

GENERAL MOTORS CORP

Form 10-K/A

March 28, 2006

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549-1004  
Form 10-K/A  
Amendment No. 1 to Form 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2004**

**or**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission file number 1-143  
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**

**Securities registered pursuant to Section 12(b) of the Act:**

| <b>Title of Each Class</b>                        | <b>Name of Each Exchange on Which Registered</b> |
|---|--|
| Common, \$1 <sup>2</sup> / <sub>3</sub> par value | New York Stock Exchange, Inc.                    |

Note: The \$1<sup>2</sup>/<sub>3</sub> par value common stock of the Registrant is also listed for trading on the following exchanges:

|                                   |                            |
|-----------------------------------|----------------------------|
| Chicago Stock Exchange, Inc.      | Chicago, Illinois          |
| Pacific Exchange, Inc.            | San Francisco, California  |
| Philadelphia Stock Exchange, Inc. | Philadelphia, Pennsylvania |
| Toronto Stock Exchange            | Toronto, Ontario, Canada   |
| Frankfurter Wertpapierborse       | Frankfurt am Main, Germany |
| Borse Düsseldorf                  | Düsseldorf, Germany        |
| Bourse de Bruxelles               | Brussels, Belgium          |
| Euronext Paris                    | Paris, France              |
| The London Stock Exchange         | London, England            |

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of June 30, 2004, the aggregate market value of General Motors Corporation (GM) \$1<sup>2</sup>/<sub>3</sub> par value common stock held by nonaffiliates of GM was approximately \$26.3 billion. The closing price on June 30, 2004 as reported on the New York Stock Exchange was \$46.59 per share. As of June 30, 2004, the number of shares outstanding of GM \$1<sup>2</sup>/<sub>3</sub> par value common stock was 564,721,304 shares.

**Documents incorporated by reference are as follows:**

| <b>Document</b>  | <b>Part and Item Number of Form 10-K into Which Incorporated</b> |
|--|--|
| General Motors Notice of Annual Meeting of Stockholders and Proxy Statement for the Annual Meeting of Stockholders to be held June 7, 2005 | Part III, Items 10 through 14                                    |

**Website Access to Company's Reports**

General Motors (GM's) Internet website address is [www.gm.com](http://www.gm.com). Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Exchange Act are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission.

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EXPLANATORY NOTE**

This Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2004 initially filed with the Securities and Exchange Commission on March 16, 2005 is being filed to reflect restatements of GM's Consolidated Balance Sheets as of December 31, 2004 and 2003, and the related Consolidated Statements of Income, Cash Flows, and Stockholders' Equity for each of the three years in the period ended December 31, 2004 (the Financial Statements). These restatements reflect the effects of adjustments for the accounting related to various matters detailed in Note 1 to the Consolidated Financial Statements. These restatements reflect adjustments for transactions related to supplier credits, adjustments to the accounting for benefit plans, inventory adjustments for transactions involving precious metals, and transactions between GM and Delphi Corporation, a former subsidiary, with respect to a settlement agreement and inventory adjustments and other items, as well as cash flow adjustments for certain mortgage loan transactions. In addition, results for 2001 and 2000 have been restated with respect to the accounting for such matters where appropriate. Accordingly, amounts included in Item 6, Selected Financial Data, are restated for all periods beginning with 2000. Additionally, revisions have been made to the presentation of discontinued operations activities in the Consolidated Statements of Cash Flows for 2003 and 2002. GM is also revising the discussion under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 9A, Controls and Procedures in order to reflect the effects of the restatement. Except with respect to these matters, the Financial Statements in this Form 10-K/A do not reflect any events that have occurred after the 2004 Form 10-K was filed.

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**Part II**  
**GENERAL MOTORS CORPORATION AND SUBSIDIARIES**

**ITEM 6. Selected Financial Data**

**Years Ended December 31,**

|  | <b>2004</b>                           |                    | <b>2003</b>                           |                    | <b>2002</b>                           |                    |
|--|---------------------------------------|--------------------|---------------------------------------|--------------------|---------------------------------------|--------------------|
|  | <b>As<br/>Previously<br/>Reported</b> | <b>Restated(1)</b> | <b>As<br/>Previously<br/>Reported</b> | <b>Restated(1)</b> | <b>As<br/>Previously<br/>Reported</b> | <b>Restated(1)</b> |
| <b>(Dollars in millions except per share amounts)</b>            |                                       |                    |                                       |                    |                                       |                    |
| Total net sales and revenues                                     | \$ 193,517                            | \$ 193,517         | \$ 185,837                            | \$ 185,837         | \$ 177,867                            | \$ 177,867         |
| Income from continuing operations                                | \$ 2,805                              | \$ 2,804           | \$ 2,862                              | \$ 2,899           | \$ 1,975                              | \$ 1,813           |
| Income (loss) from discontinued operations                       |                                       |                    | (219)                                 | (219)              | (239)                                 | (239)              |
| Gain from sale of discontinued operations                        |                                       |                    | 1,179                                 | 1,179              |                                       |                    |
| Net income(2)  | \$ 2,805                              | \$ 2,804           | \$ 3,822                              | \$ 3,859           | \$ 1,736                              | \$ 1,574           |
| <b>\$1<sup>2</sup>/<sub>3</sub> par value common stock</b>       |                                       |                    |                                       |                    |                                       |                    |
| Basic earnings per share (EPS) from continuing operations        | \$ 4.97                               | \$ 4.97            | \$ 5.10                               | \$ 5.17            | \$ 3.53                               | \$ 3.24            |
| Basic earnings (losses) per share from discontinued operations   | \$                                    | \$                 | \$ 2.14                               | \$ 2.14            | \$ (0.16)                             | \$ (0.16)          |
| Diluted EPS from continuing operations                           | \$ 4.95                               | \$ 4.94            | \$ 5.03                               | \$ 5.09            | \$ 3.51                               | \$ 3.23            |
| Diluted earnings (losses) per share from discontinued operations | \$                                    | \$                 | \$ 2.11                               | \$ 2.11            | \$ (0.16)                             | \$ (0.16)          |
| Cash dividends declared per share                                | \$ 2.00                               | \$ 2.00            | \$ 2.00                               | \$ 2.00            | \$ 2.00                               | \$ 2.00            |



Class H common  
stock(3)

|   |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|
| Basic earnings<br>(losses) per share<br>from discontinued<br>operations                   | \$         | \$         | \$ (0.22)  | \$ (0.22)  | \$ (0.21)  | \$ (0.21)  |
| Diluted earnings<br>(losses) per share<br>from discontinued<br>operations                 | \$         | \$         | \$ (0.22)  | \$ (0.22)  | \$ (0.21)  | \$ (0.21)  |
| Cash dividends<br>declared per share  | \$         | \$         | \$         | \$         | \$         | \$         |
| Total assets  | \$ 479,603 | \$ 479,921 | \$ 448,507 | \$ 448,819 | \$ 369,053 | \$ 369,346 |
| Notes and loans<br>payable  | \$ 300,279 | \$ 300,279 | \$ 271,756 | \$ 271,756 | \$ 200,168 | \$ 200,168 |
| GM-obligated<br>mandatorily<br>redeemable<br>preferred securities<br>of subsidiary trusts | \$         | \$         | \$         | \$         | \$         | \$         |
| Stockholders equity   | \$ 27,726  | \$ 27,360  | \$ 25,268  | \$ 24,903  | \$ 6,814   | \$ 6,412   |

[Additional columns below]

[Continued from above table, first column(s) repeated]

## Years Ended December 31,

2001

2000

As  
Previously  
Reported

Restated(1)

As  
Previously  
Reported

Restated(1)

(Dollars in millions except per share amounts)

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Total net sales and revenues                  | \$ 169,051 | \$ 169,051 | \$ 173,943 | \$ 173,943 |
| Income from continuing<br>operations          | \$ 1,222   | \$ 1,041   | \$ 3,639   | \$ 3,559   |
| Income (loss) from<br>discontinued operations | (621)      | (621)      | 813        | 813        |
| Gain from sale of<br>discontinued operations  |            |            |            |            |
| Net income(2)                                 | \$ 601     | \$ 420     | \$ 4,452   | \$ 4,372   |

\$1<sup>2</sup>/<sub>3</sub> par value common  
stock

|   |         |         |         |         |
|---|---------|---------|---------|---------|
| Basic earnings per share<br>(EPS) from continuing<br>operations | \$ 2.21 | \$ 1.89 | \$ 6.23 | \$ 6.09 |
|---|---------|---------|---------|---------|

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|   |    |         |    |         |    |         |    |         |
|---|----|---------|----|---------|----|---------|----|---------|
| Basic earnings (losses) per share from discontinued operations                | \$ | (0.42)  | \$ | (0.42)  | \$ | 0.59    | \$ | 0.59    |
| Diluted EPS from continuing operations  | \$ | 2.20    | \$ | 1.87    | \$ | 6.12    | \$ | 5.98    |
| Diluted earnings (losses) per share from discontinued operations              | \$ | (0.43)  | \$ | (0.43)  | \$ | 0.58    | \$ | 0.58    |
| Cash dividends declared per share   | \$ | 2.00    | \$ | 2.00    | \$ | 2.00    | \$ | 2.00    |
| Class H common stock(3)   |    |         |    |         |    |         |    |         |
| Basic earnings (losses) per share from discontinued operations                | \$ | (0.55)  | \$ | (0.55)  | \$ | 0.55    | \$ | 0.55    |
| Diluted earnings (losses) per share from discontinued operations              | \$ | (0.55)  | \$ | (0.55)  | \$ | 0.54    | \$ | 0.54    |
| Cash dividends declared per share   | \$ |         | \$ |         | \$ |         | \$ |         |
| Total assets  | \$ | 322,412 | \$ | 322,637 | \$ | 301,129 | \$ | 301,303 |
| Notes and loans payable   | \$ | 165,361 | \$ | 165,361 | \$ | 144,783 | \$ | 144,783 |
| GM-obligated mandatorily redeemable preferred securities of subsidiary trusts | \$ |         | \$ |         | \$ | 139     | \$ | 139     |
| Stockholders equity   | \$ | 19,707  | \$ | 19,467  | \$ | 30,175  | \$ | 30,060  |

See notes on next page.

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Reference should be made to the notes to GM's consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations.

- (1) GM previously disclosed in a Current Report on Form 8-K dated November 9, 2005, that it would restate its financial statements to correct the accounting for credits and other lump sum payments from suppliers. Additionally, GM has subsequently chosen to restate its financial statements for errors it has identified in all periods presented in this filing. The effects of the restatement adjustments on GM's originally reported results of operations for the years ended December 31, 2004, 2003, 2002, 2001, and 2000 are summarized below.

|  | <b>Income from Continuing Operations<br/>For the Years Ended December 31,</b> |                 |                 |                 |                 |
|--|---|-----------------|-----------------|-----------------|-----------------|
|  | <b>2004</b>   | <b>2003</b>     | <b>2002</b>     | <b>2001</b>     | <b>2000</b>     |
|  | <b>(Dollars in millions)</b>  |                 |                 |                 |                 |
| As originally reported:                      | \$ 2,805  | \$ 2,862        | \$ 1,975        | \$ 1,222        | \$ 3,639        |
| Pre-tax adjustments for:                     |   |                 |                 |                 |                 |
| Supplier credits(a)                          | (26)  | 7               | (69)            | (405)           | (52)            |
| Transactions with former subsidiary:         |   |                 |                 |                 |                 |
| Settlement agreement(b)                      |   |                 |                 | (55)            |                 |
| Contractual adjustment(c)                    |   |                 |                 | 18              | (18)            |
| Benefit plans economic assumptions(d)        | 9   | (51)            | (30)            |                 |                 |
| Precious metals inventory transactions(e)    |   |                 |                 | 27              | (27)            |
| <b>Total</b>                                 | <b>(17)</b>   | <b>(44)</b>     | <b>(99)</b>     | <b>(415)</b>    | <b>(97)</b>     |
| Related tax effects                          | 6   | 17              | 18              | 156             | 37              |
| <b>Total of above adjustments net of tax</b> | <b>(11)</b>   | <b>(27)</b>     | <b>(81)</b>     | <b>(259)</b>    | <b>(60)</b>     |
| Other, net of tax(f)                         | 10  | 64              | (81)            | 78              | (20)            |
| <b>As restated, see Note 1</b>               | <b>\$ 2,804</b>   | <b>\$ 2,899</b> | <b>\$ 1,813</b> | <b>\$ 1,041</b> | <b>\$ 3,559</b> |

(a) GM erroneously recorded as a reduction to cost of sales certain payments and credits received from suppliers prior to the completion of the earnings process. GM has concluded that the payments and credits received were associated with agreements for the award of future services or products or other rights and privileges and should be recognized when subsequently earned. The effect of these errors was \$(26) million, \$7 million, \$(69) million, \$(405) million, and \$(52) million for the years ended December 31, 2004, 2003, 2002, 2001, and 2000, respectively. Accordingly, after restatement, a deferred credit of approximately \$548 million exists as of December 31, 2004, which will be recognized as a reduction of cost of sales in future periods.

(b) In 2001, GM erroneously recorded, as a reduction in stockholders' equity, a \$(55) million settlement with Delphi Corporation (Delphi), a former subsidiary, in the form of a credit to be used against amounts owed by Delphi to GM in relation to pension, OPEB, and other employment related benefits of former GM employees who had transferred to Delphi. This item has now been recorded as a warranty expense in that period.

- (c) In 2001, GM erroneously recorded \$18 million of expense related to a contract involving Delphi's Flint East, Michigan, plant that has now been recorded as an expense in 2000.
- (d) GM erroneously calculated the anticipated effect of cost reduction initiatives on its expected health-care cost trend rate for 2002 and, as a result, understated that rate. Accordingly, GM's other postretirement employee benefit (OPEB) expense was misstated by \$9 million, \$(51) million, and \$(30) million in the years ended 2004, 2003, and 2002, respectively.

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**GENERAL MOTORS CORPORATION AND SUBSIDIARIES**

- (e) In 2000, GM erroneously recognized a \$27 million gain on disposal of precious metals inventory that has now been recorded as a financing transaction because GM had an obligation to repurchase the inventory in 2001.
- (f) For all periods covered by this filing, GM has recorded all other accounting adjustments it has identified that were not recorded in the proper period. These out-of-period adjustments were not considered material to the financial statements as originally reported. However, as part of the restatement they are being recognized in the period in which the underlying transactions occurred. The effect of these adjustments, net-of-tax, was \$10 million, \$64 million, \$(81) million, \$78 million, and \$(20) million for the years ended December 31, 2004, 2003, 2002, 2001, and 2000, respectively. Of the \$(81) million adjustment in 2002, \$(55) million relates to engineering and facility-related expenses improperly recorded in years subsequent to 2002; and with respect to the \$78 million adjustment in 2001, \$65 million relates to the inappropriate recognition of postemployment benefit liabilities for employees at the Spring Hill, Tennessee plant.
- (2) On January 1, 2002, the Corporation implemented Statement of Financial Accounting Standards (SFAS) No. 142 Goodwill and Other Intangible Assets, which ceased the amortization method of accounting for goodwill and changed to an impairment only approach. Accordingly, goodwill is no longer amortized and is tested for impairment at least annually. Effective January 1, 2003, the Corporation began expensing the fair market value of newly granted stock options and other stock-based compensation awards issued to employees to conform to SFAS No. 123, Accounting for Stock-Based Compensation. Effective July 1, 2003, the Corporation began consolidating certain variable interest entities to conform to FASB Interpretation No. 46, Consolidation of Variable Interest Entities.
- (3) Adjusted to reflect the three-for-one stock split of the GMH common stock, in the form of a 200% stock dividend, paid on June 30, 2000. Effective December 22, 2003 GM split-off Hughes by distributing Hughes common stock to the holders of GMH common stock in exchange for all outstanding shares of GMH common stock. Simultaneously, GM sold its 19.8% economic interest in Hughes to News Corporation in exchange for cash and News Corporation Preferred ADSs. All shares of GMH common stock were then cancelled. See Note 2 to the Consolidated Financial Statements.

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**GENERAL MOTORS CORPORATION AND SUBSIDIARIES**

**ITEM 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following management's discussion and analysis of financial condition and results of operations (MD&A) should be read in conjunction with the General Motors Acceptance Corporation (GMAC) Annual Report on Form 10-K for the period ended December 31, 2004, filed separately with the Securities and Exchange Commission (SEC). All earnings per share amounts included in the MD&A are reported on a fully diluted basis.

GM presents separate supplemental financial information for its reportable operating segments: Automotive and Other Operations (Auto & Other) and Financing and Insurance Operations (FIO).

GM's Auto & Other reportable operating segment consists of:

GM's four automotive regions: GM North America (GMNA), GM Europe (GME), GM Latin America/Africa/Mid-East (GMLAAM), and GM Asia Pacific (GMAP), which constitute GM Automotive (GMA); and

Other, which includes the design, manufacturing and marketing of locomotives, the elimination of intersegment transactions, certain non-segment specific revenues and expenditures, including legacy costs related to postretirement benefits for certain Delphi and other retirees, and certain corporate activities.

GM's FIO reportable operating segment consists of GMAC and Other Financing, which includes financing entities that are not consolidated by GMAC.

The disaggregated financial results for GMA have been prepared using a management approach, which is consistent with the basis and manner in which GM management internally disaggregates financial information for the purpose of assisting in making internal operating decisions. In this regard, certain common expenses were allocated among regions less precisely than would be required for stand-alone financial information prepared in accordance with accounting principles generally accepted in the United States (GAAP). The financial results represent the historical information used by management for internal decision-making purposes; therefore, other data prepared to represent the way in which the business will operate in the future, or data prepared in accordance with GAAP, may be materially different.

Consistent with industry practice, market share information employs estimates of sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

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RESULTS OF OPERATIONS***Consolidated Results*

|  | Years Ended December 31, |            |            |
|--|--------------------------|------------|------------|
|  | 2004                     | 2003       | 2002       |
| (Dollars in millions)                      |                          |            |            |
| <b>Consolidated:</b>                       |                          |            |            |
| Total net sales and revenues               | \$ 193,517               | \$ 185,837 | \$ 177,867 |
| Income from continuing operations          | \$ 2,804                 | \$ 2,899   | \$ 1,813   |
| Net income                                 | \$ 2,804                 | \$ 3,859   | \$ 1,574   |
| Net margin from continuing operations      | 1.4%                     | 1.6%       | 1.0%       |
| <b>Automotive and Other Operations:</b>    |                          |            |            |
| Total net sales and revenues               | \$ 161,545               | \$ 155,831 | \$ 150,250 |
| Income (loss) from continuing operations   | \$ (145)                 | \$ 137     | \$ (65)    |
| Net income (loss)                          | \$ (145)                 | \$ 1,097   | \$ (304)   |
| <b>Financing and Insurance Operations:</b> |                          |            |            |
| Total revenues                             | \$ 31,972                | \$ 30,006  | \$ 27,617  |
| Net income                                 | \$ 2,949                 | \$ 2,762   | \$ 1,878   |

The increase in 2004 total net sales and revenues, compared with 2003, resulted from increased GMA revenue of \$6.6 billion, with significant increases at GMLAAM and GME, and increases in FIO revenue of \$2.0 billion. Other revenues in 2003 included approximately \$814 million from the sale of GM's defense business. The increase in 2003 total net sales and revenues, compared with 2002, was due to increases in GMA revenue of \$5.2 billion, despite lower GMNA and global volumes and worldwide pricing competitiveness, and increases in FIO revenue of \$2.4 billion.

Income from continuing operations decreased \$95 million to \$2.8 billion in 2004, compared to 2003. Automotive results improved by \$614 million due to improvement at GMNA, a strong recovery at GMLAAM, and record income at GMAP, more than offsetting increased losses at GME. Other Operations' 2004 results include an after-tax charge of \$886 million related to the February 2005 settlement reached between GM and Fiat S.p.A. (Fiat) to terminate the Master Agreement (including the Put Option) and settle various disputes between the two companies. GMAC earned a record \$3.0 billion net income, with higher financing and insurance income more than offsetting lower mortgage income. In 2003, consolidated net income included a gain on the sale of discontinued operations of \$1.2 billion and a loss from discontinued operations of \$219 million related to Hughes Electronics Corporation (Hughes). See discussion at Discontinued Operations.

Despite increased revenues, cost savings, and strong equity income in 2003 compared to 2002, continued automotive pricing pressures, higher pension and other postretirement employee benefit (OPEB) expenses in the U.S., and unfavorable foreign currency exchange resulted in GMA net income decreasing in 2003 compared to 2002. GMAC had record net income of \$2.7 billion in 2003, compared to \$1.9 billion in the prior year.

2004 highlights included:

Record consolidated net sales and revenues;

Market share increases in three of four automotive regions;

Record net income at GMAC;

Record net income and market share at GMAP;

Profitability at GMLAAM;

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**GENERAL MOTORS CORPORATION AND SUBSIDIARIES**

Approximately 14% actual return on assets for U.S. pension plans;

\$9 billion contributed to pre-fund U.S. OPEB liabilities; and

Termination of the Master Agreement (including the Put Option) with Fiat and settlement of related disputes included in 2004 financial results.

***GM Automotive and Other Operations Financial Review***

**Years Ended December 31,**

**2004                      2003                      2002**