

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

GENERAL MOTORS CORP
Form 8-K
July 16, 2002

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) July 15, 2002

GENERAL MOTORS CORPORATION

(Exact name of registrant as specified in its charter)

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

300 Renaissance Center, Detroit, Michigan	48265-3000
-----	-----
(Address of principal executive offices)	(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 July 16, 2002, a news release was issued on the subject of second quarter consolidated earnings for General Motors Corporation (GM). The news release did not include certain financial statements, related footnotes and certain other financial information that will be filed with the Securities and Exchange Commission as part of GM's Quarterly Report on Form 10-Q. The following is the second quarter earnings release for GM, and their subsidiary Hughes Electronics Corporation's (Hughes) earnings release dated July 15, 2002.

GENERAL MOTORS EARNS \$1.5 BILLION OR \$2.63 PER SHARE IN
SECOND QUARTER, EXCLUDING SPECIAL ITEMS AND HUGHES

- REPORTED NET INCOME TOTALS \$1.3 BILLION OR \$2.43 PER SHARE
- AUTOMOTIVE OPERATIONS GENERATE \$3.5 BILLION IN CASH
- U.S. MARKET SHARE RISES TO 28.1 PERCENT

DETROIT - General Motors Corp. (NYSE: GM, GMH) today reported earnings nearly doubled in the second quarter of 2002 compared with the prior-year period, reflecting improved retail sales performance, increased production in North America, and a continued focus on cost reduction.

GM earned \$1.5 billion, or \$2.63 per diluted share of GM \$1-2/3 par value common stock, in the second quarter of 2002, excluding Hughes and an after-tax charge of \$55 million, or \$0.10 per share, for costs associated with end-of-life vehicle recycling in Europe (see Highlights). That compares with \$766 million, or \$1.37 per share, in the year-ago period, excluding Hughes and a charge of \$133 million, or \$0.23 per share, related to the write-down of Isuzu Motors Ltd. Revenue in the second quarter of 2002 increased to \$46.0 billion from \$44.2 billion in the same period last year.

Including Hughes and the end-of-life vehicle charge, GM's second-quarter-2002 net income totaled \$1.3 billion, or \$2.43 per share, on revenue of \$48.3 billion. That compares with net income of \$477 million, or \$1.03 per share, including Hughes and the Isuzu write-down. Revenue in the second quarter of 2001 totaled \$46.2 billion.

GM financial results described throughout the remainder of this release exclude special items unless otherwise noted (see Highlights).

"We are pleased by the strong performance of GM's North American operations in the second-quarter and the solid results at GMAC," said GM Chairman Jack Smith. "We are determined to maintain our momentum in the second half of the year."

"The second-quarter results show that our strategy of bringing out great products, being aggressive in the marketplace, and intensely focusing on reducing costs and improving quality is working," said GM President and Chief Executive Officer Rick Wagoner. "Because of our improved cost base, we are able to be competitive with our pricing and improve our financial performance at the same time."

"GM's automotive operations generated \$3.5 billion of cash flow during the quarter, allowing us to improve net liquidity even as we took additional steps to strengthen the balance sheet," Wagoner added.

- 2 -

GM's net liquidity position improved by \$300 million during the quarter to \$2.6 billion even after taking into account cash contributions of \$3.2 billion during the quarter to fund pensions and other post-retirement benefits. GM previously announced a \$2.2 billion cash contribution to its U.S. hourly pension

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

plan in April. In June, GM made a \$1 billion cash contribution to the long-term Voluntary Employees' Beneficiary Association (VEBA) Trust.

Cash, marketable securities, and assets of the VEBA trust invested in short-term fixed-income securities, excluding Hughes, increased to \$17.6 billion at June 30, 2002, from \$17.3 billion at March 31, 2002. Debt, excluding Hughes, remained unchanged at \$15.0 billion at the end of the second quarter of 2002.

Earlier this year, GM set a goal of raising \$10 billion in cash in 2002. As of June 30, 2002, GM has nearly achieved this annual objective by generating \$4.8 billion in cash from automotive operations and by executing \$4.6 billion in retail and convertible debt offerings.

GM AUTOMOTIVE OPERATIONS

GM's global automotive operations earned \$1.1 billion in the second quarter of 2002, compared with \$410 million in the prior-year period. Global production increased nearly 7 percent in the second quarter, compared with the same period in 2001. Strong performance in North America was partially offset by losses in Europe and Latin America.

Income at GM North America (GMNA) more than doubled in the second quarter of 2002 to more than \$1.2 billion from \$521 million in the year-ago period. Production volume increased nearly 14 percent.

GM's overall U.S. market share increased to 28.1 percent in the second quarter of 2002, driven by gains in both passenger cars and trucks. That compares with 27.3 percent in the year-ago period. GM's quality of share continued to improve in the second quarter of 2002 with retail share rising to 27.4 percent from 26.7 percent in the year-ago quarter. Trucks as a percentage of total sales increased to 54 percent in the second quarter, up from 52.2 percent in the same period last year.

Wagoner attributed the market share gains to the successful introduction of new products such as the Cadillac CTS, Chevrolet TrailBlazer, GMC Envoy, Saturn VUE, and the Pontiac Vibe, as well as continued strong performance of GM's full-sized trucks and sport utility vehicles.

"We continue to introduce a steady stream of new products, which are key to our success in the marketplace," Wagoner said. "Right now, extended versions of our popular Chevy TrailBlazer and GMC Envoy are on their way to dealers, along with the all-new HUMMER H2."

Other key products on their way to showrooms later this year and in 2003 include the Saturn ION sedan and coupe, the Chevy SSR, all-new versions of the Saab 9-3 convertible, the Pontiac Grand Prix, the Chevy Malibu, the Cadillac XLR luxury high-performance roadster, the Cadillac SRX crossover vehicle, the Buick Rainier sport utility vehicle, the Opel Vectra Wagon, and new Meriva monocab in Europe and Brazil. In addition, there are enhanced versions of the Chevrolet Cavalier and Pontiac Sunfire, the Saturn L series, and restyled full-size Chevy and GMC pickup and utility models.

In addition to the momentum generated by these new products, GM continues to make important strides in quality and efficiency. In the just-released J.D. Power and Associates 2002 initial quality survey, GM was the best performing domestic automaker, becoming the first U.S.-based manufacturer ever to achieve a top-three ranking.

GM was also recognized during the quarter for substantial improvements in productivity. According to an independent study by Harbour and Associates, GM

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

outpaced all manufacturers with an overall productivity improvement of 4.5 percent in 2001. GM's Oshawa 1 car plant in Ontario, Canada, was rated the most efficient assembly plant in North America, the first time a GM plant has earned that distinction, and GM plants led in six of 13 assembly plant segments.

"Our continued progress in quality and productivity shows our commitment to ongoing improvement in the fundamentals of our business," Wagoner said.

GM Europe (GME) reported a smaller loss in the second quarter of 2002 than the year-ago period, as the continued reduction in structural costs helped to partially offset a nearly 7-percent decline in production volume. GME had a loss of \$115 million in the second quarter of 2002, versus a loss of \$154 million in the prior-year period.

"GM Europe's restructuring plan, Project Olympia, is showing results although the European market continues to weaken," Wagoner said. "We are moving aggressively to cut costs and better manage capacity utilization. Our joint ventures with Fiat Auto have produced meaningful savings, especially in material costs."

GM Asia-Pacific reported a profit of \$39 million in the second quarter of 2002 compared with a profit of \$12 million a year ago, led by a strong performance from Shanghai GM. GM Latin America/Africa/Mid-East (GMLAAM) reported a loss of \$73 million in the second quarter of 2002 compared with a profit of \$31 million a year ago. Results were negatively affected by unfavorable economic conditions in Brazil, Venezuela and Argentina.

GMAC

General Motors Acceptance Corporation (GMAC) earned \$431 million in the second quarter of 2002, down slightly from the record second-quarter earnings of \$449 million of a year ago. Income from Financing Operations was down slightly as higher credit losses and unfavorable borrowing spreads offset the positive effect of higher retail asset levels. Insurance Operations also reported lower earnings as the absence of capital gains more than offset continued improvements in underwriting results. Earnings from Mortgage Operations were higher, reflecting increased origination volumes in both the residential and commercial mortgage sectors. Overall, GMAC remains on track to achieve near-record earnings in 2002.

HUGHES

Hughes lost \$156 million in the second quarter of 2002, unchanged from the loss of \$156 million in the prior-year quarter. Revenue rose 11 percent to \$2.2 billion in the second quarter of 2002 from \$2.0 billion in the year-ago quarter, led by the growing subscriber base of DirectTV. Total DirectTV subscriptions increased approximately 202,000 from the first quarter of 2002 to 10.7 million. Regarding GM's plan to split off Hughes and merge the company with EchoStar Communications Corp., GM recently received a favorable private-letter ruling from the U.S. Internal Revenue Service confirming the transaction would be tax-free to GM and its stockholders for U.S. federal income-tax purposes.

Regulatory reviews with the U.S. Department of Justice and the Federal Communications Commission are progressing and GM expects to complete the transaction before the end of the year.

- 4 -

LOOKING AHEAD

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

General Motors expects total U.S. industry vehicle sales for 2002 will be in the mid-to-high 16 million unit range. For 2003, GM expects total U.S. industry sales about the same as 2002, in line with trend volume. GM's forecast for North American production remains unchanged at about 1,245,000 vehicles in the third quarter of 2002 and more than 5.5 million vehicles in calendar year 2002.

General Motors is currently reviewing the appropriate carrying value of its investment in Fiat Auto Holdings, B.V. (FAH). FAH is the sole shareholder of Fiat Auto, S.p.A. GM acquired 20 percent of the common stock of FAH in July 2000 for \$2.4 billion. Following the acquisition, the European automotive market has experienced a continued decrease in sales volume and manufacturers have experienced increased pricing and general competitive pressures. Those market conditions and other factors have led to deterioration in the performance of Fiat Auto S.p.A. GM now believes that it is probable a significant write-down of its investment in FAH will be required in the third quarter of 2002, upon completion of the review.

For the third quarter of 2002, GM estimates its earnings, excluding Hughes and any special items, will be approximately \$0.90 per share, reflecting solid results in North America, partially offset by continued losses in Europe and Latin America.

GM continues to expect calendar-year-2002 earnings will be \$6.00 per share, excluding special items and Hughes. Including Hughes, but excluding special items, GM expects to earn about \$0.80 per share in the third quarter of 2002 and \$5.60 per share for the calendar year.

#

In this press release and related comments by General Motors management, our use of the words "outlook," "expect," "anticipate," "estimate," "forecast," "project," "likely," "objective," "plan," "designed," "goal," "target," and similar expressions is intended to identify forward-looking statements. While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, actual results may differ materially due to numerous important factors that are described in GM's most recent report on SEC Form 10-K (at page II-15, 16) 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 or interruptions in transportation systems, 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.

In connection with the proposed transactions, General Motors Corporation ("GM"), HEC Holdings, Inc. ("Hughes Holdings") and EchoStar Communications Corporation ("EchoStar") have filed amended preliminary materials with the Securities and Exchange Commission ("SEC"), including a Registration Statement of Hughes Holdings on Form S-4 that contains a consent solicitation statement/information statement/prospectus. These materials are not yet final and will be further amended. Holders of GM \$1-2/3 and GM Class H common stock are urged to read the definitive versions of these materials, as well as any other relevant documents filed or that will be filed with the SEC, as they become available, because these documents contain or will contain important information. The preliminary materials, the definitive versions of these materials and other relevant materials (when they become available), and any other documents filed by GM, Hughes Electronics Corporation ("Hughes"), Hughes Holdings or EchoStar with the

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

SEC may be obtained for free at the SEC's website, www.sec.gov, and GM stockholders will receive information at an appropriate time on how to obtain transaction-related documents for free from GM.

- 5 -

GM and its directors and executive officers, Hughes and certain of its officers, and EchoStar and certain of its executive officers may be deemed to be participants in GM's solicitation of consents from the holders of GM \$1-2/3 common stock and GM Class H common stock in connection with the proposed transactions. Information regarding the participants and their interests in the solicitation was filed pursuant to Rule 425 with the SEC by EchoStar on November 1, 2001 and by each of GM and Hughes on November 16, 2001. Investors may obtain additional information regarding the interests of the participants by reading the amended preliminary consent solicitation statement/information statement/prospectus filed with the SEC and the definitive consent solicitation statement/information statement/prospectus when it becomes available.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Materials included in this document contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. The factors that could cause actual results of GM, EchoStar, Hughes, or a combined EchoStar and Hughes, to differ materially, many of which are beyond the control of EchoStar, Hughes, Hughes Holdings or GM include, but are not limited to, the following: (1) the businesses of EchoStar and Hughes may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; (2) expected benefits and synergies from the combination may not be realized within the expected time frame or at all; (3) revenues following the transaction may be lower than expected; (4) operating costs, customer loss and business disruption including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers, may be greater than expected following the transaction; (5) generating the incremental growth in the subscriber base of the combined company may be more costly or difficult than expected; (6) the regulatory approvals required for the transaction may not be obtained on the terms expected or on the anticipated schedule; (7) the effects of legislative and regulatory changes; (8) an inability to obtain certain retransmission consents; (9) an inability to retain necessary authorizations from the FCC; (10) an increase in competition from cable as a result of digital cable or otherwise, direct broadcast satellite, other satellite system operators, and other providers of subscription television services; (11) the introduction of new technologies and competitors into the subscription television business; (12) changes in labor, programming, equipment and capital costs; (13) future acquisitions, strategic partnership and divestitures; (14) general business and economic conditions; and (15) other risks described from time to time in periodic reports filed by EchoStar, Hughes or GM with the Securities and Exchange Commission. You are urged to consider statements that include the words "may," "will," "would," "could," "should," "believes," "estimates," "projects," "potential," "expects," "plans," "anticipates," "intends," "continues," "forecast," "designed," "goal," or the negative of those words or other comparable words to be uncertain and forward-looking. This cautionary statement applies to all forward-looking statements included in this document.

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

- 6 -

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

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

- (A) During September 2000, the European Union adopted a directive requiring member states to enact legislation regarding end-of-life vehicles and the responsibility of manufacturers for dismantling and recycling vehicles they have sold. European Union member states were required to transform the concepts detailed in the directive into national law by April 2002. Under the directive, manufacturers are financially responsible for at least a portion of the cost of the take-back of vehicles placed into service after July 2002 and all vehicles placed in service prior to July 2002 that are still in operation in January 2007. The laws to be developed in the individual country legislatures throughout Europe will have a significant impact on the amount ultimately paid by the manufacturers. The after-tax charge of \$55 million relates to those member states that have passed national laws by June 30, 2002.
- (B) The GME Restructuring Charge relates to the previously announced restructuring to improve the competitiveness of GM's automotive operations in Europe.
- (C) The Space Shuttle Settlement relates to the favorable resolution of a

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

- lawsuit that was filed against the U.S. government on March 22, 1991, based upon the National Aeronautics and Space Administration's (NASA) breach of contract to launch ten satellites on the Space Shuttle.
- (D) The GECC Contractual Dispute relates to an expected loss associated with a contractual dispute with General Electric Capital Corporation.
- (E) The Loan Guarantee Charge relates to a loan guarantee for a Hughes Network Systems' affiliate in India.

- 7 -

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

	Three Months Ended June 30, 2001		Year to Date June 30, 2001	
	Net Income	EPS	Net Income	EPS
Reported	\$477	\$1.03	\$714	\$1.56
Adoption of SFAS 133 (F)	-	-	(12)	(0.03)
Isuzu Restructuring (G)	133	0.23	133	0.24
Adjusted	\$610	\$1.26	\$835	\$1.77

- (F) The SFAS 133 adjustment represents the net income impact from initially adopting SFAS No. 133, Accounting for Derivatives and Hedging Activities as follows (\$Mil's): GMNA \$(14); GME \$2; GMLAAM \$(1); GMAP \$(1); Hughes \$(8); and GMAC \$34.
- (G) The Isuzu restructuring charge includes General Motors' portion of severance payments and asset impairments that were part of the second quarter restructuring of its affiliate Isuzu Motors Ltd.

- 8 -

General Motors Corporation Adjusted Corporate Financial Results

Second Quarter	Year to Date
----------------	--------------

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

	----- 2002 (1) 2001(1) -----	----- 2002 (1) 2001(1) -----
Total net sales and revenues (\$Mil's) (2)	\$48,265	\$46,220
Excluding Hughes	\$46,024	\$44,217
Consolidated net income (\$Mil's)	\$1,347	\$610
Excluding Hughes	\$1,503	\$766
Net margin from consolidated net income	2.8%	1.3%
Excluding Hughes	3.3%	1.7%
GM \$1-2/3 par value earnings per share		
Basic EPS	\$2.58	\$1.29
Diluted EPS	\$2.53	\$1.26
Diluted EPS excluding Hughes	\$2.63	\$1.37
GM Class H earnings per share		
Basic EPS	\$ (0.14)	\$ (0.14)
Diluted EPS	\$ (0.14)	\$ (0.14)
Earnings attributable to GM \$1-2/3 par value (\$Mil's)		
Consolidated net income	\$1,347	\$610
Preferred dividends	(23)	(23)
Losses attributable to GM Class H	120	120
	-----	---
Total earnings attributable to GM \$1-2/3 par value	\$1,444	\$707
	=====	===
GM \$1-2/3 par value average shares outstanding (Mil's)		
Basic shares	560	549
Diluted shares	572	559
Cash dividends per share of common stocks		
GM \$1-2/3 par value	\$0.50	\$0.50
GM Class H	-	-
Book value per share of common stocks at June 30		
GM \$1-2/3 par value	\$27.48	\$38.85
GM Class H	\$5.50	\$7.77
Total cash at June 30		
Excluding Hughes (\$Bil's) (3)	\$17.6	\$11.1
Automotive, Communications Services, and Other Operations (\$Mil's)		
Depreciation	\$1,140	\$1,137
Amortization of special tools	622	573
Amortization of intangible		

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

assets	3	85	12	158
	-----	-----	-----	-----
Total	\$1,765	\$1,795	\$3,411	\$3,464
	=====	=====	=====	=====

See footnotes on page 13.

- 9 -

General Motors Corporation
Adjusted Segment Financial Results

	Second Quarter		Year to Date	
	2002 (1)	2001(1)	2002 (1)	2001(1)
	----	----	----	----
(dollars in millions)				
Total net sales and revenues				
GMNA	\$30,208	\$28,117	\$59,225	\$53,223
GME	6,001	6,231	11,585	12,499
GMLAAM	1,306	1,739	2,607	3,134
GMAP	1,129	1,128	2,186	2,138
	-----	-----	-----	-----
Total GMA	38,644	37,215	75,603	70,994
Hughes	2,241	2,003	4,282	3,920
Other	833	513	1,635	981
	-----	-----	-----	-----
Total ACO	41,718	39,731	81,520	75,895
GMAC	6,525	6,422	12,928	12,799
Other Financing	22	67	110	149
	-----	-----	-----	-----
Total FIO	6,547	6,489	13,038	12,948
	-----	-----	-----	-----
Consolidated net sales and revenues	\$48,265	\$46,220	\$94,558	\$88,843
	=====	=====	=====	=====
Pre-tax income (loss)				
GMNA	\$1,735	\$666	\$2,626	\$882
GME	(159)	(194)	(316)	(347)
GMLAAM	(97)	74	(138)	82
GMAP	(31)	35	(44)	35
	-----	---	-----	-----
Total GMA	1,448	581	2,128	652
Hughes (4)	(230)	(248)	(444)	(400)
Other	(42)	(113)	(230)	(259)
	-----	---	-----	-----
Total ACO	1,176	220	1,454	(7)
GMAC	698	714	1,434	1,432
Other Financing	(8)	(9)	(10)	(23)
	-----	---	-----	-----
Total FIO	690	705	1,424	1,409
	-----	---	-----	-----
Consolidated pre-tax income	\$1,866	\$925	\$2,878	\$1,402
	=====	===	=====	=====
Net income (loss)				
GMNA	\$1,248	\$521	\$1,873	\$641
GME	(115)	(154)	(240)	(240)

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

GMLAAM	(73)	31	(113)	37
GMAP	39	12	46	(8)
	-----	---	-----	---
Total GMA	1,099	410	1,566	430
Hughes (4) (5)	(156)	(156)	(302)	(252)
Other	(28)	(82)	(141)	(201)
	-----	---	-----	---
Total ACO	915	172	1,123	(23)
GMAC	431	449	870	880
Other Financing	1	(11)	(1)	(22)
	-----	---	-----	---
Total FIO	432	438	869	858
	-----	---	-----	---
Consolidated net income	\$1,347	\$610	\$1,992	\$835
	=====	====	=====	====

See footnotes on page 13.

- 10 -

General Motors Corporation
Supplementary Adjusted Segment Financial Results

	Second Quarter		Year to Date	
	2002 (1)	2001 (1)	2002 (1)	2001 (1)
	-----	-----	-----	-----
(dollars in millions)				
Income tax expense (benefit)				
GMNA	\$501	\$143	\$755	\$208
GME	(21)	(36)	(47)	(100)
GMLAAM	(31)	27	(32)	29
GMAP	(9)	21	(9)	19
	---	---	---	---
Total GMA	\$440	\$155	\$667	\$156
	====	====	====	====
Equity income (loss) and minority interests				
GMNA	\$14	\$ (2)	\$2	\$ (33)
GME	23	4	29	7
GMLAAM	(7)	(16)	(7)	(16)
GMAP	61	(2)	81	(24)
	--	--	---	--
Total GMA	\$91	\$ (16)	\$105	\$ (66)
	==	==	===	==
Effective income tax rate				
GMNA	28.9%	21.5%	28.8%	23.6%
GME	13.2%	18.6%	14.9%	28.8%
GMLAAM	32.0%	36.5%	23.2%	35.4%
GMAP	29.0%	60.0%	20.5%	54.3%
Total ACO	29.0%	31.0%	29.0%	-
Net margins				
GMNA	4.1%	1.9%	3.2%	1.2%
GME	(1.9%)	(2.5%)	(2.1%)	(1.9%)

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

GMLAAM	(5.6%)	1.8%	(4.3%)	1.2%
GMAP	3.5%	1.1%	2.1%	(0.4%)
Total GMA	2.8%	1.1%	2.1%	0.6%
Hughes	(7.0%)	(7.8%)	(7.1%)	(6.4%)
Total ACO	2.2%	0.4%	1.4%	(0.0%)
GMAC	6.6%	7.0%	6.7%	6.9%
Consolidated net income	2.8%	1.3%	2.1%	0.9%

See footnotes on page 13.

- 11 -

General Motors Corporation
Operating Statistics

	Second Quarter		Year to Date	
	2002	2001	2002	2001
(units in thousands)				
Worldwide Wholesale Sales				
United States - Cars	574	550	1,073	1,059
United States - Trucks	750	647	1,417	1,218
	-----	-----	-----	-----
Total United States	1,324	1,197	2,490	2,277
Canada, Mexico, and Other	233	186	429	336
	-----	-----	-----	-----
Total GMNA	1,557	1,383	2,919	2,613
GME	437	495	861	963
GMLAAM	159	187	314	346
GMAP	86	100	194	239
	-----	-----	-----	-----
Total Worldwide	2,239	2,165	4,288	4,161
	=====	=====	=====	=====
Vehicle Unit Deliveries				
Chevrolet - Cars	213	227	399	459
Chevrolet - Trucks	481	466	945	888
Pontiac	151	144	269	281
GMC	137	144	264	269
Buick	107	95	189	182
Oldsmobile	42	60	85	136
Saturn	88	85	146	151
Cadillac	50	41	90	79
Other	15	14	28	26
	-----	-----	-----	-----
Total United States	1,284	1,276	2,415	2,471
Canada, Mexico, and Other	209	186	389	348
	-----	-----	-----	-----
Total GMNA	1,493	1,462	2,804	2,819
GME	443	504	878	1,002
GMLAAM	156	175	309	339
GMAP	138	130	279	250
	-----	-----	-----	-----
Total Worldwide	2,230	2,271	4,270	4,410
	=====	=====	=====	=====

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Market Share				
United States - Cars	26.3%	26.2%	25.6%	27.5%
United States - Trucks	29.7%	28.5%	30.5%	28.2%
Total United States	28.1%	27.3%	28.2%	27.9%
Total North America	27.7%	27.0%	27.8%	27.5%
Total Europe	8.7%	9.4%	8.7%	9.4%
Latin America (6)	23.6%	22.7%	23.4%	22.0%
Asia and Pacific	4.0%	4.0%	4.0%	3.7%
Total Worldwide	15.1%	15.1%	14.7%	14.9%
U.S. Retail/Fleet Mix				
% Fleet Sales - Cars	29.3%	24.5%	27.4%	28.7%
% Fleet Sales - Trucks	13.7%	15.8%	12.0%	15.0%
Total Vehicles	20.9%	20.0%	18.8%	21.7%
Retail Lease as % of Retail Sales				
Total Smartlease and Smartbuy	15.3%	16.0%		
Days Supply of Inventory at June 30				
United States - Cars	57	57		
United States - Trucks	78	84		
GMNA Capacity Utilization (2 shift rated)				
	89.3%	81.0%	85.1%	75.9%
GMNA Net Price				
	(1.9%)	(0.8%)		

See footnotes on page 13.

- 12 -

General Motors Corporation
Operating Statistics

	Second Quarter		Year to Date	
	2002	2001	2002	2001
	----	----	----	----
GMAC's U.S. Cost of Borrowing	4.30%	5.90%		
Current Debt Spreads Over U.S. Treasuries				
2 Year	165 bp	105 bp		
5 Year	185 bp	150 bp		
10 Year	230 bp	178 bp		
Worldwide Employment at June 30 (in 000's)				
United States Hourly	124	130		
United States Salary	40	43		
	---	---		
Total United States	164	173		
Canada, Mexico, and Other	33	34		
	---	---		
GMNA	197	207		
GME	69	76		

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

GMLAAM	23	25
GMAP	11	11
Hughes	12	11
GMAC	31	29
Other	12	13
	---	---
Total	355	372
	===	===

Worldwide Payrolls (\$Mil's) \$5,385 \$5,164 \$10,418 \$10,166

Footnotes:

-
- (1) Adjusted amounts for all periods represent the reported amounts excluding the effects of special items as detailed on pages 7 and 8.
 - (2) The reported total net sales and revenues totaled (\$Mil's):
Q2 2002 - \$48,265, Year-to-Date 2002 - \$94,529, Q2 2001 - \$46,220, and Year-to-Date 2001 \$88,835.
 - (3) Represents total cash for Automotive, Communications Services, and Other Operations, excluding Hughes, 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.
 - (4) The Q2 2001 and Year-to-Date 2001 amounts exclude the effects of purchase accounting adjustments related to General Motors' acquisition of Hughes in 1985. This purchase accounting adjustment is not recorded in 2002 because the related goodwill is no longer being amortized effective January 1, 2002 in accordance with SFAS No. 142, Goodwill and Other Intangible Assets.
 - (5) Excludes Hughes Series A Preferred Stock dividends paid to General Motors.
 - (6) Latin America excludes the Middle East and Africa.

- 13 -

GENERAL MOTORS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
	----	----	----	----

(dollars in millions except per share amounts)

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

Total net sales and revenues	\$48,265	\$46,220	\$94,529	\$88,835
	-----	-----	-----	-----
Cost of sales and other expenses	38,567	37,181	76,893	71,691
Selling, general, and administrative expenses	6,150	5,855	11,771	11,245
Interest expense	1,767	2,259	3,730	4,470
	-----	-----	-----	-----
Total costs and expenses	46,484	45,295	92,394	87,406
	-----	-----	-----	-----
Income before income taxes and minority interests	1,781	925	2,135	1,429

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Income tax expense	563	304	688	512
Equity income/(loss) and minority interests	74	(144)	73	(203)
	-----	---	-----	---
Net income	1,292	477	1,520	714
Dividends on preference stocks	(23)	(23)	(47)	(51)
	-----	---	-----	---
Earnings attributable to common stocks	\$1,269	\$454	\$1,473	\$663
	=====	===	=====	===
Basic earnings (losses) per share attributable to common stocks				
Earnings per share attributable to \$1-2/3 par value	\$2.48	\$1.05	\$3.06	\$1.59
	=====	=====	=====	=====
Earnings per share attributable to Class H	\$ (0.14)	\$ (0.14)	\$ (0.27)	\$ (0.24)
	=====	=====	=====	=====
Earnings (losses) per share attributable to common stocks assuming dilution				
Earnings per share attributable to \$1-2/3 par value	\$2.43	\$1.03	\$3.02	\$1.56
	=====	=====	=====	=====
Earnings per share attributable to Class H	\$ (0.14)	\$ (0.14)	\$ (0.27)	\$ (0.24)
	=====	=====	=====	=====

- 14 -

CONSOLIDATED STATEMENTS OF INCOME - concluded
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
	-----	-----	-----	-----
	(dollars in millions)			
AUTOMOTIVE, COMMUNICATIONS SERVICES, AND OTHER OPERATIONS				
Total net sales and revenues	\$41,718	\$39,731	\$81,491	\$75,895
	-----	-----	-----	-----
Cost of sales and other expenses	36,461	35,182	72,672	67,676
Selling, general, and administrative expenses	3,818	4,091	7,508	7,730
	-----	-----	-----	-----
Total costs and expenses	40,279	39,273	80,180	75,406
	-----	-----	-----	-----

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Interest expense	302	151	464	313
Net expense from transactions with Financing and Insurance Operations	46	87	136	218
	-----	-----	---	---
Income (loss) before income taxes and minority interests	1,091	220	711	(42)
Income tax expense (benefit)	311	68	151	(13)
Equity income/(loss) and minority interests	80	(113)	91	(149)
	-----	---	---	---
Net income (loss) - Automotive, Communications Services, and Other Operations	\$860	\$39	\$651	\$ (178)
	===	==	===	===

FINANCING AND INSURANCE OPERATIONS

Total revenues	\$6,547	\$6,489	\$13,038	\$12,940
	-----	-----	-----	-----
Interest expense	1,465	2,108	3,266	4,157
Depreciation and amortization expense	1,353	1,443	2,714	2,952
Operating and other expenses	2,244	1,729	4,114	3,446
Provision for financing and insurance losses	841	591	1,656	1,132
	-----	-----	-----	-----
Total costs and expenses	5,903	5,871	11,750	11,687
	-----	-----	-----	-----
Net income from transactions with Automotive, Communications Services, and Other Operations	(46)	(87)	(136)	(218)
	---	---	---	-----
Income before income taxes and minority interests	690	705	1,424	1,471
Income tax expense	252	236	537	525
Equity income/(loss) and minority interests	(6)	(31)	(18)	(54)
	---	---	---	---
Net income - Financing and Insurance Operations	\$432	\$438	\$869	\$892
	===	===	===	===

- 15 -

CONSOLIDATED BALANCE SHEETS

	June 30,		June 30,
	2002	Dec. 31,	2001
	(Unaudited)	2001	(Unaudited)

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

GENERAL MOTORS CORPORATION AND SUBSIDIARIES	(dollars in millions)		
ASSETS			
Automotive, Communications Services, and Other Operations			
Cash and cash equivalents	\$14,421	\$8,432	\$8,370
Marketable securities	1,014	790	795
	-----	-----	-----
Total cash and marketable securities	15,435	9,222	9,165
Accounts and notes receivable (less allowances)	5,586	5,406	6,533
Inventories (less allowances)	9,757	10,034	11,072
Equipment on operating leases - net	4,390	4,524	5,084
Deferred income taxes and other current assets	8,730	7,877	8,499
	-----	-----	-----
Total current assets	43,898	37,063	40,353
Equity in net assets of nonconsolidated associates			
Property - net	5,115	4,950	4,934
Intangible assets - net	35,248	34,908	33,922
Deferred income taxes	13,763	13,721	7,743
Other assets	22,138	22,294	15,560
	-----	-----	-----
Total Automotive, Communications Services, and Other Operations assets	136,959	130,210	133,738
Financing and Insurance Operations			
Cash and cash equivalents	3,942	10,123	1,139
Investments in securities	12,575	10,669	10,614
Finance receivables - net	106,838	99,813	89,608
Investment in leases and other receivables	35,477	34,618	35,701
Other assets	40,438	36,979	31,281
Net receivable from Automotive, Communications Services, and Other Operations	638	1,557	1,582
	-----	-----	-----
Total Financing and Insurance Operations assets	199,908	193,759	169,925
	-----	-----	-----
Total assets	\$336,867	\$323,969	\$303,663
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Automotive, Communications Services, and Other Operations			
Accounts payable (principally trade)	\$19,459	\$18,297	\$19,177
Loans payable	1,545	2,402	2,430
Accrued expenses	36,413	34,090	34,512
Net payable to Financing and Insurance Operations	638	1,557	1,582
	-----	-----	-----
Total current liabilities	58,055	56,346	57,701
Long-term debt	16,831	10,726	8,662
Postretirement benefits other than pensions	33,990	34,515	34,109
Pensions	9,410	10,790	3,111
Other liabilities and deferred income taxes	14,506	13,794	14,791
	-----	-----	-----
Total Automotive, Communications Services, and Other Operations liabilities	132,792	126,171	118,374
Financing and Insurance Operations			
Accounts payable	8,236	7,900	6,348
Debt	158,659	153,186	133,088
Other liabilities and deferred income taxes	15,701	16,259	15,494

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Total Financing and Insurance	-----	-----	-----
Operations liabilities	182,596	177,345	154,930
	-----	-----	-----
Total liabilities	315,388	303,516	273,304
Minority interests	788	746	699
Stockholders' equity			
\$1-2/3 par value common stock (issued, 561,337,257; 559,044,427; and 549,606,968 shares)	936	932	916
Class H common stock (issued, 958,024,533; 877,505,382 and 876,465,865 shares)	96	88	88
Capital surplus (principally additional paid-in capital)	21,557	21,519	21,114
Retained earnings	10,376	9,463	10,233
	-----	-----	-----
Subtotal	32,965	32,002	32,351
Accumulated foreign currency translation adjustments	(2,770)	(2,919)	(2,814)
Net unrealized loss on derivatives	(188)	(307)	(187)
Net unrealized gains on securities	268	512	355
Minimum pension liability adjustment	(9,584)	(9,581)	(45)
	-----	-----	-----
Accumulated other comprehensive loss	(12,274)	(12,295)	(2,691)
	-----	-----	-----
Total stockholders' equity	20,691	19,707	29,660
	-----	-----	-----
Total liabilities and stockholders' equity	\$336,867	\$323,969	\$303,663
	=====	=====	=====

- 16 -

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30			
	2002		2001	
	Automotive, Comm.Serv. and Other	Financing and Insurance	Automotive, Comm.Serv. and Other	Financing and Insurance
	-----	-----	-----	-----
	(dollars in millions)			
Net cash provided by operating activities	\$5,196	\$3,030	\$3,455	\$1,278
Cash flows from investing activities				
Expenditures for property	(3,494)	(46)	(4,220)	(42)
Investments in marketable securities				

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

- acquisitions	(802)	(20,311)	(773)	(15,691)
Investments in marketable securities				
- liquidations	578	18,455	1,139	14,734
Mortgage servicing rights - acquisitions	-	(634)	-	(813)
Mortgage servicing rights - liquidations	-	1	-	18
Finance receivables - acquisitions	-	(122,714)	-	(107,883)
Finance receivables - liquidations	-	58,793	-	68,560
Proceeds from sales of finance receivables	-	57,034	-	41,156
Operating leases - acquisitions	(2,748)	(9,205)	(3,182)	(6,448)
Operating leases - liquidations	2,898	7,168	3,576	5,138
Investments in companies, net of cash acquired	(124)	(150)	(612)	(119)
Other	744	(567)	(351)	129
	-----	-----	-----	-----
Net cash (used in) investing activities	(2,948)	(12,176)	(4,423)	(1,261)
	-----	-----	-----	-----
 Cash flows from financing activities				
Net (decrease) increase in loans payable	(857)	970	222	(21,634)
Long-term debt - borrowings	9,821	12,306	3,451	28,904
Long-term debt - repayments	(3,818)	(11,243)	(2,225)	(7,703)
Repurchases of common and preference stocks	(97)	-	(264)	-
Proceeds from issuing common stocks	69	-	71	-
Proceeds from sales of treasury stocks	19	-	-	-
Cash dividends paid to stockholders	(607)	-	(600)	-
	-----	-----	---	---
Net cash provided by (used in) financing activities	4,530	2,033	655	(433)
	-----	-----	---	---
 Effect of exchange rate changes on cash and cash equivalents	130	13	(47)	1
Net transactions with Automotive/Financing Operations	(919)	919	(389)	389
	-----	-----	---	---
Net increase (decrease) in cash and cash equivalents	5,989	(6,181)	(749)	(26)
Cash and cash equivalents at beginning of the period	8,432	10,123	9,119	1,165
	-----	-----	-----	-----
Cash and cash equivalents at end of the period	\$14,421	\$3,942	\$8,370	\$1,139
	=====	=====	=====	=====

- 17 -

HUGHES SECOND QUARTER 2002 RESULTS DRIVEN BY STRONG DIRECTV U.S. FINANCIAL PERFORMANCE

HUGHES Revenues Grow 11.3% -- \$2,210 million vs. \$1,985 million
HUGHES EBITDA Increases 50.1% -- \$123 million vs. \$82 million
Reaffirms HUGHES Full-Year Revenue and EBITDA Guidance, Improves Cash Forecast

El Segundo, Calif., July 15, 2002 -- Hughes Electronics Corporation, a world-leading provider of digital television entertainment, broadband services,

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

satellite-based private business networks, and global video and data broadcasting, today reported second quarter 2002 revenues increased 11.3% to \$2,209.7 million, compared with \$1,985.1 million in the second quarter of 2001. EBITDAL for the quarter increased 50.1% to \$123.1 million compared with \$82.0 million in the second quarter of last year. EBITDA margin¹ was 5.6% in the quarter compared with an EBITDA margin of 4.1% last year. The operating loss for the quarter was \$138.5 million compared with an operating loss of \$223.0 million in the second quarter of 2001.

"The improving financial performance at DIRECTV U.S. continues to fuel HUGHES' growth," said Jack A. Shaw, HUGHES' president and chief executive officer. "DIRECTV U.S. had quarterly revenues of \$1,549 million, which were 15% higher than last year, primarily due to subscriber growth during the last 12 months."

Shaw added, "DIRECTV U.S. was also the driving force behind our EBITDA growth. As a result of the strong revenue growth and lower subscriber acquisition costs, the DIRECTV U.S. EBITDA of \$148 million was nearly double last year's second quarter result. In addition, excluding the losses from the World Cup soccer tournament at DIRECTV Latin America, each of our business units showed improvement in EBITDA compared to last year.

"Although DIRECTV U.S. net subscriber additions of 202,000 fell short of our target of 225,000 to 250,000 for the second quarter, we gained 53% more subscribers than in last year's second quarter. Furthermore, because the operating performance of the business continues to improve, we are increasing DIRECTV U.S.' full year estimates for revenue and EBITDA, while maintaining our year-end subscriber guidance."

In the second quarter of 2002, HUGHES reported an operating loss of \$138.5 million compared with an operating loss of \$223.0 million in 2001. This lower operating loss was due to higher EBITDA and the elimination of approximately \$72 million of goodwill amortization expense in 2002 as a result of adopting the new Statement of Financial Accounting Standards Number 142 (SFAS 142) accounting rules for goodwill and intangible assets. These changes were partially offset by higher depreciation expense in each of HUGHES' operating segments, mostly at DIRECTV U.S. due to the launch of two new satellites as well as additional infrastructure expenditures made during the last year.

- 18 -

HUGHES had a second quarter 2002 net loss of \$155.1 million compared to a net loss of \$156.5 million in the same period of 2001. The lower operating loss and a \$37 million gain resulting from the favorable resolution of remaining contingencies associated with the exit from the DIRECTV Japan business (recorded in Other, net), were mostly offset by increased net interest expense including an interest charge of \$47 million for losses associated with the final settlement of a contractual dispute with General Electric Capital Corporation (GECC), and the discontinuation of the minority interest adjustment related to DIRECTV Latin America.

SIX-MONTH FINANCIAL REVIEW

For the first half of 2002, revenues increased 9.5 % to \$4,247.9 million, compared to \$3,878.1 million in the first half of 2001. This increase was due to continued subscriber growth at DIRECTV in the United States and revenues associated with the 2002 World Cup at DIRECTV Latin America, partially offset by lower sales in the Carrier businesses of Hughes Network Systems (HNS).

EBITDA for the first six months of 2002 was \$257.3 million and EBITDA margin was 6.1%, compared to EBITDA of \$195.2 million and EBITDA margin of 5.0% in the first half of 2001. The 31.8% increase in EBITDA and the increase in

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

EBITDA margin were primarily attributable to DIRECTV U.S.' additional gross profit gained from its revenue growth and lower subscriber acquisition costs, a \$95 million one-time gain based on the favorable resolution of litigation related to the National Aeronautics and Space Administration's (NASA) breach of contract to launch ten HUGHES satellites, and improved operational efficiencies at PanAmSat. These improvements were partially offset by the devaluation of several foreign currencies and the costs associated with the 2002 World Cup in the DIRECTV Latin America business, a one-time EBITDA charge of \$48 million related to the GECC settlement, as well as the inclusion of DIRECTV Broadband for two full quarters in 2002. DIRECTV Broadband, formerly known as Telocity, was purchased April 1, 2001.

HUGHES' operating loss for the first six months of 2002 was \$266.3 million compared with an operating loss of \$375.5 million in the first half of 2001. The lower loss was due to the higher EBITDA and the elimination of approximately \$134 million of goodwill amortization expense in 2002 as a result of adopting SFAS 142. These changes were partially offset by higher depreciation expenses, particularly at DIRECTV U.S. due to the recent launch of two new satellites and additional infrastructure expenditures made during the last year.

For the first six months of 2002, net losses totaled \$311.5 million compared to net losses of \$261.8 million in the same period of 2001. The increased net loss was principally due to an increase in net interest expense including a charge of \$74 million (\$27 million of which was recorded in the first quarter of 2002) related to the GECC settlement, and the discontinuation of the minority interest adjustment related to DIRECTV Latin America. These declines more than offset the benefits from the lower operating loss, and an improved effective tax rate due to the favorable resolution of certain tax contingencies.

- 19 -

SEGMENT FINANCIAL REVIEW: SECOND QUARTER 2002

Direct-To-Home Broadcast

Second quarter 2002 revenues for the segment increased 17.4% to \$1,793.7 million from \$1,527.7 million in the second quarter of 2001. The segment had EBITDA of \$20.6 million compared with negative EBITDA of \$1.3 million in the second quarter of 2001. Operating loss was \$136.4 million in the second quarter of 2002 compared with an operating loss of \$182.9 million in the same period last year.

United States: Excluding those markets in the National Rural Telecommunications Cooperative (NRTC) territories, DIRECTV's owned and operated gross subscriber additions in the quarter were 654,000 and after accounting for churn, DIRECTV added 202,000 net subscribers. DIRECTV owned and operated subscribers totaled 8.99 million as of June 30, 2002, 15% more than the 7.80 million cumulative subscribers attained as of June 30, 2001. For the second quarter of 2002, the total number of subscribers in NRTC territories was unchanged, leaving the total number of NRTC subscribers as of June 30, 2002, at 1.75 million. As a result, the DIRECTV platform ended the quarter with 10.74 million total subscribers.

DIRECTV reported quarterly revenues of \$1,549 million, an increase of 15% from last year's second quarter revenues of \$1,345 million. The increase was primarily due to continued subscriber growth.

EBITDA for the second quarter of 2002 was \$148 million, nearly double last year's EBITDA of \$75 million. This increase was primarily due to the additional gross profit gained from DIRECTV's increased revenue and lower subscriber acquisition costs, partially offset by an increase in retention marketing costs associated with higher levels of set-top box sales to existing subscribers.

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Operating profit in the current quarter was \$53 million compared with an operating loss of \$39 million in 2001. The improved EBITDA and reduced amortization from the adoption of SFAS 142 was partially offset by increased depreciation, mostly related to the launches of the DIRECTV 4S satellite in December 2001 and DIRECTV 5 in May 2002, as well as additional infrastructure expenditures made during the last year.

Please refer to the "Selected DIRECTV U.S. Financial Highlights" attachment for additional information on DIRECTV's subscribers and other important financial metrics.

DIRECTV DSL: In the second quarter of 2002, the DIRECTV DSL service added approximately 20,000 net customers. As of June 30, 2002, DIRECTV DSL had about 133,000 residential broadband customers in the United States compared with about 68,000 customers as of June 30, 2001, representing an increase of approximately 96%.

The DIRECTV DSL service had second quarter 2002 revenues of \$18 million compared with \$7 million reported in the second quarter of 2001. The increase was driven by the larger subscriber base and an increase in average revenue per subscriber.

DIRECTV DSL had negative EBITDA of \$29 million in the quarter, an improvement over the negative \$41 million in the same period last year. This improvement was driven by the additional gross profit gained from the revenue growth as well as improved operational efficiencies. DIRECTV DSL's operating loss in the second quarter of 2002 decreased to \$41 million compared with an operating loss of \$58 million in 2001. The change was due to the improved EBITDA and reduced amortization from the adoption of SFAS 142.

- 20 -

Latin America: The DIRECTV service in Latin America added 27,000 net subscribers in the second quarter of 2002, bringing the total number of subscribers in Latin America as of the end of the quarter to approximately 1,669,000 compared with about 1,431,000 as of June 30, 2001, representing an increase of approximately 17%.

Revenues for DIRECTV Latin America increased to \$227 million for the quarter compared with \$175 million in the second quarter of 2001. This increase was due to revenue generated from the 2002 World Cup soccer tournament and the larger subscriber base, partially offset by the devaluation of several foreign currencies, primarily in Argentina.

DIRECTV Latin America had negative EBITDA of \$99 million in the quarter compared to negative EBITDA of \$35 million in the same period of 2001. Also in the quarter, DIRECTV Latin America's operating loss increased to \$148 million from an operating loss of \$87 million in the same period of 2001. The increased negative EBITDA and operating loss were primarily due to a \$75 million loss associated with the World Cup, as well as the devaluation of several foreign currencies, partially offset by the effects of ongoing cost reductions.

Satellite Services

PanAmSat, which is 81%-owned by HUGHES, generated second quarter 2002 revenues of \$209.3 million compared with \$208.3 million in the same period of the prior year. The slight increase was primarily due to higher occasional service revenues related to the global broadcast distribution of the World Cup, partially offset by reduced program distribution and direct-to-home video revenues.

EBITDA for the quarter was \$150.7 million and EBITDA margin was 72.0%,

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

compared with second quarter 2001 EBITDA of \$134.5 million and EBITDA margin of 64.6%. The increase in EBITDA and EBITDA margin was principally due to the company's continued focus on reducing its operating costs. Operating profit for the quarter was \$61.0 million compared with operating profit of \$32.8 million in the second quarter of 2001. The improvement was primarily due to the increase in EBITDA and the reduced amortization from the adoption of SFAS 142.

As of June 30, 2002, PanAmSat had contracts for satellite services representing future payments (backlog) of over \$5.55 billion compared to approximately \$5.72 billion at the end of the first quarter of 2002.

Network Systems

Hughes Network Systems (HNS) generated second quarter 2002 revenues of \$254.4 million compared with \$302.2 million in the second quarter of 2001. The decline was due to lower sales in the Carrier businesses primarily related to the substantial completion of the XM Satellite Radio and Thuraya Satellite Telecommunications Company contracts. HNS shipped 512,000 DIRECTV receiver systems in the second quarter of 2002 compared to 413,000 units in the same period last year.

Additionally, HNS added approximately 12,000 net DIRECWAY residential and small office/home office (SOHO) broadband customers in the quarter. As of June 30, 2002, DIRECWAY had over 123,000 residential and SOHO subscribers in North America compared to 74,000 one year ago, a 66% increase.

- 21 -

HNS reported negative EBITDA of \$29.5 million in the quarter compared to negative EBITDA of \$36.8 million in the second quarter of 2001. HNS' operating loss in the second quarter of 2002 was \$46.1 million compared with an operating loss of \$56.5 million in the same period last year. The change in EBITDA and operating loss was primarily attributable to improved operating margins on the increased DIRECTV receiver shipments.

BALANCE SHEET

From December 31, 2001 to June 30, 2002, the company's consolidated cash balance increased \$136.0 million to \$836.1 million and total debt increased \$832.7 million to \$3,480.0 million. The major uses of cash were \$728 million for satellite and capital expenditures, the payment of \$180 million to GECC and the final purchase price adjustment payment to the Raytheon Company of \$134 million. Additionally in the first half of 2002, PanAmSat received approximately \$215 million from an insurance claim on the PAS-7 satellite and HUGHES received \$95 million from the resolution of the breach of contract lawsuit with NASA.

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' second quarter 2002 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. The dial in number for the call is (913) 981-5523. The webcast will be archived on the Investor Relations portion of the HUGHES website and a replay will be available (dial in number: 888-203-1112, code: 292489) beginning at 2:00 p.m. ET on Wednesday, July 17.

- 22 -

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

HUGHES FINANCIAL GUIDANCE

	Third Quarter 2002	Prior Full Year 2002	Revised Full Year 2002
HUGHES			
Revenues	\$2.2 - 2.25B	\$9.0 - 9.2B	No Change
EBITDA	\$175 - 225M	\$750 - 850M	No Change
Cash Requirements	N/A	\$1.5 - 1.7B	\$1.2 - 1.4B
DIRECTV U.S.			
Revenues	~\$1.6B	~\$6.2B	~\$6.3B
EBITDA	~\$150M	~\$525M#	\$525 - 545M#
Net Subscriber Adds	250 - 300K	~1.2M##	No Change
DIRECTV DSL			
Revenues	N/A	~\$75M	No Change
EBITDA	\$(25) - (30)M	~\$(100)M	\$(110) - (120)M
Net Subscriber Adds	15 - 20K	~100K	70 - 85K
DIRECTV Latin America			
Revenues	170 -180M	\$800 - 850M	\$745-765M
EBITDA	(15) - (25)M	~\$(100)M	\$(135) - (155)M
Net Subscriber Adds	15 - 20K	150 - 200K	120 - 140K
Hughes Network Systems			
Revenues	\$275 - 325M	\$1.3 - 1.4B	~\$1.3B
EBITDA	\$(20) - (35)M	\$(50) - (75)M	No Change
DIRECWAY Net Sub Adds	N/A	100 - 200K	~100K
PanAmSat			
Revenues	\$190 - 200M	\$790 - 825M	No Change
New Outright Sales and Sales- Type Leases	None	None	No Change
EBITDA Margin	70% or higher	70% or higher	No Change
EBITDA	\$135 - 150M	\$570 - 590M	No Change

Excludes \$56 million EBITDA charge for loss related to GECC lawsuit

Excludes subscribers in NRTC territories

NOTE: Hughes Electronics Corporation believes that some of the foregoing

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

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.

- 23 -

Selected DIRECTV U.S. Financial Highlights

	Quarters Ended				
	6/30/01	9/30/01	12/31/01	3/31/02	6/30/02
DIRECTV U.S. Key Performance Metrics					
Average Revenue per User (ARPU), \$ (1)	\$58.00	\$57.30	\$61.35	\$56.70	\$58.10
Subscriber Acquisition Cost (SAC), \$ (2)	\$575	\$555	\$560	\$520	\$530
Churn, % (3)	2.0%	1.9%	1.7%	1.6%	1.7%
Pre-Marketing Cash Flow (PMCF), %	41%	40%	38%	39%	40%
Subscriber Detail (in millions)					
DIRECTV - Owned & Operated					
Residential	7.35	7.55	7.88	8.27	8.46
Commercial	0.30	0.31	0.33	0.34	0.37
Suspended	0.15	0.19	0.23	0.18	0.16
Total DIRECTV - Owned & Operated (4)	7.80	8.05	8.44	8.79	8.99
NRTC, Total (5)	1.84	1.87	1.89	1.75	1.75
Grand Total	9.64	9.92	10.33	10.54	10.74

- (1) Total revenue divided by average period-end total DIRECTV Owned & Operated customers
- (2) Sales and marketing acquisition costs divided by DIRECTV Owned & Operated customer gross adds in the period; excludes advanced and leased set-top boxes
- (3) Net customer disconnects divided by average period-end DIRECTV Owned and Operated customers
- (4) Excludes pending customers to reflect policy change effective 1/1/02

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

(5) Reflects Pegasus Communications Corp. policy change in Q1 2002 reported in Pegasus' Form 10K; An additional adjustment was made in Q1 2002, based upon Pegasus' first quarter Form 10-Q filing

- 24 -

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

	Second Quarter		Six Months Ended June 30,	
	2002	2001	2002	2001
Revenues				
Direct broadcast, leasing and other services	\$2,004.0	\$1,738.6	\$3,862.0	\$3,436.8
Product sales	205.7	246.5	385.9	441.3
Total Revenues	2,209.7	1,985.1	4,247.9	3,878.1
Operating Costs and Expenses, Exclusive of Depreciation and Amortization Expense Shown Below				
Broadcast programming and other costs	1,078.9	786.6	1,982.1	1,525.3
Cost of products sold	184.7	189.2	357.7	343.7
Selling, general and administrative expenses	823.0	927.3	1,650.8	1,813.9
Depreciation and amortization	261.6	305.0	523.6	570.7
Total Operating Costs and Expenses	2,348.2	2,208.1	4,514.2	4,253.6
Operating Loss	(138.5)	(223.0)	(266.3)	(375.5)
Interest income	7.4	19.0	11.7	42.8
Interest expense	(122.3)	(42.8)	(198.7)	(93.4)
Other, net	8.9	(10.9)	(32.7)	(3.7)
Loss Before Income Taxes, Minority Interests and Cumulative Effect of Accounting Change	(244.5)	(257.7)	(486.0)	(429.8)
Income tax benefit	92.9	74.8	184.7	124.7
Minority interests in net (earnings) losses of subsidiaries	(3.5)	26.4	(10.2)	50.7
Loss before cumulative effect of accounting change	(155.1)	(156.5)	(311.5)	(254.4)
Cumulative effect of accounting change, net of taxes	-	-	-	(7.4)
Net Loss	(155.1)	(156.5)	(311.5)	(261.8)
Adjustment to exclude the effect of GM purchase accounting	-	0.8	-	1.6

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Loss excluding the effect of GM purchase accounting	(155.1)	(155.7)	(311.5)	(260.2)
Preferred stock dividends	(22.8)	(24.1)	(46.9)	(48.2)

Loss Used for Computation of Available Separate Consolidated Net Income (Loss)	\$ (177.9)	\$ (179.8)	\$ (358.4)	\$ (308.4)
=====				
Available Separate Consolidated Net Income (Loss)				
Average number of shares of General Motors Class H Common Stock outstanding (in millions) (Numerator)	884.0	875.9	880.8	875.7
Average Class H dividend base (in millions) (Denominator)	1,307.6	1,299.6	1,304.4	1,299.4
Available Separate Consolidated Net Income (Loss)	\$ (120.3)	\$ (121.2)	\$ (242.0)	\$ (207.8)
=====				

- 25 -

CONSOLIDATED BALANCE SHEETS (Dollars in Millions)	June 30, 2002 (Unaudited)	December 31, 2001

ASSETS		
Current Assets		
Cash and cash equivalents	\$836.1	\$700.1
Accounts and notes receivable	1,137.7	1,090.5
Contracts in process	122.6	153.1
Inventories	333.9	360.1
Deferred income taxes	134.4	118.9
Prepaid expenses and other	1,042.4	918.4

Total Current Assets	3,607.1	3,341.1
Satellites, net	4,852.7	4,806.6
Property, net	2,183.6	2,197.8
Goodwill, net	6,715.3	6,500.3
Intangible Assets, net	447.9	656.5
Net Investment in Sales-type Leases	175.9	227.0
Investments and Other Assets	1,266.8	1,480.8

Total Assets	\$19,249.3	\$19,210.1
=====		
LIABILITIES AND STOCKHOLDER'S EQUITY		

Current Liabilities		
Accounts payable	\$1,104.1	\$1,227.5
Deferred revenues	157.7	178.5
Short-term borrowings and current portion of long-term debt	1,081.6	1,658.5
Accrued liabilities and other	1,303.3	1,342.0

Total Current Liabilities	3,646.7	4,406.5
Long-Term Debt	2,398.4	988.8

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Other Liabilities and Deferred Credits	1,301.8	1,465.1
Deferred Income Taxes	757.7	746.5
Commitments and Contingencies		
Minority Interests	542.9	531.3
Stockholder's Equity	10,601.8	11,071.9

Total Liabilities and Stockholder's Equity	\$19,249.3	\$19,210.1
=====		

Holders of GM Class H common stock have no direct rights in the equity or assets of Hughes, but rather have rights in the equity and assets of General Motors (which includes 100% of the stock of Hughes).

- 26 -

SELECTED SEGMENT DATA
(Dollars in Millions)
(Unaudited)

	Second Quarter		Six Months Ended June 30,	
	2002	2001	2002	2001

DIRECT-TO-HOME BROADCAST				
Total Revenues	\$ 1,793.7	\$ 1,527.7	\$ 3,437.5	\$ 3,017.6
EBITDA (1)	\$ 20.6	\$ (1.3)	\$ (42.0)	\$ 4.7
Operating Loss	\$ (136.4)	\$ (182.9)	\$ (351.9)	\$ (328.4)
Depreciation and Amortization	\$ 157.0	\$ 181.6	\$ 309.9	\$ 333.1
Capital Expenditures	\$ 157.2	\$ 226.3	\$ 296.7	\$ 353.9

SATELLITE SERVICES				
Total Revenues	\$ 209.3	\$ 208.3	\$ 416.4	\$ 413.5
EBITDA (1)	\$ 150.7	\$ 134.5	\$ 301.8	\$ 274.5
EBITDA Margin (1)	72.0%	64.6%	72.5%	66.4%
Operating Profit	\$ 61.0	\$ 32.8	\$ 118.1	\$ 73.9
Operating Profit Margin	29.1%	15.7%	28.4%	17.9%
Depreciation and Amortization	\$ 89.7	\$ 101.7	\$ 183.7	\$ 200.6
Capital Expenditures	\$ 109.5	\$ 94.2	\$ 183.5	\$ 161.4

NETWORK SYSTEMS				
Total Revenues	\$ 254.4	\$ 302.2	\$ 497.2	\$ 550.4
EBITDA (1)	\$ (29.5)	\$ (36.8)	\$ (62.6)	\$ (75.1)
Operating Loss	\$ (46.1)	\$ (56.5)	\$ (97.2)	\$ (109.1)
Depreciation and Amortization	\$ 16.6	\$ 19.7	\$ 34.6	\$ 34.0
Capital Expenditures	\$ 87.8	\$ 167.1	\$ 216.1	\$ 345.3

ELIMINATIONS and OTHER				
Total Revenues	\$ (47.7)	\$ (53.1)	\$ (103.2)	\$ (103.4)
EBITDA (1)	\$ (18.7)	\$ (14.4)	\$ 60.1	\$ (8.9)
Operating Profit (Loss)	\$ (17.0)	\$ (16.4)	\$ 64.7	\$ (11.9)
Depreciation and Amortization	\$ (1.7)	\$ 2.0	\$ (4.6)	\$ 3.0
Capital Expenditures	\$ 13.1	\$ 22.6	\$ 32.1	\$ 0.8

TOTAL				
Total Revenues	\$2,209.7	\$1,985.1	\$ 4,247.9	\$ 3,878.1
EBITDA (1)	\$ 123.1	\$ 82.0	\$ 257.3	\$ 195.2
EBITDA Margin (1)	5.6%	4.1%	6.1%	5.0%

Edgar Filing: GENERAL MOTORS CORP - Form 8-K

Operating Loss	\$ (138.5)	\$ (223.0)	\$ (266.3)	\$ (375.5)
Depreciation and Amortization	\$ 261.6	\$ 305.0	\$ 523.6	\$ 570.7
Capital Expenditures	\$ 367.6	\$ 510.2	\$ 728.4	\$ 861.4

=====
(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.

- 27 -

SIGNATURE

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

GENERAL MOTORS CORPORATION

(Registrant)

Date July 16, 2002

By

s/Peter R. Bible

(Peter R. Bible,
Chief Accounting Officer)

- 28 -