GENERAL MOTORS CORP
Form 10-Q
November 13, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549-1004

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
--- EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OF THE SECURITIES EXCHANGE ACT OF
---- 1934

For the transition period from to

Commission file number 1-143

GENERAL MOTORS CORPORATION
(Exact Name of Registrant as Specified in its Charter)

STATE OF DELAWARE	38-0572515
(State or other jurisdiction of Incorporation or Organization)	(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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes X No .

As of October 31, 2003, there were outstanding 560,750,876 shares of the issuer's $1-2/3 par value common stock and 1,108,902,873 shares of GM Class H $0.10 par value common stock.

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

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PART I

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(dollars in millions except per share amounts)			
Total net sales and revenues	$45,929	$43,580	$143,602	$138,133
Cost of sales and other expenses	37,016	36,957	115,339	113,754
Selling, general, and administrative expenses	6,003	6,104	17,792	17,795
Interest expense	2,567	1,924	6,960	5,854
Total costs and expenses	45,586	44,985	140,091	137,403

Income (loss) before income taxes and minority interests	343	(1,405)	3,511	730
Income tax expense (benefit)	89	(551)	1,010	137
Equity income and minority interests	171	50	308	123
Net income (loss)	425	(804)	2,809	716
Dividends on preference stocks	-	-	-	(47)
Earnings (losses) attributable to common stocks	$425	$(804)	$2,809	$669
Basic earnings (losses) per share attributable to common stocks (Note 8)				
$1-2/3 par value	$0.79	$(1.42)	$5.09	$1.65
Class H	$(0.02)	$(0.01)	$(0.04)	$(0.28)
Earnings (losses) per share attributable to common stocks assuming dilution (Note 8)				
$1-2/3 par value	$0.79	$(1.42)	$5.08	$1.63
Class H	$(0.02)	$(0.01)	$(0.04)	$(0.28)

Reference should be made to the notes to consolidated financial statements.

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION TO THE CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(dollars in millions)			
AUTOMOTIVE, COMMUNICATIONS SERVICES, AND OTHER OPERATIONS				
Total net sales and revenues	$38,431	$36,657	$121,205	$118,148
Cost of sales and other expenses	34,900	34,868	109,052	107,540
Selling, general, and administrative expenses	3,495	3,645	10,617	11,153
Interest expense	587	242	1,310	706
Total costs and expenses	38,982	38,755	120,979	119,399
Net expense from transactions with Financing and Insurance Operations	64	72	139	208
Income (loss) before income taxes and minority interests	(615)	(2,170)	87	(1,459)
Income tax (benefit)	(285)	(835)	(294)	(684)
Equity income and minority interests	129	88	277	179
Net income (loss) - Automotive, Communications Services, and Other Operations	$(201)	$(1,247)	$658	$(596)
FINANCING AND INSURANCE OPERATIONS				
Total revenues	$7,498	$6,923	$22,397	$19,985
Interest expense	1,980	1,682	5,650	5,148
Depreciation and amortization expense	1,484	1,395	4,568	4,109
Operating and other expenses	2,315	2,315	6,560	6,171
Provisions for financing and insurance losses	825	838	2,334	2,576
Total costs and expenses	6,604	6,230	19,112	18,004
Net income from transactions with Automotive, Communications Services, and Other Operations	(64)	(72)	(139)	(208)

Income before income taxes and minority interests	958	765	3,424	2,189
Income tax expense	374	284	1,304	821
Equity income (loss) and minority interests	42	(38)	31	(56)
Net income - Financing and Insurance Operations	$626	$443	$2,151	$1,312

The above Supplemental Information is intended to facilitate analysis of General Motors Corporation's businesses: (1) Automotive, Communications Services, and Other Operations; and (2) Financing and Insurance Operations.

Reference should be made to the notes to consolidated financial statements.

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS	Sept. 30, 2003 (Unaudited)	Dec. 31, 2002	Sept. 30, 2002 (Unaudited)
	(dollars in millions)		
Cash and cash equivalents	$41,854	$21,449	$22,008
Marketable securities	21,368	16,825	15,022
Total cash and marketable securities	63,222	38,274	37,030
Finance receivables - net	160,233	134,647	125,958
Accounts and notes receivable (less allowances)	17,817	15,715	14,116
Inventories (less allowances) (Note 2)	11,229	9,967	10,673
Deferred income taxes	38,902	39,865	29,778

Equipment on operating leases - net	35,982	32,988	32,871
Equity in net assets of nonconsolidated associates	5,803	5,044	5,045
Property - net	39,171	37,514	36,328
Intangible assets - net (Note 3)	18,064	17,954	17,100
Other assets	44,054	37,028	38,777
Total assets	$434,477	$368,996	$347,676
LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable (principally trade)	$30,129	$25,082	$24,572
Notes and loans payable	261,323	201,940	186,531
Postretirement benefits other than pensions	35,875	38,186	37,976
Pensions	19,127	22,762	9,785
Deferred income taxes	6,965	7,178	5,969
Accrued expenses and other liabilities	68,965	66,200	62,894
Total liabilities	422,384	361,348	327,727
Minority interests	1,324	834	817
Stockholders' equity			
$1-2/3 par value common stock (outstanding, 560,741,759; 560,447,797; and 560,322,989 shares) (Note 8)	935	936	936
Class H common stock (outstanding, 1,108,731,138; 958,284,272; and 958,110,288 shares) (Note 8)	111	96	96
Capital surplus (principally additional paid-in capital)	22,884	21,583	21,561
Retained earnings	12,000	10,031	9,291
Subtotal	35,930	32,646	31,884
Accumulated foreign currency translation adjustments	(2,099)	(2,784)	(3,009)
Net unrealized losses on derivatives	(130)	(205)	(286)
Net unrealized gains on securities	515	372	141
Minimum pension liability adjustment	(23,447)	(23,215)	(9,598)
Accumulated other comprehensive loss	(25,161)	(25,832)	(12,752)
Total stockholders' equity	10,769	6,814	19,132
Total liabilities and stockholders' equity	$434,477	$368,996	$347,676

Reference should be made to the notes to consolidated financial statements.

GENERAL MOTORS CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION TO THE CONSOLIDATED BALANCE SHEETS

	Sept. 30, 2003 (Unaudited)	Dec. 31, 2002	Sept. 30, 2002 (Unaudited)
ASSETS	(dollars in millions)		
Automotive, Communications Services, and Other Operations			
Cash and cash equivalents	$20,530	$13,291	$14,670
Marketable securities	8,022	2,174	1,360
Total cash and marketable securities	28,552	15,465	16,030
Accounts and notes receivable (less allowances)	6,613	5,861	5,649
Inventories (less allowances) (Note 2)	11,229	9,967	10,673
Equipment on operating leases (less accumulated depreciation)	6,401	5,305	4,524
Deferred income taxes and other current assets	10,842	10,816	9,061
Total current assets	63,637	47,414	45,937
Equity in net assets of nonconsolidated associates	5,803	5,044	5,045
Property - net	37,174	35,693	34,569
Intangible assets - net (Note 3)	14,808	14,611	13,796
Deferred income taxes	30,353	31,431	22,884
Other assets	7,980	7,781	15,112
Total Automotive, Communications Services, and Other Operations assets	159,755	141,974	137,343
Financing and Insurance Operations			
Cash and cash equivalents	21,324	8,158	7,338
Investments in securities	13,346	14,651	13,662
Finance receivables - net	160,233	134,647	125,958
Investment in leases and other receivables	38,781	35,517	34,629
Other assets	41,038	34,049	28,746
Net receivable from Automotive, Communications Services, and Other Operations	1,735	1,089	529
Total Financing and Insurance Operations assets	276,457	228,111	210,862
Total assets	$436,212	$370,085	$348,205
LIABILITIES AND STOCKHOLDERS' EQUITY			
Automotive, Communications Services, and Other Operations			
Accounts payable (principally trade)	$22,727	$20,169	$19,851
Loans payable	1,105	1,516	1,472
Accrued expenses	42,207	40,518	36,817
Net payable to Financing and Insurance Operations	1,735	1,089	529

Total current liabilities	67,774	63,292	58,669
Long-term debt	34,150	16,651	16,794
Postretirement benefits other than pensions	31,949	34,275	34,138
Pensions	19,063	22,709	9,742
Other liabilities and deferred income taxes	15,560	15,461	15,764
Total Automotive, Communications Services, and Other Operations liabilities	168,496	152,388	135,107
Financing and Insurance Operations			
Accounts payable	7,402	4,913	4,721
Debt	226,068	183,773	168,265
Other liabilities and deferred income taxes	22,153	21,363	20,163
Total Financing and Insurance Operations liabilities	255,623	210,049	193,149
Total liabilities	424,119	362,437	328,256
Minority interests	1,324	834	817
Total stockholders' equity	10,769	6,814	19,132
Total liabilities and stockholders' equity	$436,212	$370,085	$348,205

The above Supplemental Information is intended to facilitate analysis of General Motors Corporation's businesses: (1) Automotive, Communications Services, and Other Operations; and (2) Financing and Insurance Operations.

Reference should be made to the notes to consolidated financial statements.

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2003	2002
	(dollars in millions)	
Net cash provided by operating activities	$10,299	$17,190

Cash flows from investing activities		
Expenditures for property	(5,224)	(4,990)
Investments in marketable securities - acquisitions	(12,600)	(35,024)
Investments in marketable securities - liquidations	7,997	32,425
Net originations and purchases of mortgage servicing rights	(2,029)	(1,290)
Increase in finance receivables	(103,738)	(102,899)
Proceeds from sales of finance receivables	76,177	85,492
Operating leases - acquisitions	(9,282)	(9,817)
Operating leases - liquidations	8,137	7,722
Investments in companies, net of cash acquired	(206)	(306)
Proceeds from sale of business units	1,076	-
Other - net	(918)	223
Net cash used in investing activities	(40,610)	(28,464)
Cash flows from financing activities		
Net increase (decrease) in loans payable	(436)	7,528
Long-term debt - borrowings	80,065	25,731
Long-term debt - repayments	(28,579)	(18,009)
Repurchases of common and preference stocks	-	(97)
Proceeds from issuing common stocks	-	64
Proceeds from sales of treasury stocks	-	19
Cash dividends paid to stockholders	(840)	(887)
Net cash provided by financing activities	50,210	14,349
Effect of exchange rate changes on cash and cash equivalents	506	378
Net increase in cash and cash equivalents	20,405	3,453
Cash and cash equivalents at beginning of the period	21,449	18,555
Cash and cash equivalents at end of the period	$41,854	$22,008

Reference should be made to the notes to consolidated financial statements.

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

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

	Automotive, Comm. Serv. and Other		Financing and Insurance	
	Nine Months Ended September 30,			
	2003	2002	2003	2002
	(dollars in millions)			
Net cash provided by operating activities	$1,121	$8,147	$9,178	$9,043
Cash flows from investing activities				
Expenditures for property	(4,756)	(4,920)	(468)	(70)
Investments in marketable securities - acquisitions	(7,033)	(1,391)	(5,567)	(33,633)
Investments in marketable securities - liquidations	1,185	821	6,812	31,604
Net originations and purchases of mortgage servicing rights	-	-	(2,029)	(1,290)
Increase in finance receivables	-	-	(103,738)	(102,899)
Proceeds from sales of finance receivables	-	-	76,177	85,492
Operating leases - acquisitions	-	-	(9,282)	(9,817)
Operating leases - liquidations	-	-	8,137	7,722
Investments in companies, net of cash acquired	(64)	(156)	(142)	(150)
Proceeds from sale of business units	1,076	-	-	-
Other - net	(277)	258	(641)	(35)
Net cash used in investing activities	(9,869)	(5,388)	(30,741)	(23,076)
Cash flows from financing activities				
Net increase (decrease) in loans payable	(866)	(930)	430	8,458
Long-term debt - borrowings	17,262	6,149	62,803	19,582
Long-term debt - repayments	(588)	(183)	(27,991)	(17,826)
Repurchase of common and preference stocks	-	(97)	-	-
Proceeds from issuing common stocks	-	64	-	-
Proceeds from sales of treasury stocks	-	19	-	-
Cash dividends paid to stockholders	(840)	(887)	-	-
Net cash provided by financing activities	14,968	4,135	35,242	10,214
Effect of exchange rate changes on cash and cash equivalents	373	372	133	6
Net transactions with Automotive/Financing Operations	646	(1,028)	(646)	1,028

Net increase (decrease) in cash and cash equivalents	7,239	6,238	13,166	(2,785)
Cash and cash equivalents at beginning of the period	13,291	8,432	8,158	10,123
Cash and cash equivalents at end of the period	$20,530	$14,670	$21,324	$7,338

The above Supplemental Information is intended to facilitate analysis of General Motors Corporation's businesses: (1) Automotive, Communications Services, and Other Operations; and (2) Financing and Insurance Operations.

Reference should be made to the notes to consolidated financial statements.

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Financial Statement Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. for interim financial information. In the opinion of management, all adjustments (consisting of only normal recurring items), which are necessary for a fair presentation have been included. The results for interim periods are not necessarily indicative of results which may be expected for any other interim period or for the full year. For further information, refer to the December 31, 2002 consolidated financial statements and notes thereto included in General Motors Corporation's (the Corporation, General Motors, or GM) 2002 Annual Report on Form 10-K, and all other GM, Hughes Electronics Corporation (Hughes), and General Motors Acceptance Corporation (GMAC) filings with the U.S. Securities and Exchange Commission (SEC).

GM presents its primary financial statements on a fully consolidated basis. Transactions between businesses have been eliminated in the Corporation's consolidated financial statements. These transactions consist principally of borrowings and other financial services provided by Financing and Insurance Operations (FIO) to Automotive, Communications Services, and Other Operations (ACO).

To facilitate analysis, GM presents supplemental information to the statements of income, balance sheets, and statements of cash flows for the following businesses: (1) ACO, which consists of the design, manufacturing, and marketing of cars, trucks, locomotives, and heavy-duty transmissions and related parts and accessories, as well as the operations of Hughes; and (2) FIO, which consists primarily of GMAC. GMAC provides a broad range of financial services, including consumer vehicle financing, full-service leasing, fleet leasing, dealer financing, vehicle extended service contracts, residential and commercial mortgage services, vehicle and homeowners' insurance, and asset-based lending.

Certain amounts for 2002 were reclassified to conform with the 2003 classifications.

New Accounting Standards

Beginning January 1, 2003, the Corporation began expensing the fair market value of stock options newly granted to employees pursuant to Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation." The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. Such expense for the three and nine months ended September 30, 2003 was $19 million and $58 million ($12 million and $36 million, net of tax), recorded in cost of sales and other expenses. For the three and nine months ended September 30, 2002, as permitted by SFAS No. 123, GM applied the intrinsic value method of recognition and measurement under Accounting Principles Board Opinion No. 25 (APB No. 25), "Accounting for Stock Issued to Employees," to its stock options and other stock-based employee compensation awards. No compensation expense related to employee stock options is reflected in net income for these periods, as all options granted had an exercise price equal to the market value of the underlying common stock on the date of the grant.

In accordance with the disclosure requirements of SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," since GM adopted the fair value based method of accounting for stock-based employee compensation pursuant to SFAS No. 123 effective January 1, 2003 for newly granted options only, the following table illustrates the effect on net income and earnings per share if compensation cost for all outstanding and unvested stock options and other stock-based employee compensation awards had been determined based on their fair values at the grant date (dollars in millions except per share amounts):

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Financial Statement Presentation (continued)

	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
Net income (loss), as reported	$425	$(804)	$2,809	$716
Add: stock-based compensation expense with respect to newly granted options, included in reported net income, net of related tax effects	12	-	36	-
Less: stock-based compensation expense determined with respect to all outstanding options, net of related tax effects	(39)	(75)	(145)	(251)
Pro forma net income (loss)	$398	$(879)	$2,700	$465
Earnings (losses) attributable to common stocks				
$1-2/3 par value - as reported	$443	$(795)	$2,852	$922
- pro forma	429	(843)	2,796	769
Class H - as reported	$(18)	$(9)	$(43)	$(253)
- pro forma	(31)	(36)	(96)	(351)
Basic earnings (losses) per share attributable to common stocks				
$1-2/3 par value - as reported	$0.79	$(1.42)	$5.09	$1.65
- pro forma	0.77	(1.50)	4.99	1.37
Class H - as reported	$(0.02)	$(0.01)	$(0.04)	$(0.28)
- pro forma	(0.03)	(0.04)	(0.09)	(0.39)
Diluted earnings (losses) per share attributable to common stocks				
$1-2/3 par value - as reported	$0.79	$(1.42)	$5.08	$1.63
- pro forma	0.76	(1.50)	4.98	1.36
Class H - as reported	$(0.02)	$(0.01)	$(0.04)	$(0.28)
- pro forma	(0.03)	(0.04)	(0.09)	(0.39)

In December 2002, the Financial Accounting Standards Board (FASB) issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN 45). FIN 45 requires that at the time a company issues a guarantee, the company must recognize an initial liability for the fair value of the obligations it assumes under that guarantee. This interpretation is applicable on a prospective basis to guarantees issued or modified after December 31, 2002. FIN 45 also contains disclosure provisions surrounding existing guarantees, which are effective for financial statements of interim or annual periods ending after December 15, 2002. See Note 6.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46), which requires the consolidation of certain entities considered to be variable interest entities (VIEs). An entity is considered to be a VIE when it has equity investors who lack the characteristics of having a controlling financial interest, or its capital is insufficient to permit it to finance its activities without additional subordinated financial support. Consolidation of a VIE by an investor is required when it is determined that the investor will absorb a majority of the VIEs expected losses or residual returns if they occur. FIN 46 provides certain exceptions to these rules, relating to qualifying special purpose entities (QSPEs) subject to the requirements of SFAS No. 140. Upon its original issuance, FIN 46 required that VIEs created after January 31, 2003 would be consolidated immediately, while VIEs created prior to February 1, 2003 were to be consolidated as of July 1, 2003.

In October 2003, the FASB deferred the effective date for consolidation of VIEs created prior to February 1, 2003 to December 31, 2003 for calendar year-end companies, with earlier application encouraged. GM adopted FIN 46 as of its original effective date of July 1, 2003 for entities created prior to February 1, 2003. The application of the consolidation provisions of FIN 46 resulted in an increase in assets and debt of approximately $4.7 billion ($972 million in ACO, and $3.7 billion in FIO), and a cumulative effect of accounting change recorded in cost of sales and other expenses of $92 million after-tax, related to ACO and no net income impact at FIO. Refer to Note 5 to the Consolidated Financial Statements for further discussion of GM's involvement in Variable Interest Entities.

Note 1. Financial Statement Presentation (concluded)

In April 2003, the FASB issued SFAS No. 149, "Amendments of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities. The Statement is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of this standard did not have a material effect on the Corporation's financial condition or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which provides standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The Statement is effective for financial instruments entered into or modified after May 31, 2003 and for pre-existing instruments as of the beginning of the first interim period beginning after June 15, 2003. The adoption of this standard did not have a material effect on the Corporation's financial condition or results of operations.

Note 2. Inventories

Inventories included the following for Automotive, Communications Services, and Other Operations (dollars in millions):

	Sept. 30, 2003	Dec. 31, 2002	Sept. 30, 2002
Productive material, work in process, and and supplies	$4,979	$4,915	$5,274
Finished product, service parts, etc.	8,023	6,859	7,236
Total inventories at FIFO	13,002	11,774	12,510

Less LIFO allowance	1,773	1,807	1,837
Total inventories (less allowances)	$11,229	$9,967	$10,673

Note 3. Goodwill and Intangible Assets

The components of the Corporation's intangible assets as of September 30, 2003, were as follows (dollars in millions):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Automotive, Communications Services, and Other Operations			
Amortizing intangible assets:			
Patents and intellectual property rights	$303	$20	$283
Dealer network and subscriber base	355	214	141
Total	658	234	424
Non-amortizing intangible assets:			
License fees - orbital slots			432
Total acquired intangible assets			856
Goodwill			7,143
Pension intangible asset			6,809
Total intangible assets			14,808

Note 3. Goodwill and Intangible Assets (concluded)

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Financing and Insurance Operations			

Amortizing intangible assets:			
Customer lists and contracts	$70	$31	$39
Trademarks and other	49	15	34
Covenants not to compete	18	18	-
Total	137	64	73
Total intangible assets			73
Non-amortizing intangible assets:			
Goodwill			3,183
Total intangible assets			3,256
Total consolidated intangible assets			$18,064

Estimated amortization expense in each of the next five years is as follows: 2004 - $71 million; 2005 - $48 million; 2006 - $48 million; 2007 - $48 million; and 2008 - $44 million.

The changes in the carrying amounts of goodwill for the nine months ended September 30, 2003, were as follows (dollars in millions):

For the Nine Months Ended September 30, 2003	GMNA	GME	(1) Other	(1) Hughes	Total ACO	GMAC	Total GM
Balance as of December 31, 2002	$139	$338	$57	$6,458	$6,992	$3,273	$10,265
Goodwill acquired during the period	109	-	-	4	113	14	127
Goodwill written off due to sale of assets	(4)	-	-	-	(4)	-	(4)
Effect of foreign currency translation	-	42	-	-	42	14	56
Impairment/Other (2)	-	-	-	-	-	(118)	(118)
Balance as of September 30, 2003	$244	$380	$57	$6,462	$7,143	$3,183	$10,326

(1) The amount recorded for Hughes excludes GM's purchase accounting adjustments related to GM's acquisition of Hughes Aircraft Company. The carrying value of $57 million in goodwill associated with the purchase is reported in the Other segment.

(2) In September 2003, GMAC received $110 million related to a settlement of a claim involving the 1999 acquisition of the asset-based lending and factoring business of The Bank of New York. Of the settlement amount, $109 million was considered a purchase price adjustment, reducing the related goodwill; the remainder represented a reimbursement of tax claims paid on behalf of The Bank of New York.

Note 4. Product Warranty Liability

Policy, product warranty and recall campaigns liability included the following (dollars in millions):

	Nine Months Ended Sept. 30, 2003	Twelve Months Ended Dec. 31, 2002

Beginning balance	$8,856	$8,177
Payments	(3,338)	(4,182)
Increase in liability (warranties issued during period)	3,400	4,418
Adjustments to liability (pre-existing warranties)	(351)	323
Effect of foreign currency translation	68	120
Ending balance	$8,635	$8,856

Note 5. Variable Interest Entities

As discussed in Note 1 to the Consolidated Financial Statements, GM applied the provisions of FIN 46 for all entities beginning July 1, 2003. In connection with the application of FIN 46, GM is providing information below concerning variable interest entities that: (1) are consolidated by GM because GM is deemed to be the primary beneficiary and (2) those entities that GM does not consolidate because, although GM has significant interests in such variable interest entities, GM is not the primary beneficiary.

Automotive, Communications Services, and Other Operations

Synthetic Leases -- GM leases real estate and equipment from various special purpose entities (SPEs) that have been established to facilitate the financing of those assets for GM by nationally prominent, creditworthy lessors. These assets consist principally of office buildings, warehouses, and machinery and equipment. The use of SPEs allows the parties providing the financing to isolate particular assets in a single entity and thereby syndicate the financing to multiple third parties. This is a conventional financing technique used to lower the cost of borrowing and, thus, the lease cost to a lessee such as GM. There is a well-established market in which institutions participate in the financing of such property through their purchase of interests in these SPEs. Certain of these SPEs were determined to be VIEs under FIN 46. For those leases where GM provides a residual value guarantee of the leased property and is considered the primary beneficiary under FIN 46, GM consolidated these entities as of July 1, 2003. This resulted in an increase in assets and debt of $917 million, and a cumulative effect of accounting change related to ACO (recorded as a charge to cost of sales and other expenses) of $27 million after-tax.

Investments-- Hughes has investments in local operating companies providing DIRECTV programming services in Venezuela and Puerto Rico, of which Hughes owns 19.5% and 40.0%, respectively. These entities were determined to be VIEs and Hughes is considered to be the primary beneficiary. GM consolidated these entities as of July 1, 2003, resulting in an increase in assets of $55 million and a cumulative effect of accounting change (recorded as a charge to cost of sales and other expenses) of $65 million after-tax.

The total after-tax charge to ACO net income was $92 million.

Financing and Insurance Operations

Mortgage warehouse funding -- GMAC's Mortgage operations sell commercial and residential mortgage loans through various structured finance arrangements in order to provide funds for the origination and purchase of future loans. These structured finance arrangements include sales to off-balance sheet warehouse funding entities, including GMAC- and bank-sponsored commercial paper conduits. Transfers of assets from GMAC into each facility are accounted for as sales based on the provisions of SFAS No. 140 and as such creditors of these facilities have no recourse to the general credit of GMAC. Some of these warehouse funding entities represent variable interest entities under FIN 46. For certain mortgage warehouse entities, management determined that GMAC does not have the majority of the expected losses or returns and, as such, consolidation is not appropriate under FIN 46. The assets in these entities totaled $1.9 billion, of which $1.1 billion represents GMAC's maximum exposure to loss. The maximum exposure would only occur in the unlikely event that there was a complete loss on the underlying assets of the entities. In other entities, GMAC was considered the primary beneficiary, and the activities of these entities were either terminated prior to July 1, 2003 or GMAC consolidated these entities pursuant to FIN 46. The consolidation of particular entities was a decision driven in part by the Company's desire to invest in certain asset classes on the balance sheet. Had management not had any interest in investing in such assets, the Company might have restructured the entities to ensure continued off-balance sheet treatment. As of September 30, 2003 the assets in these entities were classified as mortgage loans held for sale ($1.8 billion) and consumer mortgage loans ($1.7 billion) in GMAC's consolidated balance sheet with corresponding liabilities reflected as a component of debt.

Note 5. Variable Interest Entities (concluded)

Interests in Real Estate Partnerships -- The Company's Mortgage operations syndicate investments in real estate partnerships to unaffiliated investors and, in certain partnerships, guarantee the timely payment of a specified return to those investors. Returns to investors in the partnerships syndicated by the Company are derived from tax credits and tax losses generated by underlying operating partnership entities that develop, own, and operate affordable housing properties throughout the United States. Syndicated tax credit partnerships that contain a guarantee are reflected in the Company's financial statements under the financing method. In addition, the Company has variable interests in the underlying operating partnerships (primarily in the form of limited partnership interests). The results of the Company's variable interest analysis indicated that GMAC is not the primary beneficiary of these partnerships and, as a result, is not required to consolidate these entities under FIN 46. Assets outstanding in these partnerships approximated $2.5 billion at September 30, 2003. GMAC's exposure to loss at such time was $567 million, representing the amount payable to investors in the event of liquidation of the partnerships.

The Company's exposure to loss increases as unaffiliated investors place additional guaranteed commitments with the Company. Considering such committed amounts, the Company's exposure to loss in future periods is not expected to exceed $1 billion.

Collateralized debt obligations (CDOs) -- GMAC's Mortgage operations sponsor, purchase subordinate and equity interests in, and serve as collateral manager for CDOs. Under CDO transactions, a trust is established that purchases a portfolio of securities and issues debt and equity certificates, representing interests in the portfolio of assets. In addition to receiving variable compensation for managing the portfolio, the Company sometimes retains equity investments in the CDOs. The majority of the CDOs sponsored by the Company were initially structured or have been restructured (with approval by the senior beneficial interest holders) as qualifying special purpose entities, and are therefore exempt from FIN 46. For the Company's remaining CDOs, the results of the primary beneficiary analysis support the conclusion that consolidation is not appropriate under FIN 46 because GMAC does not have the majority of the expected losses or returns. The assets in these CDOs totaled $1.3 billion of which GMAC's maximum exposure to loss is $98 million, representing GMAC's retained interests in these entities. The maximum exposure to loss would only occur in the unlikely event that there was a complete loss on the underlying assets of the entities.

Automotive Finance Receivables -- In certain securitization transactions, GMAC securitizes consumer and commercial finance receivables into bank-sponsored multi-seller commercial paper conduits. These conduits provide a funding source to GMAC (as well as other sellers into the conduit) as they fund the purchase of the receivables through the issuance of commercial paper. Total assets outstanding in these bank-sponsored conduits approximated $12 billion as of September 30, 2003. While GMAC has a variable interest in these conduits, the Company is not deemed to be the primary beneficiary, as GMAC does not retain the majority of the expected losses or returns. GMAC's maximum exposure to loss as a result of its involvement with these non-consolidated variable interest entities is $149 million and would only be realized in the event of a complete loss on the assets that GMAC sold.

Note 6. Commitments and Contingent Matters

Commitments

GM has guarantees related to its performance under operating lease arrangements and the residual value of lease assets totaling $604 million. Expiration dates vary, and certain leases contain renewal options. The fair value of the underlying assets is expected to fully mitigate GM's obligations under these guarantees. Accordingly, no liabilities were recorded with respect to such guarantees.

The Corporation has guaranteed certain amounts related to the securitization of mortgage loans. In addition, GMAC issues financial standby letters of credit as part of their financing and mortgage operations. At September 30, 2003 approximately $76 million was recorded with respect to these guarantees, the maximum exposure under which is approximately $4.0 billion.

In addition to guarantees, GM has entered into agreements indemnifying certain parties with respect to environmental conditions pertaining to ongoing or sold GM properties. Due to the nature of the indemnifications, GM's maximum exposure under these agreements cannot be estimated. No amounts have been recorded for such indemnities.

In connection with certain divestitures prior to January 1, 2003, GM has provided guarantees with respect to benefits for former GM employees relating to income protection, pensions, post-retirement healthcare and life insurance. Due to the nature of these indemnities, the maximum exposure under these agreements cannot be estimated. No amounts have been recorded for such indemnities as the Corporation's obligations under them are not probable and estimable.

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 6. Commitments and Contingent Matters (continued)

In addition to the above, in the normal course of business GM periodically enters into agreements that incorporate indemnification provisions. While the maximum amount to which GM may be exposed under such agreements cannot be estimated, it is the opinion of management that these guarantees and indemnifications are not expected to have a material adverse effect on the Corporation's consolidated financial position or results of operations

Contingent Matters

Litigation is subject to uncertainties and the outcome of individual litigated matters is not predictable with assurance. Various legal actions, governmental investigations, claims, and proceedings are pending against the Corporation, including those arising out of alleged product defects; employment-related matters; governmental regulations relating to safety, emissions, and fuel economy; product warranties; financial services; dealer, supplier, and other contractual relationships; and environmental matters.

On March 18, 2003, DIRECTV Latin America, LLC (DLA LLC) filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (Bankruptcy Court). The filing does not include any of its operating companies in Latin America and the Caribbean, which will continue regular operations. DLA LLC continues to manage its business as a debtor-in-possession. As a debtor-in-possession, management is authorized to operate the business, but may not engage in transactions outside the ordinary course of business without Bankruptcy Court approval. Subsequent to the filing of its Chapter 11 petition, DLA LLC obtained Bankruptcy Court orders that, among other things, authorized DLA LLC to pay certain pre-petition obligations related to employee wages and benefits and to take certain actions where such payments or actions will benefit its estate or preserve the going concern value of the business enterprise, thereby enhancing the prospects of reorganization.

Investment in Fiat Auto Holdings

At the April 23, 2003, Annual General Shareholders Meeting of Fiat Auto Holdings, B.V. (FAH), FAH adopted a Euro 5 billion recapitalization plan that provides shareholders the option to make pro-rata capital contributions over the eighteen months following adoption of the plan. When the plan was adopted, Fiat S.p.A. (Fiat) held 80% of FAH and GM 20%. Fiat participated in the recapitalization by making a Euro 3 billion contribution, which FAH used to repay inter-company debts owed to Fiat or its affiliates. Currently, GM does not plan to participate. Due to Fiat's participation in the recapitalization, and GM's non-participation, Fiat has reported that GM's interest in FAH has been reduced from 20% to 10%.

As discussed in GM's Annual Report on Form 10-K for the period ending December 31, 2002, the Master Agreement provides that, from January 24, 2004 to July 24, 2009, Fiat may seek to exercise a put option (the "Put") to require GM to purchase Fiat's FAH shares at their fair market value. Whether and when Fiat may seek to exercise the Put is unknown, although Fiat has recently stated in its 2002 Annual Report on Form 20F, filed with the U.S. Securities and Exchange Commission, that it views the exercise of the Put only as a secondary possibility. Fiat also stated in its Form 20F that it believes that the put is enforceable in accordance with the terms of the Master Agreement. GM has, however, asserted to Fiat that the sale of certain assets of the financing business of Fiat Auto and the recapitalization of FAH represent material breaches of the Master Agreement, with the result that the Master Agreement, including the Put, is terminable by GM. Notwithstanding these different views, GM and Fiat share a desire to continue to build on the cooperation the parties have worked on for the past several years in the joint ventures and other cooperative contractual arrangements they have entered into which are independent of the Master Agreement, and to provide an opportunity to pursue a resolution of these different views. Towards that end, Fiat and GM entered into a standstill agreement on October 26, 2003, the provisions of which enable GM to defer until December 15, 2004, the necessity of electing the remedy of termination of the Master Agreement, and with it the Put, without such deferral prejudicing the right of GM to elect that remedy after December 15, 2004. On October 26, 2003, Fiat and GM also entered into an amendment to the Master Agreement that shifts the Put period by one year, so that it begins on January 24, 2005 and runs to July 24, 2010.

If the Put were implemented, the fair market value of FAH shares would be determined by the averaging of the three closest of four valuations that would be prepared by four investment banks after conducting due diligence under procedures set forth in the Master Agreement and based upon terms and conditions to be incorporated in a purchase agreement which, at this time, the parties have not prepared. Unless such a process and valuation is completed, the amount, if any, that GM might have to pay for Fiat's FAH shares if there were to be a valid exercise of the Put, is not quantifiable.

Note 6. Commitments and Contingent Matters (concluded)

If there were a valid exercise of the Put, GM would have the option to pay for Fiat's FAH shares entirely in shares of GM $1-2/3 par value common stock, entirely in cash, or in whatever combination thereof GM may choose. Under such circumstances, if and to the extent GM chose to pay in cash, that portion of the purchase price could be paid to Fiat in four installments over a three-year period and GM would expect to fund any such payments from normal operating cash flows or financing activities.

If and when GM were to acquire Fiat's FAH shares, and thus become the sole owner of FAH, GM would decide what, if any, additional capitalization would then be appropriate for FAH and Fiat Auto. Specifically, if Fiat Auto were to need additional funding, GM would have to decide whether or not to provide such funding and under what conditions it might do so.

Unless FAH or Fiat Auto were subject to liquidation or insolvency, FAH's consolidated financial statements would be required for financial reporting purposes to be consolidated with those of GM. Any indebtedness, losses and capital needs of FAH and Fiat Auto after their acquisition by GM are not presently determinable, but they could have a material adverse effect on GM if GM chooses to fund such needs.

GM and Fiat have discussed potential alternatives to the Master Agreement, and further discussions regarding the status of the Master Agreement are planned.

European Matters

During September 2000, the European parliament passed a directive requiring member states to adopt 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. The laws developed in the individual national legislatures throughout Europe will have a significant impact on the amount ultimately paid by the manufacturers for this issue. Management is assessing the impact of this potential legislation on GM's consolidated financial position and results of operations, and may include charges to earnings in future periods.

The European Commission has approved a new block exemption regulation that provides for a reform of the rules governing automotive distribution and service in Europe. The European Commission's proposal would eliminate the current block exemption in place since 1985 that permits manufacturers to control where their dealerships are located and the brands that they sell. In order to implement both the new regulatory changes as well as desired commercial strategies, General Motors Europe (GME) issued a termination letter to all European Union dealers (excluding those already under termination notice) while simultaneously also offering an unconditional Letter of Intent to certain dealers to remain part of GME's network. Dealers and authorized repairers have signed new agreements as of October 1, 2003, as the new regulation is becoming fully effective. Management does not believe that the future impact of the changes to the block exemption regulation will have a material adverse effect on GM's consolidated financial position or results of operations.

Note 7. Comprehensive Income (loss)

GM's total comprehensive income was as follows (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Net income (loss)	$425	$(804)	$2,809	$716
Other comprehensive income (loss)	174	(478)	671	(457)
Total	$599	$(1,282)	$3,480	$259

Note 8. Earnings Per Share Attributable to Common Stocks

Earnings per share (EPS) attributable to each class of GM common stock was determined based on the attribution of earnings to each such class of common stock for the period divided by the weighted-average number of common shares for each such class outstanding during the period. Diluted EPS attributable to each class of GM common stock considers the effect of potential common shares, unless the inclusion of the potential common shares would have an antidilutive effect.

Note 8. Earnings Per Share Attributable to Common Stocks (continued)

	Three Months Ended September 30,	Nine Months Ended September 30,

	2003	2002	2003	2002
Earnings (losses) attributable to common stocks				
$1-2/3 par value	$443	$(795)	$2,852	$922
Class H	$(18)	$(9)	$(43)	$(253)

Earnings attributable to GM $1-2/3 par value common stock for the period represent the earnings (losses) attributable to all GM common stocks, adjusted by the losses attributable to GM Class H common stock for the respective period.

Losses attributable to GM Class H common stock for the nine month period ended September 30, 2002 represent the net loss of Hughes, adjusted to exclude the write-off of goodwill for DIRECTV Latin America and DIRECTV Broadband recorded in Hughes' stand alone financial statements and other adjustments. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," GM as of January 1, 2002 evaluated the carrying value of goodwill associated with its Direct-to-Home Broadcast reporting unit in the aggregate and determined the goodwill was not impaired. In addition, the adjusted losses are reduced by the amount of dividends accrued on the Series A Preferred Stock of Hughes (as an equivalent measure of the effect that GM's payment of dividends on the GM Series H 6.25% Automatically Convertible Preference Stock would have if paid by Hughes).

The calculated losses are then multiplied by a fraction, the numerator of which is equal to the weighted-average number of shares of GM Class H common stock outstanding (1.1 billion and 958 million during the three months ended September 30, 2003 and 2002, respectively, and 1.1 billion and 907 million during the nine months ended September 30, 2003 and 2002, respectively), and the denominator of which is a number equal to the weighted-average number of shares of GM Class H common stock which if issued and outstanding would represent a 100% interest in the earnings of Hughes (the "Average Class H dividend base"). The Average Class H dividend base was 1.4 billion for the three months ended September 30, 2003 and 2002, and for the for the nine months ended September 30, 2003 and 2002, 1.4 billon and 1.3 billion respectively.

In addition, the denominator used may be adjusted on occasion as deemed appropriate by the GM Board to reflect subdivisions or combinations of the GM Class H common stock, certain transfers of capital to or from Hughes, the contribution of shares of capital stock of GM to or for the benefit of Hughes employees, and the retirement of GM Class H common stock purchased by Hughes. The GM Board's discretion to make such adjustments is limited by criteria set forth in GM's Restated Certificate of Incorporation. The denominator of the GM Class H fraction as of September 30, 2003 was 1,383,050,745.

Shares of GM Class H common stock delivered by GM in connection with the award of such shares to and the exercise of stock options by employees of Hughes increase the numerator and denominator of the fraction referred to above. From time to time, in anticipation of exercises of stock options, Hughes may purchase GM Class H common stock from the open market. Upon purchase, these shares are retired and therefore decrease the numerator and denominator of the fraction referred to above.

On March 12, 2003, GM contributed 149.2 million shares of GM Class H common stock valued at approximately $1.24 billion to certain of its U.S. employee benefit plans. The contribution increased the amount of GM Class H common stock held by GM's employee benefit plans to approximately 331 million shares and reduced GM's retained economic interest in Hughes to approximately 19.9% from 30.7%.

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

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Note 8. Earnings Per Share Attributable to Common Stocks (continued)

The reconciliation of the amounts used in the basic and diluted earnings per share computations was as follows (dollars and shares in millions except per share amounts):

	$1-2/3 Par Value Common Stock			Class H Common Stock		
	Income/ (Loss)	Shares	Per Share Amount	Income/ (Loss)	Shares	Per Share Amount
Three Months Ended September 30, 2003						
Income (loss)	$443			$(18)		
Less: Dividends on preference stocks	-			-		
Basic EPS Income (loss) attributable to common stock	$443	561	$0.79	$(18)	1,108	$(0.02)
Effect of Dilutive Securities Assumed exercise of dilutive stock options	-	-		-	-	
Diluted EPS Adjusted income (loss) attributable to common stocks	$443	561	$0.79	$(18)	1,108	$(0.02)
Three Months Ended September 30, 2002						
Loss	$(795)			$(9)		
Less: Dividends on preference stocks	-			-		
Basic EPS Loss attributable to common stocks	(795)	560	$(1.42)	$(9)	958	$(0.01)
Effect of Dilutive Securities Assumed exercise of dilutive stok options	-	-		-	-	

Diluted EPS						
Adjusted loss attributable to common stocks	$(795)	560	$(1.42)	$(9)	958	$(0.01)
Nine Months Ended September 30, 2003						
Income (loss)	$2,852			$(43)		
Less: Dividends on preference stocks	-			-		
Basic EPS						
Income (loss) attributable to common stocks	$2,852	561	$5.09	$(43)	1,069	$(0.04)
Effect of Dilutive Securities						
Assumed exercise of dilutive stock options	-	-	(0.01)	-	-	
Diluted EPS						
Adjusted income (loss) attributable to common stocks	$2,852	561	$5.08	$(43)	1,069	$(0.04)
Nine Months Ended September 30, 2002						
Income (loss)	$937			$(221)		
Less: Dividends on preference stocks	15			32		
Basic EPS						
Income (loss) attributable to common stocks	$922	560	$1.65	$(253)	907	$(0.28)
Effect of Dilutive Securities						
Assumed exercise of dilutive stock options	-	5	(0.02)	-	-	
Diluted EPS						
Adjusted income (loss) attributable to common stocks	$922	565	$1.63	$(253)	907	$(0.28)

Certain stock options and convertible securities were not included in the computation of diluted earnings per share for the periods presented since the instruments' underlying exercise prices were greater than the average market prices of GM $1-2/3 par value common stock and GM Class H common stock. In addition, for periods in which there was an adjusted loss attributable to common stocks, any outstanding options to purchase and/or securities convertible into shares of GM $1-2/3 par value common stock and GM Class H common stock with underlying exercise prices less than the average market prices were excluded from the calculations of diluted loss per share, as inclusion of these securities would have been antidilutive to the net loss per share.

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

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Note 8. Earnings Per Share Attributable to Common Stocks (concluded)

Options to purchase shares of common stock not included in the computation of diluted earnings per share because of their antidilutive effect were as follows (shares in millions):

	$1-2/3 Par Value Common Stock	Class H Common Stock
Three Months Ended September 30, 2003	81	92
Three Months Ended September 30, 2002	86	96
Nine Months Ended September 30, 2003	81	94
Nine Months Ended September 30, 2002	29	97

In addition, securities convertible into 147 million shares of GM $1-2/3 par value common stock were outstanding at September 30, 2003. These shares are not currently issuable.

Note 9. Depreciation and Amortization

Depreciation and amortization included in Cost of sales and other expenses for Automotive, Communications Services, and Other Operations was as follows:

	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
Depreciation	$1,326	$1,166	$3,904	$3,441
Amortization of special tools	676	645	2,029	1,896
Amortization of intangible assets	29	3	77	6
Total	$2,031	$1,814	$6,010	$5,343

Note 10. Hughes Transaction

On April 9, 2003, GM, Hughes and The News Corporation Limited (News Corporation) announced the signing of definitive agreements that provide for, among other things, the split-off of Hughes from GM and the simultaneous sale of GM's approximately 19.8% economic interest in Hughes to News Corporation for $14 per share, or approximately $3.8 billion. GM would receive approximately $3.1 billion in cash with the remainder payable in News Corporation preferred American Depositary Shares (News Corporation ADSs) and/or cash at News Corporation's election. News Corporation would acquire an additional 14.2% stake in Hughes from the holders of GM Class H common stock through a mandatory exchange of a portion of their Hughes common stock received in the split-off, which would provide News Corporation with a total of 34% of the then outstanding capital stock of Hughes. In addition, GM would receive a cash dividend from Hughes of $275 million in connection with the transactions. This dividend is expected to be paid by Hughes through available cash balances.

Under the terms of the proposed transactions, holders of GM Class H common stock would first exchange their shares for Hughes common stock on a share-for-share basis in the split-off, followed immediately by an exchange of approximately 17.7% of the Hughes common stock they receive in the split-off for approximately $14 per share in News Corporation ADSs and/or cash. The number of News Corporation ADSs payable to GM and Hughes common stockholders, based on a fixed-price of $14 per Hughes share, will be adjusted within a collar range of 20% above or below the News Corporation ADS price of $22.40. This mandatory exchange of about 17.7% of the shares of Hughes common stock for News Corporation ADSs and/or cash would be taxable to the Hughes common stockholders at the time. The transactions are structured in a manner that will not result in the recapitalization of GM Class H common stock into GM $1-2/3 par value common stock at a 120% exchange ratio, as currently provided for under certain circumstances in the General Motors Restated Certificate of Incorporation, as amended.

Note 10. Hughes Transaction (concluded)

If the transactions are completed, Rupert Murdoch, chairman and chief executive officer of News Corporation, would become chairman of Hughes, and Chase Carey, who is currently serving as an advisor to News Corporation, would become president and chief executive officer of Hughes. Eddy Hartenstein, Hughes senior executive vice president, would be named vice chairman of Hughes. Hughes would have 11 directors, the majority of which would be independent directors.

The transactions are subject to a number of conditions, including, among other things, obtaining U.S. antitrust and Federal Communications Commission approvals, approval by a majority of each class of GM stockholders - GM $1-2/3 and GM Class H - voting both as separate classes and together as a single class and a favorable ruling from the Internal Revenue Service that the split-off of Hughes from GM would be tax-free to GM and its stockholders for U.S. federal income tax purposes. On September 11, 2003, GM received a private-letter ruling from the U.S. Internal Revenue Service confirming that the distribution of Hughes Electronics common stock to the holders of GM Class H common stock, in connection with the split-off of Hughes, would be tax-free to GM and its Class H stockholders for federal income tax purposes. On October 6, 2003 GM announced that stockholders had approved the transactions. (See Note 12). No assurances can be given that the governmental approvals will be obtained or the transactions will be completed. The financial and other information regarding Hughes contained in this Quarterly Report do not give any effect to or make any adjustment for the anticipated completion of the transactions.

During April 2003, the Hughes Board of Directors approved the reclassification of the outstanding Hughes Series B convertible preferred stock into Hughes Class B common stock of equivalent value, and a subsequent stock split of Hughes common stock and Hughes Class B common stock through dividends of additional shares. GM, in its capacity as the holder of all outstanding Hughes capital stock, approved the reclassification. Shortly thereafter, GM converted some of its Hughes common stock into an equivalent number of shares of

Hughes Class B common stock. As a result of these transactions, Hughes currently has 1,207,518,237 shares of Hughes common stock and 274,373,316 shares of Hughes Class B common stock issued and outstanding, all of which are owned by GM. The terms of the Hughes common stock and Hughes Class B common stock are identical in all respects (with the exception of provisions regarding stock-on-stock dividends) and, at the option of the holder, the Hughes common stock may be converted at any time into Hughes Class B common stock and vice versa. These transactions had no impact on the outstanding number of shares of GM Class H common stock or the Class H dividend base. In connection with the News Corporation transactions, GM Class H common stock will be exchanged for Hughes common stock, and the Hughes Class B common stock will be sold by GM to News Corporation. Immediately after the completion of the News Corporation transactions, all of the shares of Hughes Class B common stock held by News Corporation will be converted into Hughes common stock.

Upon completion of the Hughes split-off and sale transactions, GM will record the exchange of Hughes common stock for all the outstanding shares of GM Class H common stock in the Hughes split-off share exchange at book value. Simultaneously with the Hughes split-off, based on certain assumptions, GM will sell all of its retained economic interest in Hughes (in the form of the Hughes Class B common stock) to News Corporation for approximately $3.1 billion in cash and up to an additional approximately $770 million in News Corporation ADSs and/or cash, subject to adjustment based on the collar mechanism. Based on a price of $14.00 per share of GM Class H common stock, the net book value of Hughes at September 30, 2003, and certain other assumptions, the transactions would have resulted in a gain of approximately $1.2 billion, net of tax. In addition, GM currently anticipates that as a result of the transactions, there will be a net reduction of GM stockholders' equity of approximately $7.1 billion. The financial results of Hughes for all periods prior to the completion of the transactions will be reported as discontinued operations in GM's consolidated financial statements upon: (1) the receipt of the requisite GM common stockholder approval of all proposals relating to the transactions (received on October 6, 2003); and, (2) the satisfaction of all regulatory related conditions to the transactions.

Note 11. Segment Reporting

GM's reportable operating segments within its ACO business consist of General Motors Automotive (GMA) (which is comprised of four regions: GM North America (GMNA), GM Europe (GME), GM Latin America/Africa/Mid-East (GMLAAM), and GM Asia Pacific (GMAP)), Hughes, and Other. GM's reportable operating segments within its FIO business consist of GMAC and Other. Selected information regarding GM's reportable operating segments were as follows (dollars in millions):

	GMNA	GME	GMLAAM	GMAP	GMA	Hughes	Other	ACO
					(dollars in millions)			
For the Three Months Ended September 30, 2003								
Manufactured products sales and revenues:								
External customers	$27,339	$6,085	$1,150	$1,194	$35,768	$2,582	$81	$38,431
Intersegment	(529)	185	154	190	-	4	(4)	-
Total manufactured products	$26,810	$6,270	$1,304	$1,384	$35,768	$2,586	$77	$38,431
Interest income (a)	$281	$116	$4	$1	$402	$10	$(123)	$289
Interest expense	$400	$66	$40	$3	$509	$76	$2	$587
Net income (loss)	$128	$(152)	$(104)	$162	$34	$(23)	$(212)	$(201
Segment assets (b)	$114,930	$21,439	$3,068	$2,723	$142,160	$19,583(c)	$(1,988)	$159,755
For the Three Months Ended September 30, 2002								
Manufactured products sales and revenues:								
External customers	$27,195	$5,326	$1,064	$1,002	$34,587	$2,174	$(104)	$36,657
Intersegment	(491)	238	97	156	-	4	(4)	-
Total manufactured products	$26,704	$5,564	$1,161	$1,158	$34,587	$2,178	$(108)	$36,657
Interest income (a)	$165	$80	$7	$4	$256	$5	$(108)	$153
Interest expense	$211	$92	$78	$2	$383	$76	$(217)	$242
Net income (loss)	$417	$(180)	$(61)	$76	$252	$(13)	$(1,486)	$(1,247
Segment assets (b)	$100,889	$18,815	$3,104	$1,265	$124,073	$18,708 (c)	$(5,438)	$137,343

See notes on next page.

Note 11. Segment Reporting (concluded)

	GMNA	GME	GMLAAM	GMAP	GMA	Hughes	Other	ACO

For the Nine Months Ended September 30, 2003					(dollars in millions)			
Manufactured products sales and revenues:								
External customers	$86,844	$19,506	$3,067	$3,375	$112,792	$7,190	$1,223	$121,205
Intersegment	(1,513)	689	401	423	-	12	(12)	-
Total manufactured products	$85,331	$20,195	$3,468	$3,798	$112,792	$7,202	$1,211	$121,205
Interest income (a)	$525	$266	$15	$3	$809	$32	$(359)	$482
Interest expense	$1,036	$257	$83	$6	$1,382	$241	$(313)	$1,310
Net income (loss)	$759	$(220)	$(219)	$400	$720	$(55)	$(7)	$658
For the Nine Months Ended September 30, 2002								
Manufactured products sales and revenues:								
External customers	$87,967	$16,451	$3,547	$2,915	$110,880	$6,418	$850	$118,148
Intersegment	(1,348)	698	221	429	-	13	(13)	-
Total manufactured	$86,619	$17,149	$3,768	$3,344	$110,880	$6,431	$837	$118,148
Interest income (a)	$415	$211	$19	$9	$654	$17	$(297)	$374
Interest expense	$593	$213	$136	$6	$948	$275	$(517)	$706
Net income (loss)	$2,348	$(882)	$(174)	$122	$1,414	$(325)(d)	$(1,685)	$(596

(a) Interest income is included in net sales and revenues from external customers.

(b) Total GM assets exclude net payable/receivable between ACO and FIO of $1.7 billion and $529 million as of September 30, 2003 and 2002, respectively.

(c) The amount reported for Hughes excludes a write-off of $739 million that was recorded in the first quarter of 2002 by Hughes in its stand-alone financial statements for goodwill impairments at DIRECTV Latin America and DIRECTV Broadband, and other adjustments. In accordance with SFAS No. 142, GM evaluated the carrying value of goodwill associated with its Hughes Direct-to-Home Broadcast reporting unit in the aggregate and determined that the goodwill was not impaired.

(d) Amount for Hughes excludes the cumulative effect of accounting change recorded by Hughes in their stand alone financial statements as of January 1, 2002 related to the implementation of SFAS No. 142.

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GENERAL MOTORS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 12. Subsequent Events

On October 6, 2003 GM announced that stockholders had approved transactions that will result in the split off of its subsidiary, Hughes Electronics Corp., and the acquisition of 34 percent of Hughes common stock by News Corporation. Of the stockholders who participated in the solicitation, approximately 94 percent of the GM $1-2/3 par value common stock and approximately 94 percent of the GM Class H stock was voted in support of the proposals. With respect to the combined vote of both classes of stockholders, more than 94 percent of those votes were cast in support of each proposal. In total, about 61 percent of GM $1-2/3 par value common stock and about 75 percent of GM Class H stock was voted in support of each of the proposals presented in the consent solicitation statement. About 65 percent of the combined vote of both classes of stockholders was in favor of each proposal. See Part II, Item 4 for additional details.

The 2003 United Auto Workers (UAW) labor contract was ratified on October 6, 2003 covering a four-year term from 2003-2007. The contract includes a $3,000 lump sum payment per UAW employee paid in October 2003, and a 3% performance bonus per UAW employee to be paid in October 2004. GM will amortize these payments over the 12 month period following the respective payment dates. UAW employees will receive a gross wage increase of 2% in 2005 and 3% in 2006. Active UAW employees were also granted pension benefit increases. There were no pension benefit increases granted to current retirees and surviving spouses. However, the contract does provide for four lump sum payments and two vehicle discount vouchers for current retirees and surviving spouses. The retiree lump sum payments and vehicle discount vouchers will result in a charge to GM's 2003 fourth quarter cost of sales of approximately $1.2 billion ($725 million after-tax).

In early October 2003, GM made a cash contribution of $8.0 billion to its U.S. pensions trust. This contribution, in addition to the $5.5 billion contributed in September 2003, completed the planned contribution of the net proceeds from the GM senior notes and convertible debentures issued during July, 2003.

On October 26, 2003 Fiat and General Motors agreed to delay by one year the start of an agreement that would allow Fiat to sell its 90 percent ownership in FAH to GM. GM currently owns the remaining 10 percent of FAH. The Master Agreement provides that Fiat may seek to exercise a put option (the "Put") to require GM to purchase FAH shares at fair market value starting in 2004. However, under the new agreement, the term of the put will be delayed one year until January 24, 2005, and will last until 2010. See Note 6.

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of operations (MD&A) should be read in conjunction with General Motors Corporation's (the Corporation, General Motors, or GM) December 31, 2002 consolidated financial statements and notes thereto included in the 2002 Annual Report on Form 10-K, along with the MD&A included in GM's Current Report on Form 8-K dated June 6, 2003, and all other GM, Hughes Electronics Corporation (Hughes), and General Motors Acceptance Corporation (GMAC) filings with the U.S. Securities and Exchange Commission. All earnings per share amounts included in the MD&A are reported as diluted.

GM presents separate financial information for the following businesses: Automotive, Communications Services, and Other Operations (ACO) and Financing and Insurance Operations (FIO).

GM's reportable operating segments within its ACO business consist of:

- GM Automotive (GMA), which is comprised of four regions: GM North America (GMNA), GM Europe (GME), GM Latin America/Africa/Mid-East (GMLAAM), and GM Asia Pacific (GMAP);
- Hughes, which includes activities relating to digital entertainment, information and communications services, and satellite-based private business networks; and
- Other, which includes the design, manufacturing, and marketing of locomotives, the elimination of intersegment transactions, certain non-segment specific revenues and expenditures, and certain corporate activities.

GM's reportable operating segments within its FIO business consist of GMAC and Other Financing, which includes financing entities operating in the U.S., Canada, Brazil, and Mexico that are not associated with GMAC.

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

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

Vehicle Unit Sales (1)

	Three Months Ended September 30,					
	2003			2002		
	Industry	GM	GM as a % of Industry	Industry	GM	GM as a % of Industry
	(units in thousands)					
GMNA						
United States						
Cars	2,017	530	26.3%	2,180	547	25.1%
Trucks	2,507	768	30.6%	2,358	723	30.6%
Total United States	4,524	1,298	28.7%	4,538	1,270	28.0%
Canada, Mexico, and Other	725	183	25.2%	733	183	25.0%
Total GMNA	5,249	1,481	28.2%	5,271	1,453	27.6%
GME	4,713	433	9.2%	4,610	416	9.0%
GMLAAM	888	137	15.4%	911	152	16.7%

GMAP	3,916	192	4.9%	3,697	174	4.7%
Total Worldwide	14,766	2,243	15.2%	14,489	2,195	15.1%

	Nine Months Ended September 30,					
	2003			2002		
	Industry	GM	GM as a % of Industry	Industry	GM	GM as a % of Industry
	(units in thousands)					
GMNA						
United States						
Cars	5,913	1,499	25.4%	6,325	1,608	25.4%
Trucks	6,972	2,083	29.9%	6,791	2,077	30.6%
Total United States	12,885	3,582	27.8%	13,116	3,685	28.1%
Canada, Mexico, and Other	2,147	514	23.9%	2,235	570	25.5%
Total GMNA	15,032	4,096	27.3%	15,351	4,255	27.7%
GME	14,804	1,387	9.4%	14,841	1,354	9.1%
GMLAAM	2,554	391	15.3%	2,742	433	15.8%
GMAP	11,754	542	4.6%	10,894	509	4.7%
Total Worldwide	44,144	6,416	14.5%	43,828	6,551	14.9%

Wholesale Sales (2)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
	(units in thousands)			
GMNA				
Cars	519	564	1,706	1,880
Trucks	733	744	2,417	2,347
Total GMNA	1,252	1,308	4,123	4,227
GME				
Cars	351	341	1,175	1,154
Trucks	21	23	71	71
Total GME	372	364	1,246	1,225
GMLAAM				
Cars	104	116	296	339
Trucks	30	46	81	137
Total GMLAAM	134	162	377	476
GMAP				
Cars	75	50	246	144
Trucks	56	69	166	169
Total GMAP	131	119	412	313

Total Worldwide	1,889	1,953	6,158	6,241
	=====	=====	=====	=====

See notes on next page.

(1) GM vehicle unit sales represent the transfer of vehicle ownership from GM's initial customer (e.g. a dealer) to a final customer (e.g. a retail consumer). These vehicles are manufactured by GM or manufactured by GM's affiliates and sold either under a GM nameplate or through a GM-owned distribution network. Consistent with industry practice, vehicle unit sales information employs estimates of sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

(2) Wholesale sales represent vehicles manufactured by GM and certain investees and distributed through a GM-owned distribution network.

GMA Financial Review

GMA's net income was $34 million for the third quarter of 2003, compared with net income of $252 million for the prior year quarter. For the nine months ended September 30, 2003, net income was $720 million, compared with $1.4 billion for the prior year nine month period. The decrease in third quarter and year-to-date net income was a result of lower wholesale sales, continued pricing pressures in North America and Europe, increased pension and other postretirement employee benefit costs (OPEB) expense in the U.S., and unfavorable foreign exchange, partially offset by continued strong product mix, material cost savings and improved equity results at GMAP.

In connection with the upcoming completion of the reviews being performed as part of GM's annual budget and business planning process, it is likely that global operating charges will result in the fourth quarter of 2003, as GM completes analyses and takes appropriate actions to improve automotive profitability in the future.

GMNA's net income was $128 million for the third quarter of 2003, compared with net income of $417 million for the prior year quarter. For the nine months ended September 30, 2003, net income was $759 million compared with $2.3 billion for the prior year nine month period. The decrease in third quarter net income resulted from lower wholesale sales, the impact of pricing and incremental pension and OPEB expense in the U.S., which were offset by favorable product mix and material cost performance. In addition, included in GMNA's income for the third quarter of 2003 was a charge related to the adoption of FIN 46 in cost of sales and other expenses of $27 million, after-tax; a benefit of $70 million after-tax related to decreased pension expense as a result of the $13.5 billion pension contributions in September and October 2003 (See Liquidity and Capital Resources, Financing Structure within Management Discussion and Analysis, for further detail); and a $55 million after-tax decrease in the product recall campaign accrual as a result of the analysis performed in the third quarter. The decrease in year-to-date 2003 net income relates to lower wholesale sales, intense pricing pressure, increased pension and OPEB expense and higher currency-exchange losses versus the year ago period, which more than offset improvements in product mix and material cost. In addition, included in 2002 third quarter and year-to-date net income is an after-tax charge of $116 million related to costs associated with the transfer of commercial truck production from Janesville, Wisconsin, to Flint, Michigan. Vehicle revenue per unit was

$18,984 for the third quarter of 2003, compared with $18,782 for the prior year quarter.

The 2003 United Auto Workers (UAW) labor contract was ratified on October 6, 2003 covering a four-year term from 2003-2007. The contract includes a $3,000 lump sum payment per UAW employee paid in October 2003, and a 3% performance bonus per UAW employee to be paid in October 2004. GM will amortize these payments over the 12 month period following the respective payment dates. UAW employees will receive a gross wage increase of 2% in 2005 and 3% in 2006. Active UAW employees were also granted pension benefit increases. There were no pension benefit increases granted to current retirees and surviving spouses. However, the contract does provide for four lump sum payments and two vehicle discount vouchers for current retirees and surviving spouses. The retiree lump sum payments and vehicle discount vouchers will result in a charge to GM's 2003 fourth quarter cost of sales of approximately $1.2 billion ($725 million after-tax).

GME's net loss was $152 million for the third quarter of 2003, compared with a net loss of $180 million for the prior year quarter. For the nine months ended September 30, 2003, GME's net loss was $220 million compared with a net loss of $882 million for the prior nine month period. The decrease in the third quarter and year-to-date 2003 net loss was primarily due to structural and material cost reduction, increased wholesale sales volumes, and improved mix, which were partially offset by unfavorable foreign exchange. In addition, included in the 2002 net loss was a charge of $55 million after-tax related to the enacted end-of-life vehicle legislation in the second quarter of 2002, and a charge of $407 million after-tax related to the implementation of Project Olympia, in the first quarter of 2002.

GMA Financial Review (concluded)

GMLAAM's net loss was $104 million for the third quarter of 2003, compared with a net loss of $61 million for the prior year quarter. For the nine months ended September 30, 2003, the net loss was $219 million compared with a net loss of $174 million for the prior nine month period. The increase in net loss for the third quarter and year-to-date 2003 was primarily due to the continued economic weakness in Brazil and increases in material costs, which were partially offset by favorable net price.

GMAP's net income was $162 million for the third quarter of 2003, compared with net income of $76 million for the prior year quarter. For the nine months ended September 30, 2003, net income was $400 million compared with $122 million for the prior nine month period. The increase in net income for the third quarter was primarily due to strong equity earnings from Shanghai GM, and Suzuki Motor Corporation (Suzuki), partially offset by equity losses at GM Daewoo Auto & Technology Company (GMDAT). The increase in year-to-date 2003 net income was primarily due to strong equity earnings from Shanghai GM, Suzuki, and Fuji Heavy Industries Ltd., partially offset by equity losses at GMDAT.

Hughes Financial Review

Total net sales and revenues increased to $2.6 billion for the third quarter of 2003 and $7.2 billion for the first nine months of 2003, compared with $2.2 billion and $6.4 billion for the comparable periods in 2002. The increase in net sales and revenues for the third quarter of 2003 and the first nine months of 2003 resulted primarily from increased revenues at DIRECTV U.S. due to growth in subscriber base and higher monthly revenue per subscriber, and increased revenues at Hughes Network Systems (HNS) due to increased sales in the HNS satellite based business. In the first nine months of 2003, the increase was partially offset by lower DIRECTV Latin America revenues related to the World Cup programming services in 2002 as well as smaller subscriber base and further devaluations to several Latin American currencies in 2003.

Hughes' net loss was $23 million for the third quarter of 2003 compared to a net loss of $14 million for the same period of 2002. Hughes net loss for the nine months ended September 30, 2003 totaled $55 million compared to a net loss of $325 million for the first nine months of 2002. The higher net loss for the third quarter of 2003 was primarily due to a $159 million pre-tax gain in 2002 resulting from the sale of 8.8 million shares of Thomson Multimedia common stock and a third quarter 2003 non-cash charge of $65 million related to the adoption of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46). These charges were partially offset by higher 2003 operating profit primarily due to additional margins from higher revenues at DIRECTV U.S. and HNS as well as reduced expenses resulting from cost saving initiatives, the favorable resolution of certain tax refund claims for $48 million in the quarter, a $32 million write-down of two equity investments and a pre-tax loss of $25 million related to the sale of SkyPerfecTV! common stock in the third quarter of 2002, and the absence of net losses in 2003 at DIRECTV Broadband due to its shutdown on February 28, 2003. The lower pre-tax losses recorded in the first nine months of 2003 were also due to the $75 million pre-tax loss at DLA from the 2002 World Cup and an after-tax charge of $51 million for a contractual dispute associated with a General Electric Capital Corporation contract in 2002. These improvements were partially offset by the higher income tax benefit generated in 2002 resulting from larger pre-tax losses and an after-tax gain of $59 million in 2002 due to the favorable resolution of a lawsuit filed with the U.S. government on March 22, 1991.

On March 18, 2003, DIRECTV Latin America, LLC (DLA LLC) filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (Bankruptcy Court). The filing does not include any of its operating companies in Latin America and the Caribbean, which will continue regular operations. DLA LLC continues to manage its business as a debtor-in-possession. Under Chapter 11 of the bankruptcy code, management is authorized to operate the business, but may not engage in transactions outside the ordinary course of business without Bankruptcy Court approval. Subsequent to the filing of its Chapter 11 petition, DLA LLC obtained Bankruptcy Court orders that, among other things, authorized DLA LLC to pay certain pre-petition obligations related to employee wages and benefits and to take certain actions where such payments or actions will benefit its estate or preserve the going concern value of the business enterprise, thereby enhancing the prospects of reorganization.

Sale of GM Defense Business

For the nine months ended September 30, 2003, other ACO operations included a pre-tax gain of approximately $814 million, or approximately $505 million after-tax ($0.90 per diluted share of GM $1-2/3 par value common stock), recorded in net sales and revenues in GM's Consolidated Statements of Income related to the sale of GM's Defense operations (light armored vehicle business) to General Dynamics Corporation on March 1, 2003. The sale also generated net proceeds of approximately $1.1 billion in cash.

GMAC Financial Review

GMAC's net income was $630 million and $476 million for the third quarter ended September 30, 2003 and 2002, respectively and net income for the nine month periods ended September 30, 2003 and 2002 was $2.2 billion and $1.3 billion, respectively.

(Dollars in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Financing operations	$320	$303	$1,018	$904
Mortgage operations	253	153	1,039	359
Insurance operations	57	20	106	83
Net income	$630	$476	$2,163	$1,346

Net Income from financing operations was $320 million for the third quarter of 2003, compared with net income of $303 million for the prior year quarter. Net Income for the first nine months of 2003 from financing operations totaled $1.0 billion, compared with net income of $904 million for the first nine months in the prior year. For the third quarter 2003 the increase reflects lower credit loss provisions, which more than offset the unfavorable impact of lower net interest spreads earned on higher asset levels.

Net Income from mortgage operations was $253 million for the third quarter of 2003, compared with net income of $153 million for the prior year quarter. Net Income for the first nine months of 2003 from mortgage operations totaled $1.0 billion, compared with net income of $359 million for the first nine months in the prior year. Mortgage operations' increased earnings reflected higher origination and securitization volumes in both the residential and commercial mortgage sectors.

Net Income from insurance operations was $57 million for the third quarter of 2003, compared with net income of $20 million for the prior year quarter. Net Income for the first nine months of 2003 from insurance operations totaled $106 million, compared with net income of $83 million for the first nine months in the prior year. The increases in income for the quarter and year-to date were attributed mainly to net capital losses incurred during 2002, which included the write-down of certain investment securities.

LIQUIDITY AND CAPITAL RESOURCES

Financing Structure

In the third quarter of 2003, GM and GMAC experienced adequate access to the capital markets as GM and GMAC were able to issue various securities to raise capital and extend borrowing terms consistent with GM's need for financial flexibility. On October 21, 2003 Standard & Poor's affirmed GM and GMAC's ratings at BBB, with a rating outlook of negative. This rating action is not expected to have a significant adverse effect on GM's and GMAC's ability to obtain bank credit or to sell asset-backed securities. Refer to the table below for a summary of GM's and GMAC's credit ratings.

	GM	GMAC	GM	GMAC	GM	GMAC
Rating Agency	Senior Debt		Commercial Paper		Outlook	
DBRS	A (low)	A (low)	R1 (low)	R1 (low)	Stable	Stable

Fitch	BBB+	BBB+	F2	F2	Negative	Negative
Moody's	Baa1	A3	Prime-2	Prime-2	Negative	Negative
S&P	BBB	BBB	A2	A2	Negative	Negative

GM's and GMAC's access to the capital markets remained sufficient to meet the Corporation's capital needs. GM completed issuances of approximately $13.5 billion in GM senior notes and convertible debentures and approximately $4.4 billion in short-term GMAC senior notes and debt in a single event financing in the beginning of the third quarter of 2003. GMAC also continued to have access to various other forms of capital. GM and GMAC expect that they will continue to have adequate access to the capital markets sufficient to meet the corporation's needs for financial flexibility.

In September and in October, 2003 GM made contributions to partially fund certain of GM's U.S. pension funds of $5.5 billion and $8.0 billion, respectively, using the net proceeds of the GM senior notes and convertible debentures. Including $900 million in GM Class H common stock contributed in March 2003, total contributions to GM's U.S. pension funds equal $14.4 billion for the year.

Financing Structure (concluded)

Pension plan assets for GM's U.S. Hourly and Salaried pension plans earned returns of 14% through the end of September. As a result of year-to-date contributions, assuming asset returns remain at 14% for the full year and a 6.25% discount rate, the U.S. hourly and salary pension plans will be underfunded by approximately $7.0 billion at year-end. GM intends to contribute an additional $4 to $6 billion to the U.S. pension plans with the successful completion of the Hughes transactions, which could further reduce the unfunded position to approximately $1 to $3 billion.

As an additional source of funds, GM currently has unrestricted access to a $5.6 billion line of credit with a syndicate of banks which is committed through June 2008. GM also has an additional $3.2 billion in committed facilities with various maturities and uncommitted lines of credit of $2.7 billion. Similarly, GMAC currently has a $4.2 billion syndicated line of credit committed through June 2004, $4.3 billion committed through June 2008, $4.4 billion of bilateral committed lines with various maturities, and uncommitted lines of credit of $17.2 billion. In addition, New Center Asset Trust (NCAT) has $19.2 billion of liquidity facilities committed through June 2004. Mortgage Interest Networking Trust (MINT) has $3.4 billion of liquidity facilities committed through April 2004. NCAT and MINT are non-consolidated limited purpose statutory trusts established to issue asset-backed commercial paper (See Off Balance Sheet Arrangements).

Automotive, Communications Services, and Other Operations

At September 30, 2003, cash, marketable securities, and $3.4 billion of assets of the Voluntary Employees' Beneficiary Association (VEBA) trust invested in fixed-income securities totaled $32.0 billion, compared with cash, marketable securities, and $3.0 billion of assets of the VEBA trust invested in fixed-income securities totaling $18.5 billion at December 31, 2002 and $19.0 billion at September 30, 2002. The increase from December 31, 2002 was primarily due to earnings from automotive operations, the sale of the GM Defense business in the first quarter of 2003, and net debt issuances totaling $15.8 billion in the first nine months of 2003 by GM and Hughes. Total assets in the VEBA trust used to pre-fund part of GM's other postretirement benefits liability approximated $10.0 billion at September 30, 2003, compared with $5.8 billion at December 31, 2002 and $5.8 billion at September 30, 2002. Strong cash flows from operations in the first six months of 2003 enabled GM to make a cash contribution of $3.0 billion to its VEBA trust on August 6, 2003 which was in addition to the $300 million of Class H stock contributed to the VEBA in March 2003.

Long-term debt was $34.1 billion at September 30, 2003, compared with $16.7 billion at December 31, 2002 and $16.8 billion at September 30, 2002. The ratio of long-term debt to long-term debt and GM's net assets of Automotive, Communications Services, and Other Operations was 134.4% at September 30, 2003, compared with 267.0% at December 31, 2002 and 88.3% at September 30, 2002. The ratio of long-term debt and short-term loans payable to the total of this debt and GM's net assets of Automotive, Communications Services, and Other Operations was 133.0% at September 30, 2003, compared with 234.3% at December 31, 2002 and 89.1% at September 30, 2002.

Net liquidity, calculated as cash, marketable securities, and $3.4 billion of assets of the VEBA trust invested in fixed-income securities less the total of loans payable and long-term debt, was a negative $3.3 billion at September 30, 2003, compared with $298 million, including $3.0 billion of assets of the VEBA, at December 31, 2002 and $764 million, including $3.0 billion of assets of the VEBA, at September 30, 2002.

In order to provide financial flexibility to GM and its suppliers, GM maintains a trade payables program through GECC under which GECC pays participating GM suppliers the amount due from GM in advance of the original due date. In exchange for the earlier payment, these suppliers accept a discounted payment. On the original due date of the payables, GM pays GECC the full amount. At September 30, 2003 GM owed approximately $1.1 billion to GECC under this program, which is classified as accounts payable in GM's financial statements. In addition, GM has the right under the agreement to defer payment to GECC with respect to all or a portion of receivables which it has paid on behalf of GM. The deferral period ranges from 10 days to 40 days and would also be classified as accounts payable in GM's financial statements. Deferred payments are subject to interest during the deferral period. As of September 30, 2003, GM had elected not to defer payment on any such payables. If any of GM's long-term unsecured debt obligations become subject to a rating by S&P of BBB-, with a negative outlook (GM's current rating is BBB, with a negative outlook) or below BBB-, or a rating by Moody's of Baa3, with a negative outlook (GM's current rating is Baa1, with a negative outlook) or below Baa3, GE may immediately terminate the program to GM and its suppliers. GM does not anticipate that discontinuance of the availability of the GECC program would result in a material disruption to the supply of parts and materials to GM, nor would it have a material adverse effect on GM's financial position, results of operations or cash flows. The maximum amount permitted under the program is $2.0 billion.

Financing and Insurance Operations

At September 30, 2003, GMAC's consolidated assets totaled $275.9 billion, compared with $227.7 billion at December 31, 2002 and $211.0 billion at September 30, 2002. The increase from December 31, 2002 was primarily the result of an increase in earning assets such as finance receivables and loans. The continued use of GM sponsored special rate financing programs, combined with an increased use of securitizations structured as financing transactions (primarily in mortgage operations) resulted in an increase in consumer finance receivables and loans. Additional asset growth was the result of an increase in wholesale receivables outstanding due to higher dealer inventories.

Consistent with the growth in assets, GMAC's total debt increased to $225.4 billion at September 30, 2003, compared with $183.1 billion at December 31, 2002 and $167.6 billion at September 30, 2002. GMAC's liquidity, as well as its ability to profit from ongoing activity, is in large part dependent upon its timely access to capital and the costs associated with raising funds in different segments of the capital markets. Liquidity is managed to preserve stable, reliable and cost effective sources of cash to meet all current and future obligations. GMAC's strategy in managing liquidity risk has been to develop diversified funding sources across a global investor base. GMAC is experiencing historically high unsecured borrowing spreads due to a combination of volatility in the capital markets, weakness in the automotive sector of the corporate bond markets, and concerns regarding the financial outlook of GM. As a result, GMAC continues to use securitization and retail debt programs in addition to its unsecured debt sources. Management expects to continue to use diverse funding sources to maintain its financial flexibility and expects that access to the capital markets will continue at levels sufficient to meet GMAC's funding needs.

Investment in Fiat Auto Holdings

At the April 23, 2003, Annual General Shareholders Meeting of Fiat Auto Holdings, B.V. (FAH), FAH adopted a Euro 5 billion recapitalization plan that provides shareholders the option to make pro-rata capital contributions over the eighteen months following adoption of the plan. When the plan was adopted, Fiat S.p.A. (Fiat) held 80% of FAH and GM 20%. Fiat participated in the recapitalization by making a Euro 3 billion contribution, which FAH used to repay inter-company debts owed to Fiat or its affiliates. Currently, GM does not plan to participate. Due to Fiat's participation in the recapitalization, and GM's non-participation, Fiat has reported that GM's interest in FAH has been reduced from 20% to 10%.

As discussed in GM's Annual Report on Form 10-K for the period ending December 31, 2002, the Master Agreement provides that, from January 24, 2004 to July 24, 2009, Fiat may seek to exercise a put option (the "Put") to require GM to purchase Fiat's FAH shares at their fair market value. Whether and when Fiat may seek to exercise the Put is unknown, although Fiat has recently stated in its 2002 Annual Report on Form 20F, filed with the U.S. Securities and Exchange Commission, that it views the exercise of the Put only as a secondary possibility. Fiat also stated in its Form 20F that it believes that the put is enforceable in accordance with the terms of the Master Agreement. GM has, however, asserted to Fiat that the sale of certain assets of the financing business of Fiat Auto and the recapitalization of FAH represent material breaches of the Master Agreement, with the result that the Master Agreement, including the Put, is terminable by GM. Notwithstanding these different views, GM and Fiat share a desire to continue to build on the cooperation the parties have worked on for the past several years in the joint ventures and other cooperative contractual arrangements they have entered into which are independent of the Master Agreement, and to provide an opportunity to pursue a resolution of these different views. Towards that end, Fiat and GM entered into a standstill agreement on October 26, 2003, the provisions of which enable GM to defer until December 15, 2004, the necessity of electing the remedy of termination of the Master Agreement, and with it the Put, without such deferral prejudicing the right of GM to elect that remedy after December 15, 2004. On October 26, 2003, Fiat and GM also entered into an amendment to the Master Agreement that shifts the Put period by one year, so that it begins on January 24, 2005 and runs to July 24, 2010.

If the Put were implemented, the fair market value of FAH shares would be determined by the averaging of the three closest of four valuations that would be prepared by four investment banks after conducting due diligence under procedures set forth in the Master Agreement and based upon terms and conditions to be incorporated in a purchase agreement which, at this time, the parties have not prepared. Unless such a process and valuation is completed, the amount, if any, that GM might have to pay for Fiat's FAH shares if there were to be a valid exercise of the Put, is not quantifiable.

If there were a valid exercise of the Put, GM would have the option to pay for Fiat's FAH shares entirely in shares of GM $1-2/3 par value common stock, entirely in cash, or in whatever combination thereof GM may choose. Under such circumstances, if and to the extent GM chose to pay in cash, that portion of the purchase price could be paid to Fiat in four installments over a three-year period and GM would expect to fund any such payments from normal operating cash flows or financing activities.

Investment in Fiat Auto Holdings (concluded)

If and when GM were to acquire Fiat's FAH shares, and thus become the sole owner of FAH, GM would decide what, if any, additional capitalization would then be appropriate for FAH and Fiat Auto. Specifically, if Fiat Auto were to need additional funding, GM would have to decide whether or not to provide such funding and under what conditions it might do so.

Unless FAH or Fiat Auto were subject to liquidation or insolvency, FAH's consolidated financial statements would be required for financial reporting purposes to be consolidated with those of GM. Any indebtedness, losses and capital needs of FAH and Fiat Auto after their acquisition by GM are not presently determinable, but they could have a material adverse effect on GM if GM chooses to fund such needs.

GM and Fiat have discussed potential alternatives to the Master Agreement, and further discussions regarding the status of the Master Agreement are planned.

Off-Balance Sheet Arrangements

GM and GMAC use off-balance sheet entities where the economics and sound business principles warrant their use. GM's principal use of off-balance sheet entities occurs in connection with the securitization and sale of financial assets generated or acquired in the ordinary course of business by GM's wholly-owned subsidiary GMAC and its subsidiaries and, to a lesser extent, by GM. In addition, GM leases real estate and equipment from various off-balance sheet entities that have been established to facilitate the financing of those assets for GM by nationally prominent, creditworthy lessors. These assets consist principally of office buildings, warehouses, and machinery and equipment. For further discussion of GM's use of off-balance sheet entities, refer to the Off-Balance Sheet Arrangements section of Management's Discussion and Analysis in GM's 2002 Annual Report on Form 10-K.

The amount of off-balance sheet entities used by the Automotive, Communications Services, and Other Operations has decreased since December 31, 2002 due to GM's implementation of FIN 46 as of July 1, 2003. FIN 46 required the consolidation of certain off-balance sheet entities that were determined to be VIEs in which GM was the primary beneficiary. (See Note 6).

The amounts outstanding in off-balance sheet facilities used by the Financing and Insurance Operations has decreased since December 31, 2002 as GMAC continues to use securitization transactions that, while similar in legal structure to off-balance sheet securitizations, are accounted for as secured financings and are recorded as debt on the balance sheet.

Assets in off-balance sheet entities were as follows (dollars in millions):

Automotive, Communications Services, and Other Operations	Sept. 30, 2003	Dec. 31, 2002	Sept.30, 2002
Assets leased under operating leases	$2,139	$2,904	$2,845
Trade receivables sold	378	439	422
Total	$2,517	$3,343	$3,267

Financing and Insurance Operations			
Receivables sold or securitized:			
- Mortgage loans	$100,749	$112,128	$110,497
- Retail finance receivables	11,404	16,164	15,181
- Wholesale finance receivables	17,284	17,415	13,986
Total	$129,437	$145,707	$139,664

BOOK VALUE PER SHARE

Book value per share is determined based on the liquidation rights of the various classes of common stock. Book value per share of GM $1-2/3 par value common stock was $13.76 at September 30, 2003, compared with $9.06 at December 31, 2002 and $25.44 at September 30, 2002. Book value per share of GM Class H common stock was $2.75 at September 30, 2003, compared with $1.81 at December 31, 2002 and $5.09 at September 30, 2002.

DIVIDENDS

Dividends may be paid on GM's common stocks only when, as, and if declared by the GM Board in its sole discretion. The amount available for the payment of dividends on each class of common stock will be reduced on occasion by dividends paid on that class and will be adjusted on occasion for changes to the amount of surplus attributed to the class resulting from the repurchase or issuance of shares of that class.

GM's policy is to distribute dividends on its $1-2/3 par value common stock based on the outlook and indicated capital needs of the business. On August 5, 2003, the GM Board declared a quarterly cash dividend of $0.50 per share on GM $1-2/3 par value common stock, paid September 10, 2003, to holders of record on August 15, 2003. With respect to GM Class H common stock, the GM Board has determined that it will not pay any cash dividends at this time in order to allow the earnings of Hughes to be retained for investment in its businesses.

HUGHES TRANSACTIONS

On April 9, 2003, GM, Hughes and The News Corporation Limited (News Corporation) announced the signing of definitive agreements that provide for, among other things, the split-off of Hughes from GM and the simultaneous sale of GM's approximately 19.8% economic interest in Hughes to News Corporation for $14 per share, or approximately $3.8 billion. GM would receive approximately $3.1

billion in cash with the remainder payable in News Corporation preferred American Depositary Shares (News Corporation ADSs) and/or cash at News Corporation's election. News Corporation would acquire an additional 14.2% stake in Hughes from the holders of GM Class H common stock through a mandatory exchange of a portion of their Hughes common stock received in the split-off, which would provide News Corporation with a total of 34% of the then outstanding capital stock of Hughes. In addition, GM would receive a cash dividend from Hughes of $275 million in connection with the transactions. This dividend is expected to be paid by Hughes through available cash balances.

Under the terms of the proposed transactions, holders of GM Class H common stock would first exchange their shares for Hughes common stock on a share-for-share basis in the split-off, followed immediately by an exchange of approximately 17.7% of the Hughes common stock they receive in the split-off for approximately $14 per share in News Corporation ADSs and/or cash. The number of News Corporation ADSs payable to GM and Hughes common stockholders, based on a fixed-price of $14 per Hughes share, will be adjusted within a collar range of 20% above or below the News Corporation ADS price of $22.40. This mandatory exchange of about 17.7% of the shares of Hughes common stock for News Corporation ADSs and/or cash would be taxable to the Hughes common stockholders at the time. The transactions are structured in a manner that will not result in the recapitalization of GM Class H common stock into GM $1-2/3 par value common stock at a 120% exchange ratio, as currently provided for under certain circumstances in the General Motors Restated Certificate of Incorporation, as amended.

If the transactions are completed, Rupert Murdoch, chairman and chief executive officer of News Corporation, would become chairman of Hughes, and Chase Carey, who is currently serving as an advisor to News Corporation, would become president and chief executive officer of Hughes. Eddy Hartenstein, Hughes senior executive vice president, would be named vice chairman of Hughes. Hughes would have 11 directors, the majority of which would be independent directors.

The transactions are subject to a number of conditions, including, among other things, obtaining U.S. antitrust and Federal Communications Commission approvals, approval by a majority of each class of GM stockholders - GM $1-2/3 and GM Class H - voting both as separate classes and together as a single class and a favorable ruling from the Internal Revenue Service that the split-off of Hughes from GM would be tax-free to GM and its stockholders for U.S. federal income tax purposes. On September 11, 2003, GM received a private-letter ruling from the U.S. Internal Revenue Service confirming that the distribution of Hughes Electronics common stock to the holders of GM Class H common stock, in connection with the split-off of Hughes, would be tax-free to GM and its Class H stockholders for federal income tax purposes. On October 6, 2003 GM announced that stockholders had approved the transactions. (See Note 12). No assurances can be given that the governmental approvals will be obtained or the transactions will be completed. The financial and other information regarding Hughes contained in this Quarterly Report do not give any effect to or make any adjustment for the anticipated completion of the transactions.

During April 2003, the Hughes Board of Directors approved the reclassification of the outstanding Hughes Series B convertible preferred stock into Hughes Class B common stock of equivalent value, and a subsequent stock split of Hughes common stock and Hughes Class B common stock through dividends of additional shares. GM, in its capacity as the holder of all outstanding Hughes capital stock, approved the reclassification. Shortly thereafter, GM converted some of its Hughes common stock into an equivalent number of shares of Hughes Class B common stock. As a result of these transactions, Hughes currently has 1,207,518,237 shares of Hughes common stock and 274,373,316 shares of Hughes

HUGHES TRANSACTIONS (concluded)

Class B common stock issued and outstanding, all of which are owned by GM. The terms of the Hughes common stock and Hughes Class B common stock are identical in all respects (with the exception of provisions regarding stock-on-stock dividends) and, at the option of the holder, the Hughes common stock may be converted at any time into Hughes Class B common stock and vice versa. These transactions had no impact on the outstanding number of shares of GM Class H common stock or the Class H dividend base. In connection with the News Corporation transactions, GM Class H common stock will be exchanged for Hughes common stock, and the Hughes Class B common stock will be sold by GM to News Corporation. Immediately after the completion of the News Corporation transactions, all of the shares of Hughes Class B common stock held by News Corporation will be converted into Hughes common stock.

Upon completion of the Hughes split-off and sale transactions, GM will record the exchange of Hughes common stock for all the outstanding shares of GM Class H common stock in the Hughes split-off share exchange at book value. Simultaneously with the Hughes split-off, based on certain assumptions, GM will sell all of its retained economic interest in Hughes (in the form of the Hughes Class B common stock) to News Corporation for approximately $3.1 billion in cash and up to an additional approximately $770 million in News Corporation ADSs and/or cash, subject to adjustment based on the collar mechanism. Based on a price of $14.00 per share of GM Class H common stock, the net book value of Hughes at September 30, 2003, and certain other assumptions, the transactions would have resulted in a gain of approximately $1.2 billion, net of tax. In addition, GM currently anticipates that as a result of the transactions, there will be a net reduction of GM stockholders' equity of approximately $7.1 billion.

The financial results of Hughes for all periods prior to the completion of the transactions will be reported as discontinued operations in GM's consolidated financial statements upon: (1) the receipt of the requisite GM common stockholder approval of all proposals relating to the transactions (received on October 6, 2003); and, (2) the satisfaction of all regulatory related conditions to the transactions.

EMPLOYMENT AND PAYROLLS

Worldwide employment at September 30, (in thousands)	2003	2002
GMNA	190	197
GME	63	68
GMLAAM	23	23
GMAP	14	11
Hughes	12	12
GMAC	32	31
Other	6	8
Total employees	340	350

	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002	Nine Months Ended September 30 2003	Nine Months Ended September 30 2002
Worldwide payrolls - (in billions)	$5.0	$5.1	$15.7	$15.6

CRITICAL ACCOUNTING ESTIMATES

The consolidated financial statements of GM are prepared in conformity with GAAP, which requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented.

GM has identified a number of critical accounting estimates. An accounting estimate is considered critical if: the estimate requires management to make assumptions about matters that were highly uncertain at the time the estimate was made; different estimates reasonably could have been used; or if changes in the estimate that would have a material effect on the Corporation's financial condition or results of operations are reasonably likely to occur from period to period.

GM's critical accounting estimates relate to the following areas: sales allowances, policy and warranty, impairment of long-lived assets, pension and OPEB costs, postemployment benefits, allowance for credit losses, investments in operating leases, mortgage servicing rights, and accounting for derivatives and

CRITICAL ACCOUNTING ESTIMATES (concluded)

other contracts at fair value. These critical accounting estimates are discussed in the Corporation's 2002 Annual Report on Form 10-K filed with the SEC.

Management believes that the accounting estimates employed are appropriate and resulting balances are reasonable; however, actual results could differ from the original estimates, requiring adjustments to these balances in future periods. The Corporation has discussed the development, selection and disclosures of these critical accounting estimates with the Audit Committee of GM's Board of Directors, and the Audit Committee has reviewed the Corporation's disclosures relating to these estimates. There have been no material changes to the Corporation's significant accounting policies that affected the Corporation's financial condition or results of operations in the third quarter of 2003.

* * * * * *

ITEM 4. Controls and Procedures

The Corporation maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the specified time periods. As of the end of the period covered by this report, the Corporation's Chief Executive Officer and Chief Financial Officer evaluated, with the participation of GM's management, the effectiveness of the Corporation's disclosure controls and procedures. Based on the evaluation, which disclosed no significant deficiencies or material weaknesses, the Corporation's Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are effective. There were no changes in the Corporation's internal control over financial reporting that occurred during the Corporation's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

* * * * * *

PART II

ITEM 1. LEGAL PROCEEDINGS

(a) Material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the Corporation, or its principal subsidiaries, became a party during the quarter ended September 30, 2003, or subsequent thereto, but before the filing of this report are summarized below:

Other Matters

As previously reported, four purported class actions were brought in Delaware Chancery Court and two in Los Angeles Superior Court challenging the proposed split off of Hughes Electronics Corporation (Hughes) and the acquisition by The News Corporation Ltd. of approximately 34% of Hughes. Plaintiffs in both Delaware and California have filed consolidated complaints. The new consolidated complaints are similar to the original complaints, except that Delaware complaint adds allegations challenging the adequacy of the disclosures in the Consent Solicitation and only names GM and members of the GM board of directors as defendants. The Delaware plaintiffs filed a motion for preliminary injunction and to expedite discovery and hearing on their motion so that their motion could be decided before the anticipated closing of the transaction. The Delaware Chancery Court on October 2, 2003, denied plaintiffs' motion for expedition. GM has filed motions to dismiss the Delaware case, and, with Hughes, has filed a motion to stay the California case.

* * *

ITEM 1. LEGAL PROCEEDINGS (concluded)

As previously reported, DIRECTV is involved in lawsuits with the National Rural Telecommunications Cooperative ("NRTC"), Pegasus Satellite Television, Inc. and Golden Sky Systems, Inc. (collectively "Pegasus") and a class of NRTC members (the "Class"), regarding premium programming, launch fees, certain advanced services, contract term and post-contract rights of first refusal. On August 11, 2003, DIRECTV, NRTC and the Class entered into a settlement agreement to resolve all claims and disputes between those parties. The settlement agreement will not become final until the Court approves the terms of the Class settlement. On September 23, 2003, the Class filed its ex parte application for preliminary approval of the settlement and approval of the form of class notice. After a hearing on the application, the Court signed an order giving preliminary approval to the settlement and setting January 5, 2004 as the date for hearing replies and objections to the proposed settlement. The terms of the settlement will not have a material adverse effect upon the financial condition or results of operations for DIRECTV or Hughes. Pegasus has not agreed to the settlement and filed a motion to intervene. The Court has tentatively ruled against the

Pegasus motion, and the parties await the Court's final order.

* * *

As previously reported, in April 2001, Robert Garcia, doing business as Direct Satellite TV, an independent retailer of DIRECTV(R) system equipment, instituted arbitration proceedings against DIRECTV, Inc. in Los Angeles, California regarding his commissions and certain charge-back disputes. On October 4, 2001, Mr. Garcia filed a class action complaint against DIRECTV, Inc. and Hughes in Los Angeles County Superior Court asserting the same chargeback/commissions claims and a Consumer Legal Remedies Act claim. On April 17, 2002, the Los Angeles County Superior Court entered an order compelling plaintiffs in the purported class action of retailers to pursue their individual claims in arbitration, but the court's order purported to retain jurisdiction to determine whether the prerequisites for class treatment of dealer claims within an arbitration are met. DIRECTV, Inc. and Hughes appealed the order, which appeal was denied. DIRECTV and Hughes then petitioned the California Supreme Court for review of the order, which was also denied. In June 2003, however, the United States Supreme Court issued a decision in the case Bazzle v. Green Tree Financial, finding that whether an agreement to arbitrate permits class action arbitration is a decision for the arbitrator, not a trial court, to make. DIRECTV and Hughes filed a writ of certiorari with the United States Supreme Court requesting that it vacate the state court decisions and remand the Garcia case for further proceedings consistent with the Bazzle decision. On October 6, 2003, the United States Supreme Court granted DIRECTV's writ of certiorari and all relief requested by DIRECTV.

* * * *

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

a) In connection with proposed transactions that would result in the split-off of GM's subsidiary, Hughes Electronics Corp. (Hughes), and the acquisition of 34 percent of Hughes common stock by The News Corporation Limited, on August 21, 2003, GM filed definitive materials with the Securities and Exchange Commission, including a Definitive Consent Solicitation Statement of GM on Schedule 14A.

The matters relating to the transactions that GM shareholders were asked to approve constituted five proposals, all of which required shareholder approval in order for the transactions to be completed. An additional proposal, approval of which was not required in order to complete the transactions, was also submitted for shareholder approval.

Each proposal required all of the following shareholder approvals:

- a majority of the shares of GM $1-2/3 par value common stock outstanding as of August 1, 2003 (the "record date"), voting as a separate class;
- a majority of the shares of GM Class H common stock outstanding as of the record date, voting as a separate class; and
- a majority of the voting power of the shares of GM $1-2/3 par value common stock and GM Class H common stock outstanding as of the record date, voting together as a single class based on their respective per share voting power pursuant to the provisions set forth in the GM restated certificate of incorporation.

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS (continued)

In total, the holders of approximately 65 percent of GM $1-2/3 par value common stock, approximately 79 percent of GM Class H stock and approximately 69 percent of the combined voting power of both classes voting together as a single class, based on their respective per share voting power, participated in the consent solicitation. As reflected below, an overwhelming percentage of both classes of GM stock that voted on these matters was in support of the transactions. Of the votes cast in response to the consent solicitation, approximately 94 percent of the GM $1-2/3 par value common stock and approximately 95 percent of the GM Class H common stock voted was in support of each of the proposals. With respect to the combined vote of both classes of stockholders, more than 94 percent of the votes cast were in support of each of the proposals.

As of October 3, 2003 the following unrevoked written consents of the holders of the following shares of GM common stock regarding the proposals had been received by GM:

Proposal		Voting Results				
		GM $1-2/3 par value common stock		GM Class H common stock		Total single
		Votes (1)	Percent (2)	Votes (1)	Percent (2)	Votes (3)
Proposal No. 1						
Approval of the first GM charter amendment in order to provide GM the ability to implement the Hughes split-off share exchange	Consent	341,298,702	60.9%	825,183,098	74.5%	506,335,32
	Withold consent	13,007,803	2.3%	35,699,050	3.2%	20,147,61
	Abstain	8,957,970	1.6%	14,814,310	1.3%	11,920,83
	Not voted	197,453,957	35.2%	232,640,252	21.0%	243,982,00
Proposal No. 2						
Ratification of the new Hughes certificate of incorporation, including the excess stock provision	Consent	343,734,998	61.3%	853,261,237	77.0%	514,387,24
	Withhold consent	10,582,101	1.9%	7,601,785	0.7%	12,102,45
	Abstain	8,947,376	1.6%	14,833,437	1.3%	11,914,06
	Not voted	197,453,957	35.2%	232,640,252	21.0%	243,982,00
Proposal No. 3						
Ratification of the Hughes split-off, including the special dividend	Consent	344,626,533	61.5%	854,492,505	77.1%	515,525,03
	Withhold consent	9,770,615	1.7%	6,429,300	0.6%	11,056,47
	Abstain	8,867,327	1.6%	14,774,654	1.3%	11,822,25
	Not voted	197,453,957	35.2%	232,640,252	21.0%	243,982,00
Proposal No. 4						
Ratification of the GM/News stock sale	Consent	344,360,937	61.4%	836,589,032	75.5%	511,678,74
	Withhold consent	9,840,134	1.8%	24,227,029	2.2%	14,685,53
	Abstain	9,063,405	1.6%	14,880,398	1.3%	12,039,48
	Note voted	197,453,957	5.2%	232,640,252	21.0%	243,982,00
Proposal No. 5						
Ratification of the News stock acquisition	Consent	344,310,353	61.4%	836,582,955	75.5%	511,626,94
	Withhold consent	9,854,247	1.8%	24,232,701	2.2%	14,700,78

	Abstain	9,099,875	1.6%	14,880,803	1.3%	12,076,03
	Not voted	197,453,957	35.2%	232,640,252	21.0%	243,982,00
Proposal No. 6						
Approval of the second GM charter amendment to eliminate certain provisions relating to the GM class H common stock after completion of the transactions	Consent	342,855,073	61.2%	836,665,474	75.5%	510,188,16
	Withhold consent	11,086,152	2.0%	24,126,054	2.2%	15,911,36
	Abstain	9,323,250	1.6%	14,904,931	1.3%	12,304,23
	Not voted	197,453,957	35.2%	232,640,252	21.0%	243,982,00

See notes on next page.

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS (concluded)

1) Numbers represent shares of each class of GM common stock as held as of the record date.
2) Percentages represent the percentage of the total of each class of GM common stock as held as of the record date.
3) Numbers represent the aggregate voting power of all shares as held as of the record date, with holders of GM $1-2/3 par value common stock casting one vote per share and holders of GM Class H common stock casting 0.2 vote per share, which represents the applicable voting power after the three-for-one stock split of the GM Class H common stock in the form of a 200% stock dividend, paid on June 30, 2000, to GM Class H common stockholders of record on June 13, 2000.
4) Percentages represent the aggregate voting power of both classes of GM common stock as of the record date.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

Exhibit Number	Exhibit Name	Page Number
(31.1)	Section 302 Certification of the Chief Executive Officer	39
(31.2)	Section 302 Certification of the Chief Financial Officer	40
(32.1)	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	41
(32.2)	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	42

(b) Reports on Form 8-K

Nine reports on Form 8-K, were filed July 2, 2003, July 16, 2003, July 17, 2003*, July 23, 2003*, July 24, 2003, August 1, 2003, September 3, 2003, September 12, 2003 and September 29, 2003* during the quarter ended September 30, 2003 reporting matters under Item 5, Other Events, reporting certain agreements under Item 7, Financial Statements, Pro Forma Financial Information, and Exhibits.

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* This asterisk indicates Reports submitted to the Securities and Exchange Commission which include information "furnished" pursuant to Items 9 and 12 of Form 8-K, which pursuant to General Instruction B of Form 8-K is not deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934. The information furnished pursuant to Items 9 and 12 in such reports is not subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, is not incorporated into this Report on Form 10-Q and GM does not intend to incorporate these reports by reference into any filing under the Securities Act or the Exchange Act.

* * * * * *

GENERAL MOTORS CORPORATION AND SUBSIDIARIES

SIGNATURES

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

GENERAL MOTORS CORPORATION
(Registrant)

Date: November 13, 2003 By: /s/PETER R. BIBLE.

(Peter R. Bible,
Chief Accounting Officer)