

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

GENERAL MOTORS CORP
Form 8-K
October 18, 2001

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

FORM 8-K
CURRENT REPORT PURSUANT TO SECTION 13 OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report
(Date of earliest event reported) October 17, 2001

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

- 1 -

ITEM 5. OTHER EVENTS

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

On October 18, 2001, a news release was issued on the subject of third 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 third quarter earnings release for GM, and their subsidiary Hughes Electronics Corporation's (Hughes) earnings release dated October 17, 2001.

- GM EARNS \$385 MILLION, OR \$0.85 PER SHARE,
IN THIRD QUARTER, EXCLUDING SPECIAL ITEMS
 - U.S. MARKET SHARE IMPROVES
- GMAC SETS THIRD-QUARTER EARNINGS RECORD

DETROIT -- General Motors Corp. (NYSE: GM) today reported that it earned \$385 million, or \$0.85 diluted earnings per share, in the third quarter of 2001 -- excluding special items -- on revenues of \$42.5 billion. GM's global automotive and financing operations earned a total of \$527 million during the period, which was partially offset by a loss of \$142 million at Hughes. These earnings are in line with the most recent guidance provided by GM, but down compared with the prior-year period.

The third-quarter-2001 results exclude one-time charges totaling \$753 million, or \$1.26 per share, related to the previously announced closing of an assembly plant in Canada, and various special items at Hughes, including the resolution of a dispute with Raytheon Company relating to the 1997 spin-off and merger of Hughes Defense (see Highlights). GM had a loss of \$368 million, or \$0.41 per share, in the quarter including the charges. GM financial results described throughout the remainder of this release exclude these charges unless otherwise noted. The third-quarter results compare with earnings of \$829 million, or \$1.55 per share, on revenue of \$42.7 billion, in the third quarter of 2000.

"Overall, GM's Automotive Operations faced significant challenges during the quarter but still delivered \$212 million in net income," said GM Chairman Jack Smith. "While North American profits were stronger than expected, Europe remained in a significant loss position." Asia Pacific was profitable while Latin America/Africa/Mid-East posted a small loss.

"General Motors Acceptance Corp. (GMAC) delivered record third-quarter earnings, driven by the continued strong performance of its core auto financing operations," Smith said.

"GM North America finished the quarter with particularly strong vehicle sales," said GM President and Chief Executive Officer Rick Wagoner. "U.S. market share was up in the third quarter, driven by strong sales of our full-size trucks, utilities, and new entries such as the Chevrolet Avalanche and Buick Rendezvous, as well as strong and effective merchandising. This is a great base that we plan to build on going forward.

"In a very challenging environment, GM North America continued to deliver solid cost improvements," Wagoner said. "With our ongoing improvement in manufacturing and engineering productivity, plus continued reductions in material costs, we were able to offset partially the tough pricing pressures and the drop in overall vehicle demand. But we know we can do more to improve our cost position."

Wagoner said, "GM Europe (GME) is implementing a major turnaround plan designed to restore profitability. The plan, called Project Olympia, focuses on improving revenue in a number of areas, especially through the introduction of a broad range of new innovative Opel products, while taking aggressive actions to reduce costs in all areas of the business."

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Cash and net liquidity held steady during the third quarter. Cash, marketable securities, and assets of the Voluntary Employees' Beneficiary Association (VEBA) trust invested in short-term fixed-income securities, excluding Hughes, totaled \$11.0 billion at Sept. 30, 2001, compared with \$11.1 billion at June 30, 2001.

- 2 -

GMAC

GMAC achieved record third-quarter earnings of \$437 million, a \$36 million or 9-percent improvement over the third quarter of 2000. GMAC's results were driven by the continued strong performance of its core auto financing operations. Financing operations benefited from higher asset levels and lower interest rates, which more than offset continuing weakness in off-lease residual values and higher credit losses.

Income from insurance operations was down slightly in the third quarter of 2001 as improved underwriting results were offset by lower capital gains, reflecting general weakness in the equity markets. Mortgage operations continued to post strong results, with origination volume in both residential and commercial mortgage sectors growing at a record pace.

GM NORTH AMERICA

GMNA earned \$445 million in the third quarter of 2001, excluding the charge of \$194 million for the previously announced September 2002 closing of its Ste. Therese, Quebec, assembly plant. Including that special item, GMNA earned \$251 million. The \$445 million earnings performance compares with \$728 million earned in the third quarter of 2000, when industry demand was at near-record levels.

Continued cost improvements and a favorable mix of products were offset by lower volume and unfavorable pricing. Third-quarter-2001 production fell 6 percent, wholesale vehicle sales declined about 7 percent, and net vehicle pricing was unfavorable compared with the prior-year period.

GM's share of the U.S. truck market increased 2.9 percentage points to 28.6 percent during the third quarter of 2001, compared with the same period last year. GM captured 27.7 percent of the total U.S. vehicle market in the third quarter, compared with 27.4 percent in the prior-year period.

GM sold more full-size pickups than any industry competitor during the first nine months of 2001. Combined sales of the Chevy Silverado, Avalanche, and the GMC Sierra increased more than 10 percent compared with the same period last year. GM's full-size utility sales continued at a record pace for the first nine months, outselling the nearest competitor by more than 196,000 units. GM's overall lineup of utilities gained 1.5 percentage points of market share during the first nine months of 2001.

The GMC Envoy was named Motor Trend's 2002 sport utility vehicle (SUV) of the year last week, a prestigious award for a solid new product in an important segment. In addition, four GM vehicles captured top rankings in the J.D. Power and Associates 2001 Automotive Performance, Execution And Layout (APEAL) Study. GM had the highest number of top-ranked models among the big three that consumers consider to be "most appealing." Pontiac Aztek, Chevy TrailBlazer, Cadillac Escalade and Chevrolet Corvette ranked best in the highly competitive entry, midsize, luxury SUV, and premium sports car segments, respectively.

OTHER AUTOMOTIVE REGIONS

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Tough price competition and unfavorable product mix and country mix were key factors in GME's loss of \$287 million in the third quarter of 2001. That compares with a loss of \$181 million in the third quarter last year.

GM Asia Pacific (GMAP) had net income of \$60 million in the third quarter of 2001, a significant improvement from the loss of \$10 million in the third quarter of 2000. The improvement primarily resulted from stronger performance by GM's Thailand operations and GM's joint venture in Shanghai, China.

GM's Latin America/Africa/Mid-East (GMLAAM) region incurred a loss of \$6 million in the third quarter of 2001, compared with net income of \$31 million in the same period last year. The region's economy was affected by financial turmoil in Argentina and weakening in Brazil, the primary automotive market.

- 3 -

HUGHES

Hughes' loss of \$142 million in the third quarter of 2001, excluding special items, was primarily related to the costs of continued growth of DIRECTV. Hughes lost \$227 million during the period including special items. Hughes had a loss of \$88 million in the third quarter of 2000. Hughes added approximately 491,000 net new DIRECTV subscribers in the third quarter, bringing the total subscriber base to 11.8 million.

LOOKING AHEAD

"There is considerable uncertainty regarding the strength of the key automotive markets during the balance of the year and in 2002," Wagoner said. "We're buckling down to enhance our cost position while remaining very aggressive in our effort to maximize revenue and grow market share."

GM currently estimates that in the fourth quarter of 2001 total industry sales in the United States will be down approximately 6 percent compared with the prior-year period, bringing industry sales for the calendar year to approximately 16.8 million units. Total industry sales in Western and Central Europe are expected to be down approximately 5 percent in the fourth quarter, compared with the fourth quarter of 2000. Net vehicle prices in North America are expected to be down approximately 1.3 percent for the fourth quarter and calendar-year 2001, compared with the prior-year periods. The change in 2001-calendar-year net price to negative 1.3 percent versus prior guidance of negative 1.0 percent is attributable primarily to downward pressure on auction prices for used cars due to daily rental fleet reductions. The negative pricing trend also is expected to continue in Europe.

GM's fourth-quarter production schedule for North America remains at approximately 1,270,000 vehicles, a 7 percent reduction from the same quarter last year. Based on this, fourth-quarter earnings are now expected to be approximately \$0.50 per share.

For calendar year 2002, GM's preliminary outlook is for total U.S. vehicle sales in the low- to mid-15-million-unit range. Industry sales in the Western and Central European market are likely to be down about 3 percent and in the low-17-million-unit range.

#

In this press release and related comments by General Motors management, our use of the words "outlook," "expect," "anticipate," "estimate," "forecast," "objective," "plan," "designed," "goal" and similar expressions is intended to

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

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-10,11) 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.

- 4 -

General Motors Corporation
List of Special Items - After Tax
(dollars in millions)

| | Third Quarter 2001 | | | | |
|------------------------------|--------------------|---------|--------------|-------------|----------------|
| | GMNA | Hughes | Other ACO | Total GM | Diluted EPS |
| | ----- | ----- | ----- | ----- | ----- |
| Reported Net Income (Loss) | \$251 | \$(227) | \$(595) | \$(368) | \$(0.41) |
| Ste. Therese Charge (A) | 194 | - | - | 194 | 0.35 |
| Raytheon Settlement (B) | - | - | 474 | 474 | 0.86 |
| Gain on Sale of Thomson (C) | - | (67) | - | (67) | (0.04) |
| SkyPerfectTV! Writedown (D) | - | 133 | - | 133 | 0.08 |
| Severance Charge (E) | - | 40 | - | 40 | 0.02 |
| DirecTV Japan Adjustment (F) | - | (21) | - | (21) | (0.01) |
| | --- | --- | --- | --- | --- |
| Adjusted Net Income (Loss) | \$445 | \$(142) | \$(121) | \$385 | \$0.85 |
| | === | === | === | === | ==== |

- A) The Ste. Therese Charge relates to the previously announced closing of the Ste. Therese, Quebec assembly plant.
- B) The Raytheon Settlement relates to Hughes' settlement with the Raytheon Company on a purchase price adjustment related to Raytheon's 1997 merger with Hughes Defense.
- C) The Gain on sale of Thomson relates to Hughes' sale of 4.1 million shares of Thomson Multimedia common stock.
- D) The SkyPerfectTV! Writedown relates to Hughes' non-cash charge from the revaluation of its investment.

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

- E) The Severance Charge relates to Hughes' 10% company-wide workforce reduction in the U.S.
- F) The DirecTV Japan Adjustment relates to a favorable adjustment to the expected costs associated with the shutdown of Hughes' DirecTV Japan business.

- 5 -

General Motors Corporation
List of Special Items - After Tax
(dollars in millions)

| | Year to Date 2001 | | | | | |
|------------------------------|---------------------------|-------------------------|-------------------|-------------------|-------------------------|-------------------------|
| | GMNA | GME | GMLAAM | GMAP | Hughes | Other ACO |
| | ----- | --- | ----- | ----- | ----- | ----- |
| Reported Net Income (Loss) | \$878 | \$ (525) | \$30 | \$ (82) | \$ (487) | \$ (796) |
| Ste. Therese Charge (A) | 194 | - | - | - | - | - |
| Raytheon Settlement (B) | - | - | - | - | - | 474 |
| Gain on Sale of Thomson (C) | - | - | - | - | (67) | - |
| SkyPerfectTV! Writedown (D) | - | - | - | - | 133 | - |
| Severance Charge (E) | - | - | - | - | 40 | - |
| DirecTV Japan Adjustment (F) | - | - | - | - | (21) | - |
| Isuzu Restructuring (G) | - | - | - | 133 | - | - |
| SFAS 133 (H) | 14 | (2) | 1 | 1 | 8 | - |
| Adjusted Net Income (Loss) | ----- \$1,086 ===== | --- \$ (527) ==== | --- \$31 == | --- \$52 == | --- \$ (394) ==== | --- \$ (322) ==== |

| | Total ACO | GMAC | Other FIO | Total GM | Diluted EPS |
|------------------------------|--------------|---------|--------------|-------------|----------------|
| | ----- | ----- | ----- | ----- | ----- |
| Reported Net Income (Loss) | \$ (982) | \$1,351 | \$ (23) | \$346 | \$1.16 |
| Ste. Therese Charge (A) | 194 | - | - | 194 | 0.35 |
| Raytheon Settlement (B) | 474 | - | - | 474 | 0.86 |
| Gain on Sale of Thomson (C) | (67) | - | - | (67) | (0.04) |
| SkyPerfectTV! Writedown (D) | 133 | - | - | 133 | 0.08 |
| Severance Charge (E) | 40 | - | - | 40 | 0.02 |
| DirecTV Japan Adjustment (F) | (21) | - | - | (21) | (0.01) |

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

| | | | | | |
|----------------------------|---------|---------|---------|---------|--------|
| Isuzu Restructuring (G) | 133 | - | - | 133 | 0.24 |
| SFAS 133 (H) | 22 | (34) | - | (12) | (0.03) |
| | --- | ----- | --- | ---- | ----- |
| Adjusted Net Income (Loss) | \$ (74) | \$1,317 | \$ (23) | \$1,220 | \$2.63 |
| | == | ===== | == | ===== | ===== |

See page 5 for footnotes (A) - (F).

- G) The Isuzu restructuring charges include General Motors' portion of severance payments and asset impairments that were part of the second quarter restructuring of its affiliate Isuzu Motors Ltd.
- H) The SFAS 133 represents the net impact during the first quarter 2001 from initially adopting SFAS No. 133, Accounting for Derivatives and Hedging Activities.

- 6 -

General Motors Corporation
Adjusted Corporate Financial Results

| | Third Quarter | | Year to Date | |
|---|---------------|----------|--------------|-----------|
| | 2001 (1) | 2000 | 2001 (1) | 2000 |
| | ---- | ---- | ---- | ---- |
| Total net sales and revenues (\$Mil's) | \$42,475 | \$42,690 | \$131,318 | \$138,291 |
| Consolidated net income (\$Mil's) | \$385 | \$829 | \$1,220 | \$4,363 |
| Net margin from consolidated net income | 0.9% | 1.9% | 0.9% | 3.2% |
| GM \$1-2/3 par value earnings per share | | | | |
| Basic EPS | \$0.86 | \$1.57 | \$2.65 | \$7.51 |
| Diluted EPS | \$0.85 | \$1.55 | \$2.63 | \$7.37 |
| GM Class H earnings per share | | | | |
| Basic EPS | \$(0.13) | \$(0.09) | \$(0.36) | \$(0.23) |
| Diluted EPS | \$(0.13) | \$(0.09) | \$(0.36) | \$(0.23) |
| Earnings attributable to GM \$1-2/3 par value (\$Mil's) | | | | |
| Consolidated net income | \$385 | \$829 | \$1,220 | \$4,363 |
| Preferred dividends | (25) | (27) | (76) | (83) |
| Losses attributable to GM Class H | 113 | 76 | 314 | 144 |
| | --- | --- | ---- | ---- |
| Total earnings attributable to GM \$1-2/3 par value | \$473 | \$878 | \$1,458 | \$4,424 |
| | === | === | ===== | ===== |

GM \$1-2/3 par value average

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

| | | | | |
|---|---------|---------|---------|---------|
| shares outstanding (Mil's) | | | | |
| Basic shares | 551 | 559 | 549 | 589 |
| Diluted shares | 558 | 567 | 556 | 600 |
| Cash dividends per share of common stocks | | | | |
| GM \$1-2/3 par value | \$0.50 | \$0.50 | \$1.50 | \$1.50 |
| GM Class H | - | - | - | - |
| Book value per share of common stocks at Sept. 30 | | | | |
| GM \$1-2/3 par value | \$37.44 | \$40.39 | | |
| GM Class H | \$7.49 | \$8.08 | | |
| Total cash at Sept. 30 (\$Bil's) (2) | \$11.7 | \$13.5 | | |
| Automotive, Communications Services, and Other Operations (\$Mil's) | | | | |
| Depreciation | \$1,123 | \$1,002 | \$3,291 | \$2,964 |
| Amortization of special tools | 609 | 537 | 1,747 | 1,852 |
| Amortization of intangible assets | 80 | 57 | 238 | 209 |
| | ----- | ----- | ----- | ----- |
| Total | \$1,812 | \$1,596 | \$5,276 | \$5,025 |
| | ===== | ===== | ===== | ===== |

See footnotes on page 11.

- 7 -

General Motors Corporation
Adjusted Segment Financial Results

| | Third Quarter | | Year to Date | |
|--|---------------|----------|--------------|-----------|
| | ----- | | ----- | |
| | 2001(1) | 2000 | 2001(1) | 2000 |
| | ---- | ---- | ---- | ---- |
| (dollars in millions) | | | | |
| Total net sales and revenues | | | | |
| GMNA | \$26,269 | \$26,171 | \$79,492 | \$85,984 |
| GME | 5,117 | 5,339 | 17,616 | 19,315 |
| GMLAAM | 1,312 | 1,524 | 4,446 | 4,282 |
| GMAP | 1,000 | 952 | 3,138 | 2,605 |
| | ----- | ----- | ----- | ----- |
| Total GMA | 33,698 | 33,986 | 104,692 | 112,186 |
| Hughes | 2,113 | 2,088 | 6,033 | 6,466 |
| Other | 486 | 528 | 1,467 | 2,015 |
| | ----- | ----- | ----- | ----- |
| Total ACO | 36,297 | 36,602 | 112,192 | 120,667 |
| GMAC | 6,116 | 6,067 | 18,915 | 17,443 |
| Other Financing | 62 | 21 | 211 | 181 |
| | ----- | ----- | ----- | ----- |
| Total FIO | 6,178 | 6,088 | 19,126 | 17,624 |
| | ----- | ----- | ----- | ----- |
| Consolidated net sales and revenues | \$42,475 | \$42,690 | \$131,318 | \$138,291 |

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

| | ===== | ===== | ===== | ===== |
|--------------------------------|-------|---------|---------|---------|
| Pre-tax income (loss) | | | | |
| GMNA | \$641 | \$1,086 | \$1,523 | \$5,068 |
| GME | (400) | (265) | (747) | 362 |
| GMLAAM | (11) | (9) | 71 | (77) |
| GMAP | 9 | (7) | 44 | 26 |
| | --- | --- | --- | --- |
| Total GMA | 239 | 805 | 891 | 5,379 |
| Hughes (3) | (173) | (155) | (573) | (420) |
| Other | (143) | (47) | (402) | (160) |
| | --- | --- | --- | --- |
| Total ACO | (77) | 603 | (84) | 4,799 |
| GMAC | 710 | 661 | 2,142 | 1,921 |
| Other Financing | (11) | 2 | (34) | 13 |
| | --- | --- | --- | --- |
| Total FIO | 699 | 663 | 2,108 | 1,934 |
| | --- | --- | --- | --- |
| Consolidated pre-tax income | \$622 | \$1,266 | \$2,024 | \$6,733 |
| | === | ===== | ===== | ===== |
| Net income (loss) | | | | |
| GMNA | \$445 | \$728 | \$1,086 | \$3,428 |
| GME | (287) | (181) | (527) | 206 |
| GMLAAM | (6) | 31 | 31 | 42 |
| GMAP | 60 | (10) | 52 | (126) |
| | --- | --- | --- | --- |
| Total GMA | 212 | 568 | 642 | 3,550 |
| Hughes (3) (4) | (142) | (88) | (394) | (229) |
| Other | (121) | (57) | (322) | (162) |
| | --- | --- | --- | --- |
| Total ACO | (51) | 423 | (74) | 3,159 |
| GMAC | 437 | 401 | 1,317 | 1,193 |
| Other Financing | (1) | 5 | (23) | 11 |
| | --- | --- | --- | --- |
| Total FIO | 436 | 406 | 1,294 | 1,204 |
| | --- | --- | --- | --- |
| Consolidated net income | \$385 | \$829 | \$1,220 | \$4,363 |
| | === | === | ===== | ===== |

See footnotes on page 11.

- 8 -

General Motors Corporation
Supplementary Adjusted Segment Financial Results

| | Third Quarter | | Year to Date | |
|------------------------------|---------------|-------|--------------|---------|
| | ----- | ----- | ----- | ----- |
| | 2001(1) | 2000 | 2001(1) | 2000 |
| | ---- | ---- | ---- | ---- |
| (dollars in millions) | | | | |
| Income tax expense (benefit) | | | | |
| GMNA | \$179 | \$344 | \$387 | \$1,604 |
| GME | (112) | (81) | (212) | 164 |
| GMLAAM | (8) | (27) | 21 | (74) |
| GMAP | (12) | 10 | 7 | 21 |

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

| | | | | |
|--|------------------|---------------------|---------------------|---------------------------|
| Total GMA | -- \$47 == | --- \$246 === | --- \$203 === | ----- \$1,715 ===== |
| Equity income (loss) and minority interests | | | | |
| GMNA | \$ (17) | \$ (14) | \$ (50) | \$ (36) |
| GME | 1 | 3 | 8 | 8 |
| GMLAAM | (3) | 13 | (19) | 45 |
| GMAP | 39 | 7 | 15 | (131) |
| | -- | - | -- | --- |
| Total GMA | \$20 == | \$9 = | \$ (46) == | \$ (114) === |
| Effective income tax rate | | | | |
| GMNA | 27.9% | 31.7% | 25.4% | 31.6% |
| GME | 28.0% | 30.6% | 28.4% | 45.3% |
| GMLAAM | 72.7% | 300.0% | 29.6% | 96.1% |
| GMAP | (133.3%) | (142.9%) | 15.9% | 80.8% |
| Net margins | | | | |
| GMNA | 1.7% | 2.8% | 1.4% | 4.0% |
| GME | (5.6%) | (3.4%) | (3.0%) | 1.1% |
| GMLAAM | (0.5%) | 2.0% | 0.7% | 1.0% |
| GMAP | 6.0% | (1.1%) | 1.7% | (4.8%) |
| Total GMA | 0.6% | 1.7% | 0.6% | 3.2% |
| Hughes (3) (4) | (6.7%) | (4.2%) | (6.5%) | (3.5%) |
| Total ACO | (0.1%) | 1.2% | (0.1%) | 2.6% |
| GMAC | 7.1% | 6.6% | 7.0% | 6.8% |
| Consolidated net income | 0.9% | 1.9% | 0.9% | 3.2% |

See footnotes on page 11.

- 9 -

General Motors Corporation
Operating Statistics

| | Third Quarter | | Year to Date | |
|---------------------------|---------------|-------|--------------|-------|
| | 2001 | 2000 | 2001 | 2000 |
| | ---- | ---- | ---- | ---- |
| (units in thousands) | | | | |
| Worldwide Wholesale Sales | | | | |
| United States - Cars | 505 | 611 | 1,553 | 1,917 |
| United States - Trucks | 587 | 563 | 1,789 | 1,906 |
| | ----- | ----- | ----- | ----- |
| Total United States | 1,092 | 1,174 | 3,342 | 3,823 |
| Canada, Mexico, and Other | 145 | 154 | 482 | 570 |
| | ----- | ----- | ----- | ----- |
| Total GMNA | 1,237 | 1,328 | 3,824 | 4,393 |
| GME | 396 | 396 | 1,359 | 1,434 |
| GMLAAM | 154 | 181 | 500 | 470 |
| GMAP | 121 | 134 | 360 | 345 |
| | ----- | ----- | ----- | ----- |
| Total Worldwide | 1,908 | 2,039 | 6,043 | 6,642 |

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

| | ===== | ===== | ===== | ===== |
|---|--------|--------|-------|-------|
| Vehicle Unit Deliveries | | | | |
| Chevrolet - Cars | 179 | 230 | 637 | 706 |
| Chevrolet - Trucks | 431 | 420 | 1,320 | 1,342 |
| Pontiac | 138 | 167 | 419 | 487 |
| GMC | 123 | 123 | 392 | 412 |
| Buick | 119 | 108 | 301 | 322 |
| Oldsmobile | 53 | 67 | 189 | 225 |
| Saturn | 49 | 71 | 200 | 216 |
| Cadillac | 46 | 51 | 125 | 148 |
| Other | 14 | 12 | 40 | 29 |
| | ----- | ----- | ----- | ----- |
| Total United States | 1,152 | 1,249 | 3,623 | 3,887 |
| Canada, Mexico, and Other | 167 | 186 | 515 | 541 |
| | ----- | ----- | ----- | ----- |
| Total GMNA | 1,319 | 1,435 | 4,138 | 4,428 |
| GME | 414 | 413 | 1,415 | 1,460 |
| GMLAAM | 159 | 159 | 497 | 441 |
| GMAP | 136 | 125 | 381 | 348 |
| | ----- | ----- | ----- | ----- |
| Total Worldwide | 2,028 | 2,132 | 6,431 | 6,677 |
| | ===== | ===== | ===== | ===== |
| Market Share | | | | |
| United States - Cars | 26.6% | 29.2% | 27.2% | 28.8% |
| United States - Trucks | 28.6% | 25.7% | 28.3% | 27.1% |
| Total United States | 27.7% | 27.4% | 27.8% | 27.9% |
| Total North America | 27.2% | 27.3% | 27.4% | 27.7% |
| Total Europe | 9.1% | 8.8% | 9.3% | 9.3% |
| Latin America (5) | 22.3% | 22.2% | 22.1% | 20.4% |
| Asia and Pacific | 4.3% | 3.8% | 3.9% | 3.6% |
| Total Worldwide | 15.0% | 15.1% | 15.0% | 15.1% |
| U.S. Retail/Fleet Mix | | | | |
| % Fleet Sales - Cars | 29.3% | 28.6% | 28.9% | 27.5% |
| % Fleet Sales - Trucks | 12.1% | 12.9% | 14.0% | 15.5% |
| Total Vehicles | 20.2% | 21.3% | 21.3% | 21.7% |
| Retail Lease as % of Retail Sales | | | | |
| Total Smartlease and Smartbuy | 12.5% | 19.4% | | |
| Days Supply of Inventory at Sept. 30 | | | | |
| United States - Cars | 62 | 66 | | |
| United States - Trucks | 95 | 101 | | |
| Capacity Utilization | | | | |
| U.S. and Canada (2 shift rated) | 83.6% | 87.8% | 78.1% | 90.2% |
| GMNA Net Price (6) | (2.1)% | (0.3)% | | |
| See footnotes on page 11. | | | | |

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

| | Third Quarter | | Year to Date | |
|-------------------------------|---------------|--------|--------------|--------|
| | 2001 | 2000 | 2001 | 2000 |
| GMAC's U.S. Cost of Borrowing | 5.04% | 6.84% | | |
| Current Debt Spreads Over | | | | |
| U.S. Treasuries | | | | |
| 2 Year | 205 bp | 90 bp | | |
| 5 Year | 230 bp | 133 bp | | |
| 10 Year | 245 bp | 177 bp | | |
| Worldwide Employment | | | | |
| at Sept. 30 (in 000's) | | | | |
| United States Hourly | 126 | 132 | | |
| United States Salary | 42 | 44 | | |
| | --- | --- | | |
| Total United States | 168 | 176 | | |
| Canada, Mexico, and Other | 33 | 36 | | |
| | --- | --- | | |
| GMNA | 201 | 212 | | |
| GME | 74 | 90 | | |
| GMLAAM | 24 | 24 | | |
| GMAP | 11 | 11 | | |
| Hughes | 11 | 18 | | |
| GMAC | 29 | 27 | | |
| Other | 13 | 13 | | |
| | --- | --- | | |
| Total | 363 | 395 | | |
| | === | === | | |
| Worldwide Payrolls (\$Bil's) | \$4.9 | \$5.2 | \$15.0 | \$16.6 |

Footnotes:

-
- (1) Adjusted amounts represent the reported amounts less the effects of special items. Special items for third quarter 2001 are detailed on page 5. Special items for year to date 2001 are detailed on page 6.
 - (2) Represents total cash for Automotive, Communications Services, and Other Operations which includes cash and marketable securities, as well as \$3.0 billion invested in short-term fixed income securities of the Corporation's Voluntary Employees' Beneficiary Association Trust.
 - (3) Excludes the effects of purchase accounting adjustments related to General Motors' acquisition of Hughes in 1985.
 - (4) Excludes Hughes Series A Preferred Stock dividends payable to General Motors.
 - (5) Latin America excludes the Middle East and Africa.
 - (6) The third quarter 2001 percentage includes a dealer stock adjustment of (0.6%) related to the Keep America Rolling sales incentive. This recognizes units in dealer inventory on September 30, 2001 but not yet delivered to retail customers.

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|--|-----------|------------------------------------|-----------|
| | 2001 | 2000 | 2001 | 2000 |
| | ---- | ---- | ---- | ---- |
| | (dollars in millions except per share amounts) | | | |
| GENERAL MOTORS CORPORATION AND SUBSIDIARIES | | | | |
| Total net sales and revenues | \$42,475 | \$42,690 | \$131,310 | \$138,291 |
| | ----- | ----- | ----- | ----- |
| Cost of sales and other expenses | 34,866 | 33,678 | 106,557 | 108,888 |
| Selling, general, and administrative expenses | 5,926 | 5,266 | 17,171 | 15,604 |
| Interest expense | 1,968 | 2,480 | 6,438 | 7,066 |
| | ----- | ----- | ----- | ----- |
| Total costs and expenses | 42,760 | 41,424 | 130,166 | 131,558 |
| | ----- | ----- | ----- | ----- |
| Income (loss) before income taxes and minority interests | (285) | 1,266 | 1,144 | 6,733 |
| Income tax expense | 76 | 436 | 588 | 2,148 |
| Equity income/(loss) and minority interests | (7) | (1) | (210) | (222) |
| | ---- | ---- | ---- | ---- |
| Net income (loss) | (368) | 829 | 346 | 4,363 |
| Dividends on preference stocks | (25) | (27) | (76) | (83) |
| | --- | ---- | ---- | ----- |
| Earnings attributable to common stocks | \$ (393) | \$802 | \$270 | \$4,280 |
| | ==== | ==== | ==== | ===== |
| Basic earnings (losses) per share attributable to common stocks | | | | |
| Earnings per share attributable to \$1-2/3 par value | \$ (0.41) | \$1.57 | \$1.18 | \$7.51 |
| | ==== | ==== | ==== | ==== |
| Earnings per share attributable to Class H | \$ (0.19) | \$ (0.09) | \$ (0.43) | \$ (0.23) |
| | ==== | ==== | ==== | ==== |
| Earnings (losses) per share attributable to common stocks assuming dilution | | | | |
| Earnings per share attributable to \$1-2/3 par value | \$ (0.41) | \$1.55 | \$1.16 | \$7.37 |
| | ==== | ==== | ==== | ==== |
| Earnings per share attributable to Class H | \$ (0.19) | \$ (0.09) | \$ (0.43) | \$ (0.23) |
| | ==== | ==== | ==== | ==== |

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

CONSOLIDATED STATEMENTS OF INCOME - concluded (Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|----------|------------------------------------|-----------|
| | 2001 | 2000 | 2001 | 2000 |
| | (dollars in millions) | | | |
| AUTOMOTIVE, COMMUNICATIONS SERVICES, AND OTHER OPERATIONS | | | | |
| Total net sales and revenues | \$36,297 | \$36,602 | \$112,192 | \$120,667 |
| Cost of sales and other expenses | 32,861 | 31,827 | 100,537 | 103,408 |
| Selling, general, and administrative expenses | 4,107 | 3,765 | 11,837 | 11,304 |
| Total costs and expenses | 36,968 | 35,592 | 112,374 | 114,712 |
| Interest expense | 216 | 210 | 529 | 648 |
| Net expense from transactions with Financing and Insurance Operations | 97 | 197 | 315 | 508 |
| Income (loss) before income taxes and minority interests | (984) | 603 | (1,026) | 4,799 |
| Income tax (benefit) expense | (181) | 193 | (194) | 1,433 |
| Equity income/(loss) and minority interests | (1) | 13 | (150) | (207) |
| Net income (loss) - Automotive, Communications Services, and Other Operations | \$ (804) | \$ 423 | \$ (982) | \$ 3,159 |
| FINANCING AND INSURANCE OPERATIONS | | | | |
| Total revenues | \$6,178 | \$6,088 | \$19,118 | \$17,624 |
| Interest expense | 1,752 | 2,270 | 5,909 | 6,418 |
| Depreciation and amortization expense | 1,477 | 1,474 | 4,429 | 4,480 |
| Operating and other expenses | 1,774 | 1,450 | 5,220 | 4,147 |
| Provision for financing and insurance losses | 573 | 428 | 1,705 | 1,153 |
| Total costs and expenses | 5,576 | 5,622 | 17,263 | 16,198 |
| Net income from transactions with Automotive, Communications Services, and Other Operations | 97 | 197 | 315 | 508 |
| Income before income taxes and minority interests | 699 | 663 | 2,170 | 1,934 |
| Income tax expense | 257 | 243 | 782 | 715 |
| Equity income/(loss) and minority interests | (6) | (14) | (60) | (15) |
| Net income - Financing and | | | | |

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

| | | | | |
|----------------------|--------------|--------------|------------------|------------------|
| Insurance Operations | \$436 === | \$406 === | \$1,328 ===== | \$1,204 ===== |
|----------------------|--------------|--------------|------------------|------------------|

- 13 -

CONSOLIDATED BALANCE SHEETS

| | Sept. 30, 2001 (Unaudited) | Dec. 31, 2000 (Unaudited) | Sept. 30, 2000 (Unaudited) |
|--|----------------------------------|---------------------------------|----------------------------------|
| | ----- | ---- | ----- |
| GENERAL MOTORS CORPORATION AND SUBSIDIARIES | (dollars in millions) | | |
| ASSETS | | | |
| Automotive, Communications Services, and Other Operations | | | |
| Cash and cash equivalents | \$7,899 | \$9,119 | \$9,351 |
| Marketable securities | 829 | 1,161 | 1,176 |
| | ----- | ----- | ----- |
| Total cash and marketable securities | 8,728 | 10,280 | 10,527 |
| Accounts and notes receivable (less allowances) | 6,200 | 5,835 | 5,975 |
| Inventories (less allowances) | 10,508 | 10,945 | 11,300 |
| Equipment on operating leases (less accumulated depreciation) | 4,974 | 5,699 | 5,980 |
| Deferred income taxes and other current assets | 8,751 | 8,388 | 9,489 |
| | ----- | ----- | ----- |
| Total current assets | 39,161 | 41,147 | 43,271 |
| Equity in net assets of nonconsolidated associates | 4,913 | 3,497 | 3,301 |
| Property - net | 34,555 | 33,977 | 34,036 |
| Intangible assets - net | 7,675 | 7,622 | 8,651 |
| Deferred income taxes | 15,930 | 14,870 | 13,202 |
| Other assets | 30,984 | 32,243 | 33,015 |
| | ----- | ----- | ----- |
| Total Automotive, Communications Services, and Other Operations assets | 133,218 | 133,356 | 135,476 |
| Financing and Insurance Operations | | | |
| Cash and cash equivalents | 10,530 | 1,165 | 912 |
| Investments in securities | 9,598 | 9,595 | 9,309 |
| Finance receivables - net | 90,190 | 92,415 | 87,534 |
| Investment in leases and other receivables | 36,441 | 36,752 | 37,551 |
| Other assets | 33,624 | 27,846 | 24,864 |
| Net receivable from Automotive, Communications Services, and Other Operations | 1,243 | 1,971 | 1,599 |
| | ----- | ----- | ----- |
| Total Financing and Insurance Operations assets | 181,626 | 169,744 | 161,769 |
| | ----- | ----- | ----- |
| Total assets | \$314,844 ===== | \$303,100 ===== | \$297,245 ===== |

LIABILITIES AND STOCKHOLDERS' EQUITY

Automotive, Communications Services,

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

| | | | |
|--|-----------|-----------|-----------|
| and Other Operations | | | |
| Accounts payable (principally trade) | \$19,335 | \$18,309 | \$18,190 |
| Loans payable | 1,744 | 2,208 | 3,321 |
| Accrued expenses | 35,417 | 33,252 | 31,997 |
| Net payable to Financing and Insurance Operations | 1,243 | 1,971 | 1,599 |
| | ----- | ----- | ----- |
| Total current liabilities | 57,739 | 55,740 | 55,107 |
| Long-term debt | 9,320 | 7,410 | 8,245 |
| Postretirement benefits other than pensions | 34,276 | 34,306 | 34,376 |
| Pensions | 3,443 | 3,480 | 3,226 |
| Other liabilities and deferred income taxes | 14,183 | 15,768 | 16,088 |
| | ----- | ----- | ----- |
| Total Automotive, Communications Services, and Other Operations liabilities | 118,961 | 116,704 | 117,042 |
| Financing and Insurance Operations | | | |
| Accounts payable | 6,936 | 7,416 | 5,316 |
| Debt | 144,846 | 135,037 | 129,325 |
| Other liabilities and deferred income taxes | 14,577 | 12,922 | 13,238 |
| | ----- | ----- | ----- |
| Total Financing and Insurance Operations liabilities | 166,359 | 155,375 | 147,879 |
| Minority interests | 700 | 707 | 670 |
| General Motors - obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely junior subordinated debentures of General Motors Series G | - | 139 | 139 |
| Stockholders' equity | | | |
| \$1-2/3 par value common stock (issued, 554,439,259; 548,181,757; and 565,371,465 shares) | 924 | 914 | 943 |
| Class H common stock (issued, 877,032,955; 875,286,559; and 874,807,080 shares) | 88 | 88 | 87 |
| Capital surplus (principally additional paid-in capital) | 21,330 | 21,020 | 21,818 |
| Retained earnings | 9,565 | 10,119 | 10,335 |
| | ----- | ----- | ----- |
| Subtotal | 31,907 | 32,141 | 33,183 |
| Accumulated foreign currency translation adjustments | (2,825) | (2,502) | (2,480) |
| Net unrealized loss on derivatives | (392) | - | - |
| Net unrealized gains on securities | 179 | 581 | 933 |
| Minimum pension liability adjustment | (45) | (45) | (121) |
| | ----- | ----- | ----- |
| Accumulated other comprehensive loss | (3,083) | (1,966) | (1,668) |
| | ----- | ----- | ----- |
| Total stockholders' equity | 28,824 | 30,175 | 31,515 |
| | ----- | ----- | ----- |
| Total liabilities and stockholders' equity | \$314,844 | \$303,100 | \$297,245 |
| | ===== | ===== | ===== |

- 14 -

GENERAL MOTORS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

(Unaudited)

| | Nine Months Ended September 30, | | | | | | |
|---|--|-----------------------|-------------------------------|------|--|-------------------------------|-----------|
| | Automotive, Comm.Serv. and Other | 2001 | Financing and Insurance | 2000 | Automotive, Comm.Serv. and Other | Financing and Insurance | |
| | | | | | | | |
| | | (dollars in millions) | | | | | |
| Net cash provided by (used in) operating activities | \$5,509 | | \$(651) | | \$9,066 | | \$4,746 |
| Cash flows from investing activities | | | | | | | |
| Expenditures for property | (6,287) | | (53) | | (6,314) | | (335) |
| Investments in marketable securities - acquisitions | (840) | | (25,071) | | (2,425) | | (18,198) |
| Investments in marketable securities - liquidations | 1,172 | | 25,205 | | 2,947 | | 17,998 |
| Mortgage servicing rights - acquisitions | - | | (884) | | - | | (698) |
| Mortgage servicing rights - liquidations | - | | 17 | | - | | - |
| Finance receivables - acquisitions | - | | (166,597) | | - | | (140,295) |
| Finance receivables - liquidations | - | | 103,919 | | - | | 88,560 |
| Proceeds from sales of finance receivables | - | | 63,798 | | - | | 43,407 |
| Operating leases - acquisitions | (4,480) | | (10,586) | | (5,342) | | (12,147) |
| Operating leases - liquidations | 4,783 | | 9,239 | | 4,615 | | 7,313 |
| Investments in companies, net of cash acquired | (679) | | (446) | | (3,911) | | - |
| Net investing activity with Financing and Insurance Operations | - | | - | | (998) | | - |
| Other | (146) | | 110 | | (558) | | 356 |
| Net cash used in investing activities | (6,477) | | (1,349) | | (11,986) | | (14,039) |
| Cash flows from financing activities | | | | | | | |
| Net (decrease) increase in loans payable | (464) | | (18,332) | | 1,255 | | 1,121 |
| Long-term debt - borrowings | 4,533 | | 42,791 | | 4,130 | | 19,450 |
| Long-term debt - repayments | (2,673) | | (13,817) | | (4,213) | | (11,482) |
| Net financing activity with Automotive, Communications Services, and Other Operations | - | | - | | - | | 998 |
| Repurchases of common and preference stocks | (264) | | - | | (652) | | - |
| Proceeds from issuing common stocks | 91 | | - | | 2,778 | | - |
| Proceeds from sales of treasury stocks | 222 | | - | | - | | - |
| Cash dividends paid to stockholders | (900) | | - | | (989) | | - |
| Net cash provided by financing activities | 545 | | 10,642 | | 2,309 | | 10,087 |
| Effect of exchange rate changes on cash and cash equivalents | (69) | | (5) | | (365) | | 3 |
| Net transactions with Automotive/ Financing Operations | (728) | | 728 | | 597 | | (597) |
| Net (decrease) increase in cash and cash equivalents | (1,220) | | 9,365 | | (379) | | 200 |
| Cash and cash equivalents at | | | | | | | |

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

| | | | | |
|---|---------|----------|---------|-------|
| beginning of the period | 9,119 | 1,165 | 9,730 | 712 |
| | ----- | ----- | ----- | --- |
| Cash and cash equivalents at end of the period | \$7,899 | \$10,530 | \$9,351 | \$912 |
| | ===== | ===== | ===== | === |

- 15 -

Hughes Reports Third Quarter 2001 Financial Results

HUGHES Revenue Grows by 25%;

Strong DIRECTV U.S. Subscriber Growth Beats Expectations

El Segundo, Calif., October 17, 2001 -- Hughes Electronics Corporation, the world's leading provider of digital television entertainment, broadband services, satellite-based private business networks, and global video and data broadcasting, today reported third quarter 2001 revenues increased 24.6% to \$2,103.3 million, compared with \$1,688.5 million in the third quarter of 2000. EBITDA for the quarter was \$76.5 million. Excluding a one-time charge primarily related to severance of \$65.3 million, EBITDA for the quarter was \$141.8 million and EBITDA margin was 6.7%. In the third quarter of 2000, EBITDA was \$107.9 million and EBITDA margin was 6.4%.

"The third quarter was very important for HUGHES because we made key structural and management changes across the businesses. As a result, we are now positioned to generate substantially improved operating results," said Jack A. Shaw, HUGHES' chief executive officer. "I'm particularly pleased with our third quarter financial results because, despite a slowing economy, we grew our revenues by about 25%, exceeded DIRECTV U.S. subscriber growth expectations by adding 425,000 net new subscribers, and met or exceeded our third quarter operational targets in each of our businesses."

Shaw continued, "Our revenue growth was again driven by strong demand for DIRECTV(R) services, as well as new satellite transponder sales at PanAmSat and increased sales in all of Hughes Network Systems' product lines."

Shaw also noted that the \$65 million severance charge was related to a 10% company-wide workforce reduction in the U.S. that is expected to result in savings of over \$110 million annually. Excluding this one-time charge, HUGHES' EBITDA increased 31%, primarily due to continued operational improvements in DIRECTV Latin America, the new satellite transponder sales at PanAmSat and lower corporate expenses. These improvements were partially offset by losses from the new DIRECTV DSL(TM) service (formerly known as Telocity) and increased investment in Hughes Network Systems' (HNS) DIRECWAY(TM) broadband business.

HUGHES had a third quarter 2001 net loss of \$227.2 million compared to a net loss of \$93.8 million in the same period of 2000. The increased loss was primarily due to a pre-tax non-cash charge of \$212 million resulting from the revaluation of HUGHES' SkyPerfectV! investment, increased depreciation and amortization expense in the Direct-To-Home Broadcast segment and at PanAmSat, and the lower EBITDA. These declines were partially offset by a pre-tax gain of about \$108 million that resulted from the sale of 4.1 million shares of Thomson Multimedia common stock, and a favorable adjustment to the expected costs associated with the shutdown of the DIRECTV Japan business.

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Subsequent to the end of the third quarter, HUGHES reached a settlement with the Raytheon Company on a purchase price adjustment related to Raytheon's 1997 merger with Hughes Defense. Under the terms of the agreement, HUGHES will reimburse Raytheon \$635.5 million of the original \$9.5 billion purchase price. Of the total payment to Raytheon, \$500 million was paid on October 16, 2001 and the remaining balance will be paid within six months. There is no impact to HUGHES' earnings from this settlement.

- 16 -

NINE-MONTH FINANCIAL REVIEW

For the first nine months of 2001, revenues increased 14.4% to \$5,981.4 million, compared to \$5,228.6 million for the same period in 2000. This increase was primarily due to continued subscriber growth at DIRECTV in the United States and Latin America, partially offset by fewer sales and sales-type leases at PanAmSat.

EBITDA through September 2001 was \$271.7 million and EBITDA margin was 4.5%, compared to EBITDA of \$440.2 million and EBITDA margin of 8.4% in the same period of 2000. The decrease in EBITDA and EBITDA margin was primarily attributable to the higher outright sales of satellite transponders at PanAmSat in the first nine months of 2000, as well as the 2001 one-time severance charges, increased investment in DIRECWAY and the losses from the new DIRECTV DSL service. These items were partially offset by improved DIRECTV operating performance due to the larger subscriber bases in the United States and Latin America and lower corporate expenses.

For the first nine months of 2001, net losses totaled \$489.0 million compared to net losses of \$244.8 million in 2000. The change was primarily due to an increase in depreciation and amortization expense in the Direct-To-Home Broadcast segment and at PanAmSat, as well as the lower EBITDA. These declines were partially offset by reduced losses related to HUGHES' Direct-To-Home television ventures in Japan, as well as the gain from the sale of Thomson Multimedia common stock and improved net interest expense.

SEGMENT FINANCIAL REVIEW: THIRD QUARTER 2001

Direct-To-Home Broadcast

Third quarter 2001 revenues for the segment increased 21.8% to \$1,572.6 million from \$1,291.5 million in the third quarter of 2000. The segment had negative EBITDA of \$74.2 million compared with negative EBITDA of \$17.7 million in the third quarter of 2000.

United States: DIRECTV reported quarterly revenues of \$1,363 million, an increase of 18% from last year's third quarter revenues of \$1,154 million. The increase was primarily due to continued subscriber growth.

DIRECTV substantially exceeded expectations by adding a record 953,000 gross subscribers and, after accounting for churn, 425,000 net subscribers in the quarter. In addition, DIRECTV made a one-time downward adjustment of approximately 143,000 subscribers. This adjustment corrected errors that accumulated over the past 18 months related to subscribers who discontinued service prior to June 30, 2001 but were counted as active subscribers in DIRECTV's database. As a result, DIRECTV had 10.3 million subscribers as of September 30, 2001, representing a 14% increase over the 9.0 million customers attained as of September 30, 2000.

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Excluding a \$48 million one-time charge primarily related to severance, EBITDA for the third quarter of 2001 was \$20 million, compared to EBITDA of \$36 million in last year's third quarter. EBITDA declined due to increased marketing expenses related to DIRECTV's record number of gross subscriber additions in the quarter, which more than offset the additional gross profit gained from DIRECTV's larger subscriber base.

DIRECTV DSL: The DIRECTV DSL service was created following HUGHES' April 2001 acquisition of Telocity. No comparative financial data for DIRECTV DSL is provided for the third quarter 2000.

The DIRECTV DSL service had third quarter 2001 revenues of \$9 million and negative EBITDA of \$33 million. Approximately 5,000 net customers were added to the DIRECTV DSL service in the quarter. Subscriber additions in the quarter were negatively impacted by the bankruptcy of Rhythms NetConnections, formerly a wholesale provider of broadband services. As of September 30, 2001, DIRECTV DSL had about 73,000 residential broadband customers in the United States compared to about 23,000 customers as of September 30, 2000.

- 17 -

Latin America: DIRECTV Latin America generated \$201 million in revenues for the quarter compared with \$136 million in the third quarter of 2000. This 48% increase was primarily due to continued subscriber growth as well as the consolidation of the Argentinean and Colombian local operating companies in the first half of 2001.

The DIRECTV service in Latin America added 66,000 net subscribers in the third quarter of 2001. The total number of DIRECTV subscribers in Latin America as of September 30, 2001 was approximately 1,497,000 compared to about 1,136,000 as of September 30, 2000, representing an increase of approximately 32%.

Excluding a \$10 million one-time severance charge, DIRECTV Latin America had negative EBITDA of \$7 million in the quarter, compared to negative EBITDA of \$50 million in the same period of 2000. The change was primarily due to the increased gross profit generated from the larger subscriber base, the consolidation of the Argentinean and Colombian local operating companies, and reduced marketing and administrative costs.

Satellite Services

PanAmSat, which is 81%-owned by HUGHES, generated third quarter 2001 revenues of \$252.9 million compared with \$199.3 million in the prior year's period. The increase was principally driven by a \$46 million sales-type lease of long-term capacity on the company's new PAS-10 Indian Ocean region satellite.

Excluding a \$7 million one-time severance charge, EBITDA for the quarter was \$173 million and EBITDA margin was 68.5%, compared with third quarter 2000 EBITDA of \$135.5 million and EBITDA margin of 68.0%. The increase in EBITDA was principally due to the sales-type lease in the quarter.

As of September 30, 2001, PanAmSat had contracts for satellite services representing future payments (backlog) of approximately \$5.85 billion compared to approximately \$5.8 billion at the end of the third quarter of 2000.

Network Systems

Hughes Network Systems (HNS) generated third quarter 2001 revenues of \$339.7 million versus \$284.0 million in the third quarter of 2000. The 19.6% increase was driven by increased sales of phones and systems for mobile

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

satellite programs, higher sales of enterprise networks and growth in the DIRECWAY subscriber base. HNS added approximately 13,000 net DIRECWAY broadband customers in the quarter, bringing the cumulative total to approximately 87,000 subscribers in the United States. Additionally, HNS shipped 500,000 DIRECTV receiver systems in the third quarter of 2001 compared to 470,000 units in the same period last year.

In the quarter, HNS reported better than expected EBITDA of negative \$22.6 million compared to EBITDA of \$16.8 million in the third quarter of 2000. The decline in EBITDA is primarily attributable to increased investment in the DIRECWAY broadband business and a one-time gain in the third quarter of 2000 that resulted from successful negotiations with certain narrowband wireless customers for receivables previously written-off.

BALANCE SHEET

From December 31, 2000 to September 30, 2001, the company's consolidated cash balance decreased \$809.6 million to \$698.5 million and total debt increased \$496.7 million to \$1,813.3 million. The major uses of cash were for satellite and capital expenditures, as well as for the purchase of Telocity. The \$635.5 million settlement with Raytheon was treated as an increase in accrued liabilities and a reduction in stockholder's equity in the quarter. The impact of the \$500 million payment made on October 16, 2001 will be reflected in HUGHES' fourth quarter cash balance.

- 18 -

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

A live webcast of HUGHES' third quarter 2001 earnings call will be available on the company's website at www.hughes.com. The call will begin at 2:00 p.m. ET, today. Investors are advised to allow 15 minutes prior to the call to register and download any necessary software. Following the completion of the call, the webcast will be archived on the Investor Relations portion of the HUGHES website.

Hughes Financial Guidance

| | Prior Full Year 2001 | Revised Full Year 2001 |
|-----------------------|----------------------|------------------------|
| HUGHES | | |
| Revenues | ~\$8.3B | No Change |
| EBITDA | \$450-500M* | No Change* |
| Cash Requirements | \$2.5 - 3.0B | ~\$2.5B |
| DIRECTV U.S. | | |
| Revenue | \$5.5 - 5.6B | No Change |
| EBITDA | \$250-300M* | \$200 - 250M* |
| Net Subscriber Adds | ~1.1M | 1.2 - 1.3M** |
| DIRECTV DSL | | |
| EBITDA | \$(100)M - (120)M | No Change |
| Net Subscriber Adds | ~75K | 40 - 50K |
| DIRECTV Latin America | | |
| Revenue | ~725M | No Change |
| EBITDA | ~\$(100)M* | No Change* |
| Net Subscriber Adds | ~300K | No Change |
| PanAmSat | | |
| Revenue | \$825 - 835M | \$860 - 870M |

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

| | | |
|------------------------|-----------------------|---------------------|
| New Outright | | |
| Sales and Sales- | | |
| Type Leases | None | \$45.5M |
| EBITDA Margin | Mid to high 60% range | No Change |
| Hughes Network Systems | | |
| Revenue | ~\$1.3B | No Change |
| EBITDA | \$(100)M - \$(150)M | \$(100)M - \$(115)M |
| Spaceway | | |
| (Included in | | |
| HNS totals) | \$(25)M - (35)M | No Change |
| DIRECWAY Net Sub Adds | ~150K | 50 - 65K |
| DIRECWAY EBITDA | | |
| (Included in | | |
| HNS totals) | \$(150)M - (180)M | \$(125)M - (155)M |

* EBITDA guidance excludes the impact of the third quarter 2001 severance charges of \$48M at DIRECTV US; \$10M at DIRECTV Latin America; \$7M at PanAmSat; and \$65M total at HUGHES.

** Excludes impact of 143K database adjustment in Q3 2001

NOTE: Hughes Electronics Corporation believes that some of the foregoing statements may constitute forward-looking statements. When used in this report, the words "estimate," "plan," "project," "anticipate," "expect," "intend," "outlook," "believe," and other similar expressions are intended to identify such forward-looking statements and information. Important factors that may cause actual results of HUGHES to differ materially from the forward-looking statements in this report are set forth in the Form 10-Ks filed with the SEC by General Motors and HUGHES.

1 EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is the sum of operating profit (loss) and depreciation and amortization. EBITDA margin is calculated by dividing EBITDA by total revenues.

#

- 19 -

CONSOLIDATED BALANCE SHEETS

(Dollars in Millions)

| | September 30, 2001 (Unaudited) | December 31, 2000 |
|-------------------------------------|--------------------------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$698.5 | \$1,508.1 |
| Accounts and notes receivable | 1,275.5 | 1,253.0 |
| Contracts in process | 156.3 | 186.0 |
| Inventories | 374.8 | 338.0 |
| Deferred income taxes | 103.1 | 89.9 |
| Prepaid expenses and other | 1,054.5 | 778.7 |
| Total Current Assets | 3,662.7 | 4,153.7 |
| Satellites, net | 4,617.6 | 4,230.0 |
| Property, net | 2,097.4 | 1,707.8 |
| Net Investment in Sales-type Leases | 233.5 | 221.1 |
| Intangible Assets, net | 7,288.5 | 7,151.3 |
| Investments and Other Assets | 1,225.4 | 1,815.4 |
| Total Assets | \$19,125.1 | \$19,279.3 |

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

LIABILITIES AND STOCKHOLDER'S EQUITY

| | | |
|---|------------|------------|
| Current Liabilities | | |
| Accounts payable | \$1,407.9 | \$1,224.2 |
| Deferred revenues | 181.7 | 137.6 |
| Short-term borrowings and current portion of long-term debt | 838.3 | 24.6 |
| Accrued liabilities and other | 1,909.3 | 1,304.5 |
| ----- | | |
| Total Current Liabilities | 4,337.2 | 2,690.9 |
| Long-Term Debt | 975.0 | 1,292.0 |
| Other Liabilities and Deferred Credits | 1,547.9 | 1,647.3 |
| Deferred Income Taxes | 619.6 | 769.3 |
| Commitments and Contingencies | | |
| Minority Interests | 527.2 | 553.7 |
| Stockholder's Equity | 11,118.2 | 12,326.1 |
| ----- | | |
| Total Liabilities and Stockholder's Equity | \$19,125.1 | \$19,279.3 |
| ===== | | |

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).

- 20 -

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

| | Nine Months | | | |
|--|---------------|-----------|---------------------|-----------|
| | Third Quarter | | Ended September 30, | |
| | 2001 | 2000 | 2001 | 2000 |
| ----- | | | | |
| Revenues | | | | |
| Direct broadcast, leasing and other services | \$1,830.9 | \$1,485.5 | \$5,267.7 | \$4,523.3 |
| Product sales | 272.4 | 203.0 | 713.7 | 705.3 |
| ----- | | | | |
| Total Revenues | 2,103.3 | 1,688.5 | 5,981.4 | 5,228.6 |
| ----- | | | | |
| Operating Costs and Expenses | | | | |
| Broadcast programming and other costs | 830.1 | 681.4 | 2,355.4 | 2,035.9 |
| Cost of products sold | 246.7 | 146.2 | 590.4 | 580.6 |
| Selling, general and administrative expenses | 950.0 | 753.0 | 2,763.9 | 2,171.9 |
| Depreciation and amortization | 280.2 | 238.3 | 850.9 | 673.1 |
| ----- | | | | |
| Total Operating Costs and Expenses | 2,307.0 | 1,818.9 | 6,560.6 | 5,461.5 |
| ----- | | | | |
| Operating Loss | (203.7) | (130.4) | (579.2) | (232.9) |
| Interest income | 9.4 | 7.1 | 52.2 | 15.3 |

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

| | | | | |
|--|------------|------------|------------|------------|
| Interest expense | (40.6) | (66.5) | (134.0) | (169.2) |
| Other, net | (86.3) | (11.9) | (90.0) | (294.4) |
| ----- | | | | |
| Loss From Continuing Operations Before Income Taxes, Minority Interests and Cumulative Effect of Accounting Chan | (321.2) | (201.7) | (751.0) | (681.2) |
| Income tax benefit | 93.1 | 77.8 | 217.8 | 354.4 |
| Minority interests in net losses of subsidiaries | 0.9 | 19.6 | 51.6 | 31.7 |
| ----- | | | | |
| Loss from continuing operations before cumulative effect of accounting change | (227.2) | (104.3) | (481.6) | (295.1) |
| Income from discontinued operations, net of taxes | - | 10.5 | - | 50.3 |
| ----- | | | | |
| Loss before cumulative effect of accounting change | (227.2) | (93.8) | (481.6) | (244.8) |
| Cumulative effect of accounting change, net of taxes | - | - | (7.4) | - |
| ----- | | | | |
| Net Loss | (227.2) | (93.8) | (489.0) | (244.8) |
| Adjustment to exclude the effect of GM purchase accounting | 0.9 | 5.3 | 2.5 | 15.9 |
| ----- | | | | |
| Loss Excluding the Effect of GM Purchase Accounting Adjustment | (226.3) | (88.5) | (486.5) | (228.9) |
| Preferred stock dividends | (24.1) | (24.1) | (72.3) | (72.9) |
| ----- | | | | |
| Loss Used for Computation of Available Separate Consolidated Net Income (Loss) | \$ (250.4) | \$ (112.6) | \$ (558.8) | \$ (301.8) |
| ===== | | | | |
| Available Separate Consolidated Net Income (Loss) | | | | |
| Average number of shares of General Motors Class H Common Stock outstanding (in millions) (Numerator) | 876.8 | 873.9 | 876.0 | 616.7 |
| Average Class H dividend base (in millions) (Denominator) | 1,300.5 | 1,297.8 | 1,299.7 | 1,296.5 |
| Available Separate Consolidated Net Income (Loss) | \$ (168.8) | \$ (75.8) | \$ (376.6) | \$ (143.6) |
| ===== | | | | |

Certain 2000 amounts have been reclassified to conform to the 2001 presentation.

- 21 -

SELECTED SEGMENT DATA
(Dollars in Millions)
(Unaudited)

| | Third Quarter | | Nine Months Ended September 30, | |
|-------|---------------|------|------------------------------------|------|
| | 2001 | 2000 | 2001 | 2000 |
| ----- | | | | |

DIRECT-TO-HOME BROADCAST

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

| | | | | |
|-------------------------------|------------|------------|------------|------------|
| Total Revenues | \$ 1,572.6 | \$ 1,291.5 | \$ 4,590.2 | \$ 3,717.5 |
| EBITDA (1) | \$ (74.2) | \$ (17.7) | \$ (69.5) | \$ (40.9) |
| Operating Loss | \$ (245.4) | \$ (150.1) | \$ (573.8) | \$ (410.9) |
| Depreciation and Amortization | \$ 171.2 | \$ 132.4 | \$ 504.3 | \$ 370.0 |
| Capital Expenditures | \$ 168.6 | \$ 262.0 | \$ 522.5 | \$ 649.1 |

SATELLITE SERVICES

| | | | | |
|-------------------------------|----------|----------|----------|----------|
| Total Revenues | \$ 252.9 | \$ 199.3 | \$ 666.4 | \$ 820.7 |
| EBITDA (1) | \$ 166.2 | \$ 135.5 | \$ 440.7 | \$ 557.9 |
| EBITDA Margin (1) | 65.7% | 68.0% | 66.1% | 68.0% |
| Operating Profit | \$ 62.1 | \$ 52.0 | \$ 136.0 | \$ 319.1 |
| Operating Profit Margin | 24.6% | 26.1% | 20.4% | 38.9% |
| Depreciation and Amortization | \$ 104.1 | \$ 83.5 | \$ 304.7 | \$ 238.8 |
| Capital Expenditures | \$ 80.3 | \$ 109.4 | \$ 241.7 | \$ 317.6 |

NETWORK SYSTEMS

| | | | | |
|-------------------------------|-----------|----------|------------|------------|
| Total Revenues | \$ 339.7 | \$ 284.0 | \$ 890.1 | \$ 1,020.3 |
| EBITDA (1) | \$ (22.6) | \$ 16.8 | \$ (97.7) | \$ 34.4 |
| Operating Profit (Loss) | \$ (35.1) | \$ 1.6 | \$ (144.2) | \$ (15.4) |
| Depreciation and Amortization | \$ 12.5 | \$ 15.2 | \$ 46.5 | \$ 49.8 |
| Capital Expenditures | \$ 121.9 | \$ 79.2 | \$ 467.2 | \$ 241.0 |

ELIMINATIONS and OTHER

| | | | | |
|-------------------------------|-----------|-----------|------------|------------|
| Total Revenues | \$ (61.9) | \$ (86.3) | \$ (165.3) | \$ (329.9) |
| EBITDA (1) | \$ 7.1 | \$ (26.7) | \$ (1.8) | \$ (111.2) |
| Operating Profit (Loss) | \$ 14.7 | \$ (33.9) | \$ 2.8 | \$ (125.7) |
| Depreciation and Amortization | \$ (7.6) | \$ 7.2 | \$ (4.6) | \$ 14.5 |
| Capital Expenditures | \$ (4.8) | \$ (24.6) | \$ (4.0) | \$ (2.3) |

TOTAL

| | | | | |
|-------------------------------|------------|------------|------------|------------|
| Total Revenues | \$ 2,103.3 | \$ 1,688.5 | \$ 5,981.4 | \$ 5,228.6 |
| EBITDA (1) | \$ 76.5 | \$ 107.9 | \$ 271.7 | \$ 440.2 |
| EBITDA Margin (1) | 3.6% | 6.4% | 4.5% | 8.4% |
| Operating Loss | \$ (203.7) | \$ (130.4) | \$ (579.2) | \$ (232.9) |
| Depreciation and Amortization | \$ 280.2 | \$ 238.3 | \$ 850.9 | \$ 673.1 |
| Capital Expenditures | \$ 366.0 | \$ 426.0 | \$ 1,227.4 | \$ 1,205.4 |

=====
(1) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is the sum of operating profit (loss) and depreciation and amortization. EBITDA margin is calculated by dividing EBITDA by total revenues.

- 22 -

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.

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

GENERAL MOTORS CORPORATION

(Registrant)

Date October 18, 2001

By
s/Peter R. Bible

(Peter R. Bible,
Chief Accounting Officer)

- 23 -