 2002. The segment had operating profit before depreciation and amortization of \$299.4 million compared with operating profit before depreciation and amortization of \$60.5 million in the second quarter of 2002. Operating profit for the segment was \$129.9 million in the second quarter of 2003 compared to an operating loss of \$85.2 million in the same period of 2002.

Also, on February 28, 2003, HUGHES completed the shutdown of the DIRECTV DSL/TM/ service. DIRECTV Broadband is now accounted for as a discontinued operation in the consolidated financial statements and its revenues, operating costs and expenses, and non-operating results are no longer included in the Direct-To-Home Broadcast segment for the periods presented.

22

United States/2/: Excluding subscribers in the National Rural Telecommunications Cooperative ("NRTC") territories, DIRECTV U.S. added 633,000 gross subscribers and after accounting for churn, 181,000 net subscribers in the quarter. DIRECTV U.S. owned and operated subscribers totaled 9.95 million as of June 30, 2003, 10.7% more than the 8.99 million cumulative subscribers as of June 30, 2002. For the second quarter of 2003, the total number of subscribers in NRTC territories fell by 45,000, reducing the total number of NRTC subscribers as of June 30, 2003, to 1.61 million. As a result, the DIRECTV U.S. platform ended the quarter with 11.56 million total subscribers.

DIRECTV U.S. reported quarterly revenues of \$1,800.2 million, an increase of 16.2% from last year's second quarter revenues of \$1,549.6 million. The increase was primarily due to continued strong subscriber growth as well as higher ARPU. ARPU increased approximately \$2.80 to \$60.90 in the quarter primarily due to a March 2003 price increase, increased customer purchases of local channels, as well as additional fees from the increased number of customers that have multiple set-top receivers.

Operating profit before depreciation and amortization for the second quarter of 2003 more than doubled to a record \$324.8 million compared to operating profit before depreciation and amortization of \$156.6 million in last year's second quarter. The 107.4% increase was due to the additional gross profit gained from the DIRECTV U.S. increased revenue, an improved mix of

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

higher-margin revenues primarily related to increased sales of local channel packages and fees from customers that have multiple set-top receivers, and the favorable impact from a continued emphasis on cost management.

Operating profit in the quarter increased to \$200.7 million compared to an operating profit of \$60.6 million in the second quarter of 2002. The improved operating profit was primarily due to the reasons discussed above for the change in operating profit before depreciation and amortization partially offset by increased depreciation and amortization related to the launch of DIRECTV 5 in May of 2002, and additional infrastructure expenditures made during the last year.

Latin America: On March 18, 2003, DIRECTV Latin America, LLC announced that in order to aggressively address the company's financial and operational challenges, it had filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. The filing applies only to DIRECTV Latin America, LLC, a U.S. company, and does not include any of its operating companies in Latin America and the Caribbean. DIRECTV Latin America, LLC and its operating companies are continuing regular operations.

The DIRECTV service in Latin America lost 35,000 net subscribers in the second quarter of 2003 primarily due to the negative market impact related to the Chapter 11 reorganization and the economic turmoil in Venezuela. The total number of DIRECTV subscribers in Latin America as of June 30, 2003, was approximately 1,493,000 compared to about 1,669,000 as of June 30, 2002, representing a decline of approximately 10.5%.

Revenues for DIRECTV Latin America declined to \$143 million in the quarter from \$227 million in the second quarter of 2002 primarily due to the higher 2002 revenues generated from the World Cup soccer tournament, the devaluation of the Venezuelan and Mexican currencies over the past year, as well as the reduced number of subscribers.

DIRECTV Latin America recorded an operating loss before depreciation and amortization of \$29 million in the quarter compared to an operating loss before depreciation and amortization of \$99 million in the same period of 2002. The operating loss in the quarter was \$74 million compared to an operating loss of \$148 million in the second quarter of 2002. The smaller operating loss before depreciation and amortization and lower operating loss were primarily due to the \$75 million loss associated with the World Cup in 2002 and aggressive cost cutting over the past year including programming cost reductions resulting from the rejection of certain contracts in connection with the Chapter 11 reorganization, partially offset by a decline in gross profit related to the lower revenues.

23

### Satellite Services

PanAmSat Corporation ("PanAmSat"), which is approximately 81%-owned by HUGHES, generated second quarter 2003 revenues of \$203.5 million compared with \$209.3 million in the same period of the prior year. The decrease was primarily due to higher occasional-use revenues booked in 2002 related to the World Cup partially offset by additional revenues recorded in 2003 related to PanAmSat's new G2 Satellite Solutions division, which was formed after the acquisition of Hughes Global Services on March 7, 2003.

Operating profit before depreciation and amortization for the quarter was \$149.3 million and operating profit before depreciation and amortization margin was 73.4%, compared with second quarter 2002 operating profit before depreciation and amortization of \$150.7 million and operating profit before

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

depreciation and amortization margin of 72.0%. The decrease in operating profit before depreciation and amortization was primarily due to the lower revenues, partially offset by improved operational efficiencies.

PanAmSat generated operating profit of \$74.4 million in the second quarter of 2003 compared with operating profit of \$61.0 million in the same period of 2002. The improved operating profit was primarily due to reduced satellite depreciation expense partially offset by the operating profit before depreciation and amortization changes discussed above.

As of June 30, 2003, PanAmSat had contracts for satellite services representing future payments (backlog) of approximately \$5.30 billion compared to approximately \$5.46 billion at the end of the first quarter of 2003.

### Network Systems

HNS generated second quarter 2003 revenues of \$299.6 million compared with \$254.4 million in the second quarter of 2002. The increase was principally due to higher sales of DIRECTV(R) receiver systems and revenues from the larger DIRECWAY residential and SOHO subscriber base. HNS shipped 750,000 DIRECTV receiver systems in the second quarter of 2003 compared to 512,000 units in the same period last year. Additionally, as of June 30, 2003, DIRECWAY had approximately 166,000 residential and SOHO subscribers in North America compared to 123,000 one year ago, representing an increase of approximately 35.0%.

HNS reported an operating loss before depreciation and amortization of \$9.2 million compared to an operating loss before depreciation and amortization of \$27.0 million in the second quarter of 2002. The operating loss in the quarter was \$29.8 million compared to an operating loss of \$43.6 million in the second quarter of 2002. The smaller operating loss before depreciation and amortization and operating loss was primarily attributable to a smaller loss in the residential and SOHO DIRECWAY business due to improved efficiencies associated with the larger subscriber base, and increased revenues and margins in the set-top box business.

24

### BALANCE SHEET

From December 31, 2002, to June 30, 2003, the company's consolidated cash balance increased \$2,056.8 million to \$3,185.4 million and total debt increased \$1,891.0 million to \$5,008.8 million. These changes resulted in a decline in net debt of \$165.8 million to \$1,823.4 million. Net debt is defined as the difference between the consolidated cash balance and the consolidated debt balance of HUGHES. The change in net debt was primarily driven by the strong operational performance at DIRECTV U.S.

In the first quarter of 2003, DIRECTV U.S. completed several financing transactions. On February 28, DIRECTV U.S. closed a \$1.4 billion senior notes offering. The \$1.4 billion senior notes were offered in a Rule 144A / Regulation S private placement and bear interest at an 8.375 percent annual rate, payable semi-annually. The notes will mature on March 15, 2013, and are callable on or after March 15, 2008. The notes are guaranteed by all of DIRECTV U.S.' domestic subsidiaries. On March 6, DIRECTV U.S. closed senior secured credit facilities totaling \$1.675 billion. The facilities consist of a \$250 million five-year revolving credit facility, a \$375 million five-year Term A loan and a \$1.05 billion seven-year Term B loan. The Term A loan includes a \$200 million delayed draw component. The facilities are secured by substantially all of DIRECTV U.S.' assets and are guaranteed by all of DIRECTV U.S.' domestic subsidiaries.

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Approximately \$2.56 billion of the proceeds from the financings, after transaction fees, were distributed to HUGHES and used by HUGHES to repay \$506 million of outstanding short-term debt. These proceeds are expected to fund HUGHES' business plan through projected cash flow breakeven and fund HUGHES' other corporate purposes.

As announced on July 15, HUGHES and The Boeing Company reached an agreement whereby HUGHES will pay Boeing \$360 million to settle the outstanding purchase price adjustment disputes arising from Boeing's October 2000 acquisition of HUGHES' satellite manufacturing operations. The payment will be made to Boeing in the month of July, 2003.

Also subsequent to the end of the second quarter, on July 14, 2003, PanAmSat made an optional prepayment of \$350 million under its \$1.25 billion credit facility from available cash on hand due to strong financial performance over the past year. The prepayment was applied pro rata against PanAmSat's Term Loan A and Term Loan B. PanAmSat maintains a cash position of over \$500 million and an unused credit line of an additional \$250 million.

Hughes Electronics Corporation is a unit of General Motors Corporation. The earnings of HUGHES are used to calculate the earnings attributable to the General Motors Class H common stock (NYSE:GMH).

A live webcast of HUGHES' second quarter 2003 earnings call will be available on the company's website at [www.hughes.com](http://www.hughes.com). The call will begin at 2:00 p.m. ET, today. The dial in number for the call is (913) 981-5517. The webcast will be archived on the Investor Relations portion of the HUGHES' website and a replay of the call will be available (dial in number: 719-457-0820, code: 493096) beginning at 7:00 p.m. ET on Thursday, July 17 through Tuesday, July 22, at 1:00 a.m. ET.

25

### HUGHES FINANCIAL GUIDANCE

	Third Quarter -----	Prior Full Year -----
	2003 ----	2003 ----
<b>HUGHES</b>		
Revenues .....	~\$2.45B	\$9.5 - 9.6B
Operating profit before depreciation and amortization .....	\$300 - 350M	1.15 -1.2B
Operating profit/a/ .....	\$0 - 50M	\$50 - 100M
Cash Flow/b/ .....	N/A	~\$(200)M
<b>DIRECTV U.S. ....</b>		
Revenues .....	~\$1,875M	~\$7.3B
Operating profit before depreciation and amortization .....	\$225 - 250M	~\$900M
Operating profit .....	\$90 - 115M	~\$375M
Net subscriber adds/c/ .....	N/A	800 - 850K
<b>DIRECTV Latin America .....</b>		

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Revenues .....	\$140 - 160M	\$550 - 600M
Operating loss before depreciation and amortization .....	\$ (20) - (30)M	\$ (50) - (75)M
Operating loss .....	\$ (80) - (100)M	\$ (250) - (275)M
Hughes Network Systems		
Revenues .....	\$280 - 310M	\$1.1 - 1.2B
Operating profit (loss) before depreciation and amortization .....	\$ (5) - 5M	Breakeven
Operating loss .....	\$ (15) - (25)M	\$ (65) - (75)M
PanAmSat		
Revenues .....	\$205 - 215M	\$800 - 840M/d/
New outright sales and sales-type leases .....	None	None/d/
Operating profit before depreciation and amortization .....	\$145 - 155M	\$580 - 600M/d/
Operating profit/a/ .....	\$65 - 85M	\$250 - 300M/d/

Revised Full Year

2003

----

HUGHES

Revenues.....	\$9.7 - 9.8B
Operating profit before depreciation and amortization.....	\$1.25 - 1.35B
Operating profit/a/.....	\$125 - 225M
Cash Flow/b/.....	\$100 - 200M

DIRECTV U.S.

Revenues.....	~\$7.5B
Operating profit before depreciation and amortization.....	~\$1.0B
Operating profit.....	~\$475M
Net subscriber adds/c/.....	~900K

DIRECTV Latin America.

Revenues.....	No Change
Operating loss before depreciation and amortization.....	\$ (90) - (110)M
Operating loss.....	\$ (310) - (330)M

Hughes Network Systems

Revenues.....	No Change
Operating profit (loss) before depreciation and amortization.....	No Change
Operating loss.....	No Change

PanAmSat

Revenues.....	No Change
New outright sales and sales-type leases.....	No Change
Operating profit before depreciation and amortization.....	No Change
Operating profit/a/.....	No Change

a Excludes the potential impact associated with the Galaxy IVR and PAS VIB anomalies as discussed in PanAmSat's Form-8K filing on 7/11/03.

b Defined as "cash flows from operating activities" less "cash flows from investing activities".

c Excludes subscribers in NRTC territories.

d Includes Hughes Global Services, which was formerly included in HUGHES'

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

consolidated guidance.

26

NON-GAAP FINANCIAL RECONCILIATION SCHEDULE\*

	Second Quarter 2003 Actual -----	Second Quarter 2002 Actual -----	Third Quarter 2003 Guidance -----
<b>HUGHES</b>			
Operating profit/(loss) .....	\$140.0M	\$(98.7)M	\$0 - 50M
Plus: depreciation & amortization (D&A).....	\$264.7M	\$250.3M	~\$300M
	-----	-----	-----
Operating profit before depreciation and amortization .....	\$404.7M	\$151.6M	\$300 - 350M
	=====	=====	=====
<b>DIRECTV U.S.</b>			
Operating profit .....	\$200.7M	\$60.6M	\$90 - 115M
Plus: D&A .....	\$124.1M	\$96.0M	~\$135M
	-----	-----	-----
Operating profit before D&A .....	\$324.8M	\$156.6M	\$225 - 250M
	=====	=====	=====
<b>DIRECTV Latin America</b>			
Operating loss .....	\$(74)M	\$(148)M	\$(80) - (100)M
Plus: D&A .....	\$45M	\$49M	\$60 - 70M
	-----	-----	-----
Operating loss before D&A .....	\$(29)M	\$(99)M	\$(20) - (30)M
	=====	=====	=====
<b>Hughes Network Systems</b>			
Operating loss .....	\$(29.8)M	\$(43.6)M	\$(15) - (25)M
Plus: D&A .....	\$20.6 M	\$16.6M	~\$20M
	-----	-----	-----
Operating profit (loss) before D&A.....	\$(9.2) M	\$(27.0)M	\$(5) - 5M
	=====	=====	=====
<b>PanAmSat</b>			
Operating profit .....	\$74.4M	\$61.0M	\$65 - 85M
Plus: D&A .....	\$74.9M	\$89.7M	\$70 - 80M
	-----	-----	-----
Operating profit before D&A .....	\$149.3M	\$150.7M	\$145 - 155M
	=====	=====	=====

	Prior Full Year 2003 Guidance -----	Revised Full Year 2003 Guidance -----
<b>HUGHES</b>		
Operating profit/(loss) .....	\$50 - 100M	\$125 - 225M
Plus: depreciation & amortization (D&A) .	~\$1.1B	\$1.125B
	-----	-----
Operating profit before depreciation and amortization .....	\$1.15 - 1.2B	\$1.25 - 1.35B
	=====	=====

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

DIRECTV U.S. ....		
Operating profit .....	~\$375M	~\$475M
Plus: D&A .....	~\$525M	~\$525M
	-----	-----
Operating profit before D&A .....	~\$900M	~\$1,000M
	=====	=====
DIRECTV Latin America		
Operating loss .....	\$ (250) - (275)M	\$ (310) - (330)M
Plus: D&A .....	~\$200M	~\$220M
	-----	-----
Operating loss before D&A .....	\$ (50) - (75)M	\$ (90) - (110)M
	=====	=====
Hughes Network Systems		
Operating loss .....	\$ (65) - (75)M	\$ (65) - (75)M
Plus: D&A .....	\$65 - 75M	\$65 - 75M
	-----	-----
Operating profit (loss) before D&A .....	~\$0	~\$0
PanAmSat		
Operating profit .....	\$250 - 300M	\$250 - 300M
Plus: D&A .....	\$300 - 330M	\$300 - 330M
	-----	-----
Operating profit before D&A .....	\$580 - 600M	\$580 - 600M
	=====	=====

	Six months ended June 30, 2003 Actual -----	Six months ended June 30, 2002 Actual -----
HUGHES		
Operating profit/(loss).....	\$181.9M	\$ (186.4)M
Plus: Depreciation & Amortization (D&A).....	\$527.8M	\$502.5M
	-----	-----
Operating profit before depreciation and amortization.....	\$709.7M	\$316.1M
	=====	=====

\* Additional DIRECTV U.S. non-GAAP financial reconciliation is included with the DIRECTV U.S. stand-alone financial statements included in this earnings release.

(1) Operating profit (loss) before depreciation and amortization, which is a non-GAAP financial measure, can be calculated by adding amounts under the caption "Depreciation and amortization" to "Operating Profit (Loss)", as presented in the Consolidated Statements of Operations and Available Separate Consolidated Net Income (Loss). This measure should be used in conjunction with other GAAP financial measures and is not presented as an alternative measure of operating results, as determined in accordance with accounting principles generally accepted in the United States of America. Hughes' management and its Board of Directors use operating profit before depreciation and amortization to evaluate the operating performance of Hughes and its business segments, to allocate resources and capital to its business segments and as a measure of performance for incentive compensation purposes. Hughes' management also uses this metric to measure income generated from operations that could be used to fund capital expenditures, service debt, or pay taxes. Depreciation and amortization expense primarily represents an allocation to current expense of

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

the cost of historical capital expenditures and for intangible assets resulting from prior business acquisitions. To compensate for the exclusion of depreciation and amortization from operating profit, Hughes' management and Board of Directors separately measure and budget for capital expenditures and business acquisitions.

Hughes believes this measure is useful to investors, along with other GAAP measures (such as revenues, operating profit and net income), to compare Hughes' operating performance to other communications, entertainment and media service providers. Hughes believes that investors use current and projected operating profit before depreciation and amortization and similar measures to estimate Hughes' current or prospective enterprise value and make investment decisions. This metric provides investors with a means to compare operating results exclusive of depreciation and amortization. Hughes' management believes this is useful given the significant variation in depreciation and amortization expense that can result from the timing of capital expenditures, the capitalization of intangible assets in purchase accounting, potential variations in expected useful lives when compared to other companies and periodic changes to estimated useful lives.

Operating profit before depreciation and amortization margin is calculated by dividing operating profit before depreciation and amortization by total revenues.

(2) The discussion of financial results for DIRECTV U.S. reflects amounts included in the stand-alone financial statements of DIRECTV Holdings LLC that are included later in this earnings release. HUGHES records certain items as corporate expenses in HUGHES consolidated financial statements pursuant to Statement of Financial Accounting Standards No. 131, "Disclosure about Segments of an Enterprise and Related Information." Generally accepted accounting principles also require these expenses to be reflected in the stand-alone financial statements of DIRECTV Holdings LLC. As a result, the DIRECTV U.S. operating profit before depreciation and amortization and operating profit results include approximately \$3 million and \$4 million of pension expense in the second quarter of 2002 and 2003, respectively, which HUGHES includes in "Eliminations and Other" for segment reporting purposes in its consolidated statements.

NOTE: This release may contain certain statements that Hughes believes are, or may be considered to be, "forward-looking statements," within the meaning of various provisions of the Securities Act of 1933 and of the Securities Exchange Act of 1934. These forward-looking statements generally can be identified by use of statements that include phrases such as we "believe," "expect," "anticipate," "intend," "plan," "foresee" or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements. All of these forward-looking statements are subject to certain risks and uncertainties that could cause Hughes' actual results to differ materially from historical results or from those expressed or implied by the relevant forward-looking statement. Risk factors which could cause actual performance and future actions to differ materially from forward-looking statements made herein include, but are not limited to, economic conditions, product demand and market acceptance, government action, local political or economic developments in or affecting countries where Hughes has operations, including political, economic and social uncertainties in many Latin American countries in which the Latin America DIRECTV businesses operate, potential adverse effects of the DIRECTV Latin America, LLC Chapter 11 bankruptcy proceedings, foreign currency exchange rates, ability to obtain export licenses, competition, the outcome of legal proceedings, ability to achieve cost reductions, ability to timely perform material contracts, ability to renew programming contracts under favorable terms, technological risk, limitations on access to distribution channels, the success and timeliness of satellite launches, in-orbit performance of satellites, loss of uninsured satellites, ability of customers to obtain

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

financing, Hughes' ability to access capital to maintain its financial flexibility and the effects of the strategic transactions that GM and Hughes have entered into with News Corporation.

###

28

HUGHES ELECTRONICS CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS AND  
AVAILABLE SEPARATE CONSOLIDATED NET INCOME (LOSS)  
(Dollars in Millions)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	----	----	----	----
Revenues.				
Direct broadcast, leasing and other services	\$2,186.1	\$1,986.6	\$4,267.9	\$3,831.2
Product sales .....	184.6	205.7	330.1	385.9
	-----	-----	-----	-----
Total Revenues .....	2,370.7	2,192.3	4,598.0	4,217.1
	=====	=====	=====	=====
Operating Costs and Expenses, Exclusive of Depreciation and Amortization Expenses Shown Separately Below				
Broadcast programming and other costs .....	1,075.3	1,080.1	2,137.0	1,985.8
Cost of products sold .....	169.8	184.7	312.8	357.7
Selling, general and administrative expenses	720.9	775.9	1,438.5	1,557.5
Depreciation and amortization .....	264.7	250.3	527.8	502.5
	-----	-----	-----	-----
Total Operating Costs and Expenses .....	2,230.7	2,291.0	4,416.1	4,403.5
	=====	=====	=====	=====
Operating Profit (Loss) .....	140.0	(98.7)	181.9	(186.4)
Interest income .....	15.7	7.4	21.9	11.7
Interest expense .....	(84.2)	(121.4)	(164.7)	(197.7)
Reorganization expense .....	(4.1)	--	(11.0)	--
Other, net .....	(10.5)	8.9	(38.6)	(32.7)
	-----	---	-----	-----
Income (Loss) From Continuing Operations Before Income Taxes, Minority Interests and Cumulative Effect of Accounting Change .....	56.9	(203.8)	(10.5)	(405.1)
Income tax (expense) benefit .....	(20.5)	77.5	3.7	154.0
Minority interests in net earnings of subsidiaries .....	(7.4)	(3.5)	(14.8)	(10.2)
	----	----	-----	-----
Income (loss) from continuing operations before cumulative effect of accounting				

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

change .....	29.0	(129.8)	(21.6)	(261.3)
Loss from discontinued operations, net of taxes .....	(7.4)	(25.3)	(7.7)	(50.2)
Income (loss) before cumulative effect of accounting change .....	21.6	(155.1)	(29.3)	(311.5)
Cumulative effect of accounting change, net of taxes .....	--	--	--	(681.3)
	----	----	-----	-----
Net Income (Loss) .....	21.6	(155.1)	(29.3)	(992.8)
Preferred stock dividends .....	--	(22.8)	--	(46.9)
Earnings (Loss) Used for Computation of Available Separate Consolidated Net Income (Loss) .....	\$21.6	\$(177.9)	\$(29.3)	\$(1,039.7)
	-----	-----	-----	-----
Available Separate Consolidated Net Income (Loss)				
Average number of shares of General Motors Class H Common Stock outstanding (in millions) (Numerator) ...	1,107.8	884.0	1,048.8	880.8
Average Class H dividend base (in millions) (Denominator) .....	1,382.1	1,307.6	1,382.0	1,304.4
Available Separate Consolidated Net Income (Loss) .....	\$17.3	\$(120.3)	\$(22.2)	\$(702.1)
	=====	=====	=====	=====

29

HUGHES ELECTRONICS CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(Dollars in Millions)

	June 30, 2003 Unaudited)	December 31, 2002
	-----	----
ASSETS.		
Current Assets.		
Cash and cash equivalents.....	\$3,185.4	\$1,128.6
Accounts and notes receivable, n net of allowances of \$115.9 and \$102.4.....	1,061.6	1,133.9
Contracts in process.....	117.6	165.9
Inventories.....	297.3	230.3
Deferred income taxes.....	88.7	97.7
Prepaid expenses and other.....	825.4	900.0
	-----	-----
Total Current Assets.....	5,576.0	3,656.4
Satellites, net.....	4,892.4	4,922.6
Property, net.....	1,906.4	2,017.4
Goodwill, net.....	5,777.5	5,775.2
Intangible Assets, net.....	607.7	644.7
Net Investment in Sales-type Leases.....	149.6	161.9

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Investments and Other Assets.....	757.4	706.9
	-----	-----
Total Assets.....	\$19,667.0	\$17,885.1
	=====	=====

LIABILITIES AND STOCKHOLDER'S EQUITY.

Current Liabilities

Accounts payable.....	\$1,021.7	\$1,039.0
Deferred revenues.....	156.6	166.4
Short-term borrowings and current portion of long-term debt.....	62.7	727.8
Accrued liabilities and other.....	1,320.8	1,269.9
	-----	-----

Total Current Liabilities.....	2,561.8	3,203.1
Long-Term Debt.....	4,946.1	2,390.0
Other Liabilities and Deferred Credits.....	1,094.3	1,178.4
Deferred Income Taxes.....	512.3	581.2
Commitments and Contingencies		
Minority Interests.....	576.7	555.3
Stockholder's Equity.....	9,975.8	9,977.1
	-----	-----

Total Liabilities and Stockholder's Equity...	\$19,667.0	\$17,885.1
	=====	=====

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 General Motors (which includes 100% of the stock of Hughes).

30

HUGHES ELECTRONICS CORPORATION

SELECTED SEGMENT DATA

(Dollars in Millions)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	----	----	----	----
DIRECT-TO-HOME BROADCAST				
Total Revenues .....	\$1,943.1	\$1,776.3	\$3,791.0	\$3,406.7
Operating Profit Before Depreciation and Amortization (1) .....	299.4	60.5	510.7	39.6
Operating Profit Before Depreciation and Amortization Margin (1) .....	15.4%	3.4%	13.5%	1.2%
Operating Profit (Loss) .....	\$129.9	\$(85.2)	\$168.2	\$(249.2)
Operating Profit Margin .....	6.7%	N/A	4.4%	N/A
Depreciation and Amortization .....	\$169.5	\$145.7	\$342.5	\$288.8
Capital Expenditures .....	65.6	140.0	138.8	264.6
	----	----	----	----

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

SATELLITE SERVICES				
Total Revenues .....	\$203.5	\$209.3	\$403.3	\$416.4
Operating Profit Before Depreciation and Amortization (1) .....	149.3	150.7	297.9	301.8
Operating Profit Before Depreciation and Amortization Margin (1) .....	73.4%	72.0%	73.9%	72.5%
Operating Profit .....	\$74.4	\$61.0	\$150.7	\$118.1
Operating Profit Margin .....	36.6%	29.1%	37.4%	28.4%
Depreciation and Amortization .....	\$74.9	\$89.7	\$147.2	\$183.7
Capital Expenditures .....	21.7	109.5	54.8	183.5
	----	-----	----	-----
NETWORK SYSTEMS .....				
Total Revenues .....	\$299.6	\$254.4	\$547.0	\$497.2
Operating Loss Before Depreciation and Amortization (1) .....	(9.2)	(27.0)	(31.4)	(57.5)
Operating Loss .....	(29.8)	(43.6)	(69.6)	(92.1)
Depreciation and Amortization .....	20.6	16.6	38.2	34.6
Capital Expenditures .....	55.3	87.8	109.4	216.1
	----	----	-----	-----
ELIMINATIONS and OTHER				
Total Revenues .....	\$(75.5)	\$(47.7)	\$(143.3)	\$(103.2)
Operating Profit (Loss) Before Depreciation and Amortization (1)	(34.8)	(32.6)	(67.5)	32.2
Operating Profit (Loss) .....	(34.5)	(30.9)	(67.4)	36.8
Depreciation and Amortization .....	(0.3)	(1.7)	(0.1)	(4.6)
Capital Expenditures .....	29.3	13.1	56.4	32.1
	----	----	----	----
TOTAL .....				
Total Revenues .....	\$2,370.7	\$2,192.3	\$4,598.0	\$4,217.1
Operating Profit Before Depreciation and Amortization (1)	404.7	151.6	709.7	316.1
Operating Profit Before Depreciation and Amortization Margin (1) .....	17.1%	6.9%	15.4%	7.5%
Operating Profit (Loss) .....	\$140.0	\$(98.7)	\$181.9	\$(186.4)
Operating Profit Margin .....	5.9%	N/A	4.0%	N/A
Depreciation and Amortization .....	\$264.7	\$250.3	\$527.8	\$502.5
Capital Expenditures .....	171.9	350.4	359.4	696.3
	=====	=====	=====	=====

(1) See footnote 1 above.

The Following Pages Reflect DIRECTV U.S.' Financial Statements and  
Other Data as a Stand Alone Entity

DIRECTV HOLDINGS LLC  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
(dollars in millions)				
Revenues.....	\$1,800.2	\$1,549.6	\$3,508.3	\$3,015.4
Operating Costs and Expenses, exclusive of depreciation and amortization expense shown below.				
Programming and other costs.....	702.9	623.0	1,398.4	1,227.4
Subscriber service expenses.....	150.8	150.4	307.2	297.7
Subscriber acquisition costs:				
Third party customer acquisitions.....	306.1	320.8	619.2	682.5
Direct customer acquisitions.....	69.5	36.4	137.2	65.8
Retention, upgrade and other marketing costs.....	88.7	116.4	182.5	194.0
Broadcast operations expenses.....	38.2	29.3	72.1	60.2
General and administrative expenses.....	119.2	116.7	236.5	237.5
Depreciation and amortization expense.....	124.1	96.0	248.5	181.1
	-----	-----	-----	-----
Total Operating Costs and Expenses.....	1,599.5	1,489.0	3,201.6	2,946.2
	-----	-----	-----	-----
Operating Profit.....	200.7	60.6	306.7	69.2
Interest expense, net.....	(57.3)	(26.7)	(86.5)	(54.8)
Other loss, net.....	(2.9)	(0.1)	(4.0)	(0.3)
	----	----	----	----
Income Before Income Taxes.....	140.5	33.8	216.2	14.1
Income tax expense.....	(52.7)	(12.6)	(81.1)	(5.3)
	-----	-----	-----	-----
Net Income.....	\$87.8	\$21.2	\$135.1	\$8.8
	=====	=====	=====	=====

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

	June 30, 2003	December 31, 2002
	(dollars in millions)	
ASSETS		
Current Assets		
Cash and cash equivalents.....	\$324.5	\$14.1
Accounts receivable, net of allowances of \$54.8 and \$54.3.....	447.7	506.7
Inventories, net.....	98.9	62.6
Prepaid expenses and other.....	480.2	545.8
	-----	-----
Total Current Assets.....	1,351.3	1,129.2
Satellites, net.....	1,001.0	1,011.3
Property, net.....	748.0	838.6
Goodwill, net.....	2,890.8	2,888.5
Intangible Assets, net.....	586.7	623.7
Other Assets.....	115.5	87.3
	-----	-----
Total Assets.....	\$6,693.3	\$6,578.6
	=====	=====
LIABILITIES AND OWNER'S EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities.....	1,167.0	1,139.2
Unearned subscriber revenue.....	144.8	156.6
Current portion of long-term debt.....	16.0	--
	-----	-----
Total Current Liabilities.....	1,327.8	1,295.8
Long-Term Debt.....	2,609.0	--
Other Liabilities and Deferred Credits.....	411.8	477.6
Deferred Income Taxes.....	245.0	246.7
Commitments and Contingencies		
Owner's Equity		
Capital stock and additional paid-in capital.....	2,788.3	5,385.1
Accumulated deficit.....	(688.6)	(823.7)
	-----	-----
Subtotal Owner's Equity	2,099.7	4,561.4
	-----	-----
Accumulated Other Comprehensive Loss		
Accumulated unrealized losses on securities.....	--	(2.9)
	-----	-----
Total Owner's Equity.....	2,099.7	4,558.5
	-----	-----
Total Liabilities and Owner's Equity.....	\$6,693.3	\$6,578.6
	=====	=====

## Edgar Filing: GENERAL MOTORS CORP - Form 8-K

### DIRECTV Holdings LLC Non-GAAP Financial Reconciliation and Other Data (Unaudited)

#### Pre-Marketing Margin Reconciliation to Operating Profit

	For the Quarter		For the Six Months		Guida Full
	Ended June 30,		Ended June 30,		
	2003	2002	2003	2002	200
	-----	-----	-----	-----	-----
	(dollars in millions)				
Operating profit.....	\$200.7	\$60.6	306.7	\$69.2	~ \$475
Add back: Subscriber acquisition costs					
Third party customer acquisitions...	306.1	320.8	619.2	682.5	**
Direct customer acquisitions.....	69.5	36.4	137.2	65.8	**
Depreciation and amortization expense.	124.1	96.0	248.5	181.1	**
Retention, upgrade and other marketing costs.....	88.7	116.4	182.5	194.0	**
	-----	-----	-----	-----	-----
Subtotal.....	588.4	569.6	1,187.4	1,123.4	2,600 -
	-----	-----	-----	-----	-----
Pre-marketing margin*.....	\$789.1	\$630.2	1,494.1	\$1,192.6	\$3,075 -
	=====	=====	=====	=====	=====
Pre-marketing margin as a percentage of revenue*	43.8%	40.7%	42.6%	39.6%	41% -

#### Other Data

	For the Quarter		For the Six Months	
	Ended June 30,		Ended June 30,	
	2003	2002	2003	2002
	-----	-----	-----	-----
Average monthly revenue per subscriber				
(ARPU).....	\$60.90	\$58.10	\$60.10	\$57.50
Average monthly subscriber churn--%.....	1.5%	1.7%	1.5%	1.7%
Average subscriber acquisition costs (SAC).....	\$595	\$545	\$565	\$530
Total number of subscribers--platform (000's).....	11,557	10,746	11,557	10,746
Total owned and operated subscribers (000's).....	9,949	8,995	9,949	8,995

(\*) Pre-Marketing Margin, which is a financial measure that is not determined in accordance with accounting principles generally accepted in the United States of America, or GAAP, is calculated by adding amounts under the captions "Subscriber acquisition costs", "Retention, upgrade and other marketing costs" and "Depreciation and amortization expense" to "Operating Profit". This financial

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

measure should be used in conjunction with other GAAP financial measures and is not presented as an alternative measure of operating results, as determined in accordance with GAAP. Hughes and DIRECTV management use Pre-Marketing Margin to evaluate the profitability of DIRECTV's current subscriber base for the purpose of allocating resources to discretionary activities such as, adding new subscribers, retaining and upgrading existing subscribers and for capital expenditures. To compensate for the exclusion of "Subscriber acquisition costs" and "Retention, upgrade and other marketing costs", management also uses operating profit before depreciation and amortization expense to measure profitability.

Hughes and DIRECTV believe this measure is useful to investors, along with other GAAP measures (such as revenues, operating profit and net income), to compare DIRECTV's operating performance to other communications, entertainment and media companies. Hughes and DIRECTV believe that investors also use current and projected Pre-Marketing Margin to determine the ability of DIRECTV's current and projected subscriber base to fund discretionary spending and to determine the financial returns for subscriber additions.

(\*\*) No individual guidance provided.

35

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GENERAL MOTORS CORPORATION

-----  
(Registrant)

Date July 17, 2003

-----

By  
/s/Peter R. Bible

-----  
(Peter R. Bible,  
Chief Accounting Officer)

