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GENERAL MOTORS CORP
Form 8-K
July 21, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549-1004

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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 21, 2004

GENERAL MOTORS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

| | |
|---|--|
| STATE OF DELAWARE ----- (State or other jurisdiction of Incorporation or Organization) | 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

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ITEM 12. Disclosure of information on financial conditions

On July 21, 2004, 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.

GM Earns \$1.3 Billion or \$2.36 Per Share in Second Quarter 2004

GMAC posts record quarterly earnings, driven by financing and insurance

Automotive earnings increase to \$529 million

Calendar year earnings forecast of \$7.00 per share remains unchanged

DETROIT - General Motors Corp. (NYSE: GM) today reported earnings from continuing operations of \$1.3 billion, or \$2.36 per diluted share, in the second quarter of 2004. These results compare with earnings of \$879 million, or \$1.57 per share, in the second quarter of 2003. Revenue rose 7.1 percent to \$49.1 billion.

"Overall, our financial results for the quarter were reasonably good," said GM Chairman and Chief Executive Officer Rick Wagoner. "General Motors Acceptance Corp. once again had an outstanding quarter, setting another record, and our automotive operations reported improved earnings as well. But competition in the global automotive market remains very intense, and we still have much work to do to improve our automotive profitability to targeted levels."

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

GMAC

GMAC earned a record \$860 million in the second quarter of 2004, up from \$834 million in the year-ago period.

"We're very pleased with GMAC's record-breaking performance," Wagoner said. "GMAC continues to do an outstanding job managing its global portfolio of businesses. Its auto-financing business, in addition to supporting GM sales, is turning in strong profitability around the globe. Insurance earnings are strengthening, and mortgage earnings, while understandably lower, still remain solid."

Earnings from GMAC's financing operations rose 14 percent to \$452 million in the

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second quarter, up from \$396 million a year ago, as lower credit losses and improved lease-residual values more than offset narrower net-interest margins.

Second-quarter earnings at the insurance group were \$75 million, a significant improvement from earnings of \$23 million a year ago, reflecting continued growth in underwriting income and improved performance in the investment portfolio in 2004.

Earnings from the mortgage unit totaled \$333 million, compared with record year-ago earnings of \$415 million. As expected, lower mortgage volume and decreased pricing margins were somewhat offset by higher asset levels. Despite the decline in second-quarter earnings, GMAC's mortgage unit continues to be a significant contributor to GMAC's overall performance.

2

GM Automotive Operations

GM's global-automotive earnings totaled \$529 million in the second quarter of 2004, up from \$140 million in the prior-year period, reflecting improved earnings in North America, Asia Pacific, and the Latin America/Africa/Mid-East region, partially offset by increased losses in Europe. In the second quarter, GM's market share was up in three out of four regions of the world; global share totaled 14.7 percent, down from 14.9 percent in the year-ago period. For the six months ended June 30, 2004, GM's market share was also up in three out of four regions, and totaled 14.1 percent, compared with 14.2 percent in the year-ago period.

GM North America (GMNA) earned \$328 million in the second quarter of 2004, compared with earnings of \$83 million in the second quarter of 2003. Improvements in material costs and pricing more than offset less-favorable mix and higher recall costs. GM's market share in North America was 26.2 percent in the second quarter of 2004, compared with 27.2 percent in the year-earlier period. For the six months ended June 30, 2004, GM's market share in North America was 26.3 percent, versus 26.7 percent in the year-ago period.

"While earnings at GM North America improved, overall sales, market share and financial results were well below our expectations. For sure, the competition is tough, but we also must move faster to implement our strategy -- introducing great cars and trucks, reducing costs, improving quality, and generating cash," Wagoner said. "There were some bright spots in the quarter, such as our strong performance in recent quality and productivity surveys, and the market reception of new vehicles, like the Chevrolet Equinox and the Cadillac SRX."

GM's quality and productivity gains were recognized during the second quarter by two major independent surveys. According to the 2004 J.D. Power and Associates Initial Quality Study, GM recorded a 10-percent improvement in initial quality overall, with Cadillac emerging as the top luxury-car brand. GM also continued its steady improvement in manufacturing productivity. In the recently released Harbour Report North America 2004, GM posted a 5.2-percent improvement in North American manufacturing productivity in 2003, bringing GM's overall improvement over the last six years to more than 24 percent.

"We've had a decade-long focus on improving our quality and manufacturing productivity, and with the great work of our employees and labor unions, we're now reaching industry-leading performance in many categories and plants," Wagoner said. "That's something we're proud of, but the fact is that we've still got more to do in this area in order to offset our high-cost manufacturing footprint and the huge burden of legacy costs that we carry."

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GM Europe (GME) reported a loss of \$45 million in the second quarter of 2004 compared with a loss of \$3 million in the year-ago quarter. The most recent quarter's results reflect intense price competition, foreign-exchange losses and continuing restructuring costs for GM's share of the GM-Fiat powertrain joint venture, partially offset by continuing cost improvements. GM's market share in Europe rose to 9.8 percent in the second quarter of 2004 from 9.4 percent in the year-ago period. For the six months ended June 30, 2004, GM's market share in Europe was 9.6 percent, up from 9.5 percent in the year ago period.

"Our European operations are making significant progress in reducing costs and improving quality," Wagoner said. "However, despite growing market share, we're not getting the revenue growth that we had hoped for, particularly in the traditionally large western European markets. So, that means we have to pick up the pace in new-model introductions, while we simultaneously reduce costs. That's a tough assignment, and it's going to require GME to do a better job of leveraging our global resources to bring new products to market faster and at lower cost."

3

GM Asia Pacific (GMAP) earned \$236 million in the second quarter of 2004, up from \$163 million in the year-ago quarter. Continued strong performance by Shanghai GM in China, improved earnings in India and Thailand, and smaller losses at GM-Daewoo Auto & Technology Co. (GMDAT) contributed to GMAP's overall performance. GM's market share in the Asia Pacific region rose to 5.4 percent in the second quarter from 4.8 percent a year ago, led by gains in China and India. Through the first six months of 2004, GM's market share in the Asia Pacific region was 5.0 percent, up from 4.6 percent in the comparable period a year ago.

"GMAP registered another great quarter, growing sales, market share and profitability," Wagoner said. "For example, in the first six months of 2004, GM sales in China rose 58 percent and GM continued to gain share in Thailand and India. We expect continued strong growth in Asia, and we plan to stay aggressive and capitalize on our momentum."

Wagoner also pointed out recently announced plans to invest \$3 billion in China over the next three years with GM's joint-venture partners. "This investment will further strengthen GM's already solid position in China by expanding our capacity and broadening GM's product portfolio with the introduction of the Cadillac brand."

GM Latin America/Africa/Mid-East (GMLAAM) earned \$10 million in the second quarter of 2004, a significant improvement from the year-ago loss of \$103 million. This year's results reflect higher production volumes and improved earnings in Venezuela and South Africa. GM's market share in the GMLAAM region rose to 17.4 percent in the second quarter of 2004 from 15.6 percent a year ago. For the six months ended June 30, 2004, GM's market share in the LAAM region was 17 percent, up from 15.6 percent in the year-ago period.

"We're pleased with the improving performance of GMLAAM," Wagoner said. "Our market share continues to be impressive and we reported a profit for the second consecutive quarter."

Cash and Liquidity

GM generated approximately \$1.2 billion in automotive cash in the second quarter

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of 2004. For the six months ended June 30, 2004, total automotive cash generated by GM stood at \$2.6 billion. Cash, marketable securities, and short-term assets of the Voluntary Employees' Beneficiary Association (VEBA) trust totaled \$25 billion at June 30, 2004, excluding financing and insurance operations, compared with \$23.5 billion on March 31, 2004.

Looking Ahead

GM expects total U.S. industry sales of approximately 17.2 million vehicles in calendar year 2004, reflecting strengthening labor markets and increases in household income. Through the first six months of 2004, industry sales came in at an annualized rate of around 16.9 million units.

For the third quarter of 2004, GM expects to earn approximately \$0.75 to \$1.00 per share, excluding special items and at current dilution levels. GM's 2004-calendar-year earnings estimate remains unchanged at approximately \$7.00 per share, excluding special items and at current dilution levels.

In this press release and related comments by General Motors management, our use of the words "expect," "anticipate," "estimate," "project," "forecast," "outlook," "target," "objective," "plan," "goal," "pursue," "on track," 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-20) 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.

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4

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

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.

| Three Months Ended June 30, 2004 | | Year to Date June 30, 2004 | |
|-------------------------------------|-------|-------------------------------|-------|
| ----- | | ----- | |
| Net | | Net | |
| Income | EPS | Income | EPS |
| ----- | ----- | ----- | ----- |

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REPORTED

| | | | | |
|------------|---------|--------|---------|--------|
| Net income | \$1,341 | \$2.36 | \$2,621 | \$4.61 |
| | ===== | ===== | ===== | ===== |

There were no special items in the Second Quarter of 2004.

5

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

| | Three Months Ended June 30, 2003 | | Year to Date June 30, 2003 | |
|--|-------------------------------------|--------|-------------------------------|--------|
| | ----- | | ----- | |
| | Net Income | EPS | Net Income | EPS |
| | ----- | ----- | ----- | ----- |
| REPORTED | | | | |
| ----- | | | | |
| Income from continuing operations | \$879 | \$1.57 | \$2,416 | \$4.30 |
| Income (loss) from discontinued operations | 22 | 0.01 | (32) | (0.01) |
| | --- | ---- | ----- | ----- |
| Net income | 901 | 1.58 | 2,384 | 4.29 |
| ADJUSTMENTS | | | | |
| ----- | | | | |
| Gain on Sale of GM Defense (A) | - | - | (505) | (0.90) |
| | --- | ---- | ----- | ----- |
| Subtotal | - | - | (505) | (0.90) |
| ADJUSTED | | | | |
| ----- | | | | |
| Income from continuing operations | \$879 | \$1.57 | \$1,911 | \$3.40 |
| Income (loss) from discontinued operations | 22 | 0.01 | (32) | (0.01) |
| | --- | ---- | ----- | ----- |
| 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.

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6

General Motors Corporation
Summary Corporate Financial Results
(unaudited)

| | Second Quarter | | Year to Date | |
|---|----------------|----------|--------------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| | ----- | ----- | ----- | ----- |
| (dollars in millions except per share amounts) | | | | |
| Total net sales and revenues | | | | |
| | \$49,148 | \$45,881 | \$96,833 | \$92,932 |
| Adjusted | \$49,148 | \$45,881 | \$96,833 | \$92,118 |
| Income from continuing operations | \$1,341 | \$879 | \$2,621 | \$2,416 |
| Adjusted | \$1,341 | \$879 | \$2,621 | \$1,911 |
| Income (loss) from discontinued operations | - | 22 | - | (32) |
| Adjusted | - | 22 | - | (32) |
| Net income | \$1,341 | \$901 | \$2,621 | \$2,384 |
| Adjusted | \$1,341 | \$901 | \$2,621 | \$1,879 |
| Net margin from continuing operations (Income from continuing operations / Total net sales and revenues) | 2.7% | 1.9% | 2.7% | 2.6% |
| Adjusted | 2.7% | 1.9% | 2.7% | 2.1% |
| Earnings per share - basic \$1-2/3 par value | | | | |
| Continuing operations | \$2.37 | \$1.57 | \$4.64 | \$4.31 |
| Discontinued operations | - | \$0.01 | - | \$(0.01) |
| | ----- | ----- | ----- | ----- |
| Earnings per share | \$2.37 | \$1.58 | \$4.64 | \$4.30 |
| Earnings per share - diluted \$1-2/3 par value | | | | |
| Continuing operations | \$2.36 | \$1.57 | \$4.61 | \$4.30 |
| Discontinued operations | - | \$0.01 | - | \$(0.01) |
| | ----- | ----- | ----- | ----- |
| Earnings per share | \$2.36 | \$1.58 | \$4.61 | \$4.29 |
| Earnings per share - adjusted \$1-2/3 par value | | | | |
| Continuing operations | \$2.36 | \$1.57 | \$4.61 | \$3.40 |
| Discontinued operations | - | \$0.01 | - | \$(0.01) |
| | ----- | ----- | ----- | ----- |
| Earnings per share | \$2.36 (1) | \$1.58 | \$4.61 | \$3.39 |
| GM \$1-2/3 par value average shares outstanding (Mil's) | | | | |
| Basic shares | 565 | 561 | 564 | 561 |
| Diluted shares | 568 | 561 | 569 | 561 |
| Cash dividends per share of common stocks | | | | |
| GM \$1-2/3 par value | \$0.50 | \$0.50 | \$1.00 | \$1.00 |

See reconciliation of adjusted financial results on pages 9 - 14, and footnotes on page 16.

7

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General Motors Corporation Summary Corporate Financial Results (unaudited)

| | Second Quarter | | Year to Date | |
|--|----------------|---------|--------------|---------|
| | 2004 | 2003 | 2004 | 2003 |
| Book value per share of common stocks at June 30 GM \$1-2/3 par value | \$49.18 | \$13.27 | | |
| Auto & Other Operations total cash & marketable securities at June 30 (\$Bil's) | \$21.5 | \$20.3 | | |
| Cash in short-term VEBA | \$3.5 | \$3.4 | | |
| | ---- | ---- | | |
| Total Auto & Other cash & marketable securities plus short-term VEBA | \$25.0 | \$23.7 | | |
| | ===== | ===== | | |
| Auto & Other Operations (\$Mil's) | | | | |
| Depreciation | \$1,441 | \$1,097 | \$2,589 | \$2,083 |
| Amortization of special tools | 774 | 651 | 1,500 | 1,353 |
| Amortization of intangible assets | 9 | 5 | 16 | 10 |
| | ----- | ----- | ----- | ----- |
| Total | \$2,224 | \$1,753 | \$4,105 | \$3,446 |
| | ===== | ===== | ===== | ===== |

8

General Motors Corporation Summary Corporate Financial Results (unaudited)

Second Quarter
2004 and 2003

| | Reported | | Special Items | | Adjusted | |
|---------------------------------|----------|----------|---------------|------|----------|----------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| (dollars in millions) | | | | | | |
| Total net sales and revenues | | | | | | |
| GMNA | \$29,429 | \$28,558 | \$ - | \$ - | \$29,429 | \$28,558 |
| GME | 8,094 | 7,303 | - | - | 8,094 | 7,303 |
| GMLAAM | 1,909 | 1,119 | - | - | 1,909 | 1,119 |
| GMAP | 1,693 | 1,267 | - | - | 1,693 | 1,267 |
| | ----- | ----- | --- | --- | ----- | ----- |
| Total GMA | 41,125 | 38,247 | - | - | 41,125 | 38,247 |
| Other | 77 | 96 | - | - | 77 | 96 |

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| | | | | | | |
|---|----------|----------|------|------|----------|----------|
| Total Auto & Other | 41,202 | 38,343 | - | - | 41,202 | 38,343 |
| GMAC | 7,709 | 7,542 | - | - | 7,709 | 7,542 |
| Other Financing | 237 | (4) | - | - | 237 | (4) |
| Total FIO | 7,946 | 7,538 | - | - | 7,946 | 7,538 |
| Total net sales and revenues | \$49,148 | \$45,881 | \$ - | \$ - | \$49,148 | \$45,881 |
| Income (loss) from continuing operations before income taxes, equity income, and minority interests | | | | | | |
| GMNA | \$423 | \$90 | \$ - | \$ - | \$423 | \$90 |
| GME | (96) | (34) | - | - | (96) | (34) |
| GMLAAM | 11 | (123) | - | - | 11 | (123) |
| GMAP | 33 | 11 | - | - | 33 | 11 |
| Total GMA | 371 | (56) | - | - | 371 | (56) |
| Other | (248) | (357) | - | - | (248) | (357) |
| Total Auto & Other | 123 | (413) | - | - | 123 | (413) |
| GMAC | 1,358 | 1,331 | - | - | 1,358 | 1,331 |
| Other Financing | (24) | 13 | - | - | (24) | 13 |
| Total FIO | 1,334 | 1,344 | - | - | 1,334 | 1,344 |
| Total income (loss) from continuing operations before income taxes, equity income, and minority interests | \$1,457 | \$931 | \$ - | \$ - | \$1,457 | \$931 |

9

General Motors Corporation
Summary Corporate Financial Results
(unaudited)

Second Quarter
2004 and 2003

| (dollars in millions) | Reported | | Special Items | | Adjusted | |
|--|----------|------|---------------|------|----------|------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Income (loss) from continuing operations | | | | | | |
| GMNA | \$328 | \$83 | \$ - | \$ - | \$328 | \$83 |

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| | | | | | | |
|--|---------|-------|------|------|---------|-------|
| GME | (45) | (3) | - | - | (45) | (3) |
| GMLAAM | 10 | (103) | - | - | 10 | (103) |
| GMAP | 236 | 163 | - | - | 236 | 163 |
| | --- | --- | --- | --- | --- | --- |
| Total GMA | 529 | 140 | - | - | 529 | 140 |
| Other | (34) | (104) | - | - | (34) | (104) |
| | --- | --- | --- | --- | --- | --- |
| Total Auto & Other | 495 | 36 | - | - | 495 | 36 |
| | --- | --- | --- | --- | --- | --- |
| GMAC | 860 | 834 | - | - | 860 | 834 |
| Other Financing | (14) | 9 | - | - | (14) | 9 |
| | --- | --- | --- | --- | --- | --- |
| Total FIO | 846 | 843 | - | - | 846 | 843 |
| | --- | --- | --- | --- | --- | --- |
| Income (loss) from continuing operations | \$1,341 | \$879 | \$ - | \$ - | \$1,341 | \$879 |
| Income from discontinued operations | - | 22 | - | - | - | 22 |
| | ----- | ----- | --- | --- | ----- | ----- |
| Net income (loss) | \$1,341 | \$901 | \$ - | \$ - | \$1,341 | \$901 |
| | ===== | ===== | == | == | ===== | ===== |
| Income tax expense (benefit) | | | | | | |
| GMNA | \$73 | \$25 | \$ - | \$ - | \$73 | \$25 |
| GME | (36) | (13) | - | - | (36) | (13) |
| GMLAAM | (2) | (25) | - | - | (2) | (25) |
| GMAP | (1) | 8 | - | - | (1) | 8 |
| | --- | --- | --- | --- | --- | --- |
| Total GMA | 34 | (5) | - | - | 34 | (5) |
| Other | (216) | (251) | - | - | (216) | (251) |
| | --- | --- | --- | --- | --- | --- |
| Total Auto & Other | (182) | (256) | - | - | (182) | (256) |
| | --- | --- | --- | --- | --- | --- |
| GMAC | 498 | 496 | - | - | 498 | 496 |
| Other Financing | (10) | 4 | - | - | (10) | 4 |
| | --- | --- | --- | --- | --- | --- |
| Total FIO | 488 | 500 | - | - | 488 | 500 |
| | --- | --- | --- | --- | --- | --- |
| Income tax expense (benefit) | \$306 | \$244 | \$ - | \$ - | \$306 | \$244 |
| | === | === | == | == | === | === |

10

General Motors Corporation
Summary Corporate Financial Results
(unaudited)

Second Quarter
2004 and 2003

(dollars in millions) Reported Special Items Adjusted

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| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
|--------------------|------|------|------|------|------|------|
| Effective tax rate | | | | | | |
| Total GM Corp. | 21% | 26% | - | - | 21% | 26% |
| GMNA | 17% | 28% | - | - | 17% | 28% |
| GME | 38% | 38% | - | - | 38% | 38% |
| GMAC | 37% | 37% | - | - | 37% | 37% |

Tax settlements that were previously expected in the second quarter of 2004 are now expected to be completed in the second half of 2004. Excluding these settlements, GM's effective tax rate is expected to be approximately 21% on an ongoing quarterly basis.

| Equity income (loss) and minority interests | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
|--|--------|-------|------|------|--------|-------|
| GMNA | \$(22) | \$18 | \$ - | \$ - | \$(22) | \$18 |
| GME | 15 | 18 | - | - | 15 | 18 |
| GMLAAM | (3) | (5) | - | - | (3) | (5) |
| GMAP | 202 | 160 | - | - | 202 | 160 |
| Total GMA | \$192 | \$191 | \$ - | \$ - | \$192 | \$191 |

11

General Motors Corporation
Summary Corporate Financial Results
(unaudited)

Year to Date
2004 and 2003

| (dollars in millions) | Reported | | Special Items | | Adjusted | |
|---------------------------------|----------|----------|---------------|-------|----------|----------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Total net sales and revenues | | | | | | |
| GMNA | \$58,532 | \$58,521 | \$ - | \$ - | \$58,532 | \$58,521 |
| GME | 15,637 | 13,925 | - | - | 15,637 | 13,925 |
| GMLAAM | 3,742 | 2,164 | - | - | 3,742 | 2,164 |
| GMAP | 3,292 | 2,414 | - | - | 3,292 | 2,414 |
| Total GMA | 81,203 | 77,024 | - | - | 81,203 | 77,024 |
| Other | 136 | 1,134 | - | (814) | 136 | 320 |
| Total Auto & Other | 81,339 | 78,158 | - | (814) | 81,339 | 77,344 |
| GMAC | 15,249 | 14,785 | - | - | 15,249 | 14,785 |
| Other Financing | 245 | (11) | - | - | 245 | (11) |
| Total FIO | 15,494 | 14,774 | - | - | 15,494 | 14,774 |
| Total net sales | | | | | | |

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| | | | | | | |
|--|----------|----------|------|----------|----------|----------|
| and revenues | \$96,833 | \$92,932 | \$ - | \$ (814) | \$96,833 | \$92,118 |
| | ===== | ===== | == | === | ===== | ===== |
| Income (loss) from continuing operations before income taxes, equity income, and minority interests | | | | | | |
| GMNA | \$1,009 | \$829 | \$ - | \$ - | \$1,009 | \$829 |
| GME | (319) | (148) | - | - | (319) | (148) |
| GMLAAM | 19 | (140) | - | - | 19 | (140) |
| GMAP | 46 | 30 | - | - | 46 | 30 |
| | --- | --- | -- | --- | --- | --- |
| Total GMA | 755 | 571 | - | - | 755 | 571 |
| Other | (568) | 92 | - | (814) | (568) | (722) |
| | --- | --- | -- | --- | --- | --- |
| Total Auto & Other | 187 | 663 | - | (814) | 187 | (151) |
| | ----- | ----- | -- | --- | ----- | ----- |
| GMAC | 2,596 | 2,478 | - | - | 2,596 | 2,478 |
| Other Financing | (25) | (12) | - | - | (25) | (12) |
| | ----- | ----- | -- | --- | ----- | ----- |
| Total FIO | 2,571 | 2,466 | - | - | 2,571 | 2,466 |
| | ----- | ----- | -- | --- | ----- | ----- |
| Total income (loss) from continuing operations before income taxes, equity income, and minority interests | \$2,758 | \$3,129 | \$ - | \$ (814) | \$2,758 | \$2,315 |
| | ===== | ===== | == | === | ===== | ===== |

12

General Motors Corporation
Summary Corporate Financial Results
(unaudited)

Year to Date
2004 and 2003

| (dollars in millions) | Reported | | Special Items | | Adjusted | |
|---|----------|-------|---------------|-------|----------|-------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Income (loss) from continuing operations | | | | | | |
| GMNA | \$779 | \$631 | \$ - | \$ - | \$779 | \$631 |
| GME | (161) | (68) | - | - | (161) | (68) |
| GMLAAM | 11 | (115) | - | - | 11 | (115) |
| GMAP | 511 | 238 | - | - | 511 | 238 |
| | ----- | ----- | -- | --- | ----- | ----- |
| Total GMA | 1,140 | 686 | - | - | 1,140 | 686 |
| Other | (151) | 205 | - | (505) | (151) | (300) |
| | ----- | --- | -- | --- | ----- | --- |
| Total Auto & Other | 989 | 891 | - | (505) | 989 | 386 |
| | ----- | ----- | -- | --- | ----- | ----- |

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| | | | | | | |
|--|---------|---------|------|----------|---------|---------|
| GMAC | 1,646 | 1,533 | - | - | 1,646 | 1,533 |
| Other Financing | (14) | (8) | - | - | (14) | (8) |
| | ----- | ----- | -- | --- | ----- | ----- |
| Total FIO | 1,632 | 1,525 | - | - | 1,632 | 1,525 |
| | ----- | ----- | -- | --- | ----- | ----- |
| Income (loss) from continuing operations | \$2,621 | \$2,416 | \$ - | \$ (505) | \$2,621 | \$1,911 |
| Income from discontinued operations | - | (32) | - | - | - | (32) |
| | ----- | ----- | -- | --- | ----- | ----- |
| Net income (loss) | \$2,621 | \$2,384 | \$ - | \$ (505) | \$2,621 | \$1,879 |
| | ===== | ===== | == | == | ===== | ===== |
| Income tax expense (benefit) | | | | | | |
| GMNA | \$175 | \$216 | \$ - | \$ - | \$175 | \$216 |
| GME | (121) | (56) | - | - | (121) | (56) |
| GMLAAM | 3 | (32) | - | - | 3 | (32) |
| GMAP | 5 | 19 | - | - | 5 | 19 |
| | --- | --- | -- | --- | --- | --- |
| Total GMA | 62 | 147 | - | - | 62 | 147 |
| Other | (420) | (151) | - | (309) | (420) | (460) |
| | --- | --- | -- | --- | --- | --- |
| Total Auto & Other | (358) | (4) | - | (309) | (358) | (313) |
| | --- | --- | -- | --- | --- | --- |
| GMAC | 948 | 934 | - | - | 948 | 934 |
| Other Financing | (11) | (4) | - | - | (11) | (4) |
| | --- | --- | -- | --- | --- | --- |
| Total FIO | 937 | 930 | - | - | 937 | 930 |
| | --- | --- | -- | --- | --- | --- |
| Income tax expense (benefit) | \$579 | \$926 | \$ - | \$ (309) | \$579 | \$617 |
| | === | === | == | == | === | === |

13

General Motors Corporation
Summary Corporate Financial Results
(unaudited)

Year to Date
2004 and 2003

| (dollars in millions) | Reported | | Special Items | | Adjusted | |
|-----------------------|----------|-------|---------------|-------|----------|-------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Effective tax rate | | | | | | |
| Total GM Corp. | 21% | 30% | - | 38% | 21% | 27% |
| GMNA | 17% | 26% | - | - | 17% | 26% |
| GME | 38% | 38% | - | - | 38% | 38% |
| GMAC | 37% | 38% | - | - | 37% | 38% |

Tax settlements that were previously expected in the second quarter of 2004 are now expected to be completed in the second half of 2004.

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Excluding these settlements, GM's effective tax rate is expected to be approximately 21% on an ongoing quarterly basis.

| | | | | | | |
|------------------------|--------|-------|------|------|--------|-------|
| Equity income (loss) | | | | | | |
| and minority interests | | | | | | |
| GMNA | \$(55) | \$18 | \$ - | \$ - | \$(55) | \$18 |
| GME | 37 | 24 | - | - | 37 | 24 |
| GMLAAM | (5) | (7) | - | - | (5) | (7) |
| GMAP | 470 | 227 | - | - | 470 | 227 |
| | ---- | ---- | -- | -- | ---- | ---- |
| Total GMA | \$447 | \$262 | \$ - | \$ - | \$447 | \$262 |
| | ==== | ==== | == | == | ==== | ==== |

14

General Motors Corporation Operating Statistics

| | Second Quarter | | Year to Date | |
|---------------------------|----------------|-------|--------------|-------|
| | 2004 | 2003 | 2004 | 2003 |
| | ----- | ----- | ----- | ----- |
| (units in thousands) | | | | |
| Worldwide Wholesale Sales | | | | |
| United States - Cars | 503 | 487 | 985 | 986 |
| United States - Trucks | 755 | 761 | 1,481 | 1,518 |
| | ----- | ----- | ----- | ----- |
| Total United States | 1,258 | 1,248 | 2,466 | 2,504 |
| Canada, Mexico, and Other | 190 | 185 | 365 | 367 |
| | ----- | ----- | ----- | ----- |
| Total GMNA | 1,448 | 1,433 | 2,831 | 2,871 |
| GME | 477 | 447 | 910 | 874 |
| GMLAAM | 176 | 122 | 344 | 243 |
| GMAP | 71 | 69 | 133 | 131 |
| | ----- | ----- | ----- | ----- |
| Total Worldwide | 2,172 | 2,071 | 4,218 | 4,119 |
| | ===== | ===== | ===== | ===== |
| Vehicle Unit Deliveries | | | | |
| Chevrolet - Cars | 223 | 220 | 437 | 391 |
| Chevrolet - Trucks | 489 | 505 | 876 | 878 |
| Pontiac | 135 | 120 | 256 | 227 |
| GMC | 153 | 155 | 283 | 263 |
| Buick | 84 | 85 | 162 | 168 |
| Oldsmobile | 7 | 34 | 24 | 68 |
| Saturn | 61 | 72 | 113 | 147 |
| Cadillac | 55 | 49 | 106 | 96 |
| Other | 22 | 26 | 39 | 46 |
| | ----- | ----- | ----- | ----- |
| Total United States | 1,229 | 1,266 | 2,296 | 2,284 |
| Canada, Mexico, and Other | 185 | 179 | 348 | 330 |
| | ----- | ----- | ----- | ----- |
| Total GMNA | 1,414 | 1,445 | 2,644 | 2,614 |
| GME | 539 | 481 | 1,039 | 956 |
| GMLAAM | 174 | 130 | 335 | 262 |
| GMAP | 220 | 181 | 435 | 360 |
| | ----- | ----- | ----- | ----- |
| Total Worldwide | 2,347 | 2,237 | 4,453 | 4,192 |
| | ===== | ===== | ===== | ===== |
| Market Share | | | | |

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| | | | | |
|--|----------|----------|-------|-------|
| United States - Cars | 23.5% | 24.8% | 24.6% | 24.9% |
| United States - Trucks | 29.4% | 30.4% | 28.4% | 29.4% |
| Total United States | 26.7% | 27.9% | 26.7% | 27.3% |
| Total North America | 26.2% | 27.2% | 26.3% | 26.7% |
| Total Europe | 9.8% | 9.4% | 9.6% | 9.5% |
| Total LAAM | 17.4% | 15.6% | 17.0% | 15.6% |
| Asia and Pacific | 5.4% | 4.8% | 5.0% | 4.6% |
| Total Worldwide | 14.7% | 14.9% | 14.1% | 14.2% |
| U.S. Retail/Fleet Mix | | | | |
| % Fleet Sales - Cars | 37.6% | 29.5% | 37.7% | 29.8% |
| % Fleet Sales - Trucks | 17.9% | 15.1% | 18.1% | 14.9% |
| Total Vehicles | 25.7% | 21.0% | 26.1% | 21.3% |
| Retail Lease as % of Retail Sales | | | | |
| Total Smartlease and Smartbuy | 14.2% | 7.3% | | |
| Days Supply of Inventory at June 30 | | | | |
| United States - Cars | 87 | 73 | | |
| United States - Trucks | 123 | 98 | | |
| GMNA Capacity Utilization (2 shift rated) | | | | |
| | 87.3% | 87.6% | 86.2% | 89.3% |
| GMNA Vehicle Revenue Per Unit | | | | |
| | \$18,801 | \$18,565 | | |

15

General Motors Corporation Operating Statistics

| | Second Quarter | | Year to Date | |
|---|----------------|--------|--------------|------|
| | 2004 | 2003 | 2004 | 2003 |
| | ---- | ---- | ---- | ---- |
| GMAC's U.S. Cost of Borrowing | 3.33% | 3.50% | | |
| Current Debt Spreads Over U.S. Treasuries | | | | |
| 2 Year | 130 bp | 255 bp | | |
| 5 Year | 195 bp | 330 bp | | |
| 10 Year | 230 bp | 370 bp | | |
| Worldwide Employment at June 30 (in 000's) | | | | |
| United States Hourly | 114 | 120 | | |
| United States Salary | 39 | 41 | | |
| | --- | --- | | |
| Total United States | 153 | 161 | | |
| Canada, Mexico, and Other | 33 | 31 | | |
| | --- | --- | | |
| GMNA | 186 | 192 | | |
| GME | 62 | 64 | | |
| GMLAAM (2) | 26 | 23 | | |
| GMAP | 14 | 13 | | |

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| | | |
|-------|-----|-----|
| GMAC | 33 | 31 |
| Other | 5 | 7 |
| | --- | --- |
| Total | 326 | 330 |
| | === | === |

Worldwide Payrolls (\$Bil's) \$5.5 \$5.1 \$11.0 \$10.4

Footnotes:

-
- (1) This amount is comparable to First Call analysts' consensus.
(2) 2004 includes 3,000 employees as a result of the consolidation of GM South Africa.

16

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

| | Three Months Ended June 30, ----- | | Six Months Ended June 30, ----- | |
|--|--|----------|--|----------|
| | 2004 | 2003 | 2004 | 2003 |
| | ---- | ---- | ---- | ---- |
| | (dollars in millions except per share amounts) | | | |
| Total net sales and revenues | \$49,148 | \$45,881 | \$96,833 | \$92,932 |
| | ----- | ----- | ----- | ----- |
| Cost of sales and other expenses | 39,464 | 37,253 | 78,127 | 75,015 |
| Selling, general, and administrative expenses | 5,413 | 5,480 | 10,367 | 10,491 |
| Interest expense | 2,814 | 2,217 | 5,581 | 4,297 |
| | ----- | ----- | ----- | ----- |
| Total costs and expenses | 47,691 | 44,950 | 94,075 | 89,803 |
| | ----- | ----- | ----- | ----- |
| Income from continuing operations before income taxes, equity income, and minority interests | 1,457 | 931 | 2,758 | 3,129 |
| Income tax expense | 306 | 244 | 579 | 926 |
| Equity income (loss) and minority interests | 190 | 192 | 442 | 213 |
| | --- | --- | --- | --- |
| Income from continuing operations | 1,341 | 879 | 2,621 | 2,416 |
| Earnings (loss) from discontinued operations | - | 22 | - | (32) |
| | ----- | --- | ----- | ----- |
| Net Income | \$1,341 | \$901 | \$2,621 | \$2,384 |
| | ===== | === | ===== | ===== |
| Basic earnings (loss) per share attributable to common stocks | | | | |

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| | | | | |
|--|--------|--------|--------|----------|
| \$1-2/3 par value | | | | |
| Continuing Operations | \$2.37 | \$1.57 | \$4.64 | \$4.31 |
| Discontinued Operations | - | \$0.01 | - | \$(0.01) |
| | ---- | ---- | ---- | ---- |
| Earnings per share | | | | |
| attributable to \$1-2/3 par value | \$2.37 | \$1.58 | \$4.64 | \$4.30 |
| | ===== | ===== | ===== | ===== |
| Earnings (loss) per share | | | | |
| from discontinued operations attributable to Class H | \$ - | \$0.02 | \$ - | \$(0.02) |
| | === | ===== | === | ===== |
| Earnings (loss) per share | | | | |
| attributable to common stocks assuming dilution | | | | |
| \$1-2/3 par value | | | | |
| Continuing Operations | \$2.36 | \$1.57 | \$4.61 | \$4.30 |
| Discontinued Operations | - | \$0.01 | - | \$(0.01) |
| | ---- | ---- | ---- | ---- |
| Earnings per share | | | | |
| attributable to \$1-2/3 par value | \$2.36 | \$1.58 | \$4.61 | \$4.29 |
| | ===== | ===== | ===== | ===== |
| Earnings (loss) per share | | | | |
| from discontinued operations attributable to Class H | \$ - | \$0.02 | \$ - | \$(0.02) |
| | === | ===== | === | ===== |

17

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION TO THE CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|----------|------------------------------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| | ---- | ---- | ---- | ---- |
| | (dollars in millions) | | | |
| AUTOMOTIVE AND OTHER OPERATIONS | | | | |
| Total net sales and revenues | \$41,202 | \$38,343 | \$81,339 | \$78,158 |
| | ----- | ----- | ----- | ----- |
| Cost of sales and other expenses | 37,307 | 35,331 | 73,747 | 71,155 |
| Selling, general, and administrative expenses | 3,144 | 3,065 | 6,180 | 5,690 |
| | ----- | ----- | ----- | ----- |
| Total costs and expenses | 40,451 | 38,396 | 79,927 | 76,845 |
| Interest expense | 596 | 326 | 1,158 | 575 |
| Net expense from transactions with Financing and Insurance Operations | 32 | 34 | 67 | 75 |

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| | ----- | ----- | ----- | ----- |
|---|---------|---------|----------|----------|
| Income (loss) from continuing operations before income taxes, equity income, and minority interests | 123 | (413) | 187 | 663 |
| Income tax (benefit) | (182) | (256) | (358) | (4) |
| Equity income (loss) and minority interests | 190 | 193 | 444 | 224 |
| | --- | --- | --- | --- |
| Income from continuing operations | 495 | 36 | 989 | 891 |
| Income (loss) from discontinued operations | - | 22 | - | (32) |
| | --- | -- | --- | --- |
| Net Income - Automotive and Other Operations | \$495 | \$58 | \$989 | \$859 |
| | === | == | === | === |
| FINANCING AND INSURANCE OPERATIONS | | | | |
| Total revenues | \$7,946 | \$7,538 | \$15,494 | \$14,774 |
| | ----- | ----- | ----- | ----- |
| Interest expense | 2,218 | 1,891 | 4,423 | 3,722 |
| Depreciation and amortization expense | 1,145 | 1,578 | 2,600 | 3,084 |
| Operating and other expenses | 2,434 | 2,015 | 4,283 | 4,081 |
| Provisions for financing and insurance losses | 847 | 744 | 1,684 | 1,496 |
| | ----- | ----- | ----- | ----- |
| Total costs and expenses | 6,644 | 6,228 | 12,990 | 12,383 |
| | ----- | ----- | ----- | ----- |
| Net income from transactions with Automotive and Other Operations | (32) | (34) | (67) | (75) |
| | --- | --- | --- | --- |
| Income before income taxes, equity income, and minority interests | 1,334 | 1,344 | 2,571 | 2,466 |
| Income tax expense | 488 | 500 | 937 | 930 |
| Equity income (loss) and minority interests | - | (1) | (2) | (11) |
| | ----- | ----- | ----- | ----- |
| Net income - Financing and Insurance Operations | \$846 | \$843 | \$1,632 | \$1,525 |
| | === | === | ===== | ===== |

18

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2004 Dec. 31, June 30, 2003

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| | (Unaudited) | 2003 | (Unaudited) |
|--|-----------------------|-----------|-------------|
| | ----- | ---- | ----- |
| ASSETS | (dollars in millions) | | |
| Cash and cash equivalents | \$29,901 | \$32,554 | \$27,824 |
| Marketable securities | 20,816 | 22,215 | 18,777 |
| | ----- | ----- | ----- |
| Total cash and marketable securities | 50,717 | 54,769 | 46,601 |
| Finance receivables - net | 191,563 | 174,731 | 154,449 |
| Loans held for sale | 17,393 | 19,609 | 17,385 |
| Accounts and notes receivable (less allowances) | 16,989 | 20,532 | 20,019 |
| Inventories (less allowances) | 11,576 | 10,960 | 10,796 |
| Assets of discontinued operations | - | - | 20,417 |
| Deferred income taxes | 27,379 | 27,190 | 39,027 |
| Net equipment on operating leases - (less accumulated depreciation) | 32,800 | 32,790 | 33,207 |
| Equity in net assets of nonconsolidated affiliates | 6,381 | 6,032 | 5,325 |
| Property - net | 37,578 | 38,211 | 36,859 |
| Intangible assets - net | 4,696 | 4,760 | 10,944 |
| Other assets | 58,408 | 58,923 | 15,894 |
| | ----- | ----- | ----- |
| Total assets | \$455,480 | \$448,507 | \$410,923 |
| | ===== | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Accounts payable (principally trade) | \$26,377 | \$25,422 | \$22,974 |
| Notes and loans payable | 277,027 | 271,756 | 228,281 |
| Liabilities of discontinued operations | - | - | 9,724 |
| Postretirement benefits other than pensions | 31,691 | 36,292 | 38,583 |
| Pensions | 7,559 | 8,024 | 23,873 |
| Deferred income taxes | 8,101 | 7,508 | 6,773 |
| Accrued expenses and other liabilities | 76,624 | 73,930 | 69,920 |
| | ----- | ----- | ----- |
| Total liabilities | 427,379 | 422,932 | 400,128 |
| Minority interests | 328 | 307 | 414 |
| Stockholders' equity | | | |
| \$1-2/3 par value common stock (outstanding, 564,721,304; 561,997,725; and 560,712,564 shares) | 941 | 937 | 935 |
| Class H common stock (outstanding, 1,108,139,876 shares at June 30, 2003) | - | - | 111 |
| Capital surplus (principally additional paid-in capital) | 15,181 | 15,185 | 22,815 |
| Retained earnings | 14,809 | 12,752 | 11,855 |
| | ----- | ----- | ----- |
| Subtotal | 30,931 | 28,874 | 35,716 |
| Accumulated foreign currency translation adjustments | (1,685) | (1,815) | (2,292) |
| Net unrealized gain (loss) on derivatives | 369 | 51 | (205) |
| Net unrealized gains on securities | 557 | 618 | 612 |
| Minimum pension liability adjustment | (2,399) | (2,460) | (23,450) |
| | ----- | ----- | ----- |
| Accumulated other comprehensive loss | (3,158) | (3,606) | (25,335) |
| | ----- | ----- | ----- |

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| | | | |
|---|-----------|-----------|-----------|
| Total stockholders' equity | 27,773 | 25,268 | 10,381 |
| | ----- | ----- | ----- |
| Total liabilities and stockholders' equity | \$455,480 | \$448,507 | \$410,923 |
| | ===== | ===== | ===== |

19

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION TO THE CONSOLIDATED BALANCE SHEETS

| | June 30, 2004 (Unaudited) | Dec. 31, 2003 | June 30, 2003 (Unaudited) |
|--|---------------------------------|------------------|---------------------------------|
| | ----- | ---- | ----- |
| ASSETS | | | |
| (dollars in millions) | | | |
| Automotive and Other Operations | | | |
| Cash and cash equivalents | \$13,182 | \$14,424 | \$15,397 |
| Marketable securities | 8,319 | 9,067 | 4,913 |
| | ----- | ----- | ----- |
| Total cash and marketable securities | 21,501 | 23,491 | 20,310 |
| Accounts and notes receivable (less allowances) | 6,396 | 5,380 | 5,528 |
| Inventories (less allowances) | 11,576 | 10,960 | 10,796 |
| Assets of discontinued operations | - | - | 20,417 |
| Net equipment on operating leases (less accumulated depreciation) | 6,914 | 7,173 | 5,946 |
| Deferred income taxes and other current assets | 10,876 | 10,851 | 9,884 |
| | ----- | ----- | ----- |
| Total current assets | 57,263 | 57,855 | 72,881 |
| Equity in net assets of nonconsolidated affiliates | 6,381 | 6,032 | 5,325 |
| Property - net | 35,684 | 36,071 | 34,882 |
| Intangible assets - net | 1,412 | 1,479 | 7,591 |
| Deferred income taxes | 18,316 | 18,086 | 30,496 |
| Other assets | 41,657 | 42,262 | 1,743 |
| | ----- | ----- | ----- |
| Total Automotive and Other Operations assets | 160,713 | 161,785 | 152,918 |
| Financing and Insurance Operations | | | |
| Cash and cash equivalents | 16,719 | 18,130 | 12,427 |
| Investments in securities | 12,497 | 13,148 | 13,864 |
| Finance receivables - net | 191,563 | 174,731 | 154,449 |
| Loans held for sale | 17,393 | 19,609 | 17,385 |
| Net equipment on operating leases (less accumulated depreciation) | 25,886 | 25,617 | 27,261 |
| Other assets | 30,709 | 35,487 | 32,619 |
| Net receivable from Automotive and Other Operations | 2,004 | 1,492 | 1,128 |
| | ----- | ----- | ----- |
| Total Financing and Insurance Operations assets | 296,771 | 288,214 | 259,133 |
| | ----- | ----- | ----- |

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| | | | |
|--|-----------|-----------|-----------|
| Total assets | \$457,484 | \$449,999 | \$412,051 |
| | ===== | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Automotive and Other Operations | | | |
| Accounts payable (principally trade) | \$23,084 | \$21,542 | \$19,371 |
| Loans payable | 2,625 | 2,813 | 1,599 |
| Liabilities of discontinued operations | - | - | 9,724 |
| Accrued expenses | 46,726 | 45,417 | 42,286 |
| Net payable to Financing and Insurance Operations | 2,004 | 1,492 | 1,128 |
| | ----- | ----- | ----- |
| Total current liabilities | 74,439 | 71,264 | 74,108 |
| Long-term debt | 29,814 | 29,593 | 15,567 |
| Postretirement benefits other than pensions | 27,721 | 32,285 | 34,642 |
| Pensions | 7,489 | 7,952 | 23,812 |
| Other liabilities and deferred income taxes | 15,467 | 15,567 | 14,074 |
| | ----- | ----- | ----- |
| Total Automotive and Other Operations liabilities | 154,930 | 156,661 | 162,203 |
| Financing and Insurance Operations | | | |
| Accounts payable | 3,293 | 3,880 | 3,603 |
| Debt | 244,588 | 239,350 | 211,115 |
| Other liabilities and deferred income taxes | 26,572 | 24,533 | 24,335 |
| | ----- | ----- | ----- |
| Total Financing and Insurance Operations liabilities | 274,453 | 267,763 | 239,053 |
| | ----- | ----- | ----- |
| Total liabilities | 429,383 | 424,424 | 401,256 |
| Minority interests | 328 | 307 | 414 |
| Total stockholders' equity | 27,773 | 25,268 | 10,381 |
| | ----- | ----- | ----- |
| Total liabilities and stockholders' equity | \$457,484 | \$449,999 | \$412,051 |
| | ===== | ===== | ===== |

20

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | | |
|---|---------------------------|----------|
| | Six Months Ended June 30, | |
| | ----- | ----- |
| | 2004 | 2003 |
| | ---- | ---- |
| | (dollars in millions) | |
| Net cash provided by operating activities | \$7,599 | \$10,648 |
| Cash flows from investing activities | | |

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| | | |
|--|----------|----------|
| Expenditures for property | (3,201) | (3,146) |
| Investments in marketable securities - acquisitions | (6,466) | (7,198) |
| Investments in marketable securities - liquidations | 7,064 | 5,804 |
| Net originations and purchases of mortgage servicing rights | (816) | (1,152) |
| Increase in finance receivables | (66,456) | (71,799) |
| Proceeds from sales of finance receivables | 51,172 | 49,635 |
| Proceeds from sale of business units | - | 1,076 |
| Operating leases - acquisitions | (7,015) | (6,131) |
| Operating leases - liquidations | 4,019 | 5,362 |
| Investments in companies, net of cash acquired | (32) | (59) |
| Other | 552 | (606) |
| | ----- | ----- |
| Net cash used in investing activities | (21,179) | (28,214) |
| Cash flows from financing activities | | |
| Net increase in loans payable | 2,137 | 1,100 |
| Long-term debt - borrowings | 37,784 | 40,063 |
| Long-term debt - repayments | (30,986) | (17,302) |
| Cash dividends paid to stockholders | (564) | (560) |
| Other | 2,804 | 1,333 |
| | ----- | ----- |
| Net cash provided by financing activities | 11,175 | 24,634 |
| Effect of exchange rate changes on cash and cash equivalents | (248) | 436 |
| | ---- | ---- |
| Net increase (decrease) in cash and cash equivalents | (2,653) | 7,504 |
| Cash and cash equivalents at beginning of the period | 32,554 | 20,320 |
| | ----- | ----- |
| Cash and cash equivalents at end of the period | \$29,901 | \$27,824 |
| | ===== | ===== |

21

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

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

| | Automotive and Other | Financing and Insurance | | |
|---|---------------------------|----------------------------|---------|---------|
| | ----- | ----- | | |
| | Six Months Ended June 30, | | | |
| | ----- | ----- | ----- | ----- |
| | 2004 | 2003 | 2004 | 2003 |
| | ---- | ---- | ---- | ---- |
| | (dollars in millions) | | | |
| Net cash provided by operating activities | \$955 | \$6,844 | \$6,644 | \$3,804 |

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| | | | | |
|--|----------|----------|----------|----------|
| Cash flows from investing activities | | | | |
| Expenditures for property | (3,038) | (2,762) | (163) | (384) |
| Investments in marketable securities - acquisitions | (855) | (2,837) | (5,611) | (4,361) |
| Investments in marketable securities - liquidations | 1,603 | 100 | 5,461 | 5,704 |
| Net change in mortgage servicing rights | - | - | (816) | (1,152) |
| Increase in finance receivables | - | - | (66,456) | (71,799) |
| Proceeds from sales of finance receivables | - | - | 51,172 | 49,635 |
| Proceeds from sale of business units | - | 1,076 | - | - |
| Operating leases - acquisitions | - | - | (7,015) | (6,131) |
| Operating leases - liquidations | - | - | 4,019 | 5,362 |
| Investments in companies, net of cash acquired | (53) | (59) | 21 | - |
| Other | 110 | 35 | 442 | (571) |
| | --- | -- | --- | --- |
| Net cash used in investing activities | (2,233) | (4,517) | (18,946) | (23,697) |
| Cash flows from financing activities | | | | |
| Net increase (decrease) in loans payable | (437) | (427) | 2,574 | 1,527 |
| Long-term debt - borrowings | 756 | 1,501 | 37,028 | 38,562 |
| Long-term debt - repayments | (55) | (18) | (30,931) | (17,284) |
| Cash dividends paid to stockholders | (564) | (560) | - | - |
| Other | - | - | 2,804 | 1,333 |
| | ---- | ---- | ----- | ----- |
| Net cash (used in) provided by financing activities | (300) | 496 | 11,475 | 24,138 |
| Effect of exchange rate changes on cash and cash equivalents | (176) | 373 | (72) | 63 |
| Net transactions with Automotive/Financing Operations | 512 | 39 | (512) | (39) |
| | --- | --- | --- | -- |
| Net increase (decrease) in cash and cash equivalents | (1,242) | 3,235 | (1,411) | 4,269 |
| Cash and cash equivalents at beginning of the period | 14,424 | 12,162 | 18,130 | 8,158 |
| | ----- | ----- | ----- | ----- |
| Cash and cash equivalents at end of the period | \$13,182 | \$15,397 | \$16,719 | \$12,427 |
| | ===== | ===== | ===== | ===== |

22

SIGNATURES

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.

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Date: July 21, 2004

GENERAL MOTORS CORPORATION
(Registrant)
By: /s/PETER R. BIBLE

(Peter R. Bible,
Chief Accounting Officer)