

GENERAL MOTORS CORP

Form 8-K

January 08, 2004

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549-1004

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

Date of Report

(Date of earliest event reported) January 8, 2004

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**

TABLE OF CONTENTS

SIGNATURES

Table of Contents

ITEM 9. Regulation FD Disclosure

On Thursday, January 8, 2004 General Motors Corporation issued forward looking information relating to their financial objectives for 2004. The press release and presentations are as follows:

GM Ends 2003 On A Strong Note, Sets Business Objectives For 2004

Closes 2003 with stronger balance sheet, fully funded U.S. pensions, record GMAC results, strong U.S. sales performance

Targets 2004 earnings per share of \$6.00 \$6.50

Expects \$5.0 billion operating cash flow in 2004

Plans to grow market share in all regions

DETROIT General Motors Corp. (NYSE: GM) today unveiled its business objectives for 2004 at a meeting of the Automotive Analysts of New York, saying that a key competitive advantage is the company's ongoing drive to leverage its global capabilities to meet local market needs.

The winners in tomorrow's global auto industry will be those companies that best combine the efficiencies of global scale with a superb focus on local markets, said GM Chairman and Chief Executive Officer Rick Wagoner. And I like GM's position.

Wagoner said GM ended 2003 with a significantly stronger balance sheet as the company doubled its cash generation target, restored its U.S. hourly and salaried pension plans to a fully funded position, and posted record results at General Motors Acceptance Corporation (GMAC).

GM also posted strong vehicle sales in the U.S. in the second half of the year, reflecting better economic conditions and greater availability of several important new products. For the second half of 2003, GM's U.S. market share was 28.7 percent, and industry volume was running at about 17.5 million units.

GM is scheduled to report 2003 financial results on January 20. However, the company said that the current analyst consensus of approximately \$1.22 earnings per share for the fourth quarter of 2003 is a reasonable estimate.

GM Vice Chairman and Chief Financial Officer John Devine said GM expects to grow market share in all four GM automotive regions and to improve automotive profitability in 2004. He said the company expects to earn \$6.00 to \$6.50 per share of GM common stock in 2004, excluding any special items and at current dilution levels. The dilution calculation may be affected by the Series C Convertible Senior Debentures due in 2033 and issued by GM in July of 2003. In addition, GM expects to generate operating cash flow of \$5.0 billion.

Devine also reiterated GM's goal of attaining earnings of \$10 per share by mid-decade.

In order to achieve this aggressive target, we will continue to focus on enhancing revenue and reducing costs. More specifically, this will require attaining a minimum net margin of 2.5 percent in North America and 1 percent in Europe. We must also achieve moderate profitability in Latin America and continued growth in the Asia Pacific region, Devine said. Getting to \$10 per share will be very challenging, but we plan to get it done.

GM expects record global industry sales of about 60 million vehicles in 2004, up more than 3 percent over 2003. The growth is expected to be led by strength in China and other emerging markets, with a gradual recovery in South America and continued improvement in the U.S. GM estimates that 2004 industry sales will be up 2 percent, to approximately 17.3 million units in the U.S.; up 1 percent, to approximately 19.6 million units in Europe; and up 3 percent, to approximately 3.6 million units in the LAAM region. The strongest growth is anticipated in Asia Pacific, where the industry is expected to reach approximately 17 million units—a gain of about 9 percent.

GM's business objectives by region include 2004 net income in North America of approximately \$1.0 to \$1.4 billion; a range of break-even to income of about \$100 million in Europe; improved performance in the LAAM region with narrowed losses of about \$100 million to \$200 million in 2004; and income of \$700 million to \$800 million in the Asia Pacific operations.

GM will continue its worldwide product offensive with plans for total capital expenditures of approximately \$7 billion in 2004. Net material cost reduction for GM North America is targeted at greater than 3.5 percent, and at greater than 3.0 percent for GM Europe. In addition, GM expects to reduce structural costs by \$500 million in 2004.

Table of Contents

GMAC Chairman and President Eric Feldstein said GMAC expects to earn at least \$2 billion in 2004, which would be its second-best year surpassed only by 2003 results. Finance operations are expected to earn slightly less in 2004 as a result of lower net interest margins.

Mortgage profitability is expected to decline on lower mortgage industry volume. Insurance operations are slated to improve on higher underwriting income and the appreciation of the unit's investment portfolio. In addition, GMAC is planning to remit a dividend to GM for the third consecutive year. GMAC paid a \$1 billion dividend to GM during the fourth quarter of 2003.

General Motors begins 2004 with its U.S. hourly and salaried pension plans fully funded a result of pension plan contributions totaling \$18.5 billion in 2003, combined with asset returns of approximately 22 percent for calendar year 2003. The fully funded status reflects a discount rate of 6.0 percent, down from the 6.75 percent rate used previously. GM will maintain its long-term expected asset return assumption of 9 percent. In 2004, GM expects pretax pension expense and related interest expense to total about \$2.4 billion, down from \$3.1 billion in 2003.

Earlier this week, GM contributed \$2.4 billion in cash to its Voluntary Employees' Beneficiary Association (VEBA) Trust used to fund GM's post-retirement health care obligations. This contribution brings the total assets in the VEBA Trust to approximately \$12.4 billion. GM's 2004 post-retirement health care expense is expected to be \$4.6 billion, up from \$4.3 billion in 2003.

The escalating cost of health care is a growing competitive disadvantage for U.S. businesses at a time when global competition is increasing, Devine said. Working with the business community and government to make the health care system more accountable and affordable will be a priority for GM in the coming year.

In this press release and related comments by General Motors management, our use of the words expect, anticipate, estimate, project, forecast, outlook, target, objective, plan, goal, pursue and similar expressions is intended to identify forward looking statements. While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, actual results may differ materially due to numerous important factors that are described in GM's most recent report on SEC Form 10-K (at page II-18) which may be revised or supplemented in subsequent reports on SEC Forms 10-Q and 8-K. Such factors include, among others, the following: changes in economic conditions, currency exchange rates or political stability; shortages of fuel, labor strikes or work stoppages; market acceptance of the corporation's new products; significant changes in the competitive environment; changes in laws, regulations and tax rates; and, the ability of the corporation to achieve reductions in cost and employment levels to realize production efficiencies and implement capital expenditures at levels and times planned by management.

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Note to editors:

General Motors will provide audio and webcast of its presentations to the Automotive Analysts of New York today, January 8, 2004, from approximately 2:15 p.m. to 5:15 p.m. Eastern Time.

Audio access to the presentations will be available through a live conference call (listen only mode). Dial-in access will begin at approximately 2:00 p.m. Eastern Time (ET). To access the conference call, dial (212) 271-4616 and ask to be connected to the General Motors conference call. A taped replay of the call will be made available from 6:15 p.m. ET on January 8 until 6:15 p.m. ET on January 9. To access the taped replay, dial (800) 633-8284 (the number is 402-977-9140 for international callers) and enter reservation #21173208.

The presentations will be available live via a hot link in GM Media Online at <http://media.gm.com>, or directly at <http://investor.gm.com> under the Events and Presentations section. Presentation materials will also be retained for a limited time under Recent Presentations in the Events and Presentations section.

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Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

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Table of Contents

Table of Contents

Table of Contents

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Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

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: January 8, 2004

By: /s/ PETER R. BIBLE

(Peter R. Bible, Chief Accounting Officer)