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GENERAL MOTORS CORP
Form 8-K
April 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) April 18, 2000

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 ----- |
|--|-------------------------|

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ITEM 5. OTHER EVENTS

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

GM EARNS \$225 MILLION, OR \$0.50 PER SHARE, IN FIRST QUARTER

DETROIT -- General Motors Corp. (NYSE: GM) today reported that it earned \$225 million, or \$0.50 diluted earnings per share, in the first quarter of 2001 -- excluding special items -- on revenues of \$42.6 billion. The results exclude the \$12 million, or \$0.03 per share, favorable effect of the initial adoption of an accounting change (SFAS No. 133) relating to the treatment of derivatives. Including the accounting change, GM's first-quarter 2001 income totaled \$237 million, or \$0.53 per share.

GM's first-quarter performance, although better than expected, was down significantly from the record \$2.80 per share in the first quarter of 2000 on net income of \$1.8 billion and revenues totaling \$46.9 billion.

GM financial results described throughout the remainder of this release exclude the special item relating to SFAS No. 133 unless otherwise noted.

"Our first-quarter performance was better than expected, considering significantly reduced production volumes in North America," said GM Chairman Jack Smith. "While the economic and competitive environment is challenging, we remain focused on our key customer and business priorities."

GM President and Chief Executive Officer Rick Wagoner said, "The entire GM organization is moving fast to bring new products to market, grow our business, and improve our financial performance. We are committed to doing even better by aggressively attacking costs while we focus on bringing innovative new products and services to markets around the world."

Strong first-quarter earnings at General Motors Acceptance Corp. (GMAC) and lower costs in the North American automotive business only partially offset the effect of lower vehicle sales and intense pricing pressures in North America and Europe.

GMAC earnings of \$431 million in the first quarter reflected lower interest rates and increased wholesale business, partially offset by weaker vehicle-residual values. Mortgage operations also continued to perform very strongly in this period.

The significant decline in automotive earnings versus last year's first quarter are attributable primarily to North America and Europe. GM North America's (GMNA) income was \$120 million in the first quarter of 2001, down more than \$1.1 billion from the same period last year, as net price fell 1.0 percent and vehicle sales to dealers fell by more than 300,000 units, reflecting significant first-quarter production cuts designed to reduce dealer inventories.

"Continued progress in reducing costs helped offset the nearly 20-percent reduction in North American production volume. Our dealer inventory levels are much improved compared with levels at the end of last year," Wagoner said. "Our U.S. and North American market share was stable in the first quarter and up

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from the fourth quarter of 2000. While the North American industry volume is down compared with the record highs of last year, we are still seeing a lot of underlying strength in demand. As we continue to roll out new products and expand industry-leading services such as OnStar, we are focused on growing our market share and our revenue base."

GM Europe (GME) lost \$86 million during the first quarter, down significantly from a profit of \$221 million in the same quarter last year. Results were primarily affected by lower volume, continued pricing pressures, particularly in the United Kingdom, a shift in demand to smaller, lower-profit vehicles, and unfavorable country mix. While vehicle deliveries were down in line with the overall industry, GME's market share increased slightly during the quarter, and Opel/Vauxhall was the number-one brand for passenger-car sales in Western and Central Europe in the month of March. "We've taken tough actions to restructure our European operations, but the market is proving to be weaker than expected. We are focusing intensely on our new product introductions to strengthen our brands, and we are pushing even harder to reduce costs to meet the pricing challenges in this demanding market," Wagoner said.

GM's Latin America/Africa/Mid-East (GMLAAM) region increased its profitability to \$6 million in the first quarter of 2001, primarily from improved volume. The Asia Pacific (GMAP) region had a loss of \$20 million in the first quarter, which was more than accounted for by losses at GM's affiliate Isuzu.

Hughes' net loss of \$96 million in the first quarter of 2001 was related primarily to the continued growth of DIRECTV. Hughes added 441,000 net new DIRECTV subscribers in the first quarter, bringing the total subscriber base to 11.2 million.

LOOKING AHEAD

General Motors continues to expect that total U.S. vehicle sales in calendar-year 2001 will be about 16.5 million units.

While there are considerable uncertainties in the economic environment, the present consensus among automotive analysts that GM is expected to earn approximately \$0.95 per share for the second quarter of 2001 is consistent with GM's internal expectations.

"We have a number of major vehicle introductions this year in key market segments throughout the world as we continue to strengthen our global portfolio," Wagoner said.

Key new products in North America include the Chevrolet Avalanche; the Chevrolet Trailblazer, GMC Envoy and Oldsmobile Bravada midsize sport utilities; the Cadillac Escalade and Escalade EXT; Buick Rendezvous, and the Saturn VUE.

In Europe, the new Corsa and Zafira offerings, Astra convertible, Speedster, Vivaro commercial van, and improved availability of diesel engines are important for building market momentum.

In Latin America, the Chevrolet Zafira and Grand Vitara are new entries, joining the Celta, which was introduced last year.

The Buick Sail, the third distinct model from the Shanghai GM joint venture, and the Chevrolet Blazer and the S-10 crewcab pickups, which will be produced by the Jinbei GM joint venture, are important entries in this key growth market.

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The Zafira was recently introduced in Asia and is produced at GM's Thailand plant. GM will begin production in September of a small Chevrolet 4X4 lifestyle vehicle at Suzuki's Kosai plant in Japan. That vehicle will initially be sold in Japan and Australia.

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In this press release and related comments by General Motors management, our use of the words "expect," "anticipate," "estimate," "forecast," "objective," "plan," "goal" 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-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.

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General Motors Corporation Adjusted Corporate Financial Results

| | First Quarter | |
|---|---------------|----------|
| | 2001(1) | 2000 |
| | ---- | ---- |
| Total net sales and revenues (\$Mil's) | \$42,623 | \$46,858 |
| Consolidated net income (\$Mil's) | \$225 | \$1,783 |
| Net margin from consolidated net income | 0.5% | 3.8% |

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| | | |
|--|-----------|-----------|
| GM \$1-2/3 par value earnings per share | | |
| Basic EPS | \$0.51 | \$2.88 |
| Diluted EPS | \$0.50 | \$2.80 |
| GM Class H earnings per share (2) | | |
| Basic EPS | \$ (0.09) | \$ (0.08) |
| Diluted EPS | \$ (0.09) | \$ (0.08) |
| Return on net assets (RONA) for continuing operations excluding Hughes | 5.1% | 15.9% |
| Earnings attributable to GM \$1-2/3 par value (\$Mil's) | | |
| Consolidated net income | \$225 | \$1,783 |
| Preferred dividends | (28) | (29) |
| Losses attributable to GM Class H | 81 | 32 |
| | --- | ----- |
| Total earnings attributable to GM \$1-2/3 par value | \$278 | \$1,786 |
| | ==== | ===== |
| GM \$1-2/3 par value average shares outstanding (Mil's) | | |
| Basic shares | 548 | 620 |
| Diluted shares | 554 | 637 |
| 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 March 31 | | |
| GM \$1-2/3 par value | \$38.23 | \$29.42 |
| GM Class H (2) | \$7.65 | \$5.88 |
| Total cash at March 31 (\$Bil's) (3) | \$10.9 | \$13.4 |
| Automotive, Communications Services, and Other Operations (\$Mil's) | | |
| Depreciation | \$1,031 | \$990 |
| Amortization of special tools | 565 | 654 |
| Amortization of intangible assets | 73 | 71 |
| | ----- | ----- |
| Total | \$1,669 | \$1,715 |
| | ===== | ===== |

See footnotes on page 9.

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General Motors Corporation
Adjusted Segment Financial Results

First Quarter

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| | 2001 (1) | 2000 |
|--|----------|----------|
| | ---- | ---- |
| (Dollars in millions) | | |
| Total net sales and revenues | | |
| GMNA | \$25,106 | \$29,244 |
| GME | 6,268 | 6,834 |
| GMLAAM | 1,395 | 1,390 |
| GMAP | 1,010 | 863 |
| | ----- | ----- |
| Total GMA | 33,779 | 38,331 |
| Hughes | 1,917 | 2,118 |
| Other | 468 | 746 |
| | ----- | ----- |
| Total ACO | 36,164 | 41,195 |
| | ----- | ----- |
| GMAC | 6,377 | 5,621 |
| Other Financing | 82 | 42 |
| | ----- | ----- |
| Total FIO | 6,459 | 5,663 |
| | ----- | ----- |
| Consolidated net sales and revenues | \$42,623 | \$46,858 |
| | ===== | ===== |
| Pre-tax income (loss) | | |
| GMNA | \$216 | \$1,923 |
| GME | (153) | 349 |
| GMLAAM | 8 | (36) |
| GMAP | - | 27 |
| | --- | ----- |
| Total GMA | 71 | 2,263 |
| Hughes (4) | (152) | (208) |
| Other | (146) | (43) |
| | --- | ----- |
| Total ACO | (227) | 2,012 |
| | --- | ----- |
| GMAC | 718 | 632 |
| Other Financing | (14) | (12) |
| | --- | ----- |
| Total FIO | 704 | 620 |
| | --- | ----- |
| Consolidated pre-tax income | \$477 | \$2,632 |
| | === | ===== |
| Net income (loss) | | |
| GMNA | \$120 | \$1,289 |
| GME | (86) | 221 |
| GMLAAM | 6 | 1 |
| GMAP | (20) | 7 |
| | -- | ----- |
| Total GMA | 20 | 1,518 |
| Hughes (4) (5) | (96) | (77) |
| Other | (119) | (36) |
| | --- | ----- |
| Total ACO | (195) | 1,405 |
| | --- | ----- |
| GMAC | 431 | 397 |
| Other Financing | (11) | (19) |
| | --- | ----- |
| Total FIO | 420 | 378 |
| | --- | ----- |
| Consolidated net income | \$225 | \$1,783 |

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See footnotes on page 9.

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General Motors Corporation
Supplementary Adjusted Segment Financial Results

| | First Quarter | |
|--|---------------|---------|
| | 2001 (1) | 2000 |
| | ----- | ----- |
| (Dollars in millions) | | |
| Income tax expense (benefit) | | |
| GMNA | \$65 | \$615 |
| GME | (64) | 130 |
| GMLAAM | 2 | (23) |
| GMAP | (2) | 10 |
| | -- | --- |
| Total GMA | \$1 | \$732 |
| | = | === |
| Equity income (loss) and minority interests | | |
| GMNA | \$ (31) | \$ (19) |
| GME | 3 | 2 |
| GMLAAM | - | 14 |
| GMAP | (22) | (10) |
| | -- | --- |
| Total GMA | \$ (50) | \$ (13) |
| | === | === |
| Effective income tax rate | | |
| GMNA | 30.1% | 32.0% |
| GME | 41.8% | 37.2% |
| GMLAAM | 25.0% | 63.9% |
| GMAP | N/A | 37.0% |
| Net margins | | |
| GMNA | 0.5% | 4.4% |
| GME | (1.4%) | 3.2% |
| GMLAAM | 0.4% | 0.1% |
| GMAP | (2.0%) | 0.8% |
| Total GMA | 0.1% | 4.0% |
| Hughes | (5.0%) | (3.6%) |
| Total ACO | (0.5%) | 3.4% |
| GMAC | 6.8% | 7.1% |
| Consolidated net income | 0.5% | 3.8% |

See footnotes on page 9.

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General Motors Corporation
Operating Statistics

| | First Quarter | |
|---------------------------|---------------|-------|
| | 2001 | 2000 |
| | ----- | ----- |
| (units in thousands) | | |
| Worldwide Wholesale Sales | | |
| United States - Cars | 507 | 622 |
| United States - Trucks | 567 | 674 |
| | ----- | ----- |
| Total United States | 1,074 | 1,296 |
| Canada, Mexico, and Other | 151 | 193 |
| | ----- | ----- |
| Total GMNA | 1,225 | 1,489 |
| GME | 468 | 499 |
| GMLAAM | 159 | 135 |
| GMAP | 139 | 116 |
| | ----- | ----- |
| Total Worldwide | 1,991 | 2,239 |
| | ===== | ===== |
| Vehicle Unit Deliveries | | |
| Chevrolet - Cars | 232 | 233 |
| Chevrolet - Trucks | 422 | 453 |
| Pontiac | 138 | 155 |
| GMC | 125 | 139 |
| Buick | 86 | 103 |
| Oldsmobile | 77 | 77 |
| Saturn | 66 | 64 |
| Cadillac | 38 | 52 |
| Other | 12 | 7 |
| | ----- | ----- |
| Total United States | 1,196 | 1,283 |
| Canada, Mexico, and Other | 164 | 157 |
| | ----- | ----- |
| Total GMNA | 1,360 | 1,440 |
| GME | 496 | 522 |
| GMLAAM | 163 | 138 |
| GMAP | 125 | 111 |
| | ----- | ----- |
| Total Worldwide | 2,144 | 2,211 |
| | ===== | ===== |
| Market Share | | |
| United States - Cars | 28.9% | 28.9% |
| United States - Trucks | 28.0% | 28.2% |
| Total United States | 28.4% | 28.6% |
| Total North America | 28.0% | 28.1% |
| Total Europe | 9.6% | 9.4% |
| Latin America (6) | 21.5% | 19.5% |
| Asia and Pacific | 3.8% | 3.3% |
| Total Worldwide | 14.9% | 14.8% |
| U.S. Retail/Fleet Mix | | |
| % Fleet Sales - Cars | 33.0% | 29.0% |

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| | | |
|--------------------------------------|--------|--------|
| % Fleet Sales - Trucks | 14.0% | 15.1% |
| Total Vehicles | 23.6% | 22.1% |
| Retail Lease as % of Retail Sales | | |
| Total Smartlease and Smartbuy | 16.5% | 28.5% |
| Days Supply of Inventory at March 31 | | |
| United States - Cars | 75 | 82 |
| United States - Trucks | 100 | 86 |
| Capacity Utilization | | |
| U.S. and Canada (2 shift rated) | 69.6% | 87.9% |
| GMNA Net Price | (1.0%) | (0.7%) |

See footnotes on page 9.

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General Motors Corporation
Operating Statistics

| | First Quarter | |
|---|---------------|---------|
| | 2001 | 2000 |
| | ---- | ---- |
| GMAC's U.S. Cost of Borrowing | 6.36% | 6.32% |
| Current Debt Spreads Over U.S. Treasuries | | |
| 2 Year | 145 bp | 79 bp |
| 5 Year | 180 bp | 122 bp |
| 10 Year | 210 bp | 169 bp |
| Worldwide Employment at March 31 (in 000's) | | |
| United States Hourly | 130 | 135 |
| United States Salary | 43 | 44 |
| | --- | --- |
| Total United States | 173 | 179 |
| Canada, Mexico, and Other | 35 | 35 |
| | --- | --- |
| GMNA | 208 | 214 |
| GME | 79 | 90 |
| GMLAAM | 23 | 23 |
| GMAP | 11 | 11 |
| Hughes | 10 | 18 |
| GMAC | 28 | 26 |
| Other | 13 | 13 |
| | --- | --- |
| Total | 372 | 395 |
| | === | === |
| Worldwide Payrolls (\$Mil's) | \$5,002 | \$5,543 |

Footnotes:

- (1) The Q1 2001 adjusted amounts represent the reported amounts less the net impact from initially adopting SFAS No. 133, Accounting for Derivatives

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and Hedging Activities as follows (\$Mil's):

| | Income (Expense) | |
|--------------------|------------------|-----------|
| | Pre-Tax | After-Tax |
| | ----- | ----- |
| GMNA | \$ (23) | \$ (14) |
| GME | 4 | 2 |
| GMLAAM | (2) | (1) |
| GMAP | (1) | (1) |
| | -- | -- |
| Total GMA | (22) | (14) |
| Hughes | (13) | (8) |
| | -- | -- |
| Total ACO | (35) | (22) |
| GMAC | 62 | 34 |
| | -- | -- |
| Total Consolidated | \$27 | \$12 |
| | == | == |

- (2) The 2000 GM Class H common stock earnings per share and book value per share amounts have been adjusted to reflect the three-for-one stock split, in the form of a 200% stock dividend, paid on June 30, 2000.
- (3) 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.
- (4) Excludes the effects of purchase accounting adjustments related to General Motors' acquisition of Hughes in 1985.
- (5) Excludes Hughes Series A Preferred Stock dividends payable to General Motors.
- (6) Latin America excludes the Middle East and Africa.

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

Three Months Ended
March 31,

2001 2000
---- ----
(dollars in millions
except per share amounts)

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

| | | |
|------------------------------|----------|----------|
| Total net sales and revenues | \$42,615 | \$46,858 |
| | ----- | ----- |

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| | | |
|--|----------|----------|
| Cost of sales and other expenses | 34,510 | 37,141 |
| Selling, general, and administrative expenses | 5,390 | 4,857 |
| Interest expense | 2,211 | 2,228 |
| | ----- | ----- |
| Total costs and expenses | 42,111 | 44,226 |
| | ----- | ----- |
| Income before income taxes and minority interests | 504 | 2,632 |
| Income tax expense | 208 | 783 |
| Equity income/(loss) and minority interests | (59) | (66) |
| | ---- | ----- |
| Net income | 237 | 1,783 |
| Dividends on preference stocks | (28) | (29) |
| | ---- | ----- |
| Earnings attributable to common stocks | \$209 | \$1,754 |
| | ==== | ===== |
| Basic earnings (losses) per share attributable to common stocks | | |
| Earnings per share attributable to \$1-2/3 par value | \$0.54 | \$2.88 |
| | ==== | ===== |
| Earnings per share attributable to Class H | \$(0.10) | \$(0.08) |
| | ==== | ===== |
| Earnings (losses) per share attributable to common stocks assuming dilution | | |
| Earnings per share attributable to \$1-2/3 par value | \$0.53 | \$2.80 |
| | ==== | ===== |
| Earnings per share attributable to Class H | \$(0.10) | \$(0.08) |
| | ==== | ===== |

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CONSOLIDATED STATEMENTS OF INCOME - concluded
(Unaudited)

Three Months Ended
March 31,

2001 2000

(dollars in millions)

AUTOMOTIVE, COMMUNICATIONS SERVICES, AND OTHER OPERATIONS

| | | |
|---|----------|----------|
| Total net sales and revenues | \$36,164 | \$41,195 |
| | ----- | ----- |
| Cost of sales and other expenses | 32,494 | 35,321 |
| Selling, general, and administrative expenses | 3,639 | 3,507 |
| | ----- | ----- |
| Total costs and expenses | 36,133 | 38,828 |
| | ----- | ----- |

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| | | |
|--|----------|---------|
| Interest expense | 162 | 216 |
| Net expense from transactions with Financing and Insurance Operations | 131 | 139 |
| | --- | ----- |
| Income/(loss) before income taxes and minority interests | (262) | 2,012 |
| Income tax (benefit) expense | (81) | 542 |
| Equity income/(loss) and minority interests | (36) | (65) |
| | ---- | ----- |
| Net income/(loss) - Automotive, Communications Services, and Other Operations | \$ (217) | \$1,405 |
| | === | ===== |

Three Months Ended
March 31,

2001 2000
----- -----

(dollars in millions)

FINANCING AND INSURANCE OPERATIONS

| | | |
|--|---------|---------|
| Total revenues | \$6,451 | \$5,663 |
| | ----- | ----- |
| Interest expense | 2,049 | 2,012 |
| Depreciation and amortization expense | 1,509 | 1,523 |
| Operating and other expenses | 1,717 | 1,306 |
| Provisions for financing and insurance losses | 541 | 341 |
| | ----- | ----- |
| Total costs and expenses | 5,816 | 5,182 |
| | ----- | ----- |
| Net income from transactions with Automotive, Communications Services, and Other Operations | (131) | (139) |
| | ---- | --- |
| Income before income taxes and minority interests | 766 | 620 |
| Income tax expense | 289 | 241 |
| Equity income/(loss) and minority interests | (23) | (1) |
| | ---- | ----- |
| Net income - Financing and Insurance Operations | \$454 | \$378 |
| | === | === |

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CONSOLIDATED BALANCE SHEETS

| | | | |
|--|-----------------------|----------|-------------|
| | Mar. 31, | | Mar. 31, |
| | 2001 | Dec. 31, | 2000 |
| GENERAL MOTORS CORPORATION AND SUBSIDIARIES | (Unaudited) | 2000 | (Unaudited) |
| | ----- | ---- | ----- |
| ASSETS | (dollars in millions) | | |
| Automotive, Communications Services, and Other Operations | | | |

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| | | | |
|--|-----------|-----------|-----------|
| Cash and cash equivalents | \$7,445 | \$9,119 | \$8,497 |
| Marketable securities | 455 | 1,161 | 1,948 |
| | ----- | ----- | ----- |
| Total cash and marketable securities | 7,900 | 10,280 | 10,445 |
| Accounts and notes receivable (less allowances) | 6,264 | 5,835 | 5,552 |
| Inventories (less allowances) | 11,885 | 10,945 | 12,028 |
| Equipment on operating leases (less accumulated depreciation) | 5,365 | 5,699 | 5,963 |
| Deferred income taxes and other current assets | 8,421 | 8,388 | 9,491 |
| | ----- | ----- | ----- |
| Total current assets | 39,835 | 41,147 | 43,479 |
| Equity in net assets of nonconsolidated associates | 4,271 | 3,497 | 2,158 |
| Property - net | 34,081 | 33,977 | 33,177 |
| Intangible assets - net | 7,563 | 7,622 | 8,808 |
| Deferred income taxes | 14,806 | 14,870 | 15,100 |
| Other assets | 31,290 | 32,243 | 25,372 |
| | ----- | ----- | ----- |
| Total Automotive, Communications Services, and Other Operations assets | 131,846 | 133,356 | 128,094 |
| Financing and Insurance Operations | | | |
| Cash and cash equivalents | 6,209 | 1,165 | 910 |
| Investments in securities | 10,107 | 9,595 | 9,016 |
| Finance receivables - net | 87,845 | 92,415 | 84,581 |
| Investment in leases and other receivables | 36,386 | 36,752 | 37,350 |
| Other assets | 29,041 | 27,846 | 21,243 |
| Net receivable from Automotive, Communications Services, and Other Operations | 1,380 | 1,971 | 1,407 |
| | ----- | ----- | ----- |
| Total Financing and Insurance Operations assets | 170,968 | 169,744 | 154,507 |
| | ----- | ----- | ----- |
| Total assets | \$302,814 | \$303,100 | \$282,601 |
| | ===== | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Automotive, Communications Services, and Other Operations | | | |
| Accounts payable (principally trade) | \$18,587 | \$18,309 | \$17,649 |
| Loans payable | 2,052 | 2,208 | 2,041 |
| Accrued expenses | 33,861 | 33,252 | 33,214 |
| Net payable to Financing and Insurance Operations | 1,380 | 1,971 | 1,407 |
| | ----- | ----- | ----- |
| Total current liabilities | 55,880 | 55,740 | 54,311 |
| Long-term debt | 8,510 | 7,410 | 8,587 |
| Postretirement benefits other than pensions | 33,416 | 34,306 | 34,532 |
| Pensions | 3,386 | 3,480 | 3,395 |
| Other liabilities and deferred income taxes | 15,109 | 15,768 | 17,214 |
| | ----- | ----- | ----- |
| Total Automotive, Communications Services, Other Operations liabilities | 116,301 | 116,704 | 118,039 |
| Financing and Insurance Operations | | | |
| Accounts payable | 6,669 | 7,416 | 4,616 |
| Debt | 135,334 | 135,037 | 124,492 |
| Other liabilities and deferred income taxes | 14,366 | 12,922 | 12,202 |
| | ----- | ----- | ----- |
| Total Financing and Insurance Operations liabilities | 156,369 | 155,375 | 141,310 |
| Minority interests | 702 | 707 | 621 |

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| | | | |
|--|-----------|-----------|-----------|
| General Motors - obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely junior subordinated debentures of General Motors | | | |
| Series D | - | - | 79 |
| Series G | 139 | 139 | 139 |
| Stockholders' equity | | | |
| \$1-2/3 par value common stock (issued, 548,924,480; 548,181,757; and 621,602,927 shares) | | | |
| | 915 | 914 | 1,036 |
| Class H common stock (issued, 875,728,294; 875,286,559; and 415,537,836 shares) | | | |
| | 88 | 88 | 14 |
| Capital surplus (principally additional paid-in capital) | | | |
| | 21,105 | 21,020 | 14,031 |
| Retained earnings | | | |
| | 10,053 | 10,119 | 8,404 |
| | ----- | ----- | ----- |
| Subtotal | 32,161 | 32,141 | 23,485 |
| Accumulated foreign currency translation adjustments | | | |
| | (2,992) | (2,502) | (2,115) |
| Net loss on derivatives | | | |
| | (121) | - | - |
| Net unrealized gains on securities | | | |
| | 300 | 581 | 1,164 |
| Minimum pension liability adjustment | | | |
| | (45) | (45) | (121) |
| | ----- | ----- | ----- |
| Accumulated other comprehensive loss | (2,858) | (1,966) | (1,072) |
| | ----- | ----- | ----- |
| Total stockholders' equity | 29,303 | 30,175 | 22,413 |
| | ----- | ----- | ----- |
| Total liabilities and stockholders' equity | \$302,814 | \$303,100 | \$282,601 |
| | ===== | ===== | ===== |

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | Three Months Ended March 31, | | | |
|--|--|-------------------------------|--|-------------------------------|
| | 2001 | | 2000 | |
| | Automotive, Comm.Serv. and Other | Financing and Insurance | Automotive, Comm.Serv. and Other | Financing and Insurance |
| | ----- | ----- | ----- | ----- |
| | (dollars in millions) | | | |
| Net cash provided by (used in) | | | | |
| operating activities | \$873 | \$ (153) | \$2,449 | \$3,655 |
| Cash flows from investing activities | | | | |
| Expenditures for property | (2,078) | (19) | (1,702) | (103) |
| Investments in marketable securities | | | | |
| - acquisitions | (279) | (7,225) | (970) | (5,858) |
| Investments in marketable securities | | | | |
| - liquidations | 985 | 6,713 | 720 | 6,261 |
| Mortgage servicing rights - acquisitions | - | (447) | - | (178) |

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| | | | | |
|---|---------|----------|---------|----------|
| Mortgage servicing rights - liquidations | - | - | - | - |
| Finance receivables - acquisitions | - | (50,804) | - | (51,978) |
| Finance receivables - liquidations | - | 34,521 | - | 35,252 |
| Proceeds from sales of finance receivables | - | 19,968 | - | 12,248 |
| Operating leases - acquisitions | (1,748) | (2,850) | (2,174) | (4,481) |
| Operating leases - liquidations | 1,925 | 2,481 | 1,763 | 1,739 |
| Investments in companies, net of cash acquired | (548) | (116) | (154) | - |
| Net investing activity with Financing and Insurance Operations | - | - | (998) | - |
| Other | (824) | 503 | (291) | 437 |
| | ----- | ----- | ----- | ----- |
| Net cash (used in) provided by investing activities | (2,567) | 2,725 | (3,806) | (6,661) |
| | ----- | ----- | ----- | ----- |
| Cash flows from financing activities | | | | |
| Net decrease in loans payable | (156) | (16,857) | (25) | (564) |
| Long-term debt - borrowings | 2,041 | 22,518 | 1,186 | 7,754 |
| Long-term debt - repayments | (947) | (3,770) | (1,033) | (4,577) |
| Net financing activity with Automotive, Communications Services, and Other Operations | - | - | - | 998 |
| Repurchases of common stocks | - | - | (132) | - |
| Proceeds from issuing common stocks | 33 | - | 156 | - |
| Cash dividends paid to stockholders | (301) | - | (339) | - |
| | --- | ----- | --- | ----- |
| Net cash provided by (used in) financing activities | 670 | 1,891 | (187) | 3,611 |
| | --- | ----- | --- | ----- |
| Effect of exchange rate changes on cash and cash equivalents | (59) | (10) | (95) | (1) |
| Net transactions with Automotive/ Financing Operations | (591) | 591 | 406 | (406) |
| | --- | --- | --- | --- |
| Net (decrease) increase in cash and cash equivalents | (1,674) | 5,044 | (1,233) | 198 |
| Cash and cash equivalents at beginning of the period | 9,119 | 1,165 | 9,730 | 712 |
| | ----- | ----- | ----- | --- |
| Cash and cash equivalents at end of the period | \$7,445 | \$6,209 | \$8,497 | \$910 |
| | ===== | ===== | ===== | === |

* * *

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Hughes Reports First Quarter 2001
Financial Results

DIRECTV U.S. Business Grows Revenue by 25%; EBITDA by 61%

El Segundo, Calif., April 17, 2001 -- Hughes Electronics Corporation, a world-leading provider of digital television entertainment, broadband services, satellite-based private business networks, and global video and data broadcasting, today reported first quarter 2001 revenues increased 11.2% to \$1,893.0 million, compared with \$1,703.1 million in the first quarter of 2000. EBITDA for the quarter was \$113.2 million and EBITDA margin was 6.0%, compared to EBITDA of \$152.7 million and EBITDA margin of 9.0% in the first quarter of

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2000.

"Our DIRECTV U.S. business continues to be our primary growth driver," explained Michael T. Smith, HUGHES chairman and chief executive officer. "Despite uncertain economic conditions, we activated a record number of DIRECTV U.S. customers--on a gross basis--for the 14th consecutive quarter."

Smith continued, "As a result, DIRECTV generated more than \$1.3 billion in revenues in the quarter, an increase of 25% over the first quarter of 2000, and \$50 million in EBITDA, a 61% improvement over the same period last year. DIRECTV Latin America also contributed to our growth with \$165 million in revenues, a 45% increase over the previous year's first quarter."

Smith added that the improved DIRECTV U.S. EBITDA in the quarter was more than offset by changes in sales and sales-type leases of PanAmSat satellite transponders, increased investment in Hughes Network Systems' (HNS) DirecPC(R) broadband business, and fewer sales of HNS' DIRECTV receiving systems.

"Given the slowing economy, we believe it's prudent to adopt a cautious approach to growth at DIRECTV, while focusing even more on maximizing our returns," Smith continued. "As such, we will manage our subscriber acquisition costs (SAC) to ensure we maintain or increase our return on investment, redouble our efforts to minimize churn, and generate increasing EBITDA."

HUGHES had a first quarter 2001 net loss of \$105.3 million, compared to a net loss of \$81.9 million in the same period of 2000. The decline was due to the reduced EBITDA and increased depreciation expense associated with PanAmSat's larger satellite fleet and the increased number of leased DIRECTV set-top boxes in Latin America, partially offset by the elimination of operating losses and one-time after-tax charges related to the discontinued DIRECTV Japan business.

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Segment Financial Review

Direct-To-Home Broadcast

First quarter revenues for the segment increased 26.9% to \$1,489.9 million from \$1,173.8 million in the first quarter of 2000. The segment had EBITDA of \$6.0 million compared with negative EBITDA of \$9.2 million in the first quarter of 2000.

United States: DIRECTV reported quarterly revenues of \$1,324 million, an increase of 25% from last year's first quarter revenues of \$1,059 million. The increase was primarily due to continued strong subscriber growth.

DIRECTV added 840,000 gross subscribers in the quarter. After accounting for expected churn, this resulted in net subscriber additions in the quarter of 340,000. As of March 31, 2001, DIRECTV had more than 9.8 million subscribers, representing an 18% increase over the 8.3 million customers attained as of March 31, 2000.

EBITDA for the first quarter of 2001 was \$50 million compared to EBITDA of \$31 million in last year's first quarter. This increase was principally due to increased EBITDA resulting from the larger subscriber base, which more than offset the higher marketing costs associated with the record first quarter gross subscriber additions.

Latin America: DIRECTV Latin America generated \$165 million in revenues

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for the quarter compared with \$114 million in the first quarter of 2000. This 45% increase was primarily due to continued strong subscriber growth.

The DIRECTV service in Latin America added 101,000 net subscribers in the first quarter of 2001. The total number of DIRECTV subscribers in Latin America as of March 31, 2001 was just over 1.4 million, compared to 909,000 as of March 31, 2000.

DIRECTV Latin America had negative EBITDA of \$44 million in the quarter compared to negative EBITDA of \$38 million in the same period of 2000. The change was primarily due to the impact of higher marketing expenses associated with the subscriber growth, which more than offset the increased EBITDA resulting from the larger subscriber base.

Satellite Services

PanAmSat, which is 81%-owned by HUGHES, reported first quarter 2001 revenues of \$205.2 million compared with \$299.1 million in the prior year's period. The decrease was driven primarily by \$94 million of first quarter 2000 outright sales and sales-type leases, for which there were no comparable sales in the first quarter 2001. While revenues from outright sales and sales-type leases represent substantial long-term commitments for PanAmSat services, virtually all of these revenues are recognized at service commencement. Revenues from operating lease agreements are recognized monthly over the term of the agreement. As a result, revenues from sales and sales-type lease transactions are subject to greater variation from period to period than revenues from operating leases.

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EBITDA for the quarter was \$140.0 million, compared with first quarter 2000 EBITDA of \$201.0 million. EBITDA margin in the first quarter of 2001 was 68.2%, compared to 67.2% in the same period of 2000. The decrease in EBITDA was principally due to the sales and sales-type leases executed in the first quarter 2000, and an increase in direct operating, and selling, general and administrative (SG&A) costs resulting from the company's continued fleet expansion, and increased investment in the new NET-36 initiative. Excluding the impact of new sales and sales-type leases and operating costs associated with NET-36 from both quarters, EBITDA was \$147.5 million and EBITDA margin was 72% for the first quarter 2001, compared to EBITDA of \$153.3 million and EBITDA margin of 75% in the first quarter 2000.

As of March 31, 2001, PanAmSat had contracts for satellite services representing future payments (backlog) of approximately \$6.2 billion compared to approximately \$6.0 billion at the end of the fourth quarter of 2000. The increase was due primarily to new contracts with HBO, TBS, The WB Television Network and Warner Brothers Domestic Television Distribution services.

Network Systems

Hughes Network Systems (HNS) generated first quarter 2001 revenues of \$248.2 million versus \$364.5 million in the first quarter of 2000. The decline was principally due to lower sales of DIRECTV receiving equipment due primarily to the completion of the PRIMESTAR by DIRECTV conversion process in the third quarter of 2000. HNS shipped 252,000 DIRECTV receiver systems in the first quarter of 2001, compared to 980,000 units in the same period last year. HNS also introduced two new DIRECTV receivers during the quarter, one for high-definition television and the other featuring TiVo functionality.

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In the quarter, HNS had negative EBITDA of \$38.3 million compared to EBITDA of \$16.8 million in the first quarter of 2000. The decline in EBITDA is primarily attributable to lower shipments of and decreased manufacturing subsidies on DIRECTV receivers, and increased investment in DirecPC to grow its broadband subscriber base. In the quarter, DirecPC added nearly 11,000 net subscribers, bringing the cumulative total to approximately 62,000 broadband consumers in the United States.

HNS booked over \$200 million of new orders in its Enterprise business in the first quarter of 2001, a 17% increase from the same period a year ago. The increase in backlog was primarily attributable to a new service agreement with a major processor of debit and credit card transactions. HNS ended the first quarter with a backlog of more than \$500 million in its Enterprise business.

BALANCE SHEET

From December 31, 2000 to March 31, 2001, the Company's consolidated cash balance increased \$19.5 million to \$1,527.6 million and total debt increased \$379.5 million to \$1,696.1 million.

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).

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A live webcast of HUGHES' first quarter 2001 earnings call will be available at 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 invites reporters to participate in a listen-only mode on its first quarter 2001 analyst call at 2 p.m. ET today. The dial-in number is 719-457-2638 and the confirmation code is 471288.

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.

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CONSOLIDATED BALANCE SHEETS

(Dollars in Millions)

| | March 31, 2001 (Unaudited) | December 31, 2000 |
|-------------------------------------|----------------------------------|----------------------|
| ASSETS | | |
| ----- | | |
| Current Assets | | |
| Cash and cash equivalents | \$1,527.6 | \$1,508.1 |
| Accounts and notes receivable | 1,347.9 | 1,253.0 |
| Contracts in process | 168.6 | 186.0 |
| Inventories | 431.5 | 338.0 |
| Deferred income taxes | 94.7 | 89.9 |
| Prepaid expenses and other | 857.9 | 778.7 |
| ----- | | |
| Total Current Assets | 4,428.2 | 4,153.7 |
| Satellites, net | 4,372.4 | 4,230.0 |
| Property, net | 1,748.5 | 1,707.8 |
| Net Investment in Sales-type Leases | 202.3 | 221.1 |
| Intangible Assets, net | 7,104.7 | 7,151.3 |
| Investments and Other Assets | 1,386.3 | 1,815.4 |
| ----- | | |
| Total Assets | \$19,242.4 | \$19,279.3 |
| ===== | | |

LIABILITIES AND STOCKHOLDER'S EQUITY

| | | |
|--|------------|------------|
| ----- | | |
| Current Liabilities | | |
| Accounts payable | \$1,348.6 | \$1,224.2 |
| Deferred revenues | 136.6 | 137.6 |
| Short-term borrowings and current portion of long-term debt | 382.9 | 24.6 |
| Accrued liabilities and other | 1,188.0 | 1,304.5 |
| ----- | | |
| Total Current Liabilities | 3,056.1 | 2,690.9 |
| Long-Term Debt | 1,313.2 | 1,292.0 |
| Other Liabilities and Deferred Credits | 1,646.2 | 1,647.3 |
| Deferred Income Taxes | 666.3 | 769.3 |
| Commitments and Contingencies | | |
| Minority Interests | 524.2 | 553.7 |
| Stockholder's Equity | 12,036.4 | 12,326.1 |
| ----- | | |
| Total Liabilities and Stockholder's Equity | \$19,242.4 | \$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).

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SELECTED SEGMENT DATA

(Dollars in Millions)

(Unaudited)

Three Months

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| | Ended March 31, | |
|-------------------------------|-----------------|------------|
| | 2001 | 2000 |
| ----- | | |
| DIRECT-TO-HOME BROADCAST | | |
| Total Revenues | \$ 1,489.9 | \$ 1,173.8 |
| EBITDA (1) | \$ 6.0 | \$ (9.2) |
| EBITDA Margin (1) | 0.4% | N/A |
| Operating Loss | \$ (145.5) | \$ (126.0) |
| Depreciation and Amortization | \$ 151.5 | \$ 116.8 |
| Capital Expenditures | \$ 127.6 | \$ 168.0 |
| ----- | | |
| SATELLITE SERVICES | | |
| Total Revenues | \$ 205.2 | \$ 299.1 |
| EBITDA (1) | \$ 140.0 | \$ 201.0 |
| EBITDA Margin (1) | 68.2% | 67.2% |
| Operating Profit | \$ 41.1 | \$ 127.3 |
| Operating Profit Margin | 20.0% | 42.6% |
| Depreciation and Amortization | \$ 98.9 | \$ 73.7 |
| Capital Expenditures | \$ 67.2 | \$ 158.0 |
| ----- | | |
| NETWORK SYSTEMS | | |
| Total Revenues | \$ 248.2 | \$ 364.5 |
| EBITDA (1) | \$ (38.3) | \$ 16.8 |
| EBITDA Margin (1) | N/A | 4.6% |
| Operating Profit (Loss) | \$ (52.6) | \$ 0.1 |
| Depreciation and Amortization | \$ 14.3 | \$ 16.7 |
| Capital Expenditures | \$ 178.2 | \$ 67.6 |
| ----- | | |
| ELIMINATIONS and OTHER | | |
| Total Revenues | \$ (50.3) | \$ (134.3) |
| EBITDA (1) | \$ 5.5 | \$ (55.9) |
| Operating Profit (Loss) | \$ 4.5 | \$ (58.9) |
| Depreciation and Amortization | \$ 1.0 | \$ 3.0 |
| Capital Expenditures | \$ (21.8) | \$ 20.7 |
| ----- | | |
| TOTAL | | |
| Total Revenues | \$ 1,893.0 | \$ 1,703.1 |
| EBITDA (1) | \$ 113.2 | \$ 152.7 |
| EBITDA Margin (1) | 6.0% | 9.0% |
| Operating Loss | \$ (152.5) | \$ (57.5) |
| Depreciation and Amortization | \$ 265.7 | \$ 210.2 |
| Capital Expenditures | \$ 351.2 | \$ 414.3 |

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

(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.

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

Three Months

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| | Ended March 31, | |
|---|-----------------|------------|
| | 2001 | 2000 |
| <hr/> | | |
| Revenues | | |
| Direct broadcast, leasing and other services | \$1,698.2 | \$1,472.4 |
| Product sales | 194.8 | 230.7 |
| <hr/> | | |
| Total Revenues | 1,893.0 | 1,703.1 |
| <hr/> | | |
| Operating Costs and Expenses | | |
| Broadcast programming and other costs | 738.7 | 667.8 |
| Cost of products sold | 154.5 | 188.5 |
| Selling, general and administrative expenses | 886.6 | 694.1 |
| Depreciation and amortization | 265.7 | 210.2 |
| <hr/> | | |
| Total Operating Costs and Expenses | 2,045.5 | 1,760.6 |
| <hr/> | | |
| Operating Loss | (152.5) | (57.5) |
| Interest income | 23.8 | 3.9 |
| Interest expense | (50.6) | (44.9) |
| Other, net | 7.2 | (239.2) |
| <hr/> | | |
| Loss From Continuing Operations Before Income Taxes, Minority Interests and Cumulative Effect of Accounting Change | (172.1) | (337.7) |
| Income tax benefit | 49.9 | 221.8 |
| Minority interests in net losses of subsidiaries | 24.3 | 7.6 |
| <hr/> | | |
| Loss from continuing operations before cumulative effect of accounting change | (97.9) | (108.3) |
| Income from discontinued operations, net of taxes | - | 26.4 |
| <hr/> | | |
| Loss before cumulative effect of accounting change | (97.9) | (81.9) |
| Cumulative effect of accounting change, net of taxes | (7.4) | - |
| <hr/> | | |
| Net Loss | (105.3) | (81.9) |
| Adjustment to exclude the effect of GM purchase accounting | 0.8 | 5.3 |
| <hr/> | | |
| Loss Excluding the Effect of GM Purchase Accounting Adjustment | (104.5) | (76.6) |
| Preferred stock dividends | (24.1) | (24.7) |
| <hr/> | | |
| Loss Used for Computation of Available Separate Consolidated Net Loss | \$ (128.6) | \$ (101.3) |
| <hr/> | | |
| Available Separate Consolidated Net Loss | | |

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| | | |
|--|-----------|-----------|
| Average number of shares of General Motors Class H Common Stock outstanding (in millions) (Numerator) | 875.4 | 413.4 |
| Average Class H dividend base (in millions) (Denominator) | 1,299.1 | 1,294.5 |
| Available Separate Consolidated Net Loss | \$ (86.7) | \$ (32.4) |
| ===== | | |

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

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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 April 18, 2001

By
s/Peter R. Bible

(Peter R. Bible,
Chief Accounting Officer)

